

# **IMX RESOURCES LIMITED**

ABN 67 009 129 560

**INTERIM FINANCIAL STATEMENTS**

**HALF-YEAR ENDED 31 DECEMBER 2010**



**IMX RESOURCES LIMITED**  
**INTERIM FINANCIAL REPORT**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

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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 2010 and any public pronouncements made by IMX Resources during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**IMX RESOURCES LIMITED**  
**CORPORATE DIRECTORY**

**Directors**

J C Jooste-Jacobs (Non-Executive Chairman)  
D R McBain (Managing Director)  
Song Yuan Gang (Non-Executive Director)  
S B Hunt (Non-Executive Director)  
A J Haggarty (Non-Executive Director)  
J S Nitschke (Non-Executive Director)  
Cao Xiangkui (Non-Executive Director)  
Chen Yu (Alternative to Song Yuan Gang)

**Company Secretary**

A N Steers

**Registered Office**

Level 2, Unit 18, 100 Railway Road  
SUBIACO WA 6008  
Tel +61 8 9388 7877  
Fax +61 8 9382 2399

**Solicitors**

Mizen + Mizen  
69 Mount Street  
WEST PERTH WA 6005

**Share Register**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: (08) 9315 0933  
Facsimile: (08) 9315 2233

**Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

**Website Address**

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

**ASX Code**

IXR

## **IMX RESOURCES LIMITED**

### **DIRECTORS' REPORT**

The directors present the consolidated financial report of IMX Resources Limited (“IMX Resources” or the “Company”) and its controlled entities (the “Group”) for the six months ended 31 December 2010.

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.

#### **Name**

Johann Jooste-Jacobs	Non-Executive Chairman
Duncan McBain	Executive Director, Managing Director
Stephen Hunt	Non-Executive Director
Anthony James Haggarty	Non-Executive Director
Cao Xiang Kui	Non-Executive Director
John Nitschke	Non-Executive Director
Song Yuan Gang (appointed 29 July 2010)	Non-Executive Director
Chen Yu (appointed 29 July 2010)	Alternate Non-Executive Director

#### **Company Secretary**

Andrew Steers

## **REVIEW AND RESULTS OF OPERATIONS**

### **Operating Results**

The Group incurred a net operating profit after tax for the half-year ended 31 December 2010 of \$8,776,266 (2009: loss of \$4,095,493). The result for the half year was attributable primarily to investment related income that is discussed in the financial statements being partially offset by corporate and administration expenses, exploration expenditure (not capitalised) and the mine operating results from Termite Resources NL (“Termite Resources”).

### **Review of Operations**

Highlights of the Company’s activities by geographical region, during the half-year were:

#### **AUSTRALIAN BASED OPERATIONS**

The Group has continued to focus its activities on its Australian based projects during the half year, with particular emphasis on the Cairn Hill Project (both Phase 1 that is currently in production and Phase 2), Snaefell, and the Mt Woods Joint Venture with OZ Minerals.

#### **Cairn Hill (IMX 51%)**

The Cairn Hill Project is located adjacent to the Stuart Highway and 55km south east of Coober Pedy in South Australia.

#### **Cairn Hill - Phase 1**

The half year ending 31 December 2010 saw all major milestones for the Cairn Hill Phase 1 Magnetite-Copper-Gold Project achieved, including:

- (1) Official opening of the mine by Premier Rann on 26 August 2010;
- (2) Commencement of crushing and road haulage of ore;
- (3) Finalisation and execution of all major service contracts to operate the project;
- (4) Commencement of rail haulage in October 2010; and
- (5) Loading and sailing of first ore shipment – ship departed Port Adelaide for China on 19 December 2010

The first shipment of ore from Port Adelaide of 68,053 tonnes set a new shipment record for Port Adelaide. It arrived in China in early January 2011.

**IMX RESOURCES LIMITED**  
**DIRECTORS' REPORT**

The mining operations resulted in the total ore mined for the six months to 31 December 2010 of 451,026 tonnes with average estimated iron grades of 52.70% and copper grades of 0.80%. Nightshift mining operations commenced and the overall pit development is slightly ahead of schedule. Exact Mining Services commissioned the Hitachi Ex1900 excavator before the end of the half year and will provide additional mining capacity and allow more production flexibility.

Mining Volume	Half Year (2010)
Waste (BCM)	1,166,760
TOTAL (BCM)	1,277,918
Ore (tonnes)	451,026
Fe % <sup>(1)</sup>	52.70
Cu % <sup>(1)</sup>	0.80

<sup>(1)</sup> Note: Grades are uncalibrated portable XRF Niton grades and includes low grade mined.

During the half year crushing activities commenced and resulted in total tonnes crushed of 324,168 for the period. The consistent operation of the mobile crushing plant continues to be an issue, however, performance has improved with plant operation optimisation ongoing.

Crushing	Half Year (2010)
Tonnes	324,168 <sup>(1)</sup>
Fe % <sup>(2)</sup>	53.43
Cu % <sup>(2)</sup>	0.52

<sup>(1)</sup> Inclusive of low grade tonnes

<sup>(2)</sup> Reported grades based on laboratory results

Road haulage for the half year totalled 249,353 tonnes and during the latter part of the period quad road trains took over from triples, lifting the haulage capacity and tonnes hauled. Currently road haulage capacity is continuing to be balanced with rail requirements.

Haulage	Half Year (2010)
Tonnes	249,353
Fe % <sup>(1)</sup>	53.40
Cu % <sup>(1)</sup>	0.51

<sup>(1)</sup> Reported grades based on laboratory results

Rail operations initially commenced at an initial rate of three services per week and a total of 86,912 tonnes was railed for the period. Rail services will ramp up to six trains per week during the March 2011 quarter with the delivery of the first 40 of the new GEMCO wagons. The balance of the 194 new wagons will be progressively delivered by early to middle of the June quarter. Train lengths will be progressively increased with the delivery of the additional wagons.

The last of the 3050 containers, required for ore transport and storage, were delivered to Port Adelaide in December 2010.

Railed	FYTD
Tonnes	86,912
Fe % <sup>(1)</sup>	53.74
Cu % <sup>(1)</sup>	0.50

<sup>(1)</sup> Reported grades based on laboratory results

**IMX RESOURCES LIMITED**  
**DIRECTORS' REPORT**

Shipping commenced during the quarter with the wet commissioning of the initial rotainer and loading of the inaugural ship. The initial loading rate was quite slow with interface issues between the crane and the rotainer with the operators gaining familiarity with the equipment and higher load weights. During the loading there was substantial improvement in the load rates as more consistency was achieved. Overall the performance and commitment to the new system throughout the port workforce was very encouraging.

Shipped	Half Year (2010)
Tonnes <sup>(1)</sup>	68,053
Fe % <sup>(2)</sup>	53.63
Cu % <sup>(2)</sup>	0.51

(1) Ship Draft Survey

(2) Reported grades based on laboratory results

The 68,053t cargo set a new record for Port Adelaide, the previous record was 59,900t. This record was subsequently broken with the second shipment that left Port Adelaide on the 13<sup>th</sup> of February carrying 72,133 tonnes of Cairn Hill ore.

The vessel arrived at Yingkou port in Liaoning Province in NE China on 9 January 2011 and was discharged within 24 hours.

The second rotainer has now arrived and will provide backup and the potential to load with 2 cranes for future shipments.

*Stockpiles*

At the end of the half year the various stockpiles were:

	Pre Crusher	Post Crusher	Rankin Dam	Port Adelaide
Tonnes <sup>(1)</sup>	140,613	63,127	162,441	22,366
Fe %	53.59 <sup>(2)</sup>	54.84 <sup>(3)</sup>	53.26 <sup>(3)</sup>	55.25 <sup>(3)</sup>
Cu %	0.60 <sup>(2)</sup>	0.55 <sup>(3)</sup>	0.51 <sup>(3)</sup>	0.49 <sup>(3)</sup>

(1) Inclusive of Trial Pit, Low Grade and High Grade material

(2) Unreconciled Niton grades

(3) Reported grades based on laboratory results

*Project Funding*

All the Chinese government approvals for Sichuan Taifeng's investment into Outback Iron were received during the period. This resulted in the second tranche (\$5 million) of Sichuan Taifeng's investment into Outback Iron Pty Ltd ("Outback Iron") being received. Subsequent to the half year the final tranche (\$3,988,888) was received in mid January 2011. Sichuan Taifeng has now been issued new shares equivalent to a 49% interest in Outback Iron.

IMX has provided a preferred repayment working capital facility to Outback Iron to cover Cairn Hill working capital requirements.

*Sales Contracts*

The life of mine sales contract has been novated to Sichuan Taifeng from the Jilin Tonghua Iron & Steel Group. The novation reflects the majority ownership of the processing plant at Bayuquan by Sichuan Taifeng and the 49% equity interest Sichuan Taifeng holds in the Cairn Hill project.

On 24 January 2011 the Company announced that it and Sichuan Taifeng had signed a legally binding term sheet with a second customer, Juhua Group (Hong Kong) Limited ("Juhua Group") to sell a total of 1.14 million tonnes of Cairn Hill Phase 1 ore over a four year period. On 4 February 2011 the Company announced that the second shipment of ore would not go to the Juhua Group as had been anticipated and that Sichuan Taifeng would take the ore. This change was the result of Juhua Group's inability to provide a Letter of Credit for the shipment and their attempts to vary the agreed terms prior to receiving its first shipment. Discussions are on-going with Juhua Group.

## IMX RESOURCES LIMITED

### DIRECTORS' REPORT

#### Phase 1 Resource Reoptimisation

Following the reoptimisation work on the Phase 1 pits during the period, redesign work on the pits and waste dumps was carried out for a number of pit shells based on various pricing scenarios.

In early December 2010 the IMX Resources board approved the initial additional cutbacks for Pit 1 which will allow the access to ore at depth and extend the pit depth by an additional 20m. Work on the cutbacks commenced around the central part of Pit 1 at the end of the half year.

The outcome from the reoptimisation which included modest price increases compared to the previous scenario on which the mine planning was conducted, is that, if fully implemented the in pit resources will increase by approximately 10%. Detailed scheduling is continuing.

#### Cairn Hill - Phase 2

Resource drilling at Cairn Hill Phase 2 commenced late in the half year immediately east of Pit 1 (Cairn Hill Phase 1). A total of 3 holes (CHRC224-226) were completed prior to the half year ending for 241 metres of drilling. The results of these three holes was released and showed that high grade massive magnetite was intersected of between 9 and 22 metres. Highlights include:

Area	Hole	From (m)	To (m)	Width (m)	Fe (%)	Cu (%)	Au (ppm)	P (%)	S (%)	Al (%)	Si (%)
Phase 2	CHRC224	81	90	9	<b>61.0</b>	0.00	0.01	0.32	0.03	1.09	3.91
Phase 2	CHRC225	28	41	13	56.9	0.00	0.01	0.26	0.03	1.21	6.34
	<i>includes</i>	28	34	6	<b>63.4</b>	0.00	0.02	0.21	0.04	0.48	3.27
	<i>includes</i>	37	41	4	<b>62.4</b>	0.00	0.01	0.29	0.02	0.70	3.51
Phase 2	CHRC226	23	45	22	52.9	0.03	0.01	0.59	0.42	1.46	7.72
	<i>includes</i>	27	41	14	<b>61.3</b>	0.00	0.01	0.73	0.02	0.55	3.96

NB:- A 30% Fe cut-off was used to calculate intersections. All analytical results determined by XRF with the exception of Au and Cu which were analysed by Aqua Regia

Two RC drill rigs are currently drilling onsite. The completion of the program has been delayed due to wet weather conditions and the flooding in Queensland also caused the late arrival of one of the rigs.

#### Mount Woods Iron Ore Rights (South Australia) (IMX 100%)

Snaefell is an iron ore prospect located 12km southwest of the IMX Cairn Hill magnetite-copper-gold mine, and forms part of the 100% IMX owned Mt Woods Iron Project in South Australia. The prospect is interpreted to have a strike length of more than 3km and a vertical depth extent of at least 250m.

In late 2010, a 5,000m RC resource drilling programme commenced at Snaefell. By year's end, 16 holes for a total of 3,542m had been drilled with the balance of the 5,000m programme expected to be completed in 2011..

The RC programme was designed to define a JORC mineral resource at the Snaefell 'Core Area', where an exploration target tonnage of 70-100Mt grading 28-35% Fe was estimated over an 800m strike length in 2009. An additional 200-300Mt target of similar grade is interpreted to exist along strike to the east of the core area (ASX: November 11 2009).<sup>1</sup> The results confirm the width, grade and continuity of the target magnetite mineralisation and the exploration target tonnage mineralisation model used to plan the drilling. The mineralisation remains open at depth with at least 6 holes stopped in mineralisation at 230m downhole depth.

Once the resource RC drilling has been completed and all laboratory results received, a JORC mineral resource will be prepared.

#### Mt Woods Non Iron Ore Rights (South Australia) (IMX 49%)

<sup>1</sup> NB: Target tonnage estimates are conceptual only. These figures are not resource estimates as defined by the JORC code (2004) as insufficient exploration has been conducted yet to define a Mineral Resource.

## **IMX RESOURCES LIMITED**

### **DIRECTORS' REPORT**

The Mt Woods Non Iron Ore Rights Project is a 49:51 joint venture between IMX and OZ Minerals Limited, where OZ Minerals will spend a minimum of \$4 million per year over the next five years for a total of \$20m to earn the 51% interest.

Exploration activities by OZ Minerals have focused on refining the six Cu-Au priority target areas identified from the gravity gradient survey and the recently completed 17,800 line kilometre aeromagnetic survey over the southern Mount Woods licence area. 3D magnetic and gravity inversion models were generated for the target areas with follow-up ground IP surveys completed at 3 targets (Rouse, Shadwell and Arapiles) to define drill targets. Further prospect generation targeting is continuing. A diamond drilling programme to test the targets commenced in early January 2011 with the rig expected to continue drilling on the IMX tenements throughout the year.

#### **TASMANIA**

##### **NW Tasmania Nickel Project (IMX 96%)**

During the period, exploration activities focused on obtaining landholder details and access permission for planned MMI and stream sediment sampling programmes in Tasmania. Field activities will commence once all approvals have been obtained.

#### **WESTERN AUSTRALIA**

##### **Dingo Well Gold Project (IMX 100%)**

In December 2010 a field validation trip was made to the Dingo Well project area in order to confirm historical drill hole locations and verify end of hole geology to support interpretations and historical gold anomalies. This work was conducted ahead of the proposed 2011 aircore drilling programme to support the programme of works (POW) application. Drilling activities will commence once all approvals have been obtained and drill contractors identified.

#### **TANZANIA**

##### **Nachingwea Nickel-Copper Project (IMX 25%)**

The Nachingwea project is a 25:75 Joint Venture between IMX and TSXV listed Continental Nickel Limited (CNI), in which IMX has a substantial 37.2% shareholding, giving IMX a beneficial interest of 53% in the Nachingwea Project.

##### *Sleeping Giant*

The additional 7 hole drilling programme at Sleeping Giant totalling 2,036.4m was completed during the half year and was designed to test for extensions along strike and up plunge to the north, and up dip to the east of the original discovery drill holes. All drill holes intersected variable zones of disseminated, stringer and net-textured sulphide mineralisation with occasional narrow intervals of massive sulphide corresponding to the Sleeping Giant Zone.

Drilling has now confirmed the presence of sulphide mineralisation for at least a 500 metre strike length and up to 300 metres down dip. The Sleeping Giant Zone remains open in all directions and appears to be increasing in grade down dip to the west on several sections. In addition, the drilling has also intersected new zones disseminated sulphide mineralisation above the Sleeping Giant zone, which require further exploration.

With assay results now received for all drill holes, 3D modelling and a geological interpretation of the Sleeping Giant Zone is underway in advance of a planned Mineral Resources Estimate.

## **IMX RESOURCES LIMITED**

### **DIRECTORS' REPORT**

#### *G Zone*

The final analytical results were received for the last 7 holes of 2010 drilling completed G Zone drilling at Ntaka Hill. The programme successfully confirmed the expansion of the G Zone mineralisation to the north and south, as well as the presence of near surface Ni-Cu bearing sulphide mineralisation in the G9 target area immediately west.

Highlights from the results received in the quarter from the G Zone drilling include:-

- **2.3m at 2.55% Ni, 0.34% Cu and 0.21% Co from a wider 17.1m interval grading 0.91% Ni, 0.20% Cu and 0.08% Co in hole NAD10-207.**
- **2.2m at 1.61% Ni, 0.35% Cu and 0.11% Co from a wider 5.0m interval grading 0.96% Ni, 0.23% Cu and 0.07% Co in hole NAD10-210**

A geological review and modelling of existing ground electromagnetic ("EM") and bore hole electromagnetic ("BHEM") data indicated that:

- the G zone likely extends both north and south along strike from the current area of drilling;
- several, high conductance EM plates are located either within or above the larger, lower conductance EM plate associated with the G Zone may represent areas of higher grade, massive sulphide mineralisation; and
- a near-surface sulphide zone may exist to the west and above the original G Zone (referred to as the G9 target).

With the final assay results from the 2010 G Zone drilling now received, an updated resource model is currently in progress.

#### *H Zone*

Three holes were drilled down dip to the west, below existing drill holes, and intersected intervals of largely disseminated to locally massive sulphide mineralisation.

Highlights from the H Zone drilling include **1.70% Ni and 0.07% Cu over 2.15 metres from drill hole NAD10-206.**

#### *Lionja*

One drill hole (NRD10-021) totalling 266.1 metres was completed in the Lionja area located approximately eight kilometres to the south of Ntaka Hill. The drill hole was positioned to test approximately 100 metres down dip to the south of drill hole LID-08-005EXT which intersected an ultramafic sill with a 7.75 metre interval of sulphide mineralisation near the base grading 0.91% Ni and 0.20% Cu, including a higher grade interval grading 2.03% Ni and 0.41% Cu over 2.25 metres

Hole NRD10-021 intersected a 13.8 metre interval of disseminated sulphide mineralisation grading 0.60% Ni and 0.10% Cu.

#### *Resource Modelling*

The resource modelling for the various mineralised zones is being updated to encompass the 2010 drill holes which have extended the previously defined Ntaka Hill Ni-Cu sulphide mineralisation beyond the boundaries of the 2009 Mineral Resource model. An updated Mineral Resource Estimation will be undertaken in the coming quarter.

#### *Regional Exploration*

A reverse circulation drilling program comprising twenty-four drill holes totalling 2,257 metres was completed in the quarter. This program tested priority targets located beyond the immediate area of Ntaka Hill based on the regional aeromagnetics / radiometrics survey and soil sampling program.

## **IMX RESOURCES LIMITED**

### **DIRECTORS' REPORT**

#### **Mibango Nickel Project (IMX 100%)**

During the quarter, field activities ceased at Mibango with the onset of the wet season. Staff and vehicles were demobilised from site to Dar es Salaam in late November.

Activities completed at Mibango during the period include field validation of interpreted geophysical and geological targets in the southern licence areas, and a ground EM geophysical survey. A total of 4,539 samples were collected in 2010 with selected geochemical samples now despatched to the lab for detailed analysis. Once all results are received, the 2010 data will be reviewed.

#### **MOZAMBIQUE**

##### **Mozambique Nickel-Copper-PGE Project (IMX 100%)**

Field exploration programmes were conducted at Cabo Delgado and Milange during October with rock chip, stream sediment sampling and geological mapping completed to validate targets.

A total of 10 rock chip samples were collected from outcrops at Milange with some samples showing visible sulphide grains. At Cabo Delgado five geophysical targets identified from the 2009 survey were ground truthed. A total of 37 rock chip samples, 133 stream sediment samples and 185 soil samples were collected, providing the most extensive sample coverage to date.

A review of the project will be carried out when the analytical data is available.

#### **CORPORATE AND INVESTMENTS**

##### **Southern Gold Heads of Agreement**

IMX Resources announced in January 2011 that it had signed a binding Heads of Agreement ("HOA") with Southern Gold Limited (ASX:SAU) to form a joint venture covering Southern Gold's EL6653 near Forbes in New South Wales. The prime target of IMX Resources within this tenement is copper and gold mineralisation within the prospective Lachlan Copper-Gold Corridor. The intention is to progress this to a formal Joint Venture Agreement subject to an initial work programme to be conducted by IMX Resources.

Prior to negotiating a joint venture IMX Resources will spend a minimum of \$100,000, with at least half of this comprising drilling, prior to 11 May 2011, subject to the security of the tenure having been obtained by Southern Gold. Following this expenditure IMX Resources has the right to elect to form a joint venture or withdraw.

On signing a joint venture agreement, IMX Resources will spend an additional \$200,000 within 12 months to earn a 51% interest in the joint venture. Should IMX Resources not spend the additional \$200,000 it will not earn an interest in the joint venture.

Once the 51% interest is earned by IMX Resources, Southern Gold has the right to elect to fund its 49% interest; should it elect not to do so, IMX Resources will have the right to sole fund an additional \$400,000 within the 12 months from the first anniversary of the signing of the joint venture agreement to obtain an 80% interest in the joint venture. Southern Gold's interest would then be free carried through to the completion of a pre-feasibility study or \$8 million of cumulative expenditure, whichever occurs first.

Subsequent to the completion of a pre-feasibility study both parties will fund the joint venture pro rata.

If either party is diluted to less than a 10% interest, that interest will be converted into a 1% mine gate royalty if the measured and indicated resource is less than or equal to 500,000 ounces of gold equivalent, and 1.5% mine gate revenue if the measured and indicated resource is greater than 500,000 ounces of gold equivalent.

## **IMX RESOURCES LIMITED**

### **DIRECTORS' REPORT**

#### **Strategic Alliance with Sichuan Taifeng and Sichuan Metallurgical Geological and Exploration Bureau**

In November 2010 IMX signed a strategic alliance agreement with Sichuan Taifeng and Sichuan Metallurgical Geological and Exploration Bureau (SMGEB).

The aim of the strategic alliance is to seek new projects in which to cooperate, in evaluating new investment opportunities as well as to investigate the opportunities for participating in existing IMX projects to accelerate exploration and development.

The alliance will not impact on any existing relationships or agreements that IMX has, and leaves IMX free to pursue opportunities with other groups in the future as they may arise.

#### **Uranex Rights Issue**

In November 2010, Uranex NL ("Uranex") undertook a 1 for 3 non renounceable rights issue at 14 cents per share to raise \$5.78m. In support of the issue, IMX entered into a firm subscription agreement covering its entitlement and a priority sub-underwriting position. As a result of its entitlement and priority sub-underwriting IMX subscribed for 13,272,701 Uranex shares at a cost of \$1,858,178. Following the rights issue IMX holds 46,305,411 Shares in Uranex, resulting in a 28% shareholding.

As announced in the 2010 Annual Report in August 2010 IMX Resources issued Uranex with a notice requesting a General Meeting of Shareholders to consider the election of new directors to the Board. On 30 August 2010 Uranex announced board changes which resulted in Messrs Jooste-Jacobs and Hunt, both Non-Executive Directors of IMX Resources joining the Board of Uranex. As a result of this change it has been determined that IMX Resources, through its shareholding's, has asserted significant influence as defined under Australian Accounting Standards. A full explanation of the accounting changes is provided in the notes to the financial statements for the half year ended 31 December 2010.

Based on the closing market prices for Uranex on 11 March 2011, the Group's total investment in Uranex is \$23,152,706.

#### **Continental Nickel Limited**

At the annual general meeting of Continental Nickel Limited ("Continental Nickel") on 26 October 2010, IMX nominated 3 new directors, Messrs Nitschke, Song and Chambers, to the board. The new board incorporates these 3 new appointments as well as existing board members Messrs Burton and MacDougall. This change has resulted in IMX Resources asserting significant influence as defined under Australian Accounting Standards and as such a full explanation of the accounting changes is provided in the notes to the financial statements for the half year ended 31 December 2010.

Continental Nickel remains a core holding of IMX and IMX remains confident in its view of the potential of the Nachingwea project. As well as the early development opportunity afforded by the Ntaka deposit with its superior infrastructure, the regional potential has only been lightly explored in what is a new nickel province. IMX is supportive of moving the Ntaka deposit into production as well as continuing a vigorous exploration program.

Based on the closing market prices for Continental Nickel on 11 March 2011, the Group's total investment is CAD\$27,096,803.

### **COMPETENT PERSONS STATEMENT**

Information in this report relating to exploration results is based on data compiled by Bianca Manzi who is a Member of the Australian Institute of Geoscientists. Ms Manzi is the General Manager Exploration and a full time employee of IMX Resources Limited. Ms Manzi has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the "Australasian Code of Reporting Exploration results, Mineral Resources and Ore Reserves. Ms Manzi consents to the inclusion of the data in the form and context in which it appears.

**IMX RESOURCES LIMITED**  
**DIRECTORS' REPORT**

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 18 January 2011 the Group announced that it had received the final \$3,988,888 payment from the Sichuan Taifeng Group for its 49% equity interest in Outback Iron Pty Ltd. Under the Heads of Agreement the shares had been issued to Sichuan Taifeng prior to the receipt of this final payment.

On 24 January 2011 the Group announced that it had signed a binding term sheet to sell Cairn Hill Phase 1 ore to a second customer, Juhua Group. Subsequently the Juhua Group was unable to provide a Letter of Credit and sought to vary the terms of the legally binding term sheet prior to it receiving its first shipment of ore. It had been intended that the second shipment of Cairn Hill ore would be sold to the Juhua Group, however, as a result of these events the shipment was sold to the Sichuan Taifeng Group under its Life of Mine Sales Contract. IMX Resources and the Sichuan Taifeng Group are currently pursuing its options in relation to the sales agreement with the Juhua Group. Discussions are on-going with Juhua Group.

Otherwise, there has been no other significant event that has occurred between the balance date 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 Resources with an Independence Declaration in relation to the half year ended 31 December 2010. The Independence Declaration is attached to and forms part of this Directors' Report.

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



DIRECTOR  
PERTH, WA

14 March 2011

14 March 2011

IMX Resources Limited  
The Board of Directors  
Level 2, Unit 18  
100 Railway Road  
SUBIACO WA 6008

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF  
IMX RESOURCES LIMITED

As lead auditor for the review of IMX Resources Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of IMX Resources Limited and the entities it controlled during the period.



Chris Burton  
Director



BDO Audit (WA) Pty Ltd  
Perth, Western Australia

**IMX RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

	Notes	31 DEC 2010 \$	31 DEC 2009 \$
<b>Continuing Operations</b>			
Revenue from sale of goods		8,671,191	-
Cost of sales	3	<u>(6,981,026)</u>	-
Gross Profit		<u><b>1,690,165</b></u>	-
Other income	4(a)	15,842,507	272,245
Share of associate losses		(1,493,577)	-
Corporate & Administration Expenses		(3,355,809)	(901,125)
Exploration Expenses		(1,885,393)	(2,626,469)
Development Activities		-	(840,144)
Finance Costs		(82,596)	-
Other expenses	4(b)	<u>(1,612,024)</u>	-
<b>PROFIT / (LOSS) BEFORE TAX</b>		9,103,273	(4,095,493)
Income tax expense		<u>(327,007)</u>	-
<b>NET PROFIT / (LOSS) FOR THE PERIOD</b>		<u><b>8,776,266</b></u>	<u><b>(4,095,493)</b></u>
<b>Other comprehensive income:</b>			
Foreign exchange translation differences		(25,278)	(40,320)
Hedge reserve movements		(4,776,313)	-
Share of other comprehensive income of associates		(382,222)	-
Net change in fair value of available-for-sale financial assets		(12,480,299)	(7,964,619)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u><b>(8,887,846)</b></u>	<u><b>(12,100,432)</b></u>
<b>Net Profit/(Loss) is attributable to:</b>			
Equity holders of IMX Resources Limited		8,159,900	(4,095,493)
Non controlling interest		<u>616,366</u>	-
		<u><b>8,776,266</b></u>	<u><b>(4,095,493)</b></u>
<b>Total comprehensive loss is attributable to:</b>			
Equity holders of IMX Resources Limited		(7,163,819)	(12,100,432)
Non controlling interest		<u>(1,724,027)</u>	-
		<u><b>(8,887,846)</b></u>	<u><b>(12,100,432)</b></u>
<b>Earnings per share attributable to ordinary equity holders of the Company:</b>			
Basic profit/(loss) per share (cents)		<b>3.1</b>	<b>(2.3)</b>
Diluted Profit/(loss) per share (cents)		<b>3.0</b>	<b>(2.3)</b>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**IMX RESOURCES LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

	NOTE	31 DEC 2010 \$	30 JUN 2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	34,240,927	22,368,333
Trade and other receivables	6	3,785,753	692,521
Inventory	7	9,050,092	151,675
Other financial assets	8	-	236,604
		<u>47,076,772</u>	<u>23,449,133</u>
Assets classified as held for sale		817,080	817,080
<b>TOTAL CURRENT ASSETS</b>		<b><u>47,893,852</u></b>	<b><u>24,266,213</u></b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		1,891,565	994,030
Investments accounted for using the equity method	9	13,998,798	-
Other financial assets	8	-	12,550,509
Deferred tax assets		1,569,095	1,896,102
Property, plant and equipment	10	24,884,254	17,778,523
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>42,343,712</u></b>	<b><u>33,219,164</u></b>
<b>TOTAL ASSETS</b>		<b><u>90,237,564</u></b>	<b><u>57,485,377</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		7,119,637	6,345,619
Derivative financial instruments	15	3,253,461	-
Provisions		385,501	261,326
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>10,758,599</u></b>	<b><u>6,606,945</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Loans from related parties	11	12,843,000	-
Derivative financial instruments	15	1,522,852	-
Provisions		829,816	802,846
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>15,195,668</u></b>	<b><u>802,846</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>25,954,267</u></b>	<b><u>7,409,791</u></b>
<b>NET ASSETS</b>		<b><u>64,283,297</u></b>	<b><u>50,075,586</u></b>
<b>EQUITY</b>			
Contributed equity	12	100,951,628	86,005,462
Reserves	13	179,181	14,511,061
Accumulated losses		(35,580,790)	(50,440,937)
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b><u>65,550,019</u></b>	<b><u>50,075,586</u></b>
Non Controlling Interest	14	(1,266,722)	-
<b>TOTAL EQUITY</b>		<b><u>64,283,297</u></b>	<b><u>50,075,586</u></b>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

**IMX RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

	NOTE	31 DEC 2010 \$	31 DEC 2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		6,640,714	-
Interest and other receipts		855,919	128,734
Government grants and incentives received		408,502	348,296
Payments to suppliers and employees		(14,223,050)	(1,671,473)
Payment of exploration expenditure		(1,771,962)	(2,697,357)
<b>Net cash used in operating activities</b>		<b>(8,089,877)</b>	<b>(3,891,800)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment of development expenditure		(6,682,596)	(53,354)
Joint venture contributions – Nachingwea JV		(698,389)	-
Acquisition of plant and equipment		(289,130)	(61,625)
Purchase costs of investments		(1,858,178)	(222,634)
Proceeds from disposal of plant & equipment		88,300	140,061
Proceeds from sale of investments		402,052	-
Payment for Security Bonds		(200,000)	-
<b>Net cash used in investing activities</b>		<b>(9,237,941)</b>	<b>(197,552)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares in IMX Resources		10,149,401	10,067,750
Proceeds from issue of shares in controlled entities		7,157,000	-
Loans from related parties – Sichuan Taifeng		12,843,000	-
Costs of equity issues		(915,260)	-
<b>Net cash provided by financing activities</b>		<b>29,234,141</b>	<b>10,067,750</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>11,906,323</b>	<b>5,978,398</b>
<b>Add opening cash and cash equivalents brought forward</b>		<b>22,368,333</b>	<b>7,658,517</b>
Effect of exchange rates on cash holdings in foreign currencies		(33,729)	(4,222)
<b>CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>		<b>34,240,927</b>	<b>13,632,693</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**IMX RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

	Issued Capital	Foreign Currency Translation Reserve	Share Based Equity Reserve	Hedge Reserve	Available for Sale Investment Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	<b>61,781,754</b>	<b>(367,386)</b>	<b>2,270,097</b>	<b>-</b>	<b>29,300,660</b>	<b>(41,944,215)</b>	<b>-</b>	<b>51,040,910</b>
Total Comprehensive Income for the half year								
- Profit for the year	-	-	-	-	-	(4,095,493)	-	(4,095,493)
- Foreign exchange translation differences	-	(40,320)	-	-	-	-	-	(40,320)
- Net change in fair value of available-for-sale financial assets	-	-	-	-	(7,964,619)	-	-	(7,964,619)
	-	(40,320)	-	-	(7,964,619)	(4,095,493)	-	(12,100,432)
Transactions with owners in their capacity as owners:								
- Contributions of equity, net of transaction costs	10,067,750	-	-	-	-	-	-	10,067,750
- Employee share options – value of employee services	-	-	30,326	-	-	-	-	30,326
<b>Balance at 31 December 2009</b>	<b>71,849,504</b>	<b>(407,706)</b>	<b>2,300,423</b>	<b>-</b>	<b>21,336,041</b>	<b>(46,039,708)</b>	<b>-</b>	<b>49,038,554</b>
<b>Balance at 1 July 2010</b>	<b>86,005,462</b>	<b>(315,259)</b>	<b>2,346,021</b>	<b>-</b>	<b>12,480,299</b>	<b>(50,440,937)</b>	<b>-</b>	<b>50,075,586</b>
Total Comprehensive Income for half year								
- Profit for the year	-	-	-	-	-	8,159,900	616,366	8,776,266
- Foreign exchange translation differences	-	(25,278)	-	-	-	-	-	(25,278)
- Hedge reserve movements	-	-	-	(2,435,919)	-	-	(2,340,394)	(4,776,313)
- Net change in fair value of available-for-sale financial assets	-	-	-	-	(12,480,299)	-	-	(12,480,299)
- Share of other comprehensive income of associates	-	(382,222)	-	-	-	-	-	(382,222)
- Dilution effect on shares issued to non-controlling interest	-	-	-	-	-	6,700,247	(6,700,247)	-
	-	(407,500)	-	(2,435,919)	(12,480,299)	14,860,147	(8,424,275)	(8,887,846)
Transactions with owners in their capacity as owners:								
- Contributions of equity, net of transaction costs	14,946,166	-	-	-	-	-	7,157,553	22,103,719
- Employee share options – value of employee services	-	-	991,838	-	-	-	-	991,838
<b>Balance at 31 December 2010</b>	<b>100,951,628</b>	<b>(722,759)</b>	<b>3,337,859</b>	<b>(2,435,919)</b>	<b>-</b>	<b>(35,580,790)</b>	<b>(1,266,722)</b>	<b>64,283,297</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**IMX RESOURCES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

**1. Corporate information**

IMX Resources Limited ("IMX Resources" or the "Company") is a company incorporated in Australia and limited by shares. IMX Resources shares are publicly traded on the Australian Securities Exchange ("ASX"). The consolidated interim financial statements of the Company as at and for the six months ended 31 December 2010 comprises the Company and its subsidiaries (together the "Group").

The consolidated financial statements of the Group as at and for the year ended 30 June 2010 is available online at [www.imxresources.com.au](http://www.imxresources.com.au) or upon request from the registered office Unit 18, Level 2, 100 Railway Road, Subiaco, WA 6008.

**2. Basis of preparation and accounting policies**

This general purpose interim financial report for the half year ended 31 December 2010 has been prepared in accordance with AASB 134 *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 2010 and considered together with any public announcements made by IMX Resources during the half year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The financial report is presented in Australian dollars.

**Statement of compliance**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

**Changes in Accounting Policies**

The Group adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2010:

Ref	Title	Application date of standard	Application date for Group	Impact on the Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2010	1 July 2010	The amendments have no effect on either the financial position or the performance of the Group.
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions	1 January 2010	1 July 2010	The amendments have no effect on either the financial position or the performance of the Group.
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues	1 February 2010	1 July 2010	The amendments have no effect on either the financial position or the performance of the Group.
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 July 2010	1 July 2010	The amendments have no effect on either the financial position or the performance of the Group.
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	1 July 2010	The amendments have no effect on either the financial position or the performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

**IMX RESOURCES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

**Going Concern**

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

**Significant accounting policies**

The consolidated interim financial statements are consistent with accounting policies as used in the annual financial statements for the year ended 30 June 2010 and the corresponding interim reporting period.

Events undertaken by the Group in relation to its investments in Uranex NL ("Uranex") and Continental Nickel Ltd ("Continental Nickel") have resulted in the Group reporting significant influence in these entities and thus accounting for the investments as Associates. The investments in these entities had up to the date of change been treated as available for sale financial assets with mark-to-market adjustments being made each reporting period. Accordingly, the accounting policy note for associates has been included below at 2(a). Further discussion on the accounting for these investments as associates, as opposed to available for sale financial assets, is included at Note 9 to the interim financial statements.

During the half year ended 31 December 2010 a Group controlled entity, Termite Resources NL ("Termite"), entered into a number of commodity and freight hedges for its Cairn Hill Phase 1 production. In the 30 June 2010 Annual Report the Group did not have any Derivative Financial Instruments, accordingly the 31 December 2010 accounts include the Group's Derivative Financial Instruments accounting note at 2(b) below.

Since 30 June 2010 the Group has recorded inventory balances of ore stockpiles for the first time. Accordingly, the 31 December 2010 accounts include the Group's inventory accounting note at 2(c) below.

**(a) Associates**

Associates are all entities over which the Group has significant influence, but not control, of the financial and operating policies. Significant influence is presumed to exist when the Group holds between twenty and fifty per cent of the voting power of another entity.

Associates are accounted for using the equity method and are initially recognised at cost. The consolidated entity's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated interim financial statements include the Group's share of the income and expenses and equity movements of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Dividends receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a legal or constructive obligation or has made payments on behalf of the investee.

**(b) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group must designate certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of the cash flows on recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements in the hedging reserve in equity are shown in Note 13. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the instrument is more than twelve months; it is classified as a current asset or liability when the remaining maturity of the instrument is less than twelve months. Trading derivatives are classified as a current asset or liability.

**IMX RESOURCES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

**(b) Derivative financial instruments (continued)**

**(i) Fair values**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within other income or other expenses together with the gain or loss relating to the ineffective portion and changes in the fair value of the hedged fixed rate borrowings attributable to the interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

**(ii) Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast interest payment that is hedged impacts profit or loss). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within "financing expenses". For option contracts, the fair value is apportioned between the intrinsic value and time value. The gain or loss arising from the change in intrinsic value is recognised in equity in the hedging reserve. Amounts accumulated in equity are recycled in the income statement in the periods in which the hedged item will affect profit or loss (e.g. when the forecast sale that is hedged will take place). Any gain or loss arising from the change in time value of option contracts is recognised immediately in the income statement.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

**(iii) Derivatives that do not qualify for hedge accounting**

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or expenses.

Where an embedded derivative is identified and the derivative's risks and characteristics are not considered to be closely related to the underlying host contract, the fair value of the derivative is recognised on the balance sheet and changes in the fair value of the embedded derivative are recognised in the income statement.

**(c) Inventories**

Raw materials and consumables, work in progress and finished goods are stated at the lower of cost or net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure.

Net realisable value is the estimate selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Cost includes direct material, overburden removal, mining, processing, labour, related transportation cost to the point of sale, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities.

**IMX RESOURCES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
	<b>\$</b>	<b>\$</b>
<b>3. NET OPERATING COSTS</b>		
Mining costs	3,465,170	-
Mine Planning and survey	194,968	-
Geology	332,659	-
Environmental, rehabilitation & traditional	89,015	-
Mine administration and depreciation	2,290,093	-
Crushing	1,140,954	-
Haulage	7,068,290	-
Marketing and Royalties	61,038	-
Ore Inventory Movements	(8,860,502)	-
Shipping and Port operations	1,199,341	-
<b>Total Operating Costs</b>	<b>6,981,026</b>	<b>-</b>

**4. INCOME AND EXPENSE ITEMS**

Profit or loss from ordinary activities included the following items:

**(a) Other Income**

Interest receivable from other persons	881,435	121,126
Management fees to Cairn Hill Joint Venture	548,052	-
Profit on sale of investments	317,873	-
Foreign Exchange Gain/(loss)	(184,899)	-
Available for sale investment reserve taken to profit and loss	13,793,785	-
Government grants and rebates received	408,502	102,428
Other	77,759	48,691

**(b) Other Expenses**

Commissions paid	600,025	-
Value of shares issued for non-cash	1,012,000	-

	<b>31 Dec 2010</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>
<b>5. Cash and Cash Equivalents</b>		
Cash at Bank	6,972,652	264,516
Cash at Deposit	27,263,744	22,102,729
Cash at Hand	4,531	1,088
	<b>34,240,927</b>	<b>22,368,333</b>

**6. Trade and Other Receivables**

Accounts and other receivables	1,907,666	170,560
Accrued interest	209,731	104,560
Prepayments	291,614	22,999
Goods and services tax receivable	1,376,742	394,402
	<b>3,785,753</b>	<b>692,521</b>

The Company does not have any factors on hand to suggest that any of the above receivables will not be received and accordingly no provisions or fair value adjustments have been made.

**IMX RESOURCES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>31 Dec 2010 \$</b>	<b>30 June 2010 \$</b>
<b>7. Inventory</b>		
Finished goods	7,311,417	-
Work in progress	1,549,085	-
Diesel fuel on hand	189,590	151,675
	<b>9,050,092</b>	<b>151,675</b>

All inventories at 31 December 2010 are valued at cost.

**8. Other Financial Assets**

**(a) Current**

Other	-	236,604
	-	<b>236,604</b>

**(b) Non-Current**

Investment in Uranex NL	-	5,285,233
Investment in Continental Nickel Ltd	-	7,265,276
	-	<b>12,550,509</b>

Other financial assets are investments in listed entities valued at their fair market value in accordance with the quoted market prices. During the half year ended 31 December 2010 the Group disposed of all current investments in other listed entities.

In the 2010 Annual Report the Group reported its investment in Uranex and Continental Nickel as financial assets and thus recorded them using the active trading market, being the Australian Stock Exchange and the Toronto Venture Exchange respectively. This was as a result of the Group's determination that it did not have significant influence over the financial and operating decisions of these listed companies.

Subsequent to 30 June 2010 the Group took steps towards having a significant influence in both Uranex and Continental Nickel by seeking to change the composition of both Boards. These actions resulted in both companies having current IMX non-executive directors appointed to their boards.

The Group has determined that as a result of these actions that significant influence has been obtained and as such the investments are to be treated as Associates and accounted for under equity accounting. Refer to Note 9 for details of the equity accounting for these investments.

**9. Investments Accounted for Using the Equity Method**

Uranex NL	6,626,171	-
Continental Nickel Limited	7,372,627	-
	<b>13,998,798</b>	-

**(a) Uranex NL**

On 30 August 2010 the Messrs Jooste-Jacobs and Hunt, both non-executive directors of IMX Resources joined the Board of Uranex as non-executive directors. In addition Mr Jooste-Jacobs was appointed Chairman of the Uranex board. As a result of these changes it was determined by Management and the Board of IMX Resources that it had obtained significant influence over Uranex as defined under AASB 128 *Investments in Associates*. Accordingly, the investment held by the Group in Uranex has been treated as an associate, and thus accounted for under the equity method, from 30 August 2010. This has resulted in an amount of \$5,930,888 being recycled from the Available for Sale Investment Reserve to the profit and loss, which reflects the mark-to-market adjustments made through the reserve up to 30 August 2010.

At 30 August 2010 the Group held 33,032,710 shares of Uranex representing 28.93% of the total outstanding shares of Uranex. On 6 December 2010 the Group was issued a further 13,272,710 shares in Uranex at a cost of \$1,858,178. At 31 December 2010 the Group held 46,305,411 shares representing 27.33% of the total outstanding shares of Uranex.

The Group has determined that at the half year no impairment conditions existed to suggest any impairment charges be made against this investment.

**IMX RESOURCES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**HALF-YEAR ENDED 31 DECEMBER 2010**

	31 Dec 2010 \$	30 June 2010 \$
<b>9. Investments Accounted for Using the Equity Method (continued)</b>		
Opening carrying amount (30 August 2010)	5,945,889	-
Acquisition	1,858,178	-
Share of losses after income tax	(795,674)	-
Share of comprehensive loss	(382,222)	-
Closing carrying amount	<u>6,626,171</u>	-

**(b) Continental Nickel Limited**

On 26 October 2010 the Messrs Song and Nitschke, both non-executive directors of IMX Resources joined the Board of Continental Nickel as non-executive directors. In addition Mr Nitschke was appointed Chairman of the Continental Nickel board. As a result of these changes it was determined by Management and the Board of IMX Resources that it had obtained significant influence over Continental Nickel as defined under AASB 128 *Investments in Associates*. Accordingly, the investment held by the Group in Continental Nickel has been treated as an associate, and thus accounted for under the equity method, from 26 October 2010. This has resulted in an amount of \$7,862,896 being recycled from the Available for Sale Investment Reserve to the profit and loss, which reflects the mark-to-market adjustments made through the reserve up to 26 October 2010.

At 26 October 2010 the Group held 14,490,269 shares of Continental Nickel representing 37.21% of the total outstanding shares of Continental Nickel. There have been no movements in the issued capital of Continental Nickel since this date and at 31 December 2010 the Group continued to hold 37.21% of the total outstanding shares of Continental Nickel.

The Group has determined that at the half year no impairment conditions existed to suggest any impairment charges be made against this investment.

Opening carrying amount (26 October 2010)	8,070,530	-
Share of losses after income tax	(697,903)	-
Closing carrying amount	<u>7,372,627</u>	-

**(c) Summarised financial information of associates**

The group's share of the results of its associates and its aggregated assets and liabilities are as follows:

	Group's share of:			
	Assets \$	Liabilities \$	Revenues \$	Loss \$
<b>2010</b>				
Uranex N.L.	1,805,957	228,245	15,990	(795,674)
Continental Nickel Limited	3,975,010	599,285	7,780	(697,903)
	<u>5,780,967</u>	<u>827,530</u>	<u>23,769</u>	<u>(1,493,577)</u>

	2010 \$
<b>(d) Fair value of listed investments in associates</b>	
Uranex N.L.	37,507,383
Continental Nickel Limited	<u>20,340,323</u>
	<u>57,847,706</u>

**(e) Contingent liabilities of associates**

At the date of this report an associate of the Group, Uranex NL has a contingent liability resulting from a summons for the payment of unpaid consulting fees of \$107,948 before interest and costs. Uranex has issued a counter claim and it is estimated that if Uranex is not successful it may be required to pay costs of \$225,000 and if it is successful it will result in net proceeds of \$150,000 for Uranex.

**IMX RESOURCES LIMITED**  
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**10. Property, plant and equipment**

	Cost	Accumulated Depreciation	Net Book Value
	\$	\$	\$
<b>31 December 2010</b>			
Plant and equipment	2,070,942	(739,346)	1,331,596
Mine property and development	15,632,760	(619,176)	15,013,584
Capital works and works in progress	9,128,682	(589,608)	8,539,074
	26,832,384	(1,948,130)	24,884,254
<b>30 June 2010</b>			
Plant and equipment	1,068,961	(538,013)	530,948
Mine property and development	9,186,618	(5,916)	9,180,702
Capital works and works in progress	8,066,873	-	8,066,873
	18,322,452	(543,929)	17,778,523
	<b>31 Dec 2010</b>	<b>30 June 2010</b>	
	\$	\$	

**11. Loans from related parties**

Loan from Sichuan Taifeng Group	12,843,000	-
	<b>12,843,000</b>	-

At the half year end, Outback Iron Pty Ltd (owned 51% by IMX Resources and 49% by Sichuan Taifeng), owed \$12,843,000 to the Sichuan Taifeng Group. This loan forms part of the investment made by Sichuan Taifeng into Outback Iron. Upon receipt of the final investment into Outback Iron both Sichuan Taifeng and IMX Resources will have equal loans according to its 51% and 49% shareholdings. As Outback Iron remains a controlled entity for the IMX Group, the loan owing by Outback Iron to IMX Resources is eliminated upon consolidation.

**12. Issued Capital**

<i>Issued and outstanding:</i>	Number of shares	Value \$
Movements in fully paid shares:		
Balance, 1 July 2009	174,472,803	61,781,754
Issued during the period <sup>(1)</sup>	26,150,000	10,067,750
<b>Balance 31 December 2009</b>	<b>200,622,803</b>	<b>71,849,504</b>
Issued during the period <sup>(2)</sup>	30,080,000	14,121,958
Stock options exercised	100,000	34,000
<b>Balance 30 June 2010</b>	<b>230,802,803</b>	<b>86,005,462</b>
Issued to Anglo American <sup>(3)</sup>	2,300,000	1,012,000
Issued during the period <sup>(4)</sup>	29,450,000	13,934,166
<b>Balance 31 December 2010</b>	<b>262,552,803</b>	<b>100,951,628</b>

<sup>(1)</sup> On 2 December 2009, the Company issued 26,150,000 ordinary fully paid shares at 38.5 cents per share in consideration for entering into a Heads of Agreement to establish the Mount Woods Joint Venture covering the non-iron ore mineral rights within the Mt Woods tenements.

<sup>(2)</sup> On 7 May 2010, the Company issued 30,080,000 Ordinary Shares at 48.4 cents per share in a private placement under a Heads of Agreement with the Sichuan Taifeng Group to assist in the development of the Cairn Hill Phase 1 Project.

<sup>(3)</sup> On 3 November 2010, the Company issued 2,300,000 Ordinary Shares to Anglo American (Australia) as part of the termination of the Strategic Alliance Agreement between IMX and Anglo. The shares are subject to a two year voluntary escrow.

<sup>(4)</sup> On 12 July 2010 the Company issued a total of 29,450,000 Ordinary Shares at 48.4 cents per share to the Sichuan Taifeng Group and OZ Minerals. Sichuan Taifeng received 21,691,000 Ordinary Shares as a private placement under the Heads of Agreement between IMX and Sichuan Taifeng. OZ Minerals were issued 7,759,000 Ordinary Shares under anti-dilution rights clause under its Heads of Agreement with IMX.

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**12. Issued Capital (continued)**

	Number of options
<i>Movements in options:</i>	
Beginning of the half-year	12,375,000
Issued during the half-year	3,560,000
Expired during the half-year	<u>(950,000)</u>
Total issued options 31 December 2010	<u><b>14,985,000</b></u>

During the half-year options were issued to staff members and directors with a total share based remuneration cost of \$1,136,824 being expensed to the income statement. Of this amount \$45,598 related to options issued during the 30 June 2010 financial year that at 31 December 2010 had not yet vested. A total of \$1,091,226 related to the options issued during the year, which all vested on the grant date.

	31 Dec 2010 \$	30 June 2010 \$
<b>13. Reserves</b>		
Foreign currency translation reserve	(722,759)	(315,259)
Share based remuneration reserve	3,337,859	2,346,021
Hedge reserve	(2,435,919)	-
Available for sale investment reserve	-	12,480,300
Closing balance	<u>179,181</u>	<u>14,511,062</u>

**Movements:**

<i>Foreign currency translation reserve</i>		
Balance at beginning of period	(315,259)	(367,386)
Currency translation differences arising during the period	25,278	52,127
Share of associates other comprehensive income	(382,222)	-
Balance at end of period	<u>(722,759)</u>	<u>(315,259)</u>

*Share based remuneration equity reserve*

Balance at beginning of year	2,346,021	2,270,097
Employee Share Remuneration	991,838	75,924
Balance at end of year	<u>3,337,859</u>	<u>2,346,021</u>

*Hedge reserve*

Balance at beginning of year	-	-
Fair value movements	(4,776,313)	-
Transactions with non-controlling interests	2,340,394	-
Balance at end of year	<u>(2,345,919)</u>	<u>-</u>

*Available for sale investment reserve*

Balance at beginning of year	12,480,300	29,300,660
Mark to Market	1,465,910	(16,820,360)
Reversal on sale of investments	(152,426)	-
Recycle of reserve to profit and loss <sup>(1)</sup>	(13,793,784)	-
Balance at end of year	<u>-</u>	<u>12,408,300</u>

<sup>(1)</sup> Relating to investments in Uranex NL and Continental Nickel Limited upon obtaining significant interest. Refer to note 9 for further details.

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	<b>31 Dec 2010</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>
<b>14. Non-controlling interests</b>		
Interests in:		
Share capital	7,157,553	-
Reserves	(2,340,394)	-
Dilution effect on share issued to non-controlling interests	(6,700,248)	-
Retained earnings	616,366	-
Closing balance	<u><b>(1,266,722)</b></u>	<u>-</u>

On 31 October 2010 the Sichuan Taifeng Group was issued new shares in Outback Iron Pty Ltd (“Outback”) representing 49% of its outstanding share capital. Under the Heads of Agreement under which the shares were issued to Sichuan Taifeng, IMX Resources retains control of Outback and its subsidiaries which includes Termite Resources, the holder of ML 6303 (Cairn Hill).

**15. Derivative Financial Instruments**

**(a) Current Liabilities**

Cashflow Hedge – Commodity Swap	2,794,767	-
Cashflow Hedge – Freight Swap	458,694	-
	<u><b>3,253,461</b></u>	<u>-</u>

**(b) Non-Current Liabilities**

Cashflow hedge – Commodity Swap	1,155,430	-
Cashflow hedge – Freight Swap	367,422	-
	<u><b>1,522,852</b></u>	<u>-</u>
	<u><b>4,776,313</b></u>	<u>-</u>

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rate and commodity and freight prices. The hedging pricing formula uses the same iron ore and freight indices used for the calculation of the iron ore pricing in the Life of Mine Sales Contract for Cairn Hill Phase 1 ore, as held by the Sichuan Taifeng Group.

The hedges have been executed by Termite Resources and cover 30,000 tonnes per quarter for the 2011 and 2012 calendar years, for a total of 240,000 tonnes. Based on an annual production capacity estimate of 1.7mpta this represents only 7% of the annual production capacity. As part of the hedge documents IMX Resources provided a guarantee to Credit Suisse International for its 51% share of Termite Resources. Outback Iron, as the parent entity of Termite Resources also provided a 100% guarantee to Credit Suisse for the hedging.

The contracts require settlement of the net amount receivable or payable each 90 days.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. There was no hedge ineffectiveness in the current financial year.

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**16. 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. During the 2009/2010 financial year the Group commenced mining activities on the Cairn Hill Phase 1 Project representing the Group's first operating asset. Expenditure associated with the Cairn Hill Phase 1 Project's development phase are included in the Operating Segment below for the 2009 half year. In addition to this operating asset, the Group's other operating segment is Exploration, which represents the Group's other exploration assets.

The Exploration Operating Segment is further split between the geographic location of the projects, being Australia, Tanzania, Mozambique and India.

Half Year 2010	Operating	Exploration				Totals
	Cairn Hill Project	Australia	Tanzania	Mozambique	India	
	\$	\$	\$	\$	\$	\$
Revenue	8,671,191	-	-	-	-	8,671,191
Net Operating Costs	(6,981,026)	-	-	-	-	(6,981,026)
Gross Profit	1,690,165	-	-	-	-	1,690,165
Other Income	249,856	-	-	-	-	249,856
Exploration Expenses	(111,213)	(702,949)	(969,403)	(95,416)	(6,412)	(1,885,393)
Profit before tax and finance	1,828,808	(702,949)	(969,403)	(95,416)	(6,412)	54,628
Finance Costs	(82,596)	-	-	-	-	(82,596)
<b>Profit before tax</b>	<b>1,746,212</b>	<b>(702,949)</b>	<b>(969,403)</b>	<b>(95,416)</b>	<b>(6,412)</b>	<b>(27,968)</b>

Half Year 2009	Operating	Exploration				Totals
	Cairn Hill Project	Australia	Tanzania	Mozambique	India	
	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-
Net Operating Costs	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
Other Income	151,119	-	-	-	-	151,119
Exploration Expenses	(31,366)	(1,685,895)	(820,294)	(83,184)	(5,730)	(2,626,469)
Development Expenditure	(840,144)	-	-	-	-	(840,144)
Profit before tax and finance	(720,391)	(1,685,895)	(820,294)	(83,184)	(5,730)	(3,315,494)
Finance Costs	-	-	-	-	-	-
<b>Profit before tax</b>	<b>(720,391)</b>	<b>(1,685,895)</b>	<b>(820,294)</b>	<b>(83,184)</b>	<b>(5,730)</b>	<b>(3,315,494)</b>

**Segment Assets as at 31 December 2010:**

Segment operating assets	44,680,954	214,303	-	-	-	44,895,257
Unallocated assets						2,263,760
Cash						27,510,654
Deferred Tax Assets						1,569,095
Equity Accounted Investments						13,998,798
<b>Total Assets</b>						<b>90,237,564</b>

**IMX RESOURCES LIMITED**  
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**16. Operating Segments (continued)**

	<b>Operating Cairn Hill Project</b>	<b>Australia</b>	<b>Exploration</b>			<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>Tanzania</b>	<b>Mozambique</b>	<b>India</b>	<b>\$</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>Segment Assets as at 31 December 2009:</b>						
Segment operating assets	17,634,891	158,489	-	-	-	17,793,380
Unallocated assets						2,642,919
Cash						22,365,863
Deferred Tax Assets						1,896,102
Other Financial Assets						12,787,113
<b>Total Assets</b>						<b>57,485,377</b>

Reconciliation of profit before tax for the operating segments to the group profit before tax is provided as follows:

	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
	<b>\$</b>	<b>\$</b>
Loss before tax for Operating Segments (see table above)	(27,968)	(3,315,494)
- Corporate and administration costs	(3,355,809)	(901,125)
- Other expense	(1,612,025)	-
- Other income	15,592,652	121,126
- Share of associate losses	(1,493,577)	-
<b>Profit before tax for the Group</b>	<b>9,103,273</b>	<b>(4,095,493)</b>

**17. Contingent Liabilities**

The company is not aware of any contingent liabilities which existed as at the end of the half-year or have arisen as at the date of this report.

**18. Events Occurring after Balance Date**

On 18 January 2011 the Group announced that it had received the final \$3,988,888 payment from the Sichuan Taifeng Group for its 49% equity interest in Outback Iron Pty Ltd. Under the Heads of Agreement the shares had been issued to Sichuan Taifeng prior to the receipt of this final payment.

As noted above, the Group announced that it had signed a binding term sheet to sell Cairn Hill Phase 1 ore to a second customer, Juhua Group. Subsequently the Juhua Group was unable to provide a Letter of Credit and sought to vary the terms of the legally binding term sheet prior to it receiving its first shipment of ore. It had been intended that the second shipment of Cairn Hill ore would be sold to the Juhua Group, however, as a result of these events the shipment was sold to the Sichuan Taifeng Group under its Life of Mine Sales Contract. IMX Resources and the Sichuan Taifeng Group are currently pursuing its options in relation to the sales agreement with the Juhua Group. Discussions are on-going with Juhua Group.

Otherwise, there has been no other significant event that has occurred between the balance date 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, I state that:

In the option 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 2010 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 *Corporation Act 2001*.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'D. McBain', with a horizontal line underneath the name.

Duncan McBain  
Managing Director, Executive Director

Perth, 14 March 2011

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF IMX RESOURCES LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of IMX Resources Limited, which comprises the balance sheet as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year 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 half-year 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the 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 a half-year 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of IMX Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

Bdo Audit  


Chris Burton  
Director

Perth, Western Australia  
Dated this 14<sup>th</sup> day of March 2011