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## **Potentially High Nickel Recoveries at the Sleeping Giant Nickel-Copper Sulphide Zone, Nachingwea JV Project, Tanzania**

Iron ore producer, IMX Resources Limited (ASX:IXR) is pleased to report that results from an initial mineralogical assessment of the Sleeping Giant nickel-copper sulphide discovery on the Nachingwea JV Project in Tanzania, have estimated that up to 88% nickel recovery is possible using conventional flotation concentration mineral processing.

From initial mineral characterisation of samples from Sleeping Giant and G Zone, estimated metal recoveries into concentrate are 88% and 79.6% respectively. This compares favourably with nickel recoveries at some of the best mining and milling operations in the industry. For example, recoveries at the Xstrata owned Strathcona operation in Sudbury, Ontario and the Raglan operation in Quebec have been reported to be 82% and 86%, respectively

The majority of the nickel occurs in pentlandite which suggests that high nickel recoveries are possible under conventional flotation concentration mineral processing. In addition, the grain sizes of pentlandite in the two zones studied were found to average between 105 to 115 microns, similar to nickel sulphide deposits in other parts of the world, and should liberate well with an appropriate grinding strategy.

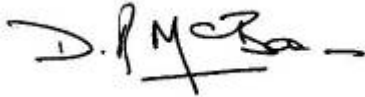
A metallurgical testing program on representative samples will be required to confirm the recoveries as well as likely concentrate grades.

The project is a 25:75 Joint Venture between IMX Resources and Continental Nickel Limited (CNI) of Canada.

A more detailed discussion of results can be viewed on the CNI release to the TSXV attached below.

## **Nachingwea Holding Structure**

IMX's interest in the Nachingwea Ni-Cu Project is held through a direct 25% interest in the Tanzanian joint venture company, Ngwena Limited, and indirectly through a 37.2% interest in CNI. CNI recently completed its expenditure of Cdn\$15m to earn an additional 5% of the joint venture, which reduced IMX's joint venture interest to 25%. IMX is participating on a pro rata basis according to its joint venture interest.



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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 \$200m.

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

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.

IMX owns 51% of the Cairn Hill project, 55 kilometres south-east of Coober Pedy, South Australia close to the Darwin - Adelaide railway. Phase 1 is a unique magnetite Fe – Cu – Au DSO project. The ore produces a premium coarse grained magnetite product, with a clean saleable Cu / Au concentrate. IMX has a Phase 1 life of mine sales offtake agreement with the Sichuan Taifeng Group. Recently IMX and Sichuan Taifeng agreed to sell Phase 1 iron – copper ore in excess of the current processing plant capacity to Juhua Group on a four year contract. A Phase 2 resource is expected around the end of Q1 2011 with the aim of an accelerated development program. Phase 2 is a high grade magnetite project where production of a saleable  $\pm$  60% Fe intermediate concentrate using dry magnetic separation is planned.

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 a joint venture with OZ Minerals for the non-iron ore rights on its Mt Woods tenements. OZ Minerals has 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 37.2% of Continental Nickel and retains a 25% interest in the Nachingwea Nickel - Copper project through a joint venture company structure.

IMX owns 28.0% of Uranex (ASX:UNX), a spin-off from IMX, which is dedicated uranium company with assets in Australia and Tanzania.

Visit: [www.imxresources.com.au](http://www.imxresources.com.au)

## **Press Release**

### **Continental Nickel Reports High Nickel Recoveries are Possible at the Sleeping Giant Nickel-Copper Sulphide Zone on the Nachingwea Nickel Project, Tanzania**

Toronto, Ontario (February 9, 2011): Continental Nickel Limited (TSXV: CNI) (“Continental” or “CNI” or the “Company”) announced today that it has received the results from an initial mineralogical assessment of the Company’s new Sleeping Giant nickel-copper sulphide discovery on the Nachingwea Project in Tanzania, a 75:25 Joint Venture between CNI and IMX Resources Limited (“IMX”) of Australia. The study was completed by the Xstrata Process Support Centre (“XPS”) in Sudbury, Ontario and has estimated that a nickel recovery of up to 88% is possible using conventional flotation concentration mineral processing. This compares favourably with nickel recoveries at some of the best mining and milling operations in the industry. For example, recoveries at the Xstrata owned Strathcona operation in Sudbury, Ontario and the Raglan operation in Quebec have been reported to be 82% and 86%, respectively (Canadian Mining Journal 2008 Mining Source Book).

Field activities from the Company’s 2010 exploration program were completed in December 2010 and were highlighted by the discovery of the new Sleeping Giant nickel-copper sulphide zone with drill intersections up to 2.58% nickel and 0.41% copper over 23.3 metres (Press Release December 13, 2010).

An initial mineral characterization study of samples from the newly discovered Sleeping Giant zone as well as samples from the G zone at Ntaka Hill was completed by XPS. A total of twenty (20) core samples that represent a range of nickel grades from both mineralized zones were examined using Quantitative Evaluation of Materials by Scanning Electron Microscope (“QEMSCAN”) and Electron Probe Microanalysis (“EPMA”). This study followed on from a previous study by XPS of samples from five mineralized zones (H, J, L, M and NAD013) at Ntaka Hill completed in 2009 (Press Release July 15, 2009).

The objectives of the study were to quantify modal analysis, grain size and grain size distributions, mineral associations, nickel, copper and cobalt deportments as well as composition of sulphide and non-sulphide mineral species. Of particular interest is the analysis of nickel deportment which allows for an estimate of possible nickel recovery.

The key findings of the study include:

- Sulphide mineralization consists of massive, net-textured and disseminated sulphides at G zone and disseminated to blebby sulphides at Sleeping Giant with pentlandite being the dominant nickel sulphide bearing mineral.
- An evaluation of nickel deportment indicates that the majority of nickel occurs in pentlandite which suggests that high nickel recoveries are possible under conventional flotation concentration mineral processing.

- The grain sizes of pentlandite in the two zones studied were found to average between 105 to 115 microns, similar to nickel sulphide deposits in other parts of the world, and should liberate well with an appropriate grinding strategy.
- A calculation of the recovery of nickel to a concentrate in a conventional flotation concentrator or mill is estimated at 88.0% for Sleeping Giant and 79.6% for G zone. The high results at Sleeping Giant are similar to the estimates from the 2009 study of the H, L, J, M and NAD013 zones and compare favourably to some of the industry's best performing existing operations such as at Strathcona in Sudbury, Ontario and Raglan in Quebec where reported operational recoveries were 82% and 86% for nickel respectively in 2008. *(The estimated recoveries are calculated based on the measured nickel composition of the various sulphide and silicate mineral species and assuming a 92% recovery of pentlandite, 50% of pyrite and 20% of pyrrhotite at the milling stage. The recoveries above are estimates only. A flotation testing program on representative samples is required to confirm recoveries as well as concentrate grades).*
- Pyrrhotite : pentlandite ratios, which provide process engineers with an indication of the amenability of upgrading the mineralization to a metal concentrate, were determined and compared to other typical nickel sulphide deposits. Zone G was found to be at the high end of the range, while the ratio for the Sleeping Giant Zone is very low and similar to the results from the 2009 study for the other zones at Ntaka Hill. A low ratio indicates that pyrrhotite dilution into a nickel concentrate is expected to be low and may allow processing to achieve a higher grade of concentrate.

Craig MacDougall, President & CEO of Continental Nickel Limited, said "The results of the mineral characterization program at the new Sleeping Giant sulphide zone are very encouraging. They continue to indicate that the bulk of the nickel-copper sulphide mineralization in the Ntaka Hill area displays highly favourable metallurgical characteristics that should be amenable to conventional grinding and flotation concentration mineral processing. The estimated recovery of nickel is high and is comparable to some of the best nickel operations in the industry. The completion of this characterization work is an important step in preparation for a more comprehensive metallurgical testing program."

### **Next Steps**

Data compilation and design of 2011 exploration program is currently in progress and is expected to be submitted to the exploration partners for approval in February.

A revised Mineral Resource estimate for the Ntaka Hill area, including the new Sleeping Giant discovery, is currently in progress. Current NI 43-101 compliant Mineral Resources at Ntaka Hill (Measured and Indicated) total 3.1 million tonnes grading 1.31% nickel and 0.24% copper at a US\$23/tonne Net Smelter Return cut-off (Press Release July 15, 2009). The study is being updated by Scott Wilson Roscoe Postle Associates Inc. of Toronto and the results are expected in February.

### **Qualified Persons**

Expert services relating to the Mineral Characterization study were provided by the Xstrata Process Support Centre in Sudbury, Ontario under the supervision of Ms. Lori Kormos, P. Geo., Chief Geoscientist with XPS.

The quality control, technical information and all aspects of the exploration program are supervised by Patricia Tirschmann, P. Geo., Vice President, Exploration for CNI. The information in this release was prepared under the direction of Craig MacDougall, P. Geo., President and CEO for Continental Nickel Limited. Both Ms. Tirschmann and Mr. MacDougall are qualified persons as defined by National Instrument 43-101.

### **About Continental Nickel**

Continental Nickel Limited is focused on the exploration, discovery and development of nickel sulphide deposits in geologically prospective, but under-explored regions globally. The Company's key asset is its 75% interest in the Nachingwea project in Tanzania, where NI 43-101 Mineral Resources have defined 40,000 tonnes of contained nickel. A revised Mineral Resource Estimate incorporating the diamond drill results from the 2010 exploration program is currently in progress.

The Company also has an option joint venture on the St. Stephen project in New Brunswick, Canada where it has discovered new Ni-Cu sulphide zones from the 2010 diamond drill program.

Continental Nickel Limited has 38,943,664 shares issued and outstanding (46,211,514 on a fully-diluted basis) and trades on the TSX Venture Exchange under the symbol CNI. The Company remains well-funded with over C\$9.0 million in the treasury.

On behalf of

### **Continental Nickel Limited**

*"Craig MacDougall"*

President & Chief Executive Officer

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Information relating to the Mineral Characterization Study was compiled and supervised by Ms. Lori Kormos who is the Chief Geoscientist at Xstrata Process Support Center in Sudbury, Ontario Canada. Information relating to exploration results is based on data collected under the supervision of or compiled by Patricia Tirschmann, P. Geo., who holds the position of Vice President, Exploration and is a full time employee of Continental Nickel Limited. Ms. Kormos and Ms. Tirschmann are both registered members of the association of Professional Geoscientists of Ontario, and each have sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms. Kormos and Ms. Tirschmann both consent to the inclusion of the data in the form and context in which it appears.