

31 July 2012

Report for the Quarter Ended 30 June 2012

HIGHLIGHTS

- Announcement of proposed merger with Continental Nickel Limited (CNI)
- Record quarterly tonnes mined, crushed, hauled and shipped from Cairn Hill
- Cairn Hill JV operating at above nameplate capacity
- New Life of Mine sales contract finalised for 12 shipments of ore per year
- Snaefell metallurgical drilling programme completed
- US \$10m Nachingwea JV field season underway with 3 diamond rigs currently drilling
- 4.96g/t Au reported at new Hog gold gossan discovery, 20km north of Ntaka Hill at the Nachingwea JV in Tanzania
- Secured \$15m line of credit for the Cairn Hill JV
- IMX Group had \$17.5m cash at bank at the end of the quarter

OPERATIONS

Cairn Hill JV (IMX – 51%)

Production and shipments for the quarter were as follows (figures represent the full (100%) results of the Cairn Hill JV):

	June 2012 Quarter	March 2012 Quarter	FYTD	Production Comparison From Previous Quarter
Waste removed (BCM)	679,755	1,122,850	4,830,907	(39.5%)
Waste and Ore (BCM)	792,784	1,232,223	5,197,719	(35.7%)
Ore Mined (tonnes)	471,329	456,086	1,529,604	+3.3%
Ore Crushed (tonnes)	452,486	407,144	1,639,628	+11.1%
Road Haulage (tonnes)	447,318	404,427	1,555,646	+10.6%
Rail Haulage (tonnes)	432,132	405,074	1,655,945	+6.7%
Shipped (tonnes)	463,046	436,264	1,725,342	+6.1%

The table above shows that for the year ended 30 June 2012, the Cairn Hill JV operated at above nameplate capacity of 1.7 million tonnes per annum (Mtpa) by shipping 1,725,342 tonnes of ore during that period. This is a significant achievement considering the operation was impacted by rainfall events and third party actions and issues during the period. Likewise, the records achieved in the June quarter convert to an annualized shipping quantity of 1.85 Mtpa demonstrating the sustainability of the 1.8 Mtpa targeted production rate.

Operations

Frequency rates for injuries continued to maintain a downward trend during the quarter with the Total Recordable Injury Frequency Rate at the end of the quarter being 6.70.

During the quarter, the Cairn Hill JV achieved records for ore tonnes mined, crushed, hauled by road and shipped. Volumes mined were significantly less than the previous quarter with the implementation of the new mine plan. As forecast, cash operating costs reduced to approximately \$100/tonne CIF from June 2012.

A total of six vessels were loaded during the quarter as per schedule. Average cargo size for the quarter was 77,171 wmt exceeding the target of 75,000 wmt. Achieving six vessels per quarter at an average of 75,000 wmt per vessel (or greater) will see annual export rates of in excess of 1.8 Mtpa, 6% above the 1.7Mtpa nameplate capacity of the operation.

Stockpiles

At the end of the quarter the ore stockpiles carried a total value of approximately \$11.1m and were as follows:

	Pre-Crusher	Post Crusher	Rankin Dam	Port Adelaide
Stockpile (tonnes)	115,606	62,885	81,253	26,362

Sales and Marketing

During the quarter, IMX finalized a Life of Mine ('LOM') sales contact with Vingo Resources Ltd ('Vingo') for 12 shipments per annum of ore produced from the Cairn Hill Mining Operation. The ore purchased by Vingo Resources is sold onto treatment plants associated with Chinese steel mills in Hebei and Liaoning provinces. Vingo have purchased 521,739 tonnes of Cairn Hill ore to date. The sales contract is based on the Platts 62% Fe index and the LME copper price and has commercial terms comparable to the Taifeng LOM Contract.

The Taifeng processing plant located at Yingkou, also in Liaoning province, is now fully commissioned and has demonstrated the capacity to treat the remainder of the planned production from the Cairn Hill Mining Operation. While Taifeng have continued to be unable to take shipments under the Taifeng LOM Contract they have taken shipments on the same commercial terms as Vingo and have indicated that they will continue to do so.

The Cairn Hill JV continued to explore potential contingent sale opportunities with customers other than Vingo and Taifeng during the quarter. These discussions will continue to ensure the customer base is diversified, sufficient capacity for ore receipts is maintained and credit risk is minimised.

2012/13 Work Plan and Budget

The Joint Venture partners have approved a Work Plan and Budget for 2012/13. Based on the above sales contracts and using pricing for the relevant Iron Ore and Copper indices for 2012/13 compiled from a review of consensus data available at the time it has been forecast that a post-tax free cash flow from the operation in the range of AUD\$35m to \$40m should be achievable. The consensus pricing assumed in the budget is US\$143 per tonne for the Platts 62% Fe Index and an LME price of US\$8,682 per tonne for copper. The exchange rate was forecast at AUD/USD of 1.02.

Cash Flow sensitivities

In the context of declining commodity prices subsequent to the end of the quarter, the following data shows the sensitivity of the annualized post-tax free cash flow to changes in inputs, holding all other inputs constant.

- A \$10/t movement in the Platts 62% iron price changes post-tax cash flow by \$11.4m
- A \$100/t movement in the LME copper price changes post-tax cash flow by \$0.5m
- A 1 cent movement in the AUD/USD exchange rate changes post-tax cash flow by \$2.2m

DEVELOPMENT PROJECTS

(1) Mt Woods Magnetite Project, South Australia (IMX – 100%)

During the quarter a diamond core drilling program comprising 12 holes for 3,075.1m was completed at Snaefell. The program was designed to provide samples for metallurgical test work to confirm the performance indicated by the previous Davis Tube Recovery (DTR) test work for the expanded resource area. In addition the test work will focus on optimising grind size and the potential to produce a product suitable as a direct feed to iron sintering.

Previous test work has been positive with DTR tests producing magnetic concentrates of 65% Fe at a coarse grind size of 180-200 µm with low levels of impurities. The coarse liberation size means that a significant amount of waste material can potentially be removed early in processing which may reduce capital and processing costs compared to other Australian magnetite deposits.

A concept level study was initiated for the project during the quarter to establish potential future development parameters for the project. The concept study was also completed in the quarter and will be considered by the IMX Board in August 2012.

(2) Ntaka Hill Nickel Sulphide Project, Tanzania (25% JV Interest, 37% CNI Equity)

The Ntaka Hill Nickel Sulphide Project is held within the overall Nachingwea Nickel-Copper JV Project, which is a 25:75 Joint Venture between IMX and TSXV-listed Continental Nickel Limited (CNI). IMX has a substantial 37% direct shareholding in CNI, giving IMX a beneficial interest of 53% in the Nachingwea Project.

In mid-May, the Nachingwea JV field season commenced with three diamond drill rigs operating at the project. A total of 35 holes for 7,553m were completed to the end of the period.

The JV 2012 exploration budget is US\$10.2m, which will include the completion of 20,000 – 25,000 metres of diamond and reverse circulation (RC) drilling. The main objectives of the program are to

- i) upgrade the estimated Inferred and Indicated mineral resources to Indicated and Measured categories through infill drilling at Sleeping Giant;
- ii) test for potential extensions of the down-plunge portion of the high grade core of the Sleeping Giant zone which remains open to the south; and
- iii) drill test high priority exploration targets associated with the nickel-bearing Ntaka and Lionja ultramafic intrusions.

(3) Cairn Hill Phase 2 (IMX – 51%)

During the quarter, work continued with the South Australian Department of Mines on approval processes. A Surface Water flow study was also carried out which is required to obtain the PEPR revision. A final production decision is expected in the first quarter of 2013.

EXPLORATION

(1) Mt Woods Magnetite Project - Regional Targets (IMX – 100%)

Regional magnetite exploration activities continued at Mt Woods during the period with work focussed on geophysical data evaluation and magnetite targeting for future drilling programs. Any future drill campaign will target new magnetic iron targets with a view to expanding the global exploration target resource base of the Mt Woods Iron project.

The program is designed to target;

- i) high grade magnetite for direct shipping (DSO) and
- ii) additional coarse grained magnetite occurrences with tonnage potential.

(2) Nachingwea JV Project – Regional Targets (25% JV Interest, 37% CNI Equity)

During the quarter, the JV announced the discovery of the new Hog Gossan gold target located approximately 20km northeast of Ntaka Hill (ASX: May 28, 2012). The target was identified from 2011 sampling and forms part of a 1,150m long gossan which is 25-180m wide, and remains open to the north and south. A total of 34 gossan grab samples collected over a 900m strike length were analysed, with a number returning anomalous gold values, including 4 samples which reported values of greater than 1 g/t Au ranging from 1.86 to 4.96 g/t Au. Nine additional samples returned values between 0.4 and 1.0 g/t Au. The gold-bearing samples were collected at sample spacing of 30 to 180m over a strike length of 500m. A number of the grab samples also returned elevated silver values (1 - 18 g/t) and copper values (0.11 – 0.64%). Additional mapping, prospecting and sampling is planned over the Hog showing to more fully define its extents and significance. The identification of new gold mineralisation in the JV project licences further enhances the regional prospectivity of the evolving new mineral province at Nachingwea, which now includes nickel, copper, gold, silver and zinc.

An extensive regional exploration program is also planned which will comprise a 2,500 line km airborne versatile time domain electromagnetic (VTEM) survey, ground geophysical surveys, 2,500m diamond and RC drilling, geochemical sampling, mapping and prospecting. Exploration targets on the regional land position have the potential to include nickel, copper and gold mineralization.

A number of drill ready regional targets have already been outlined, including the Chilalo 7 area where a coincident copper in soil and ground EM anomaly was identified in 2011 (ASX: March 28, 2012). Airborne and ground geophysical surveys as well as geochemical sampling, prospecting and mapping will be employed to identify additional priority targets for drill testing later in the year.

(3) Mt Woods Copper – Gold JV Project, South Australia (IMX 49%)

The Mt Woods Copper – Gold Project is a 49:51 joint-venture between IMX and OZ Minerals Ltd (OZ Minerals). OZ Minerals must spend \$20m over five years at a minimum cumulative average of \$4m per annum to earn their 51% interest.

During the quarter, OZ Minerals completed two diamond core holes for a total of 880m at the Brumby prospect, testing geophysical targets. This drilling completes the second exploration year of the JV. A full assessment of the available data is in progress with assays awaited for several holes. Drilling activities ceased in late April and will recommence in late 2012.

Ground gravity surveys to assist with future drill targeting were ongoing across the Southern Domain area during the period, with the survey completed during July.

(4) Tasmania - NW Nickel Project (IMX – 96%)

During the quarter, activities focussed on drill planning and permitting in order to test potential Ni-Cu-PGE targets defined from geochemical sampling. A drilling contract was signed with drilling expected to commence in the next quarter, weather permitting.

(5) Mibango Nickel Project, Tanzania (IMX – 100%)

No exploration conducted during the period.

(6) Milange – Nickel-Copper-PGE Project, Mozambique (IMX – 100%)

During the quarter planning continued for a soil sampling and field validation program based on targets interpreted from the Milange aeromagnetic and radiometric survey. Field activities commenced in early July.

(7) Dingo Well Gold Project, Western Australia - (IMX – 100%)

No exploration conducted during the period. Discussions were held with a number of companies regarding divestment of the project.

CORPORATE

Resignations

Two non-executive Directors resigned during the quarter. This has allowed the Board to seek new members to complement the skill sets of the remaining Directors.

Acquisition of Continental Nickel

During the quarter, IMX and CNI entered into a definitive arrangement agreement, pursuant to which IMX has agreed to acquire all the issued and outstanding common shares in the capital of CNI that it does not already own and warrants in the capital of IMX, by way of a CNI plan of arrangement (the 'Arrangement') under the *Canada Business Corporations Act*. In connection with the Arrangement, IMX has agreed to apply to list its ordinary shares and the warrants issued under the Arrangement on the Toronto Stock Exchange (the 'TSX'). IMX intends to retain its listing on the Australian Securities Exchange (the 'ASX') and add to its listing the IMX warrants issued under the Arrangement.

The combination of CNI and IMX will see the ownership and control of the Nachingwea Nickel Sulphide Project in Tanzania consolidated in a single entity.

IMX currently owns approximately 37% of the issued capital of CNI. Nachingwea is operated under a joint venture between CNI and IMX, with CNI owning 75% of the joint venture and IMX owning 25%. CNI is the operator of the Nachingwea project.

Under the proposed Arrangement, each CNI shareholder will receive 3.7 IMX ordinary shares plus 0.5 of an ordinary share purchase warrant (or option) for each CNI common share. Each warrant will entitle the holder to acquire one IMX ordinary share at an exercise price of A\$0.60 or Cdn\$0.62 per IMX ordinary share (at the sole election of the holder) and will expire three (3) years from completion of the transaction.

Any CNI common shares acquired on exercise of the existing CNI options prior to the completion of the transaction will participate in the Arrangement.

Outstanding CNI options on the effective date of the Arrangement will be entitled to receive replacement IMX options. The number of the replacement options and the exercise price of those options will be determined based on the effective exchange ratio of the Arrangement as contemplated by the Arrangement Agreement.

In connection with the Arrangement, IMX expects to issue approximately 99.8 million new ordinary shares, 13.5 million warrants and approximately 12 million options.

Upon completion of the transaction, current IMX and CNI shareholders will hold approximately 72.5% and 27.5% of the fully paid ordinary shares in IMX respectively.

Subject to obtaining the approval of CNI shareholders at a special shareholders meeting, the Ontario Superior Court of Justice (Commercial List) and satisfying certain other conditions, including receipt of all necessary regulatory approvals, the proposed Arrangement is currently expected to close in September 2012.

Finance Facility

During the quarter, the Cairn Hill JV secured a Line of Credit, up to a maximum of \$15m from LinQ Resources Fund. The \$15m revolving Line of Credit allowed repayment of the \$10.8m secured loan to IMX. It provides the JV with working capital headroom and represented a significant vote of confidence in the viability of the Cairn Hill Operation.

Investments

The value of IMX's major listed investments stood at \$14.4m at the end of the quarter, with the 52.7 million Uranex shares held by IMX valued at \$6.5m (UNX: ASX price \$0.12 per share), and the 15.8 million CNI shares held by IMX valued at \$7.9m (CNI: TSXV price Cdn\$0.52 per share).

Cash Flow

As at 30 June 2012, the IMX Group had cash at bank of \$17.5m. The Cairn Hill JV generated operating cash flow of \$4.0m as a result of the reduction in cash operating costs towards the end of the quarter and the negotiation of new long term off take contracts.



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All statements in this announcement, other than statements of historical facts, that address future production, reserve or resource potential, exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, capital and operating costs, continued availability of capital and financing and general economic, market or business conditions. Information in this announcement are the current best estimates, but are subject to change. IMX is not able to warrant the accuracy or completeness of any of the information in this announcement.

Competent Persons

Information in this report relating to other exploration results is based on data compiled by Bianca Manzi who is a Member of the Australian Institute of Geoscientists, and who is a full-time employee of the Company. Bianca Manzi has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources. Bianca Manzi consents to the inclusion of the data in the form and context in which it appears.

Information in this report relating to the Nachingwea exploration results is based on data compiled by Patricia Tirschmann who is a registered Professional Geoscientist with the Association of Professional Geoscientists of Ontario and the Association of Professional Engineers and Geoscientists of Manitoba and who is a full-time employee of the Continental Nickel. Patricia Tirschmann has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Patricia Tirschmann consents to the inclusion of the data in the form and context in which it appears.