

ASX Announcement : 19 December 2012

Company Update and Outlook



Open Briefing interview with Managing Director Neil Meadows

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IMX Resources Limited (ASX: IXR; TSX: IXR) has nickel sulphide exploration and development assets in Tanzania as well as producing iron ore assets in South Australia. Its flagship project is the Nachingwea Regional Exploration Project in southern Tanzania, which hosts the Ntaka Hill Nickel Sulphide Project. The Tanzanian exploration programs and project development works are supported by cash flow from the company's Cairn Hill Mining Operation in South Australia (51% IMX, 49% Sichuan Taifeng) which produces 1.8 Mtpa iron-copper-gold DSO product.

In this Open Briefing[®], MD Neil Meadows discusses

- Mt Woods Copper JV divestment
- Current company activities
- Forward strategic focus

Record of interview:

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IMX Resources Limited (ASX: IXR) recently announced the divestment of the Mt Woods Copper Gold JV to OZ Minerals, resulting in an increase in the company's cash holdings of \$8.7 million. With cash in the bank at the end of the September quarter of \$19.2 million, how are you planning to use your current cash resources?

MD Neil Meadows

Having positive cash flow from our Cairn Hill Mining Operation (IMX 51%) is a significant point of difference for IMX Resources. It gives us the advantage over many other explorers, allowing us to self-fund some of our exploration activities thereby reducing the need to dilute our investors through capital raisings.

IMX is committed to the development of the Ntaka Hill Nickel Sulphide Project in Tanzania. The funds raised through the sale of our interest in the Mt Woods Copper Gold JV to OZ Minerals will go towards funding ongoing exploration at Ntaka Hill and throughout the broader and highly prospective Nachingwea minerals province. We've already identified nickel, copper, graphite and gold prospects on our property and feel that we've barely scratched the surface in terms of the regional exploration story.

Our cash position will continue to require careful management, but as it stands we have no debt, whilst at Cairn Hill the operation has demonstrated improved margins and strong demand for its product from our customers. We anticipate continued strong cash flow from Cairn Hill throughout 2013.

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What was the rationale for divesting the Mt Woods Copper Gold JV project?

MD Neil Meadows

The rationale for the divestment was based on our assessment of the impact of Oz Minerals downgrading the priority it placed on the exploration of the greater Mt Woods inlier area. That was coupled with our need for a short term injection of funds to support exploration activities in the Nachingwea project area. We had previously budgeted for those funds to be provided through our share of cash flows from Cairn Hill. We decided to cover the funding

shortfall without further dilution of existing shareholders through implementation of the Oz Minerals transaction.

Strategically, the disposal also contributes to a simplification of the IMX story and asset portfolio. It will make our corporate structure easier to understand and further narrow our focus. We viewed positively the removal of a large corporate entity from our register in terms of improving liquidity. We also took the view that Oz Minerals would potentially not be a long term supporter of our major priority, being the Ntaka Hill nickel project.

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Post the divestment of the Mt Woods Copper Gold JV, how does the Mt Woods Magnetite Project fit within the company's strategy and what are the immediate plans for this project?

MD Neil Meadows

The Mt Woods Magnetite Project fits within our strategy in terms of our stated intention to be an investor in bulk material projects within our existing tenement packages. Very little value has historically been ascribed to IMX for the Mt Woods Magnetite Project however should we successfully commercialise our interest in the project, we'll be able to return some value to our shareholders.

We've invested time and money to get the project to a point where we feel it can be commercialised on a relatively large scale. This has included discussions with other parties regarding the ability to perhaps start the project on a smaller scale given the infrastructure solutions we already have in place through the Cairn Hill project. The existence of that infrastructure places IMX in a unique position compared with our competitors.

We've entered into discussions with at least half a dozen interested parties who are attracted to the specific qualities of our magnetite, namely the exceptionally coarse grain size and its potential to be suitable as a direct sinter feed product. They are also attracted by the huge exploration potential of the Mt Woods inlier to host multiple magnetite deposits similar in size to Snaefell.

Given that there is a railway line adjacent to the project, an iron ore mine just 12 kilometres away and a port solution available, this project is in many respects ready to be developed.

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Aside from the divestment of the Mt Woods Copper Gold JV, what recent progress have you made versus your strategic goals?

MD Neil Meadows

Key achievements for the company in the past year included the consolidation of 100% ownership of the Ntaka Hill project and the completion of the updated preliminary economic assessment (PEA) for that project. We also made significant operational improvements at Cairn Hill and improved the supply chain for the Cairn Hill product which produced positive cash flows in a challenging economic environment for iron ore producers.

The overall strategy for IMX is to simplify our corporate structure and focus our efforts on exploring the Nachingwea property and to develop the Ntaka Hill Nickel Sulphide Project, while maximising cash flow and value from Cairn Hill.

The successful divestment of the Mt Woods Copper Gold JV Project assisted our plans to achieve these aims and it's likely that there will be further changes to our business structures and focus as we aim to fulfil our stated strategy.

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Cairn Hill's improving margins have occurred during a weaker pricing environment for iron ore. What positive developments in operational management have been made and how will that impact cash flow in 2013 and beyond?

MD Neil Meadows

The most significant achievement at Cairn Hill this year has been the substantial reduction in operating costs to \$77/t FOB in the September quarter, a decrease of almost 10% from the previous quarter's costs, while maintaining a very safe level of production. For most of the year we have been operating at above nameplate capacity at a rate of 1.8 Mtpa, which has also been a significant achievement.

The improvements in operating margins were achieved through changes to the mine plan and operational efficiency improvements and with the support of our major logistics partners and key contractors. As the Cairn Hill project matures, our operating costs may also be expected to reduce further.

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Given that the Ntaka Hill nickel project is your priority, what is your level of commitment to your iron ore projects?

MD Neil Meadows

As I stated earlier, IMX's focus is on base and precious metals exploration, development and production. We see ourselves remaining as an investor in the iron ore projects that we already own, including realising value from the Mt Woods Magnetite Project, but we are not seeking new opportunities in iron ore.

The untapped exploration potential of our Nachingwea property requires us to keep an open mind about the possibilities in relation to other base and precious metals and bulk commodities within that property. As such, while our primary focus is on nickel sulphides at Ntaka Hill, we are certainly committed to learning more about the exploration potential across the broader Nachingwea property.

Already we have identified nickel, copper, gold and graphite on our property and that covers less than 1% of the total property area. With such a large, unexplored tenement package, we simply don't yet know the exploration potential of the Nachingwea Property. Nachingwea has all the characteristics of becoming a major new minerals province in southern Tanzania, and we have a dominant land position on this province.

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Investors do not appear to be valuing this strategic progress, with your shares currently trading at less than 12 cents per share, down from their 12-month high in April of 35 cents. Can you comment?

MD Neil Meadows

We still seem to be perceived in the Australian market as a relatively small iron ore producer with an assortment of exploration projects. The reality is however very different. IMX now owns and controls one of the world's best undeveloped nickel sulphide projects, we have an iron ore mining operation that generates in excess of \$200 million revenue per annum, we have a clear intention of commercialising our investments and non-core assets, and we have a very clear strategy to deliver growth.

We've worked very hard this year to change those perceptions, but clearly we still have work to do. IMX is not the only undervalued resources company on the ASX at the moment, but we have more reason than most to be frustrated with the lack of market support. Over the past 12 months we have radically transformed this company and will continue to do so in the coming year.

More importantly, we know from our discussions with a wide range of players in the global nickel industry that they are keeping a very close eye on our progress at Ntaka Hill and as we advance the project towards production we certainly expect to come under increased scrutiny from larger companies looking to make acquisitions. As such we don't believe that

our share price will stay where it is as the market comes to recognise the potential of our projects.

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What key developments should investors look for from IMX in the nearer term?

MD Neil Meadows

We will continue to release the results of our most recent drilling activities both in Tanzania and Australia over the course of the next few months. From the perspective of Ntaka Hill though, the next major milestone will be the release of our upgraded Resource Statement in February 2013.

I would also hope to be in a position to make an announcement in relation to the commercialisation of our interest in the Mt Woods Magnetite Project early in 2013.

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Thank you Neil.

For more information about IMX Resources Limited, visit www.imxresources.com.au or call Neil Meadows on (+61 8) 9388 7877

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