

30 July 2013

## Report for the Quarter Ended 30 June 2013

IMX Resources Limited (“**IMX**” or the “**Company**”) and including its subsidiaries (the “**Group**”) is pleased to report on the activities of the Group for the fourth quarter ended 30 June 2013. All amounts are in Australian dollars unless otherwise stated.

### HIGHLIGHTS

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#### Cairn Hill Operations

- Record positive cash flow from operations of \$21.3 million
- Distributions to joint venture partners of \$9.9 million
- Shipping schedule maintained despite very significant rainfall during the quarter

#### Ntaka Hill Nickel Sulphide Project

- Drilling commenced in the first week of May, with disseminated sulphides intersected in the area near the previously discovered G and J Zones. The Company anticipates that the G and J Zones will expand to potentially be joined and that G Zone will also be shown to extend further to the west
- Geophysical equipment purchased in the March quarter is now operating, undertaking down-hole magnetic and electro-magnetic (“**EM**”) surveys and ground gradient array induced polarisation (“**GAIP**”) surveys
- The sample preparation laboratory purchased in the March quarter has been commissioned and its operation is expected to significantly improve the logistics of sample submission from drill core for assaying, compared with historical methods employed
- Metallurgical test work continued on samples from Ntaka Hill, along with delivery to the laboratory of new samples from the Zeppelin resource
- A draft Environmental Impact Statement was completed for the Ntaka Hill Nickel Sulphide Project

#### Mt Woods Exploration and Development

- Completion of a scoping study on the Mt Woods Magnetite Project that demonstrated the project’s potential at the base case of 2.5 Mtpa concentrate production
- Approval by IMX of OZ Minerals Limited’s (“**OZ Minerals**”) \$2.6 million exploration program and budget for the Mt Woods Copper-Gold Joint Venture Project (the “**Mt Woods JV**”)

#### Corporate

- Appointment of Mr Sun Wei to the Company’s board of directors
- Reengagement with Azure Capital in connection with the partnering process for development of the Mt Woods Magnetite Project

## OPERATIONS

### Cairn Hill Joint Venture (IMX – 51%)

Summary information on production and shipments for the quarter is shown in Table 1 (figures represent the full (100%) results of the Cairn Hill Joint Venture (the “Cairn Hill JV”).

**Table 1. Cairn Hill JV: Production and shipment performance for the June quarter 2013**

	June Quarter 2013	March Quarter 2013	Full Fiscal Year 2013	Comparison with Previous Quarter
Waste removed (BCM)	276,399	309,213	1,615,121	(10.6%)
Waste and Ore (BCM)	377,900	402,193	2,018,518	(6.0%)
Ore Mined (tonnes)	436,456	399,816	1,734,606	9.2%
Ore Crushed (tonnes)	486,992	365,324	1,764,793	33.3%
Road Haulage (tonnes)	459,138	356,849	1,747,799	28.7%
Rail Haulage (tonnes)	456,751	434,554	1,768,021	5.1%
Ore Shipped (tonnes)	455,670	455,149	1,755,170	0.2%

### Operations

The Total Recordable Injury Frequency Rate increased to 13.7 (March quarter: 10.5) as a result of one Recordable Injury during the quarter. Although the reporting of one injury for the period represented an improvement on the previous quarter, this is still a disappointing outcome.

As part of the Company’s continued focus on improving safety performance, several improvement initiatives identified in an audit of operations against national Workplace Health and Safety legislation that was conducted during the March quarter have been implemented. By the end of the June quarter, the work of the Company and its contractors had shown improvements in overall lead and lag safety indicators.

Mining continued to be concentrated on Phase 1, Pit 1. Total volumes mined were less than the mine schedule, primarily as a result of rainfall that occurred during May and June. These rainfall events also impacted crushing operations and road haulage, with 524 hours of road access lost due to rain. Notwithstanding these issues with road access, there was no adverse impact on tonnes shipped for the quarter.

For the 2013-2014 financial year, the mine plan is expected to continue to focus on developing Pit 1, with pre-stripping activities at Pit 2 planned to recommence in the September quarter.

In accordance with the Company’s shipping schedule, six vessels were loaded during the quarter, with an average cargo size of 75,997 wet metric tonnes (wmt) which exceeded the target of 75,000 wmt.

For the 2013 financial year, 23 vessels for a total of 1,755,170 wmt were shipped, in line with guidance provided on 8 May 2013.<sup>1</sup> It should however be noted that while six shipments are scheduled for the September quarter, owing to the high level of rainfall experienced in July, which has since adversely affected operations, there is a risk that one scheduled shipment may not be achieved, as loading of the sixth shipment may still be occurring at the quarter’s end.

<sup>1</sup> ASX news release 8 May 2013

For the June quarter, FOB costs averaged \$79 per tonne shipped (equivalent to \$95 per tonne on a CIF basis), which was consistent with the Company's forecast. For the 2013 financial year, FOB costs averaged \$83 per tonne shipped (\$99 per tonne on a CIF basis). FOB costs for the 2014 financial year are again forecast to be approximately \$80 per tonne.

### **Stockpiles**

At the end of the quarter, ore stockpiles carried a value of approximately \$12.2 million (31 March 2013: \$13.2 million), with the breakdown by stockpile location shown in Table 2. The decrease in the value of ore stockpiles was due to shipping volumes being in excess of tonnes mined during the quarter.

**Table 2. Ore stockpiles at 30 June 2013**

	<b>Pre-Crusher</b>	<b>Post Crusher</b>	<b>Rankin Dam</b>	<b>Port Adelaide</b>
Stockpile (tonnes)	85,419	79,879	61,031	39,213

### **Sales and Marketing**

Demand for Cairn Hill ore remained extremely competitive during the quarter, with sales to four different customers. Strong interest continues to be seen for cargo placement for the remainder of 2013, while the Company plans to commence negotiations for cargo placement for 2014 during the December quarter.

The spot price of 62% Fe ore averaged US\$126 per tonne during the quarter, however there was an overall downward trend, with the price opening the quarter at US\$137 per tonne and closing at US\$116 per tonne. During the same period, the copper price decreased by 11% to US\$6,750 per tonne.

### **Cash Flow**

Record positive cash flow of \$21.3 million was generated from the Cairn Hill JV during the June quarter. This was an outstanding result due in part to reasonable iron ore prices, combined with further improved commercial terms received from buyers and a more favourable exchange rate towards the end of the quarter.

Distributions of \$9.9 million were made to the Cairn Hill JV partners during the quarter (IMX \$5.2 million), with the remaining positive cash flow used to bolster the Cairn Hill JV's cash reserve.

### **Cairn Hill life of mine**

During June, the Company completed an analysis of its Cairn Hill mining operation and established that under the expected mine life, shipment of ore from Cairn Hill is expected to cease during the March quarter 2015.

Work to extend the life of operations at Cairn Hill is under way and includes investigation of mining and coarse dry magnetic processing from a Phase 2 development. The area designated as Phase 2 is located immediately adjacent to the current mining operation at Cairn Hill and contains an Indicated Mineral Resource of 3.77Mt at 47.8% Fe for 1.8Mt of contained metal and an Inferred Mineral Resource of 4.60 Mt at 45.8% Fe for 1.8Mt of contained metal.<sup>2</sup> The Company is also considering opportunities to increase the life of both Pits 1 and 2.

<sup>2</sup> ASX news release 10 August 2011

# EXPLORATION

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## 1. Nachingwea Property, Ntaka Hill (IMX 100%)

### *Ntaka Hill*

Drilling commenced in May, with a total of 3,744m in 15 diamond drill holes and 150m of reverse circulation drilling completed during the quarter.

The drilling focussed on the areas around and between the G and J Zones, with disseminated sulphides intersected in the majority of holes. Assay results are expected to be available from early August 2013.

Following receipt of assay results, the Company anticipates that the G and J Zones will expand to potentially be joined and that G Zone will be shown to extend further to the west.

With the planned work completed in the north eastern region of the Ntaka intrusive, drilling will shift to testing the southern extents of the recently discovered Zeppelin resource during the September quarter.

Down-hole magnetic and EM surveying techniques have been introduced to the exploration work which will assist in locating off-hole conductors with the potential to locate massive sulphides previously undetected by the VTEM survey.

GAIP data is being systematically collected over the Ntaka intrusive complex and initial results show that the GAIP survey is resolving chargeability anomalies consistent with previously identified disseminated sulphides. This technique, in conjunction with proposed dipole-dipole IP surveys will be integrated into the previously collected gravity data, soil sampling results and reprocessed VTEM data to generate conductivity depth images and to further refine exploration targeting at Ntaka Hill.

The sample preparation laboratory purchased in the March quarter was commissioned in early June. The preparation laboratory is managed by ALS Minerals South Africa (“ALS”) and forms part of ALS’s quality assured preparation and assay system. One metre lengths of half core are crushed to 2mm and a 200g sample is sent to ALS Johannesburg for assaying. This procedure is expected to reduce the turnaround time from sampling to receipt of assay results to less than one month once assaying and logistical procedures have been settled down during the September quarter.

### *Sleeping Giant Mineral Resource update*

Cube Consulting of Perth has been retained to complete an updated mineral resource estimate for the Sleeping Giant deposit. Rick Adams from Cube Consulting visited Ntaka Hill in May to review the exploration program and previous drilling programs to confirm compliance with the requirements of JORC 2004 and NI43-101. The updated mineral resource estimate will combine geological information reported by Mr Jon Standing of Jigsaw Geoscience Pty Ltd following his structural review on selected oriented drill core from the Sleeping Giant deposit.

## 2. Nachingwea Property, Regional Targets (IMX 100%)

Regional soil sampling and field mapping commenced during the quarter, with a total of 6,155 soil samples collected over various prospects in the Nachingwea Project area.

The Lionja prospect, located approximately 8km to the south of Ntaka Hill, has two north-south oriented 700m long coincident nickel-copper-chromium anomalies that sit within the previously identified major gravity high that was identified from a detailed gravity survey over Lionja in November 2012. The combination of coherent nickel and copper soil anomalies, aligned with gravity highs within a broader major gravity anomaly, indicates the potential for a mineralised nickel sulphide ultramafic intrusion in that location. Ground IP surveying will be required to assist in

defining areas of disseminated sulphide mineralisation beneath the two 700m elongated soil anomalies.

### **3. Mt Woods Magnetite Project-Regional Targets (IMX 100%)**

Subsequent to the drilling of exploration targets at Mt Woods in November 2012<sup>3</sup>, samples for metallurgical testing were collected from representative drill holes and intervals for Davis Tube Recovery metallurgical testing, the results of which have demonstrated similar metallurgical properties to that of the Snaefell deposit.<sup>4</sup>

### **4. Mt Woods Copper-Gold JV Project, South Australia (IMX 49%)**

The Mt Woods JV is a joint-venture between IMX (49%) and OZ Minerals (51%). Under the joint-venture, OZ Minerals must spend \$20 million over a five year period commencing on 1 May 2010 in order to earn their 51% interest.

OZ Minerals' \$2.6 million budget to fund a planned 4,300m diamond core drilling program on the joint venture during year four has been approved by IMX. Exploration campaigns at the Mt Woods JV are primarily focussed on the Southern Domain of the Mt Woods Inlier, which hosts the western extension of the Prominent Hill Mine sequence of rocks.

### **5. Deep drilling at Cairn Hill**

Two angled diamond core holes, CHDCU01 (550.5 m) and CHDCU02 (600.8m) tested target zones beneath Pit 1 and the proposed Pit 2 respectively. A third hole CHCU03 (to 449.8m) was drilled approximately one kilometre to the west of CHDCU02, to explore for western extensions to the magnetite hosted copper-gold mineralisation in an area that had not previously been drilled and is obscured by a relatively thick sequence of sediments.

The holes were drilled to explore for depth extensions to the Iron Oxide Copper Gold mineralisation currently being mined from Cairn Hill for its iron and copper. Results of the program are undergoing quality control checks and are expected to be released in August.

### **6. Tasmania-NW Nickel Project (IMX 96%)**

The Company has begun the process of relinquishing its Tasmanian tenements.

### **7. Mibango Nickel Project, Tanzania (IMX 100%)**

No exploration was conducted during the June quarter.

### **8. Milange Nickel-Copper-PGE Project, Mozambique (IMX 100%)**

A field investigation is planned for the September quarter, to assess the results of the soil sampling program conducted in 2012 as well as the general prospectivity of the project.

### **9. St. Stephen Nickel-Copper JV Project, Canada (IMX 50%)**

As part of the acquisition of Continental Nickel Limited ("CNI"), the Company acquired CNI's interest in the St. Stephen Ni-Cu Project located in south western New Brunswick, Canada.

No exploration was conducted during the June quarter.

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<sup>3</sup> ASX news release 27 March 2013

<sup>4</sup> ASX news release 23 July 2013

## DEVELOPMENT PROJECTS

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

During the quarter, while project development activity was deliberately slowed, the following evaluation and development work progressed:

- Samples from the Zeppelin mineral resource were delivered to the laboratory of G&T Metallurgical Services (“G&T”) in Canada for metallurgical testing.
- Continued definitive metallurgical test work at the laboratory of G&T which included carrying out variability testing on samples to determine the metallurgical response for various areas of the deposit.
- Completion of the analysis of site hydrogeology in terms of project water supply and potential environmental impacts on ground water. The results of this analysis indicate that there is expected to be sufficient water available from the site ground water and water volumes will be manageable during the expected range of seasonal variations.
- Completion of environmental and social impact assessment for the draft Environmental Impact Statement completed on the Ntaka Hill Nickel Sulphide Project.
- Delivery of community development projects, including the refurbishment of both a water-well and public buildings in the local village of Lionja.

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

During the quarter, a scoping study for the development of a project at Snaefell was completed<sup>5</sup> (the “**Mt Woods Scoping Study**”). The Mt Woods Scoping Study considered a number of production scenarios, including a base case of 2.5 Mtpa of concentrate, grading 68.5% Fe and exporting through Port Adelaide.

The existing rail and port infrastructure, along with the availability of grid power and favourable metallurgy differentiates the Mt Woods Magnetite Project as a lower capital intensity, relatively lower capital expenditure and therefore more feasible magnetite project development opportunity.

The Mt Woods Scoping Study also investigated higher production rates and alternate port solutions that further improved the project’s potential returns albeit at significantly increased capital expenditure levels.

It should be noted that the analysis in the Scoping Study was based on Inferred Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the analysis and outcomes from the Scoping Study will be realised.

In connection with the Mt Woods Scoping Study, and in accordance with Canadian National Instrument 43-101, a technical report (the “**Technical Report**”) was completed and lodged on SEDAR on 19 July 2013. The Technical Report can be found under the Company’s profile at [www.sedar.com](http://www.sedar.com).

With the completion of the Mt Woods Scoping Study, the Company has also reengaged with Azure Capital Limited on securing a partner for the development of the Mt Woods Magnetite Project.

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<sup>5</sup> ASX news releases 4 June 2013 and 13 June 2013

# CORPORATE

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## Cash flow

As at 30 June 2013, the Group had cash at bank of \$26.4 million, as detailed in Table 3 below:

**Table 3. Cash Position**

	\$m
IMX Resources Limited	2.9
Termite Resources NL – Cairn Hill JV (51% IMX)	23.5
<b>Consolidated Group</b>	<b>26.4</b>

Termite Resources NL also had approximately \$6.3 million of creditors payable and \$3.6 million of liabilities owed to buyers shortly after the end of the June quarter.

The key driver of the quarterly cash flow was the record cash flow of \$21.3 million generated by the Cairn Hill JV. Distributions of \$9.9 million were made during the quarter via repayment of shareholders' loans. Whilst the Company has a strong margin at current commodity prices and exchange rates, the cash flow for the September quarter is forecast to be less than the June quarter due to the timing of some final invoice payments to customers as a result of declining commodity prices during the quarter. There is also the potential to miss a shipment during the September quarter.

## Investments

Based on a share price of \$0.05 per share, the value of IMX's investment in Uranex Limited stood at \$2.7 million at the end of the quarter.

## Appointment of director

During the quarter, Mr Sun Wei was appointed to the IMX board of directors as a non-executive director. Mr Sun commenced his role as a non-executive director on 23 May 2013, replacing Mr Song Yuan Gang who resigned on the same day. Mr Sun had been acting as alternate director for Mr Song.



## **Neil Meadows** Managing Director

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## About IMX

IMX is an Australian based mining and base and precious metals exploration company, listed on the Australian Securities Exchange ("ASX") and Toronto Stock Exchange ("TSX"), with projects located in Australia, Africa and North America.

In Africa, IMX owns and operates the highly prospective Nachingwea Exploration Project in south-east Tanzania, which includes the potentially world-class Ntaka Hill Nickel Sulphide Project. Nachingwea is highly prospective for nickel and copper sulphide, gold and graphite mineralisation. The Ntaka Hill Nickel Sulphide Project is one of the world's best un-developed nickel sulphide projects and has the potential to produce a very clean, high quality premium nickel concentrate.

In Australia, IMX operates and owns 51% of the Cairn Hill Mining Operation, located 55 kilometres south-east of Coober Pedy in South Australia, where it produces a premium coarse-grained magnetite-copper-gold DSO product at a rate of 1.8Mtpa.

IMX is actively developing the Mt Woods Magnetite Project on the highly prospective Mt Woods Inlier in South Australia. IMX currently has a JORC compliant Inferred Resource of 569Mt @ 27% Fe at the Snaefell Magnetite Deposit and a Global Exploration Target of between 900-1,200Mt @ 20-32% Fe elsewhere in the project. Exploration Target tonnage quantity and grade estimates are conceptual in nature only. These figures are not resource estimates as defined by the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the “**2004 JORC Code**”) or Canadian National Instrument 43-101 (“**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 has a joint venture with OZ Minerals, the Mt Woods JV, to explore the Mt Woods tenements for copper and gold. OZ Minerals is spending a minimum of AUD 20 million for a 51% interest in the non-iron rights, with IMX retaining a 49% interest in the non-iron rights and 100% of the iron ore rights.

IMX owns 25.65% of Uranex (ASX: UNX), an exploration company with prospects in Tanzania and Australia.

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

#### **Competent Persons / Qualified Persons**

Information relating to Australian exploration results is based on data compiled by Mr Peter Hill who is a Member of the Australian Institute of Geoscientists, and who is a full-time employee of the Company. Mr Hill has sufficient relevant experience to qualify as a Competent Person under the 2004 JORC Code and as a Qualified Person for the purpose of NI 43-101. Mr Hill approves and consents to the inclusion of the data in the form and context in which it appears.

**Cautionary statement:** The TSX does not accept responsibility for the adequacy or accuracy of this news release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

**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 or 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. 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 grade estimates are conceptual in nature only. These figures are not resource estimates as defined by the 2004 JORC Code 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.