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## **MAJOR CHINESE STEEL GROUP INVESTS IN IMX RESOURCES AND SECURES OFFTAKE PARTNERSHIP FOR CAIRN HILL ORE**

The Board of IMX Resources NL (ASX:IXR) is pleased to announce it has signed a detailed Heads of Agreement with Jilin Tonghua Iron & Steel (Group) Mining Co., Ltd ("Tonghua Mining") for the offtake of Cairn Hill ROM magnetite / copper ore in South Australia and a share placement at 85 cents per share to raise \$13.93 million.

The sales offtake arrangement is Tonghua Iron & Steel's first foray into the Australian resources sector.

### **Sales Offtake**

In terms of the agreement, Tonghua Mining will purchase 100% of the production of Cairn Hill ROM ore from the initial project at approximately 1.2 million to 1.4 million tonnes per year, for a 3 year period, subject to extensions, at market related prices, for both the magnetite and contained copper. The ore will be sold on a FOB basis with the target shipping specification averaging >55% Fe and 0.43% Cu. The prices are benchmarked using international traded prices with adjustments being made for processing and logistics costs.

Tonghua Mining plans to construct a processing facility in China to process the Cairn Hill ore to produce a high grade magnetite concentrate and a copper / gold concentrate. Tonghua Mining also has the first right of acceptance for any additional production over the 1.4 million tonnes per year.

At the cessation of the sales offtake contract, IMX Resources will have the first right to purchase the processing facility at market price.

IMX Resources' Managing Director Duncan McBain said the partnership is the most significant milestone to date for the Cairn Hill project in South Australia.

"Securing a major Chinese investment partner is critical to the ongoing development of Cairn Hill as the company moves towards first shipment in Q4 2008." Mr McBain said.

"This sales and offtake arrangement is Tonghua Iron & Steel's first foray into the Australian resources sector and represents the culmination of a 15 month search for the most suitable partner to process the unique iron, copper and gold Cairn Hill orebody.

Tonghua Mining has the necessary technical expertise to float off the copper from the magnetite to enable the recognition of the copper value in the ore."

## **Share Placement**

To further demonstrate the strength of the relationship, Tonghua Mining will subscribe for 16,394,000 fully paid ordinary shares in IMX Resources at a subscription price of 85 cents, a premium to market. After the completion of the placement Tonghua Mining will hold 9.99% of the issued capital in IMX Resources on an undiluted basis.

The funds from the placement will be used for the development of Cairn Hill.

Duncan McBain said “Importantly these funds are expected to substantially cover the required equity component of any capital requirements to get Cairn Hill into production.”

In the next 12 months should IMX Resources place further shares, Tonghua Mining will have the right to acquire 9.99% of any such placement at the then placement price, provided Tonghua Mining has maintained its shareholding.

Mr Zhang Zhixiang, Vice Chairman of Tonghua Iron & Steel (Group) Co Ltd said:

“We have chosen IMX Resources for our first offshore investment as we like the assets in the company and share the same vision as the IMX Resources board to grow the company. We look forward to working with IMX Resources to build value for all shareholders.”

## **Strategic Alliance Covering Mt Woods Tenements**

IMX Resources and Tonghua Mining have agreed to negotiate a strategic alliance covering IMX Resources Mt Woods tenements and any similar magnetite – copper – gold mineralisation that may be offered to IMX Resources. The strategic alliance would give Tonghua Mining the first right of acceptance should IMX Resources seek a joint venture partner for any new discovery within the Mt Woods tenements on terms to be negotiated at that time.

## **Tonghua Mining**

Tonghua Mining is 62.3% owned by Tonghua Iron & Steel (Group) Co Ltd (“Tonghua”) and 37.7% by Beijing Huaxi Jianlong Mining & Science Pty Ltd (“Jianlong Mining”).

Jianlong Steel Holdings (“Jianlong”) owns 36.09% of Tonghua and is also the parent company of Beijing Huaxi Jianlong Mining & Science Pty Ltd.

Tonghua Mining specialises in exploration, development of resources and operation of captive mines. In addition, Tonghua Mining sells mining equipment and provides technical consultancy. The shareholders recently capitalised Tonghua Mining with a CNY1 billion (A\$156 million) injection of funds to allow it to expand and acquire projects in China and overseas.

### *About Tonghua Iron & Steel*

Tonghua Iron & Steel is headquartered in Changchun, capital of Jilin Province, China. Tonghua is the largest steel producer in Jilin Province, with an output of 7 million tonnes per year of long and flat products. Plans are being implemented to expand the capacity to over 10 million tonnes by 2009.

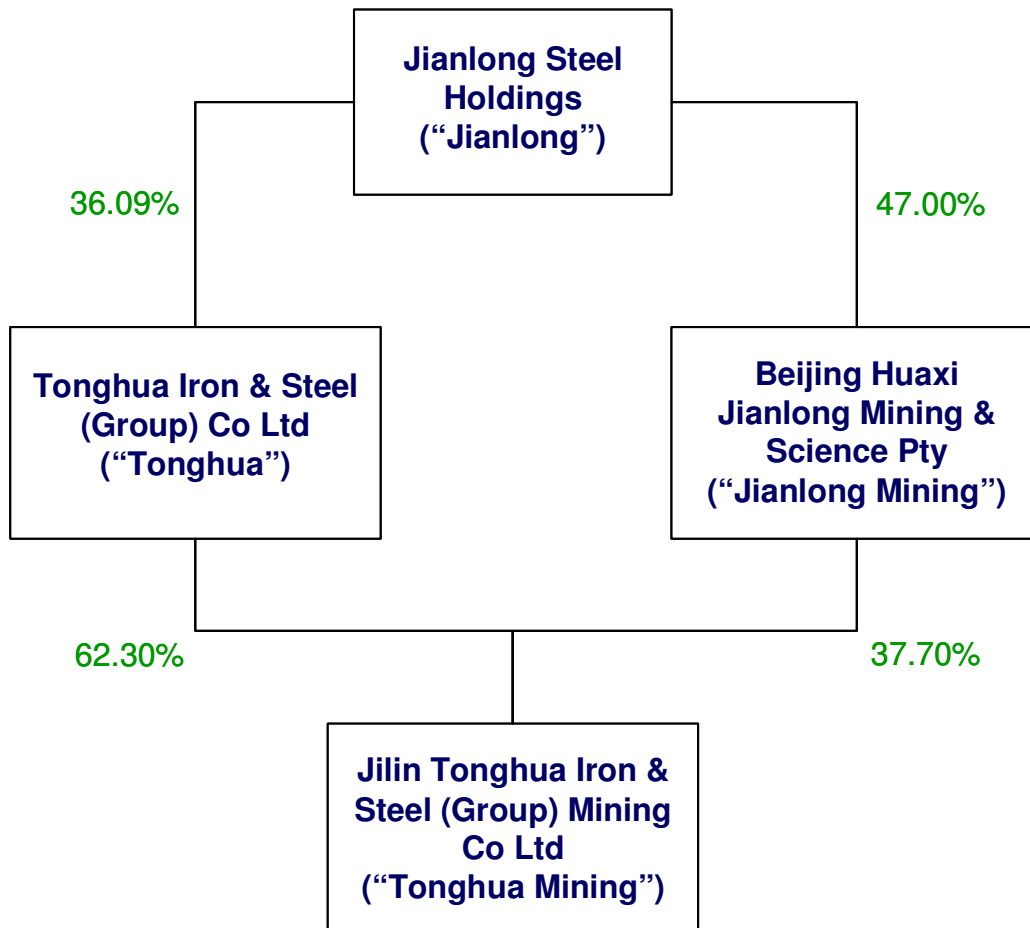
### *About Jianlong Steel Holdings*

Jianlong Steel Holdings (“Jianlong”) owns 36.09% of Tonghua, as well as being the parent company of Jianlong Mining. In 2006, Jianlong ranked as the 17th largest steelmaker in China and 49th in the world, with steel production exceeding 13 million tonnes per year. Jianlong is also the second largest privately owned steelmaker in China. In addition to the investment in Tonghua, Jianlong has investments in steel mills in Tangshan and Chengde in Hebei Province, Fushun in Liaoning Province, Shuangyashan in Heilongjiang Province, Panshi in Jilin Province and Ningbo in

Zhejiang Province. Jianlong is the largest manufacturer of medium and broad width hot strip coil in China. Jianlong's interests also extend into mining, shipbuilding, coke and coal chemicals.

*About Beijing Huaxi Jianlong Mining & Science*

Jianlong Mining specialises in the exploration and development of iron ore and non-ferrous metal deposits and, of particular relevance to the Cairn Hill project, has significant technical expertise in both flotation and magnetic separation with a focus on efficiency and modern management practices. Jianlong Mining owns and manages 31 mines throughout China producing iron ore, coal, calcite, molybdenum and copper.



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## **About IMX Resources NL**

IMX Resources NL (ASX:IXR) is headquartered in Perth, Western Australia, is listed on the Australian Stock Exchange (ASX).

IMX Resources is an active diversified mining company with projects in South Australia, Tasmania and Tanzania, East Africa, focusing on a range of commodities including iron-ore, nickel, gold, copper, platinum and uranium.

The company is disciplined in following a careful strategy to maximise shareholder value by discovering and developing ore bodies. IMX Resources achieves this by participating in multiple, quality exploration projects in joint ventures with global mining companies, and by listing spin-off companies, to ensure programs with high potential are well-funded, while retaining a significant interest to provide exposure for IMX Resources shareholders. In 2007 IMX Resources shareholders have had leverage to \$16m of exploration, with IMX Resources contributing \$1.5m.

IMX Resources 100%-owned project is Cairn Hill, 55 kilometres south-east of Coober Pedy, South Australia. This unique magnetite Fe – Cu – Au project is close to the Darwin to Adelaide railway line. Studies indicate the project is viable and will produce a premium niche magnetite product that does not require pelletisation for use in the iron and steel industry in addition to having a significant Cu revenue stream. The signing of the offtake agreement with Jilin Tonghua Iron & Steel (Group) Mining Co., Ltd will allow the Company to commit to the development of the project.

In Tanzania, Lonmin Plc is earning interest in IMX Resources Mibango and Luwumbu platinum joint ventures. Lonmin currently funds and operates the exploration for both projects.

IMX Resources spun off 70% of the Nachingwea Nickel - Copper project in Tanzania into a Continental Nickel Limited (TSXV:CNI) in August 2007. IMX Resources holds 53.03% of Continental Nickel and retains a 30% interest in the Nachingwea Nickel - Copper project through a joint venture company structure.

IMX Resources owns 39.5% of Uranex (ASX:UNX), a spin-off company from IMX Resources, which listed on the ASX in October 2005 and is dedicated uranium company with assets in Australia and Tanzania.

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