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IMX signs \$47 million funding agreement for Cairn Hill development and placement

Resources developer, IMX Resources Limited (ASX:IXR) is pleased to announce a major funding milestone with the signing of a Heads of Agreement (“HOA”) with Taifeng Yuanchuang International Development Co Ltd (Taifeng), the Hong Kong subsidiary of the privately owned Sichuan Taifeng Group Co Ltd, to invest a minimum of \$47.1 million by:

- contributing approximately \$23 million to become a 50% equity partner in the development of the Cairn Hill Phase 1 magnetite – copper – gold project and other developments in ML6303; and
- subscribing a minimum \$24.1 million to become a 19.9% shareholder in IMX, at a subscription price of 48.4 cents per share, representing a 25% premium over the 30 day VWAP.

The successful conclusion of the HOA is subject to final confirmatory due diligence, shareholder and FIRB approval. Following the placement to Taifeng, IMX will be in a strong cash position with a minimum of \$37 million in the bank as well as having the Cairn Hill Phase 1 ROM project fully funded.

Duncan McBain, Managing Director of IMX said “This funding agreement is a major milestone creating positive momentum for the company’s shareholders marking the start of a watershed year.”

“With development approvals in place, having the Cairn Hill Phase 1 project fully funded is major achievement for the development of this unique magnetite-copper-gold asset. On behalf of all shareholders and the Board of IMX, I’d like to welcome Taifeng as an investor, shareholder and development partner in Cairn Hill,” Mr McBain said.

“The investment by Taifeng in IMX and the Cairn Hill project is company transforming. In addition to the OZ Minerals (ASX:OZL) transaction announced in November 2009, having another financially strong investor who shares the Board’s vision for the company provides new opportunities to grow the company.”

“Concurrently with the funding approval processes, IMX will be finalising the contracts with service providers with a view to bringing Cairn Hill into production mid 2010,” he said.

Mr Song Yuangang, Chairman of Sichuan Taifeng said “As our first overseas strategic investment we chose IMX as we share the same vision as the IMX Board to grow the

company into a mid to large mining company. We look forward to developing Cairn Hill as the first step in growing the company to build value for all shareholders.”

“Taifeng has been seeking co-operation with a listed Australian iron ore company for some time before choosing to invest in IMX,” he said

Background of HOA

Subject to FIRB approval, Taifeng will invest approximately \$23 million, an amount equivalent to the past expenditure by IMX on the area of the Cairn Hill ML6303, to become a 50% shareholder. The shareholding will be through IMX’s 100% owned subsidiary Outback Iron Pty Ltd (Outback), the holding company for Termite Resources NL which is the owner of ML 6303.

Taifeng will undertake confirmatory due diligence which is expected to be completed by the end of January 2010.

IMX will work closely with Taifeng to complete the FIRB process as a matter of priority.

Taifeng will pay a deposit of US\$2 million, and IMX A\$2 million, into a trust account as a break fee should either party decide not to proceed with the transaction.

Within 7 days of completion of due diligence and any required Hong Kong approvals Taifeng will advance \$7 million to Outback. Following FIRB approval, the \$7 million will convert to equity in Outback. Should FIRB approval for the investment in Outback not be forthcoming then the advance will be repayable with interest within 12 months.

Thirty days after FIRB approval Taifeng will pay a further \$8 million to Outback and will be issued with a 50% shareholding in Outback. Both Taifeng and IMX will appoint two directors to the board of Outback, with the chairman nominated by IMX. Board and management control will comply with Termite Resources Access Deed for the Woomera Prohibited Area.

Sixty days after FIRB approval, Taifeng will pay a further \$5 million, with the balance of the investment within six months of FIRB approval.

The funds invested in Outback by Taifeng will be used for the development of the Cairn Hill Phase 1 project and other expenditure within ML6303.

Jilin Tonghua Iron & Steel Group (Mining) Co Ltd will remain the customer for the Phase 1 ROM ore sales which will be processed through the processing plant being constructed at Bayuquan in Liaoning Province, NE China. For future developments within ML6303 Taifeng will have the first rights to purchase any production at the prevailing market price.

Taifeng will assist IMX with loan financing its share of Phase 2 development.

Taifeng will be the preferred developer for any iron ore developments in the Mt Woods tenements, subject to OZ Minerals’ consent.

Subject to shareholder and FIRB approval for the shareholding in IMX over 15%, Taifeng will subscribe for shares in IMX to obtain a 19.9% shareholding in IMX after the placement, at a share price of 48.4 cents per share, a 25% premium to the 30 calendar day VWAP on the day prior to the HOA being signed. The placement to Taifeng will raise between \$24.1 million and \$25.1 million depending on whether OZ Minerals exercises its anti-dilution provisions.

Under the terms of the OZ Minerals HOA (ASX release 30 November 2009) OZ Minerals has the right to participate in placements undertaken by IMX in the next 12 months, this right lapses if OZ Minerals chooses not to participate in any placement. If OZ Minerals participates in the placement a further \$3.8 million will be raised. This placement would also be subject to shareholder approval.

Following the placement IMX will invite Taifeng to nominate a non-executive director to join the IMX board.

Should FIRB approve the investment by Taifeng in Outback, but if FIRB or IMX shareholders do not approve the investment in IMX, then Taifeng can still proceed with the investment into Outback. Should the investment in Outback not be approved by FIRB, the share placement in IMX will not proceed.

About Sichuan Taifeng Group

Founded in 1997, Sichuan Taifeng Group Co., Ltd is a privately owned company based in Zigong in Sichuan Province, China. Taifeng has businesses in the materials trading, real estate development, industrial manufacturing, mineral resources development and education sectors, with more than 1500 employees.

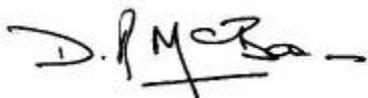
Taifeng has been given an “AAA Credit Enterprise” rating by Agricultural Bank of China Sichuan Branch for the past seven years and has been listed in the Top 100 Enterprises with Best Growth Potentiality in Sichuan Province.

Material trading has been the cornerstone for Taifeng’s development, specialising in chemicals, building materials, steel products, tungsten, glass products.

Since 2001, Taifeng has been involved in real estate development, with developments covering super Grade A office buildings, high-grade office buildings, convention and exhibition centers, shopping malls and large-scale residential developments. Taifeng is jointly developing Aerospace Tower, the tallest building in Chengdu, Sichuan Province.

Taifeng manufactures industrial pumps, wear resistant cast iron pipes, high pressure gases compressors, nitrogen manufacturing and filling equipment and liquid gas transportation pressure vessels.

In the resources sector, Taifeng is involved in tailings project focused on the recovery of tungsten, copper and sulphur. Taifeng has been actively looking for overseas investment opportunities in the resource sector.



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About IMX Resources Limited

IMX Resources Limited (ASX:IXR) – is headquartered in Perth, Western Australia, is listed on the Australian Stock Exchange (ASX) with a current market capitalisation of approximately \$85m.

IMX is an active diversified mining company with projects in South Australia, Tasmania, Tanzania and Mozambique, 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 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 shareholders.

Subject to the successful completion of the terms of the HOA, IMX owns 50% of the Cairn Hill project, 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. Phase 1, which is currently under development, is a DSO magnetite project. Testwork indicates that the ore produces a premium coarse grained magnetite product, with a clean saleable Cu / Au concentrate. IMX has a three year sales offtake agreement with Jilin Tonghua Iron & Steel (Group) Mining Co Ltd for the DSO magnetite production. Beyond Phase 1, preliminary metallurgical testwork has been completed on Phase 2 of the project targeted at producing a premium grade magnetite concentrate, with the calculation of the resource for this phase in progress.

IMX owns 100% of the iron ore rights on the Mt Woods tenements where besides the potential of Phase 3 magnetic anomalies outside ML6303, recent drilling has intersected magnetite to the south and west of Cairn Hill with target mineralisation of 320-550mt @ 25-35% Fe based on the drilling, ground gravity and aeromagnetics.

The immediate upside for Cairn Hill / Mt Woods remains the definition of further resources to support a long term 3-5mtpa iron ore operation.

IMX has recently signed a HOA with OZ Minerals for the non-iron ore rights on its Mt Woods tenements. OZ Minerals will have 51% of the joint venture and must spend \$20m over 5 years to retain this interest. OZ Minerals is targeting Prominent Hill style copper / gold mineralisation.

In Tanzania, IMX holds 100% of the Mibango nickel / copper / platinum project.

IMX spun off 70% of the Nachingwea Nickel - Copper project in Tanzania into a Continental Nickel Limited (TSXV:CNI) in August 2007. IMX currently holds 47.4% of Continental Nickel and retains a 30% free carried interest in the Nachingwea Nickel - Copper project through a joint venture company structure.

IMX owns 34.5% of Uranex (ASX:UNX), a spin-off company from IMX, which listed on the ASX in October 2005 and is dedicated uranium company with assets in Australia and Tanzania.

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