

ASX Announcement : 17 October 2012

MD on Ntaka Hill PEA



Open Briefing interview with Managing Director Neil Meadows

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IMX Resources Limited (ASX: IXR; TSX: IXR) has nickel sulphide exploration and development assets in Tanzania as well as producing iron ore assets in South Australia. Its flagship project is the Nachingwea Regional Exploration project in southern Tanzania, which hosts the Ntaka Hill Nickel Sulphide Project. The Tanzanian exploration programs and project development works are supported by cash flow from the company's Cairn Hill Mining Operation in South Australia (51% IMX, 49% Sichuan Taifeng) which produces 1.8 Mtpa iron-copper-gold DSO product.

Market capitalisation: \$50 million

In this Open Briefing[®], MD Neil Meadows discusses

- Ntaka Hill PEA estimates positive margins at range of nickel prices
- Ntaka Hill cash costs, sensitivities
- Implications of CNI merger

Record of interview:

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IMX Resources Limited (ASX: IXR) recently released an updated Preliminary Economic Assessment (PEA) on the Ntaka Hill Nickel Sulphide Project (IXR 100%) in Tanzania, which estimated C1 cash costs of US\$5.00/lb, compared with the current spot price of US\$8.43/lb. Ntaka Hill has a JORC measured and indicated resource of 12.8 million tonnes at 1.21% nickel, and is within IMX's larger Nachingwea Exploration Project land package. What is your level of confidence in the cash cost estimate? What further work has to be done on the mining and processing options for the project?

MD Neil Meadows

Firstly, the results of the PEA indicate that the project has two viable development options: an open pit only mining option, and an open pit followed by underground mining option. Cash costs of approximately US\$5/lb are expected to be achievable for both options, which would ensure the project could make positive cash flow even at historically low nickel prices. Our cash cost estimates have been modeled against a number of different commodity price and currency forecast assumptions to ensure they are robust. The metallurgical testwork conducted recently also indicates that a high quality nickel concentrate could be produced which should attract a premium price.

We will look to conduct further drilling at Ntaka Hill over the next drilling season with an expectation of establishing a JORC compliant mineable reserve that will potentially underpin the completion of a feasibility study in 2013. In addition, we'll examine both development options more closely to determine which option is preferable.

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The PEA projects positive margins for the project across a range of nickel price assumptions, including current spot prices, which are 11% below the three-year trailing average price. What is the outlook for nickel prices and how do Ntaka Hill's projected costs compare with existing nickel projects?

MD Neil Meadows

The primary indicators of global supply and demand suggest that nickel prices will increase over the coming years in response to a reduction in supply, as a number of major nickel

mining operations reach the end of their productive mine life, and demand increases as stainless steel production in both India and China grows. We're aiming to produce high quality nickel concentrates which typically command a premium to standard concentrates.

The Ntaka Hill cash cost forecasts in the PEA of US\$5/lb compare very favourably with a range of existing nickel projects around the world. This cash cost profile would see Ntaka Hill comfortably in the second quartile production cost range.

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The projected margins for Ntaka Hill include copper credits. How important is copper production to the economic viability of the project?

MD Neil Meadows

Copper credits are helpful but not significant to the overall viability of the project. The major opportunity for improving project economics will come from a significant increase in the size of the resource base with the potential for the discovery of further nickel sulphide resources in the broader Ntaka-Lionja trend. This could be expected to lead to reductions in the estimated capital and operating costs resulting from increased throughput and economies of scale.

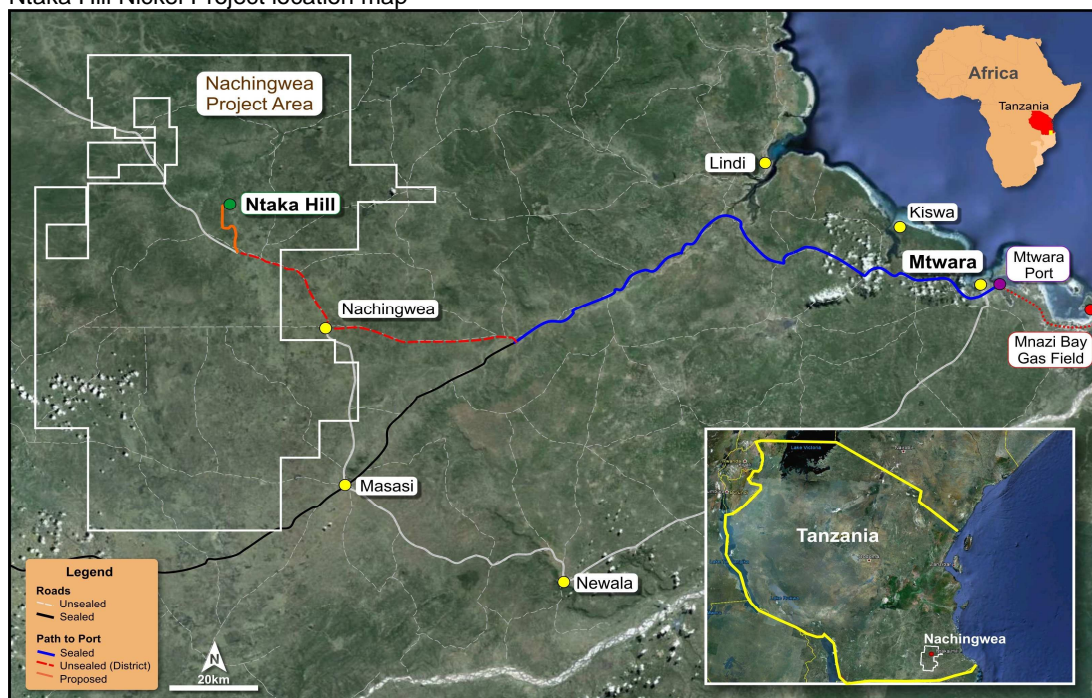
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How dependent is the viability of Ntaka Hill, upon the Tanzanian government's completion of a proposed 132 kV power line from the power station in Mtwara to the town of Masasi, 90 km from the project? What certainty is there that the line will be completed? How supportive of new mining projects is the government, at both the local and federal level?

MD Neil Meadows

The Tanzanian government is very supportive of the Ntaka Hill project and is anxious to promote economic development in the southern parts of the country. Recently we received a visit to our project from a group of officials from the Ministry of Energy and Minerals who were keen to learn more about our project and familiarise themselves with our operations. In the course of briefing them, we stressed the importance of the expansion of the Mtwara power station and electricity grid to developing our project.

Ntaka Hill Nickel Project location map



Should the extension of the grid to Masasi not be completed in time, the current alternatives for Ntaka Hill would include connecting to the grid at the coast at Lindi, or the provision of power for the operation on-site. All options are currently under consideration.

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Estimated capex for the Ntaka Hill project is US\$227 million. What funding options are available to IMX? Would you consider bringing a joint venture partner into the project in exchange for financing?

MD Neil Meadows

We're looking at all possible funding mechanisms, including debt and equity and possible joint ventures, but at this stage we haven't settled on a preferred funding mechanism.

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IMX aims to complete in-fill drilling of the resource in the current quarter, with a pre-feasibility study targeted for completion in the September 2013 quarter. With cash of A\$17.5 million as at 30 June, do you have sufficient funds to cover the planned activities over the next 12 months?

MD Neil Meadows

It's possible that we will need to raise more capital in the coming months to ensure we have sufficient funding for our 2013 exploration activities and the various studies we intend to undertake. We're currently conducting an Australian investor roadshow to meet with current and potential investors as well as discussing our plans with potential financiers.

What sets us apart from other aspiring project developers is that we have cash flow from our Cairn Hill Mining Operation to underpin our funding arrangements, which provides security to investors and potential financiers. Our experience building and, for the past two years, operating Cairn Hill also demonstrates that we have the required mining and project development expertise in-house.

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The Nachingwea exploration package covers some 7,000 km² and is prospective for further projects as well as for potential extension of the Ntaka Hill resource. What are your exploration plans for the broader Nachingwea package and what is the expected cost of proving up further resources on these tenements?

MD Neil Meadows

The Nachingwea property is significant and we've barely scratched the surface in exploration terms. We've identified a number of targets of interest including the Chilalo Copper Prospects and the Hog Gold Gossan, both of which lie to the north of Ntaka Hill. We're also aware of potentially significant graphite mineralisation to the south of Ntaka Hill.

First and foremost, our focus has been and will be on base metal sulphides as well as precious metal mineralisation, however we're keen to see what else may be on our ground and to determine if it has further economic potential.

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On 14 September 2012, IMX completed its merger with Continental Nickel Limited (CNI), giving you 100% control over the Ntaka Hill Nickel Sulphide Project and also a dual listing on the Toronto Stock Exchange (TSX). What are the potential implications of the merger for the development and funding of Ntaka Hill?

MD Neil Meadows

Canadian and Australian investment markets are equally attracted to Africa, but when it comes to nickel sulphide projects, the Canadians certainly have the larger appetite. The key point about the merger between IMX and Continental Nickel was for one company to have

full ownership and control of the project and drive it towards production. Our dual listing on the TSX and ASX gives us access to two markets that have a strong focus on African exploration projects.

By merging our share registers, we now have greater liquidity in our shares, a broader spread of institutional investors and access to two major capital markets. With the project now under the ownership and control of one company, we have a single focus on developing the Ntaka Hill Project and bringing it into production as soon as possible.

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Thank you Neil.

For more information about IMX Resources Limited, visit www.imxresources.com.au or call Neil Meadows on (+61 8) 9388 7877

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