

31 October 2012

## Report for the Quarter Ended 30 September 2012

### HIGHLIGHTS

- Successful completion of acquisition of Continental Nickel Limited (CNI)
- Significant positive cash flow of \$4.7m from Cairn Hill operations
- Record quarterly tonnes hauled by road and rail from Cairn Hill
- All mining activities continue to operate above nameplate capacity
- Reduction in drawn debt from \$9m to \$5m for the Cairn Hill JV
- Positive results of updated preliminary economic assessment on the Ntaka Hill Nickel Sulphide Project indicating robust returns with low C1 operating costs of USD 5/lb of payable nickel over a 15 year mine life.
- Flotation test work on disseminated hanging wall mineralisation from the Sleeping Giant Zone confirms good recoveries (69%) and concentrate grade (11.2%) from 0.32% Ni head grade.
- Drilling at Ntaka Hill continues to intersect nickel sulphide mineralisation away from historically targeted VTEM conductors
- Twenty-five new regional EM anomalies identified in Nachingwea VTEM survey, follow up soil sampling undertaken to prioritise drill targets
- Snaefell prospect concept study indicates positive returns.
- IMX Group had \$19.2m 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):

	September 2012 Quarter	June 2012 Quarter	FYTD	Production Comparison From Previous Quarter
Waste removed (BCM)	653,990	679,755	653,990	(3.8%)
Waste and Ore (BCM)	761,188	792,784	761,188	(4.0%)
Ore Mined (tonnes)	460,952	471,329	460,952	(2.2%)
Ore Crushed (tonnes)	428,184	452,486	428,184	(5.4%)
Road Haulage (tonnes)	449,994	447,318	449,994	0.6%
Rail Haulage (tonnes)	454,115	432,132	454,115	5.1%
Shipped (tonnes)	455,471	463,046	455,471	(1.6%)



Cairn Hill Operations – October 2012

During the quarter, there was a rapid decrease in iron ore prices. To protect its margin, the Cairn Hill JV engaged with its main service providers to identify opportunities to delay, defer and permanently reduce costs. Through these discussions and based on the relationships the Cairn Hill JV has with its service providers, cost savings of approximately 10% (compared to the previous quarter) were identified.

The majority of these savings were associated with delaying pre-stripping activities in Pit 2 resulting in a reduction of the mining rate from the scheduled rate of 300,000 bcm per month to 225,000 bcm per month. This was able to occur without impacting on the operation's ability to ship 150,000 t per month.

A review of the mine plan late in the quarter identified the ability to further delay pre-stripping activities in Pit 2. This would be achieved through the implementation of a further reduction in the mining rate such that the mining operation would be on the basis of a single shift for a period of up to four months commencing November without impacting on the operation's ability to ship 150,000 t per month, nor the sustainability of the mine plan. The operation will continue to work with its service providers to identify and capture cost savings.

### **Operations**

Frequency rates for injuries continued to maintain a downward trend with the Total Recordable Injury Frequency Rate at the end of the quarter being 2.28 (June 2012 quarter: 6.70).

There was a reduction in overall volumes mined during the quarter in line with the mine schedule. Pre-stripping activities in Pit 2 were minimized.

During the quarter, CIF costs were reduced by 10% to approximately \$93/t by quarter's end (equivalent to \$77/t on a FOB basis). The December quarter has a forecast margin in the range of \$10 - \$20 per tonne.

A total of six vessels were loaded during the quarter as per schedule. Average cargo size for the quarter was 75,912 wmt (June 2012 quarter: 77,171 wmt) exceeding the target of 75,000 wmt. The slight reduction in shipped tonnes compared against the previous quarter is a result of the size of the vessels chartered. The operation will continue to work with service providers to maximize vessel capacity. Annualizing the last two quarters' production is equivalent to an annualized shipping rate of 1.84mtpa which is 8.2% above the operation's nameplate capacity of 1.7mtpa.

### ***Stockpiles***

At the end of the quarter the ore stockpiles carried a total value of approximately \$11.6m and were as follows:

	<b>Pre-Crusher</b>	<b>Post Crusher</b>	<b>Rankin Dam</b>	<b>Port Adelaide</b>
Stockpile (tonnes)	148,374	41,075	77,132	25,006

### ***Sales and Marketing***

Sales and marketing for the ore remained competitive during the quarter. Taifeng continued to take over half of the shipments with the remaining shipments being sold to Vingo under its Life Of Mine (LOM) agreement.

Vingo had an annual allowance of 12 shipments split equally between 2 LOM contracts. However as a result of contractual non-compliance, one of the Vingo LOM sales contracts was terminated late in the quarter leaving Vingo with one remaining LOM contract for 6 shipments per year. This does not however rule out the JV considering selling additional ore to Vingo under spot sales contracts in the future.

Discussions continued throughout the quarter with a number of other parties with regards to potential sales opportunities.

### ***Cash Flow***

The Cairn Hill JV generated operating cash flow of \$4.7m despite the reduction in commodity prices and continued strength of the Australian dollar causing challenging conditions. These funds were used to repay a portion of the debt.

## DEVELOPMENT PROJECTS

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### **(1) Ntaka Hill Nickel Sulphide Project, Tanzania (IMX – 100%)**

The Ntaka Hill Nickel Sulphide Project is now 100% owned by IMX following the acquisition of Continental Nickel Limited on 14 September 2012.

During the quarter Ntaka Hill development activities focused on infill drilling of the Sleeping Giant Zone with a total of 60 holes for 15,488m drilled as part of the 2012 16,000m diamond drilling program. The overall target of the drilling program is to upgrade the current mineral resource classifications, expand the higher grade core of the zone, and to further define the near surface zones of hanging wall disseminated mineralisation within the northern, shallower half of the deposit area at Ntaka Hill. In addition, 3 holes totalling 1,000m were completed at part of the geotechnical program at the Sleeping Giant Zone.

New nickel sulphide intersections from the first round of drilling assays received from the Sleeping Giant Zone continued to confirm the overall continuity of the zone. A potential new sulphide lens located near the north-eastern edge of the Sleeping Giant zone assayed 1.04% Ni and 0.22% Cu over 32.65m (Drill hole - NAD12-270), including 1.45% Ni and 0.25% Cu over 14.05m. This mineralisation is currently interpreted to represent an eastern dip extension of the main Sleeping Giant zone. In addition, multiple zones of disseminated nickel sulphide mineralisation were intersected in the hanging wall to the Sleeping Giant Zone, assaying greater than 0.5% Ni.

Exploration drilling at the Ntaka ultramafic intrusion outside of the Sleeping Giant zone has focused on a) testing previously untested electromagnetic anomalies; b) testing coincident nickel and copper soil anomalies; and c) following up on nickel mineralisation intersected south and east of H zone in 2011. To date, eleven drill holes totalling 1,802m have been completed to test seven exploration targets. All of these holes have intersected various concentrations of sulphides hosted within the Ntaka ultramafic intrusion.

Results of the updated Preliminary Economic Assessment (PEA) for Ntaka Hill were announced at the end of the quarter. Key findings of the PEA included:

- C1 cash costs of USD 5.00 per pound of payable nickel which is mid-range for global nickel producers;
- Clear cash operating cost margins were demonstrated over various metal price assumptions, including the current spot price;
- Mine life of approximately 15 years;
- Average annual contained nickel production of 10,000 to 15,000 tonnes per annum;
- Confirmed modest pre-production capital investment of USD 227M;
- NPV of USD 212M after tax based on 2011 PEA metal pricing (compared to previous 2011 PEA analysis USD 207M); and
- NPV of USD 147M using three-year trailing average prices in line with US SEC guidelines which compares favourably to the 2011 PEA analysis (USD 122M) using these same metal prices.

In addition the following work was ongoing on the Ntaka Hill Project during the quarter:

- Continuation of the definitive metallurgical test work program being carried out at G&T Metallurgical Laboratories in Canada. This included testing on samples of disseminated

hanging wall mineralisation from the Sleeping Giant Zone which gave good recoveries averaging 69% to a moderate concentrate grade of 11.2% Ni from an average head grade of 0.32% Ni;

- Completion of option studies for the power supply, access road and tailings storage facility with the results incorporated into the PEA update;;
- Completion of environmental baseline studies to provide input data into the Environment and Social Impact Assessment (ESIA), which is in advanced stages of compilation; and
- Commencement of the first phase of planning and consultation for the land acquisition, relocation and compensation required for execution of the project.

The PEA results summarised here for the Ntaka Hill Nickel Sulphide Project will be incorporated into an NI 43-101 compliant Technical Report to be available on SEDAR and IMX's website in November 2012.

*Note: Information relating to the Preliminary Economic Assessment is preliminary in nature and includes both Indicated and Inferred Mineral Resources. Inferred Mineral Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the Preliminary Economic Assessment will be realised.*

## **(2) Mt Woods Magnetite Project, South Australia (IMX – 100%)**

During the quarter, a concept level study based on the Snaefell prospect, was completed for the Mt Woods Magnetite Project to establish potential future development parameters for the project. The key findings of the study included:

- Potential to produce a coarse grained premium magnetite concentrate that is likely to be suitable for direct feed to steelmaking sinter plants;;
- Relatively low capital and operating costs with a low technical risk in the beneficiation process; and
- Good access to infrastructure capable of low cost of incremental expansion.

Following the completion of the study, work was initiated on various programs to better understand key project risks and opportunities. These programs include:

- Metallurgical test work program to confirm suitability of the product from Snaefell for direct sinter feed in steelmaking;;
- Options study for project power supply; and
- Desktop review of project water supply.

Results of the studies are expected to be available in the first quarter of 2013.

IMX has initiated discussions with potential partners for the development of the Mt Woods Magnetite Project. These discussions will continue to take place in parallel with the completion of the above described studies to enable IMX to extract value from its investment in the project.

## **(3) Cairn Hill Phase 2 (IMX – 51%)**

During the quarter, work continued with DMITRE on the approval processes required for the Cairn Hill Phase 2 magnetite development. A surface water flow study was finalised as required for the Program for Environment Protection and Rehabilitation (PEPR) revision. The revised PEPR is expected to be submitted in 2013 with a final production decision made once the PEPR approval has been obtained.

# EXPLORATION

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## **(1) Nachingwea Property – Regional Targets (IMX 100%)**

During the period a 2,409km airborne magnetic and versatile time-domain electromagnetic (VTEM) survey was completed over selected regional areas and identified 25 new high priority conductor anomalies within the northern portion of the Nachingwea Project. The delineation of multiple late time EM anomalies enhances the regional prospectivity of the Nachingwea property. Of potential significance is the identification of a high amplitude late time EM anomaly coincident with the Hog gold prospect, where surface gossan sampling returned values of up to 4.96 g/t Au and 0.64% Cu (ASX: May 28, 2012).

During the quarter, as part of a 1,500-2,000m of reverse circulation (RC) drilling to test selected high priority regional VTEM and geochemical anomalies, 5 RC holes totalling 424m were completed at the HOG target. In addition six regional exploration targets were tested with 8 diamond drill holes totalling 1,256m. All results are pending.

Drill testing of additional regional targets is ongoing with one RC drill rig.

### ***Lionja Intrusion***

Exploration drilling at the Lionja ultramafic intrusion located 8km to the south of Ntaka Hill followed up previously intersected nickel mineralisation as well as tested coincident nickel and copper in soil anomalies. During the quarter, 6 diamond core holes totalling 1,279m were completed to test targets at Lionja. Four of these were 50 to 200 metre step-out holes targeting an ultramafic hosted mineralised horizon intersected in previous drilling. Five of the six Lionja exploration holes completed intersected various concentrations of sulphides hosted within the ultramafic intrusion. Assays are pending.

## **(2) Mt Woods Magnetite Project - Regional Targets (IMX – 100%)**

During the period, Mt Woods regional magnetite exploration activities continued to focus on ranking and prioritising the numerous untested magnetic anomalies for the upcoming reverse circulation (RC) program. To assist with hole positioning a small ground magnetics survey to infill the 200m spaced OZ Minerals aeromagnetic survey commenced in late September over selected targets. Targeting is expected to be completed in October.

Subsequent to completion of the above, a regional drill campaign will be implemented to test the strongest magnetic targets with the best potential for high grade coarse grained magnetite, and to significantly increase the resource base of the Mt Woods Magnetite Project. These activities are geared toward making the project more attractive to a potential development partner. Drilling is expected to commence in late October.

## **(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.

Joint Venture field activities focussed on ground gravity surveys and the completion of a magnetotelluric survey line over part of the Brumby Prospect. Data processing and a review of

exploration data is ongoing to assist with future drill targeting across the Southern Domain area before drilling activities resume next quarter.

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

The Tasmania NW Nickel Project comprises five granted exploration licences covering 571km<sup>2</sup> and is a joint venture between IMX (96%) and Barrett Exploration Pty Ltd (4%).

During the quarter RC drilling was completed targeting geochemical soil anomalies with potential for Ni-Cu-PGE sulphides as well as possible economic concentrations of Titanium, Zirconium and Rare Earth Elements. The program comprised a total of 6 holes for 568m. Analytical and petrological analyses are in progress with results expected next quarter.

**(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 a soil sampling program based on targeting potential ultramafic intrusions interpreted from the 2011 aeromagnetic and radiometric survey was completed at Milange. A total of 1,258 soil samples were collected over 16 targets. All samples were analysed with a portable analyser in the field with 87 samples selected for laboratory analysis. Analytical results are expected next quarter.

**(7) St. Stephen Nickel- Copper JV Project, Canada - (IMX –earning 75%)**

As part of the acquisition of Continental Nickel , IMX acquired the St. Stephen Ni-Cu Project located in south western New Brunswick, Canada during the quarter.

The project is located immediately north of the town of St. Stephen and 120km west by road of the port city of Saint John and is exceptionally well positioned with respect to infrastructure such as power and road transportation links with the bulk shipping port facilities at Saint John.

The St. Stephen project currently consists of two claim blocks totalling 42.9km<sup>2</sup> centred on the St. Stephen intrusion which hosts magmatic Ni-Cu-Co sulphide mineralisation. IMX has the option to acquire up to a 75% interest in the project from Abitex Resources Inc. of Val d'Or, Quebec.

No field exploration activities were completed during the quarter. A review of all project data is scheduled to commence in the next quarter.

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

The project was relinquished during the quarter.

# CORPORATE

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## **Acquisition of Continental Nickel**

On 17 September 2012, IMX's acquisition of CNI was completed with the satisfaction of all the regulatory and legal conditions necessary for the Plan of Arrangement with CNI. The transaction was overwhelmingly approved with 'yes' votes exceeding 96%.

The transaction has resulted in 100% of the ownership and control of the Nachingwea project in Tanzania containing the Ntaka Hill Nickel Sulphide Project being consolidated within a single entity.

In connection with the transaction, IMX issued 99,827,342 new ordinary shares, 13,490,201 warrants and 3,922,500 options.

As a consequence of the completion of the transaction, IMX has become a dual-listed company, with listings and official quotation on both the Australian and Toronto Stock Exchanges (TSX). The shares are fully exchangeable between the 2 exchanges.

Due to having less than 10% share ownership in Canada, IMX qualifies as a designated foreign issuer under the TSX rules. A designated foreign issuer is exempt from some of the requirements imposed by the TSX due to being listed on another recognized exchange such as the ASX. This means that IMX has an exemption from preparing quarterly financial statements, management discussion and analysis (MD&A), annual information forms (other than an AIF prepared to make an issuer eligible to file a short form prospectus) and various other requirements.

## **Company Vision**

The acquisition of CNI represents a significant shift in the Company's vision and focus going forward. The Board and Management have identified the vision of the Company to be:

- A base and precious metals explorer, developer and producer and;
- An investor in bulk and industrial minerals with;
- C1 cost profiles in the first or second quartiles utilising;
- Conventional low risk technologies whilst;
- Maintaining a low sovereign risk profile.

## **Cash Flow**

As at 30 September 2012, the IMX Group had cash at bank of \$19.2m.

The acquisition of CNI resulted in cash of \$4.6m being injected into the Company although IMX had previously contributed \$7.6m to CNI between May 2012 and August 2012 during the period of the transaction.

## **Finance Facility**

In spite of the challenging market conditions during the quarter for iron ore producers, the Cairn Hill JV managed to reduce debt from \$9m down to \$5m. The support of the debt provider means the facility limit remains at \$15m providing the JV with flexibility and headroom in the event of declines in commodity prices in the future.

## **Appointment of new Directors**

To complete the refreshing of the Board of Directors, two new non-executive Directors were appointed during the quarter.

Kellie Benda was appointed to the Board on 1 August 2012 coming from a legal and investment banking background. She brings to the Board extensive corporate advisory and management experience, specialising in equity capital markets and mergers and acquisitions, particularly in the mining and resources sectors. Given her experience, Ms Benda was appointed Chairman of the Audit and Risk Management Committee and is a member of the Nomination and Remuneration Committee.

David Constable was appointed to the Board on 2 August 2012. Mr Constable is a Canadian-based exploration geologist and investor relations specialist with over 40 years' experience as a director and senior executive with Canadian-listed mining companies, specialising in mineral exploration, marketing and communication. Mr. Constable has a track record of success in helping grow small exploration and mining companies listed on the Toronto Stock Exchange (TSX) into successful major mining companies. Mr Constable was also appointed to the Audit and Risk Management Committee.

The Board is satisfied that it covers a broad range of skill sets including geology, metallurgy, mining engineering, project development, operations, minerals marketing, legal, investment banking, investor relations and finance.

### **Investments**

The value of IMX's investment in Uranex Limited stood at \$3.3m at the end of the quarter (UNX: ASX price \$0.06 per share).



**Neil Meadows**  
**Managing Director**

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**FORWARD-LOOKING STATEMENTS:** This News Release includes certain "forward-looking statements". Forward-looking statements and forward-looking information are frequently characterised by words such as "plan," "expect," "project," "intend," "believe," "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may", "will" or "could" occur. All statements other than statements of historical fact included in this release are forward-looking statements or constitute forward-looking information. There can be no assurance that such information of statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such information. Important factors could cause actual results to differ materially from IMX's expectations.

These forward-looking statements are based on certain assumptions, the opinions and estimates of management and qualified persons at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements or information. Such statements and information in this report include statements regarding mining parameters (including processing rates and mill feed), concentrate production, estimates of capital costs, internal rates of return, net present values, completion of environmental and social impact assessments in Q1 2013, completion of definitive metallurgical test work in early 2013, completion of a mineral resource upgrade in Q1 2013, life of mine estimate of 15 years, and annual production rates of 10,000 to 15,000 tpa. There can be no assurance that such information of statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such information. Important factors could cause actual results to differ materially from IMX's expectations. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and

expenses, the ability of contracted parties (including laboratories and drill companies to provide services as contracted); uncertainties relating to the availability and costs of financing needed in the future and other factors. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Exploration Target tonnage quantity and grades estimates are conceptual in nature only. These figures are not resource estimates as defined by the JORC (2004) or NI 43-101, as insufficient exploration has been conducted to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

IMX undertakes no obligation to update forward-looking statements or information if circumstances should change. The reader is cautioned not to place undue reliance on forward-looking statements or information. Readers are also cautioned to review the risk factors identified by IMX in its regulatory filings made from time to time with the ASX, TSX and applicable Canadian securities regulators

#### **Competent Persons / Qualified Person / NI 43-101 Statement**

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 Company. 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.

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.

The quality control and technical information compiled for the PEA were prepared by the following Qualified Persons (QP) as defined in Canadian National Instrument 43-101 (Standards of Disclosure for Mineral Projects). All QP's have sufficient experience of the relevant areas of expertise listed to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. All QP's have reviewed this release and consented to the inclusion of the data in the form and context in which it appears, and approves this disclosure. Each QP is independent of IMX within the meaning of Canadian National Instrument NI 43-101.

<b>Section</b>	<b>Company</b>	<b>Qualified Person</b>
Mineral Resources	RPA	Chester Moore, P. Eng.
Mining and Mine Capital and Operating Costs	Mining Plus	Neil Schunke, MAusIMM (CP)
Metallurgy, flowsheet design, performance predictions	Mineralurgy	Peter Munro, FAusIMM
Process plant and infrastructure operating/capital costs	Lycopodium	Jacqueline McAra, P. Eng.
Concentrate marketing and freight	Mining Plus	Neil Schunke, MAusIMM (CP)
Financial modelling and general aspects	Mining Plus	Neil Schunke, MAusIMM (CP)

The Company is not aware of any environmental, permitting, legal, title, taxation, socio-political, marketing or other issue that might materially affect this estimate of Mineral Resources. The projections, forecasts and estimates presented in the PEA constitute forward-looking statements, and readers are urged not to place undue reliance on such statements.

#### **Quality Control**

The drilling was completed by Capital Drilling (Tanzania) Limited. Drill core samples (NQ) are cut in half by a diamond saw on site. Half of the core is retained for reference purposes. Samples are generally 1.0 metre intervals or less at the discretion of the site geologists. Sample preparation is completed at the ALS Chemex preparation lab in Mwanza, Tanzania. Sample pulps are sent by courier to the ALS Chemex analytical laboratory in Vancouver, Canada. Blank samples and commercially prepared and certified Ni sulphide analytical control standards with a range of grades are inserted in every batch of 20 samples or a minimum of one per sample batch. Analyses for Ni, Cu and Co are completed using a peroxide fusion preparation and ICP-AES finish (Analytical Code ME-ICP81). Analyses for Pt, Pd, and Au are by fire assay with an ICP-AES finish (Analytical Code PGM-ICP23).