

10 November 2011

## Chairman's Address to the Annual General Meeting

IMX Resources Limited (ASX:IXR) is pleased to attach the Chairman's address to be presented at today's Annual General Meeting of its shareholders, to be held at the Crowne Plaza Hotel in Adelaide, South Australia, commencing at 3.00pm (Adelaide time).



**ANDREW STEERS**  
Acting CEO / Secretary

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## **CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF IMX RESOURCES LIMITED HELD IN ADELAIDE ON 10 NOVEMBER 2011**

Prior to getting into the formal part of the meeting, I would like to brief you on the year that has passed and highlight the continued potential for growth that our Company has and look towards unlocking in the future.

Some of the key developments that we saw include:

- The appointment of Neil Meadows as our new Managing Director, following the resignation of Duncan McBain in August 2011. Neil was a standout candidate, following a search by a recruitment consultant, for the position and I trust you will join the Board in welcoming Neil when he joins the Company later this month.

I also would like to thank Duncan for the tireless effort he put into bringing IMX from an explorer to a producer – the Company wishes him well in his future endeavours. I also commend and thank the IMX Management Team, in particular Andrew Steers for stepping in as Interim CEO, to ensure 'business as usual' during the transition period. I also thank Simon Parsons and Bianca Manzi for their support of Andrew and the Company.

- In December 2010 the Joint Venture between IMX and Sichuan Taifeng shipped its first cargo of ore and we followed this with our 1 millionth tonne of ore in October 2011. Cairn Hill is now producing and shipping at its designed capacity of 1.7 million tonnes per year. These are significant milestones for the operations.
- During the year we also announced the maiden resource for an initial core area of Snaefell, approximately 110 million tonnes at a 27.5% cut-off to yield an average grade of 30% Fe. We have now completed the next round of drilling that focussed on an extension to this initial core area. We are hoping to increase this maiden resource, early next year, to around 200 million tonnes at similar cut-offs. Snaefell has the potential to come into production as the Cairn Hill resources are depleted and will allow IMX to continue to produce for a significantly longer period of time – in excess of 20 years. Our target is to produce at 5mtpa building up to 10mtpa depending on what Port infrastructure becomes available. The Exploration team continues to study other target areas and we are confident that additional targets will be found.
- Following the changes to the Board at Continental Nickel last year, the Joint Venture between Continental and IMX embarked on an initial scoping study based on the current JORC compliant resource. The study indicated, based solely on the current resource, a net present value of US\$207 million after tax. The JV has highlighted the potential for further upside to the scoping study result through the inclusion of mineralisation that is currently outside of the resource. The current

drilling campaign at Nachingwea is aimed at both regional exploration and to increase the current resource. IMX has continued to contribute its 25% share of this exciting project and is determined to ensure that its shareholders realise the true extent of its value. Through this direct interest and our indirect shareholding of 37% in Continental, IMX holds a very significant interest of 52% in the Nachingwea Project.

- During the year the Board engaged an external consultancy to interview a cross section of investors and interested parties with the objective of assessing the market's perception of IMX and to demonstrate that IMX wishes to work with its shareholders to realise the value of our assets and to return value. The key findings of this perception study include:
  - IMX had a complicated investment structure that is not easily understood
  - IMX does not present a clear consistent investment proposition
  - IMX has a skewed investor base
  - IMX has a limited broker coverage

Traditionally IMX has been a diversified exploration company, however, with the recent advancement to production, it is clear that the market wants IMX to concentrate its efforts on building a simpler and clearer strategy. IMX has commenced this process internally and is continuing to monitor its strategic position. This process has led to the decision to distribute the Uranex shares it holds to our shareholders. The IMX Board believe that Uranex has a significant amount of upside and believe that this distribution approach is preferred over a sale process of the Uranex shares as it allows our shareholders to make their own decision to stay involved in the Uranex story.

The distribution remains subject to relevant shareholder approvals and from receipt of a favourable tax ruling from the Australian Tax Office in relation to demerger relief.

- The 2011 financial year provided IMX with its first gross operating profit from the Cairn Hill operation of \$19.2 million and a net profit after tax of \$12.5 million. These numbers include the full 100% trading results of the Cairn Hill Joint Venture and IMX's total share of the net profit after tax is \$8.1 million.

The financial impact of 6 months of trial shipments to new customers which we began to make in July 2011 will have an impact on the group's profitability, as will the current lower iron and copper prices, to which I will make further observations below.

- The continuing underperformance of our share price remains a major focus of the Board and Management. The Board and its management group, with the assistance of our new Managing Director, Neil Meadows, is dedicated to rectifying this issue and working with shareholders, brokers and other stakeholders to bring IMX the share price success it warrants.

As with many producing entities, we all face external factors that are largely out of our control and IMX is also seeing these issues during the current financial year.

- The most significant external factor is the spot iron ore price, which forms the basis of our sales contract and is critical in our negotiations with any other long term sales partners. The combined Metal Bulletin and Platts 62% Fe index's have seen significant movements, including an increase up to US\$185 per tonne, which did stabilise for some time before falling to as low as US\$117 per tonne in October of this year. This fall took place over a 3 week period.

Market commentators suggest that this is a temporary measure as most Chinese steel mills have been destocking and the forecast is that prices will improve above current levels.

- The reduction in iron ore prices was further heightened by the continued strength of the Australian dollar against the US dollar in which our product is sold.

Although some shareholders remain concerned, your Board continues to strive to add value to all shareholders and is continuing with a number of initiatives to add value and to continue the strategy of focussing IMX on a path of becoming a multi mine operator in the steel and related products market.

I will now move to the formal part of the business but will be more than happy to take questions at the conclusion of the meeting.

Information in this public report that relates to the estimation of Mineral Resources is based on information compiled by Mr Robert Williams, and supervised by Ms Bianca Manzi. Mr Williams who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Runge Limited, has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results and Mineral Resources. Mr Williams and Ms Manzi consent to the inclusion of the data in the form and context in which it appears.