

IMX RESOURCES LIMITED

ABN 67 009 129 560

**INTERIM FINANCIAL STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2013**



IMX RESOURCES LIMITED
INTERIM FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2013

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These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by IMX Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

IMX RESOURCES LIMITED

CORPORATE DIRECTORY

Directors

Mr John Nitschke (Acting Managing Director)
Ms Kellie Benda (Non-Executive Chairman)
Mr David Constable (Non-Executive Director)
Mr Robert Sun (Non-Executive Director)
Dr Derek Fisher (Non-Executive Director)

Company Secretary

Mr Stuart McKenzie

Registered Office

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WEST PERTH WA 6005
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Fax + 61 8 9382 2399

Solicitors

DLA Piper Australia
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PERTH WA 6000

Finlaysons
Level 8, 181 Flinders Street
ADELAIDE SA 5000

Share Register

Computershare Limited
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PERTH WA 6000
Tel + 61 8 9323 2000
Fax + 61 8 9323 2033

Computershare Limited
Level 8, 100 University Avenue
TORONTO ONTARIO M5J2Y1
Tel + 1 416 263 9547
Fax + 1 416 981 9679

Auditors

KPMG
235 St Georges Terrace
PERTH WA 6000

Website Address

www.imxresources.com.au

Stock Exchange Code

Shares are listed on the Australian Securities Exchange ("ASX") and Toronto Stock Exchange ("TSX") under the code IXR.

IMX Resources Limited ("IMX") is a reporting issuer under the securities laws of certain provinces of Canada. IMX is also a "designated foreign issuer" as defined in National Instrument 71-102 of the Canadian Securities Administrators ("NI 71-102") and, as such, is generally permitted to meet certain Canadian disclosure requirements by complying with the disclosure requirements of a foreign authority. In the case of IMX, such foreign regulatory authorities are the ASX and the Australian Securities and Investments Commission. IMX files documents required by NI 71-102 in Canada on its profile at www.sedar.com.

IMX RESOURCES LIMITED DIRECTORS' REPORT

The Directors present the consolidated financial report of IMX Resources Limited ("IMX" or the "Company") and its controlled entities (the "Group") for the six months ended 31 December 2013.

Amounts are expressed in Australian dollars unless otherwise noted.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Non-Executive

Mr Stephen Hunt (resigned 22 August 2013)
Mr Robert Sun
Ms Kellie Benda (Chairman)
Mr David Constable
Dr Derek Fisher (appointed 10 February 2014)

Executive

Mr Neil Meadows (Managing Director) (resigned 16 October 2013)
Mr John Nitschke (Acting Managing Director) (Chairman until 22 October 2013, when Mr Nitschke assumed the role of Acting Managing Director, pending recruitment of a new Managing Director)

Company Secretary

Mr Stuart McKenzie

Review of Operations

Corporate

Results for the Half-Year

The net loss after income tax of the Group for the half-year ended 31 December 2013 was \$14.7 million (2012: \$16.1 million). The result for the half-year is attributable to:

- (1) Operating loss from the Cairn Hill Mining Operation of \$7.1 million (2012: operating loss of \$1.7 million). This included a \$20.8 million impairment loss on mine property and development resulting from reduced cash flow from the loss of production over the life of mine against the resource model described further in the subsequent events and note 13;
- (2) Administration costs of \$3.1 million (2012: \$6.2 million);
- (3) Business development costs of \$0.8 million relating to MMG JV and Mt Woods Magnetite partnering process (2012: \$nil due to costs associated with acquisition of Continental Nickel Limited being capitalised); and
- (4) Exploration costs of \$5.8 million (2012: \$5.5 million).

Summarised results are as follows:	31 December 2013	31 December 2012
	\$'000	\$'000
Revenue from sale of goods	104,165	86,131
Gross loss	(7,078)	(1,716)
Loss before tax	(17,001)	(16,942)

IMX RESOURCES LIMITED DIRECTORS' REPORT

The activities of the Group have predominantly been funded by cash flows from the Cairn Hill Mining Operation. Major expenditures during the half-year include mining production costs of \$90.1 million (2012: \$90.9 million) and exploration of \$5.2 million (2012: \$4.5 million). The net decrease in cash resources during the half-year was \$9.6 million (2012: decrease of \$5.3 million), which included a \$12.8 million repayment of Sichuan Taifeng's loan.

The Group is forecasting that its expenditure for the next 12 months can be funded from existing cash balances and distributions. If these cash flows do not eventuate as expected, there are alternative sources of funding that are potentially available which could include asset sales, debt or equity raising, and / or securing suitable arrangements with new JV partners.

Review of Operations

IMX has a sole mining operation, the Cairn Hill iron ore and copper mine which is located 55 kilometres south-east of Coober Pedy in South Australia. IMX has a 51% ownership of the project through a JV with Taifeng Yuanchuang International Development Co Ltd ("Taifeng"), who holds the remaining 49%. The JV is an incorporated JV through Outback Iron Pty Ltd ("Outback") which owns 100% of Termite Resources NL, the operating entity of the Cairn Hill Mining Operation.

Cairn Hill Mining Operation

Summary information on production and shipments for the six months to 31 December 2013 on a comparative basis is as follows:

	2013	2012	Increase/ (Decrease)
Waste removed (BCM)	1,027,891	1,029,510	(0.16%)
Ore Mined (tonnes)	839,922	898,334	(6.50%)
Ore Crushed (tonnes)	833,305	912,477	(8.68%)
Road Haulage (tonnes)	855,924	931,812	(8.14%)
Rail Haulage (tonnes)	858,032	876,716	(2.13%)
Shipped (tonnes)	833,633	844,041	(1.23%)

Key achievements during the half-year include:

- Positive cash flow from operations.
- Mining recommenced in Pit 2 during July 2013.
- Sales contracts for 100% of forecast 2014 production were completed at terms in line with the 2013 sales contracts.
- Progression of assessment of Phase 2 development, with a decision on its viability to be made towards the end of the March quarter.
- Commencement of a direct shipping hematite exploration program on the Mt Woods tenements aimed at extending operations at Cairn Hill.

Development Projects

Mount Woods Magnetite Project, South Australia (IMX 100%)

Work during the half-year focussed on:

- Investigation of alternative throughput scenarios, aimed at optimising rail, power and port infrastructure solutions to improve project economics.
- Preliminary engagement with South Australian Government authorities including the Department of Environment, Water and Natural Resources and the Department for Manufacturing, Innovation, Trade, Resources and Energy. These discussions have focussed on the allocation of water for the project and securing the required project approvals.

IMX RESOURCES LIMITED

DIRECTORS' REPORT

- Continuation of the process to secure a partner with a number of potential partners reviewing the information in the project data room and ongoing work with industry intermediaries.

Exploration Projects

Nachingwea Property, Ntaka Hill (IMX 100% – under JV with MMG)

Highlights during the half-year include:

- Finalisation of an earn-in and JV agreement with MMG, under which MMG can earn up to 60% of the Nachingwea Project by sole funding expenditure of US\$60 million, structured within three stages. Key benefits include:
 - MMG's significant technical and financial resources allows for testing a new exploration model focused on deep, high-grade nickel mineralisation;
 - The Stage 1 expenditure and earn-in implies a \$61 million pre-money valuation of the Nachingwea Project, a substantial premium to the value of Nachingwea implied by IMX's current market capitalisation; and
 - Provision for IMX to manage smaller-scale exploration work on the regional tenements.
- The MMG JV is subject to the satisfaction of two conditions precedent – approval by the Commissioner for Minerals of Tanzania and approval of the Fair Competition Commission in Tanzania. Approval for Stage 1 of the JV has been obtained.
- MMG commenced work in September, focussed on high-grade mineralisation, targeting a resource in the order of 27 million tonnes at 1.5% Ni for 400,000 tonnes of contained nickel.
- Results received during the quarter included:
 - Intersection of massive sulphides with 13.65 metres at 3.46% nickel and 0.62% copper (ASX announcement 1 November 2013);
 - New zone of mineralisation, 'P Zone' discovered 400 metres east of the current Mineral Resources at Ntaka Hill and further evidence of the potential for a single, large mineralised system over 1.5 kilometres wide (see ASX announcement 10 December 2013); and
 - Consistent mineralisation intersected in five holes drilled at the Zeppelin and Sleeping Giant deposits (ASX announcement 29 October 2013).
- Systematic regional soil sampling and field mapping commenced for the first time over the broader Nachingwea Project area, aimed at investigating radiometric / aeromagnetic anomalies and identifying new ultramafic intrusions. A total of 17,155 soil samples were collected during the half-year. The soil sampling has identified three new geochemical anomalies and defined six known regions that potentially represent targets for nickel exploration beyond the Ntaka Hill-Lionja corridor.

IMX confirms that since announcing the assay results on 29 October 2013, 1 November 2013 and 10 December 2013 as noted above, it is not aware of any new information or data that materially affects the information included in those announcements.

Mt Woods Copper – Gold Prospect, South Australia (IMX 100%)

During October 2013, OZ Minerals withdrew from the Mt Woods Copper–Gold JV. This represents an opportunity for the Company to refresh the non-iron exploration effort on the highly prospective Mt Woods tenements and a process to secure a joint venture partner has commenced.

IMX RESOURCES LIMITED DIRECTORS' REPORT

COMPETENT PERSONS STATEMENT

Information in this announcement relating to quality control and technical information on exploration results at the Nachingwea Project has been prepared under the supervision of Mr Mathew Perrot in his capacity as Senior Exploration Geologist for IMX. Mr Perrot is a registered member of the Australian Institute of Geoscientists and has sufficient relevant experience to qualify as a Competent Person under the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC 2012") and as a Qualified Person under Canadian National Instrument 43-101 ("NI 43-101"). Mr Perrot has verified the data underlying the information contained in this announcement and approves and consents to the inclusion of the data in the form and context in which it appears.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

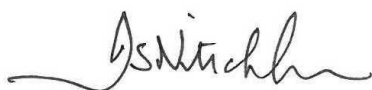
- Subsequent to 31 December 2013, a total of 1,645,000 unlisted options have expired unexercised.
- On 11 February 2014, IMX announced the appointment of Dr Derek Fisher as a non-executive director. Dr Fisher has more than 40 years' experience in mining companies, spanning both corporate and operational roles, with a particular emphasis on iron ore and nickel projects.
- On 3 March 2014, IMX announced that new geological information and instability of the north wall of Pit 1 is expected to reduce mineable reserves from Cairn Hill Phase 1 by around 360,000 tonnes. There is potential to recover production of approximately 220,000 tonnes over the remaining life of mine for Phase 1 operations. The JV partners are currently assessing the viability of a Phase 2 extension to Cairn Hill with a decision expected by the end of March 2014.
- Price protection was put in place to cover 90% of the Group's iron ore exposure between January to March 2014 and, as at the date of this report, 30% of the exposure for April 2014.

There has been no other significant event that has occurred between 31 December 2013 and the date of this report that has significantly affected, or may significantly affect the operations of the economic entity, the results of these operations or the state of affairs of the entity in future periods.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of IMX with an Independence Declaration in relation to the half-year ended 31 December 2013. The Independence Declaration is attached to and forms part of this Directors' Report.

This report is made in accordance with a resolution of Directors of IMX.



ACTING MANAGING DIRECTOR
PERTH, WA

14 March 2014



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of IMX Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Denise McComish

Denise McComish
Partner

Perth

14 March 2014

IMX RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 DECEMBER 2013 \$'000	31 DECEMBER 2012 \$'000
Revenue from the sale of goods		104,165	86,131
Cost of sales	6	(111,243)	(87,847)
Gross Loss		(7,078)	(1,716)
Other income		345	321
Business development costs		(822)	-
Corporate and administration expenses		(3,098)	(6,222)
Exploration expenses		(5,783)	(5,497)
Other expenses		(422)	-
RESULTS FROM OPERATING ACTIVITIES		(16,858)	(13,114)
Finance costs		(143)	(876)
Share of associates losses		-	(2,952)
LOSS BEFORE TAX		(17,001)	(16,942)
Income tax benefit		2,274	845
LOSS FOR THE PERIOD		(14,727)	(16,097)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation differences, net of tax		671	(269)
Share of other comprehensive income reclassified to profit and loss on sale of equity accounted investees		(1,009)	-
Share of other comprehensive income of equity accounted investees		-	(26)
Total items that may be reclassified subsequently to profit and loss		(338)	(295)
Other comprehensive loss		(338)	(295)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(15,065)	(16,392)
Net Loss is attributable to:			
Owners of IMX Resources Limited		(12,129)	(14,439)
Non-controlling interest		(2,598)	(1,658)
		(14,727)	(16,097)
Total Comprehensive Loss is attributable to:			
Owners of IMX Resources Limited		(12,467)	(14,734)
Non-controlling interest		(2,598)	(1,658)
		(15,065)	(16,392)
Loss per share attributable to owners of the Company:			
Basic loss per share (cents)		(3.1)	(4.4)
Diluted loss per share (cents)		(3.1)	(4.4)

The condensed notes on pages 11 to 19 are an integral part of these condensed consolidated interim financial statements.

IMX RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 DECEMBER 2013 \$'000	30 JUNE 2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents		16,808	26,363
Trade and other receivables	8	5,148	2,601
Inventory	9	13,199	12,151
Assets classified as held for sale		383	383
TOTAL CURRENT ASSETS		35,538	41,498
NON-CURRENT ASSETS			
Trade and other receivables	8	-	1,000
Investments accounted for using the equity method	10	-	2,712
Exploration and evaluation expenditure assets	11	26,033	25,294
Property, plant and equipment	13	6,322	31,695
TOTAL NON-CURRENT ASSETS		32,355	60,701
TOTAL ASSETS		67,893	102,199
CURRENT LIABILITIES			
Trade and other payables	15	28,993	34,316
Loans from related parties	14	12	12,786
Current tax payable		546	-
Provisions		919	431
TOTAL CURRENT LIABILITIES		30,470	47,533
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,656	4,076
Provisions		915	873
TOTAL NON-CURRENT LIABILITIES		2,571	4,949
TOTAL LIABILITIES		33,041	52,482
NET ASSETS		34,852	49,717
EQUITY			
Contributed equity	16	120,336	120,336
Reserves		5,270	5,408
Accumulated losses		(93,985)	(81,856)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		31,621	43,888
Non-controlling interest		3,231	5,829
TOTAL EQUITY		34,852	49,717

The condensed notes on pages 11 to 19 are an integral part of these condensed consolidated interim financial statements.

IMX RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31 DECEMBER 2013 \$'000	31 DECEMBER 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	99,831	101,784
Interest and other receipts	70	319
Payments to suppliers and employees	(92,643)	(96,419)
Payment of exploration expenditure	(5,182)	(4,509)
Net cash inflow from operating activities	2,076	1,175
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(87)	(1,772)
Transaction costs incurred in acquisition of Continental Nickel Limited ("CNI")	-	(2,440)
Cash acquired through acquisition of CNI	-	4,651
Proceeds from the sale of equity investments	1,282	-
Payment for security bonds	(21)	(494)
Net cash inflow / (outflow) from investing activities	1,174	(55)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares in IMX	-	3,731
Cost of equity issued	-	(356)
Repayment of borrowings	-	(9,000)
Repayment of Sichuan Taifeng Loan	(12,774)	-
Finance costs	(31)	(775)
Net cash outflow from financing activities	(12,805)	(6,400)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,555)	(5,280)
Add opening cash and cash equivalents brought forward	26,363	17,006
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	16,808	11,726

The condensed notes on pages 11 to 19 are an integral part of these condensed consolidated interim financial statements.

IMX RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Capital	Foreign Currency Translation Reserve	Share Based Equity Reserve	Options Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	100,976	(1,876)	3,430	-	(56,372)	7,803	53,961
Total Other Comprehensive Income for half-year							
- Loss for the half-year	-	-	-	-	(14,439)	(1,658)	(16,097)
- Foreign exchange translation differences	-	(269)	-	-	-	-	(269)
- Share of other comprehensive income of associates	-	(26)	-	-	-	-	(26)
	-	(295)	-	-	(14,439)	(1,658)	(16,392)
Transactions with owners in their capacity as owners:							
- Issue of ordinary shares	19,703	-	-	-	-	-	19,703
- Capital raising costs	(356)	-	-	-	-	-	(356)
- Employee share options – value of employee services	-	-	85	-	-	-	85
- Options and warrants issued as part of acquisition	-	-	-	1,049	-	-	1,049
Balance at 31 December 2012	120,323	(2,171)	3,515	1,049	(70,811)	6,145	58,050
Balance at 1 July 2013	120,336	390	3,970	1,048	(81,856)	5,829	49,717
Total Other Comprehensive Income for half-year							
- Loss for the half-year	-	-	-	-	(12,129)	(2,598)	(14,727)
- Foreign exchange translation differences	-	671	-	-	-	-	671
- Share of other comprehensive income reclassified to profit and loss on sale of equity accounted investees	-	(1,009)	-	-	-	-	(1,009)
	-	(338)	-	-	(12,129)	(2,598)	(15,065)
Transactions with owners in their capacity as owners:							
- Employee share options – value of employee services	-	-	200	-	-	-	200
Balance at 31 December 2013	120,336	52	4,170	1,048	(93,985)	3,231	34,852

The condensed notes on pages 11 to 19 are an integral part of these consolidated interim financial statements.

IMX RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2013

1. Corporate information

IMX Resources Limited (“IMX” or the “Company”) is a company incorporated in Australia and limited by shares. IMX shares are publicly traded on the Australian Securities Exchange (“ASX”) and on the Toronto Stock Exchange (“TSX”). The consolidated interim financial statements of the Company as at, and for the six months ended, 31 December 2013 comprise the Company and its subsidiaries (together the “Group”).

The principal activities of the Company are iron ore mining and the exploration for iron ore, nickel and copper.

The consolidated financial statements of the Group as at and for the year ended 30 June 2013 are available online at www.imxresources.com.au or upon request from the Company’s registered office located at Level 2, 41-47 Colin Street, West Perth 6005, Australia.

This financial report was authorised for issue in accordance with a resolution of the Directors on 14 March 2014.

2. Basis of preparation and accounting policies

This general purpose interim financial report for the half-year ended 31 December 2013 has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2013 and considered together with any public announcements made by IMX during the half-year ended 31 December 2013 in accordance with the Company’s continuous disclosure obligations.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the consolidated interim financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

3. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as described below.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

i. AASB 10 Consolidated Financial Statements (2011)

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances.

The adoption of this new standard has not resulted in changes to the Group’s accounting policies and has not affected the amounts reported for the current or prior periods.

ii. AASB 11 Joint Arrangements

As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group’s rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The adoption of this new standard has not resulted in changes to the Group’s accounting policies and has not affected the amounts reported for the current or prior periods.

IMX RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2013

iii. AASB 13 Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 18).

The adoption of this new standard has not resulted in changes to the Group's accounting policies and has not affected the amounts reported for the current or prior periods.

4. Going Concern

For the half-year ended 31 December 2013, the Group has incurred a loss after tax of \$14.7 million. The Group's net assets are \$34.8 million.

On 20 September 2013, the Company entered into an earn-in and JV agreement with MMG in connection with the Nachingwea Project in south-east Tanzania. Under the terms of this agreement, MMG may earn up to a 60% interest in the Nachingwea Project by sole funding expenditure of US\$60 million over a five year period, structured with three stages. As a result, costs that the Company would have incurred for exploration work carried out at Nachingwea are now expected to be incurred by MMG in accordance with the earn-in and JV agreement.

The Company is forecasting that current cash reserves together with distributions by Outback are sufficient to fund its remaining operational expenditure and planned exploration expenditure. Forecast distributions from Outback are based on independent consensus pricing for commodity prices and foreign exchange rates and distributions are sensitive to movements in these parameters. Should the distributions not eventuate to the level expected, a portion of the Group's planned expenditure is discretionary and can be deferred. As at the date of this report, approximately 90% of the Cairn Hill iron ore exposure is hedged for the month of March 2014 at a weighted average iron ore price of \$136 whilst approximately 30% of April 2014 is hedged at a weighted average iron ore price of \$126. These hedge prices relate to the Platts 62% iron ore price benchmark.

The Company also expects to make a decision on the Phase 2 extension of the Cairn Hill Mining Operation by the end of March 2014. If approved, it is expected that additional distributions from Outback could be made during 2014.

In addition to funds distributed from Outback, the Company's Directors (the "Directors") are confident that further funding can be obtained as necessary to fund the Company's strategy. Sources of funding could include asset sales, debt or equity raisings, and / or securing additional arrangements with new JV partners.

For the reasons set out above, the financial report has been prepared on a going concern basis. The Directors are confident that the Group will obtain sufficient funds through the Cairn Hill Mining Operation and alternative sources of funding where required such that the Group can realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

5. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2013.

IMX RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2013

	31 December 2013 \$'000	31 December 2012 \$'000
6. Cost of Sales		
Mining costs	13,212	20,911
Mine planning and survey	226	239
Geology	649	501
Environmental, rehabilitation and traditional owners	200	230
Mine administration	829	740
Depreciation and amortisation	10,853	7,693
Crushing	4,257	4,295
Haulage	35,001	35,036
Marketing and royalties	1,231	1,221
Impairment loss on mine property and development	20,761	-
Ore inventory movements	(943)	(5,960)
Shipping and port operations	24,967	22,941
Total Cost of Sales	111,243	87,847

7. Income Tax

The Group has recognised a tax benefit of \$2.3 million, being 13% of the loss before tax. The tax benefit comprises current tax expense of \$0.5 million and movements in deferred tax balances of \$2.8 million in relation to the Group's Cairn Hill Mining Operation. The Group does not bring to account deferred tax assets in relation to carry forward losses of the remainder of the Group other than to offset deferred tax liabilities.

	31 December 2013 \$'000	30 June 2013 \$'000
8. Trade and Other Receivables		
(a) Current		
Accounts and other receivables	899	249
Accrued interest	34	27
Prepayments	277	145
Security bonds	1,210	1,189
Goods and services tax and fuel tax receivable	1,728	991
Restricted cash	1,000	-
	5,148	2,601
(b) Non - Current		
Restricted cash	-	1,000
	-	1,000

IMX RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2013

	31 December 2013 \$'000	30 June 2013 \$'000
9. Inventory		
Finished goods ⁽¹⁾	9,829	8,961
Work in progress ⁽²⁾	3,119	3,043
Diesel fuel on hand	251	147
	13,199	12,151

⁽¹⁾ Finished goods represent crushed ore stocks on the mine site or held in storage.

⁽²⁾ Work in progress represents uncrushed ore stocks extracted from the mine pits.

10. Investments Accounted for Using the Equity Method

Uranex Limited (associate)	-	2,712
	-	2,712

11. Exploration and Evaluation Expenditure Assets

Exploration & evaluation expenditure assets	26,033	25,294
	26,033	25,294

Reconciliation of exploration & evaluation expenditure assets

Carrying amount at the beginning of the half-year	25,294	2,218
Additions	-	19,857
Foreign currency translation	739	3,219
Carrying amount at the end of the half-year	26,033	25,294

12. Joint Venture

During the half-year, MMG incurred \$3.7 million under the Interim Agreement towards its US\$10 million expenditure obligation under Stage 1 of the Nachingwea Earn-In and JV Agreement.

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13. Property, Plant and Equipment

	Plant and Equipment	Furniture and Fittings	Motor vehicles	Mine property and Development	Mine Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Half-year ended						
31 December 2013						
Carrying amount at beginning of half-year	847	234	166	26,904	3,544	31,695
Additions	58	42	-	6,141	-	6,241
Disposals	-	-	-	-	-	-
Impairment ⁽¹⁾	(115)	(30)	-	(18,759)	(1,857)	(20,761)
Amortisation of rehabilitation and restoration asset	-	-	-	(70)	-	(70)
Amortisation of deferred waste	-	-	-	(7,907)	-	(7,907)
Depreciation expense	(110)	(36)	(38)	(1,486)	(1,206)	(2,876)
Carrying amount at end of year	680	210	128	4,823	481	6,322
Cost	1,926	649	487	32,394	9,151	44,607
Accumulated depreciation / amortisation / impairment	(1,246)	(439)	(359)	(27,571)	(8,670)	(38,285)
Carrying amount	680	210	128	4,823	481	6,322
Year ended 30 June 2013						
Carrying amount at beginning of year	272	218	252	46,042	6,298	53,082
Additions	1,073	97	-	1,840	-	3,010
Disposals	-	(13)	-	-	-	(13)
Impairment	-	-	-	(4,036)	-	(4,036)
Amortisation of rehabilitation and restoration asset	-	-	-	(350)	-	(350)
Amortisation of deferred waste	-	-	-	(13,094)	-	(13,094)
Depreciation expense	(498)	(68)	(86)	(3,498)	(2,754)	(6,904)
Carrying amount at end of year	847	234	166	26,904	3,544	31,695
Cost	1,867	607	487	39,211	9,151	51,323
Accumulated depreciation / amortisation / impairment	(1,020)	(373)	(321)	(12,307)	(5,607)	(19,628)
Carrying amount	847	234	166	26,904	3,544	31,695

⁽¹⁾ The recoverable amount of Cairn Hill mine related assets was assessed in accordance with the Group's accounting policy (refer note 3) using the value in use method by applying a post-tax discount rate of 10% to forecast future cash flows. An impairment charge of \$20.8 million was recognised for the period ended 31 December 2013. This was primarily due to a decrease in forecast production over the remaining life at Cairn Hill compared to the Resource model negatively impacting the life of mine cash flow. The Company has identified additional ore sources outside of Phase 1 that can recover approximately 220,000 tonnes of the ore lost however they will be mined at lower margins to the existing Phase 1 ore due to having no copper content.

IMX RESOURCES LIMITED
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	31 December	30 June
	2013	2013
	\$'000	\$'000
14. Loans from Related Parties		
Loan from Sichuan Taifeng Group	12	12,786
	12	12,786
15. Trade and Other Payables		
Trade creditors	25,380	19,683
Accrued expenses	2,731	7,421
Current liabilities owed to buyers ⁽¹⁾	736	7,061
Other creditors	146	151
	28,993	34,316

⁽¹⁾ At 31 December 2013 there was a current liability due to customers. At the time a shipment leaves Port Adelaide, an invoice is issued to the customer based on the contract specification grades and the iron ore and copper commodity prices prevailing at the time. A final adjustment invoice is later issued to the customer using the actual shipment grades and the iron ore and copper commodity prices 30 days after the shipment left Port Adelaide. Therefore, in an environment of falling iron ore commodity prices or actual shipping grades being lower than contract specification, the final adjustment invoice amount can be a credit - an amount owing to the customer.

IMX RESOURCES LIMITED
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16. Contributed Equity

	31 December 2013		30 June 2013	
	Number of shares	\$'000	Number of shares	\$'000
(a) Issued and Paid up Capital				
Ordinary shares fully paid	396,497,145	120,336	396,497,145	120,336
(b) Movement in fully paid Ordinary Shares				
	Number of shares	\$'000	Number of shares	\$'000
Balance as at 1 July	396,497,145	120,336	262,612,803	100,976
Shares issued as part of acquisition of CNI	-	-	99,827,342	15,972
Issue of shares, net of costs ⁽¹⁾	-	-	33,909,000	3,375
Shares issued to ABE Resources Inc. ⁽²⁾	-	-	148,000	13
Balance as of 31 December 2013 / 30 June 2013	396,497,145	120,336	396,497,145	120,336

(c) Movement in Unlisted Options on issue

	Number of options	\$'000	Number of options	\$'000
Balance as at 1 July	16,160,451	727	13,100,000	-
Share options and warrants issued as part of acquisition of CNI	-	-	3,922,500	727
Issued to employees during the period	-	-	3,200,000	-
Issued during the year	3,105,396	-	2,690,451	-
Cancelled / expired	(3,427,500)	-	(6,752,500)	-
Balance as of 31 December 2013 / 30 June 2013	15,838,347	727	16,160,451	727

(d) Movement in Listed Options on issue

	Number of options	\$'000	Number of options	\$'000
Balance as at 1 July	13,490,201	322	-	-
Share options and warrants issued as part of acquisition of CNI	-	-	13,490,201	322
Balance as of 31 December 2013 / 30 June 2013	13,490,201	322	13,490,201	322

⁽¹⁾ Issue of 33,909,000 ordinary shares at \$0.11 per share on 21 November 2012.

⁽²⁾ Issue of 148,000 ordinary shares to ABE Resources Inc. to complete the earn-in acquisition of 50% interest in the St. Stephen nickel-copper project.

Share Option Program

	Issued during the half-year ⁽¹⁾	
	28 Oct 2013	28 Oct 2013
Grant date	28 Oct 2013	28 Oct 2013
Fair value at grant date (\$)	0.04	0.04
Share price at grant date (\$)	0.07	0.07
Exercise price (\$)	0.096	0.081
Expected volatility	107.0%	107.0%
Option life	3 years	3 years
Expected dividends	0%	0%
Risk free interest rate	2.94%	2.94%

⁽¹⁾ Options issued in consideration for services provided.

IMX RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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17. Operating Segments

Segment Products and Locations

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

The Group operates in the resources industry. The Group carries out mining activities on the Cairn Hill Mine Operations representing the Group's only operating asset. All revenues and expenses from the Cairn Hill Mine Operations are included in the Mine Operations segment. In addition to this operating asset, the Group's other operating segment is exploration, which represents the Group's other exploration assets.

Information about the reportable segments are as follows:

	Mine Operations		Exploration		Other		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
31 December	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External Revenues	104,165	86,131	-	-	-	-	104,165	86,131
Reportable segment profit before tax	(7,078)	(2,456)	(5,581)	(5,312)	-	-	(12,659)	(7,768)
Segment assets	36,007	82,399	27,570	22,677	4,316	6,428	67,893	111,504

Reconciliation of loss before tax for the operating segments to the Group loss before tax is provided as follows:

	31 December 2013 \$'000	31 December 2012 \$'000
Loss before tax for Operating Segments (see table above)	(12,659)	(7,768)
Business development costs	(822)	-
Corporate and administration expenses	(3,098)	(6,222)
Share of associate's losses	-	(2,952)
Other expenses	(422)	-
Loss before tax for the Group	<u>(17,001)</u>	<u>(16,942)</u>

18. Financial Instruments

Carrying Amount versus Fair Values

	Carrying Amount \$'000	Fair Value \$'000
Current Financial Assets		
Cash and cash equivalents	16,808	16,808
Trade and other receivables	5,148	5,148
	<u>21,956</u>	<u>21,956</u>
Current Financial Liabilities		
Trade and other payables	28,993	28,993
Loans from related parties	12	12
	<u>29,005</u>	<u>29,005</u>

IMX RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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19. Events Occurring after Balance Date

- Subsequent to 31 December 2013, a total of 1,645,000 unlisted options have expired unexercised.

There has been no other significant event that has occurred between 31 December 2013 and the date of this report that has significantly affected, or may significantly affect the operations of the economic entity, the results of these operations or the state of affairs of the entity in future periods.

**IMX RESOURCES LIMITED
DIRECTORS' DECLARATION**

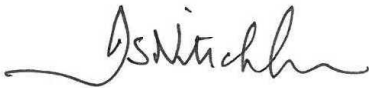
In accordance with a resolution of the Directors of IMX Resources Limited (the "Directors"), I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* and:
 - (i) giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half-year ended on that date of the consolidated entity
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the *Corporations Act 2001*.

On behalf of the Board



ACTING MANAGING DIRECTOR
PERTH, WA

14 March 2014



Independent auditor's review report to the members of IMX Resources Limited

Report on the financial report

We have reviewed the accompanying interim financial report of IMX Resources Limited (the company), which comprises the condensed consolidated statement of financial position as at 31 December 2013, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of IMX Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of IMX Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Denise McComish

Denise McComish
Partner

Perth

14 March 2014