IMX Resources
PERTH | TANZANIA

2 September, 2015

Chilalo Graphite Project: Exploration Target highlights significant resource growth potential

Key Points

- **Electromagnetic ('EM') conductor analysis demonstrates potential for significant resource growth.**
- **34km of untested high-conductance EM targets with similarities to the Shimba Mineral Resource (Inferred Resource of 7.4Mt @ 10.4% TGC), where a 1km target has been tested (ASX Announcement 7 April 2015[1]).**
- **Chilalo EM conductors cover only 5% of the 5,800km^2 Nachingwea Property.**

IMX Resources (ASX: IXR, TSX: IXR, IXR.WT) ('**IMX**' or the '**Company**') is pleased to announce that it has estimated a maiden Exploration Target for its Chilalo Graphite Project in Tanzania of approximately 100–350 million tonnes grading approximately 3-11% Total Graphitic Carbon ('**TGC**'). The Exploration Target is in addition to the existing Shimba Mineral Resource (see Table 2, Appendix A).

An Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. Relevant background to the estimation of this Exploration Target is included in Appendix A.

IMX's CEO Phil Hoskins said that the Company had calculated an Exploration Target to provide investors, potential customers and other stakeholders with an understanding of the overall scale and longer-term growth potential of the Chilalo Project.

"While we don't believe that resource size is the key value driver for graphite companies, recent exploration work at Chilalo – including a reassessment of drilling results and geophysical data – had enabled us to establish a more complete picture of the broader potential of the Chilalo Project to emerge as a significant global source of high-grade, coarse flake graphite. This analysis demonstrates that Chilalo has excellent resource growth potential to match that of some of our larger peers," he said.

Recent electromagnetic ('**EM**') surveys at Chilalo – including Versatile Time Domain ('**VTEM**'), Fixed Loop ('**FLEM**') and down-hole electromagnetic ('**DHEM**') surveys – have highlighted a number of high-conductance targets, none of which have been tested by drilling or sampling (see Figure 1).

The high-conductance EM targets correlate very well with high-grade graphite mineralisation at Chilalo (ASX Announcement 28 July 2015). The high-grade Shimba deposit (Inferred Resource of 7.4Mt grading 10.7% TGC for 792,000t of contained graphite (ASX Announcement 7 April 2015[1]) was discovered by drilling similar high-conductance targets identified in VTEM surveys.

1. Since announcing the Inferred Resource estimate on 7 April 2015, IMX confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in that announcement continue to apply and have not materially changed.

"The estimation of this maiden Exploration Target, which is based on the considerable exploration work we have already conducted at Chilalo, shows the project has the potential to grow well beyond the scope of the initial mining operation we plan to establish as the first phase of the project development," Mr Hoskins said.

"The Nachingwea Property is a large, highly prospective 5,800 km^2 landholding, attractively located in the graphite-rich Mozambique belt. The tenements on which the Exploration Target is situated represent only 5% of the Nachingwea Property, which gives us great confidence in the potential for resource growth."

"We believe this Exploration Target will also be viewed favourably by our strategic partners, with whom we're seeking to complete off-take and finance agreements in the near future."

The Company is currently focused on moving forward with development of the existing Shimba resource, however there may well be a future need to expand the resource. The timing of the exploration to expand the resource is dependent upon the outcome of the current PFS and development timeline, in addition to demand from the end-users with whom the Company is currently in discussion.

"Our intention is to complete the Pre-Feasibility Study, which is based on a 50,000tpa flake graphite operation at the Shimba deposit, in October 2015 and outline our timeline for fast tracking the project into production. Given that we expect the existing Mineral Resource can support the proposed scale of operation, we don't intend to immediately define additional resources unless we are seeking to expand production, which will be primarily dependent on demand from the end users with whom we are currently in discussions. The success of our FLEM work gives us a great deal of confidence that high-grade zones can be targeted quickly and cost effectively should an expansion be pursued," he said.

It is anticipated that low-level exploration activities such as mapping and rock chip sampling would commence during the latter part of 2015 and extend into the 2016 field season. This would be followed by additional FLEM surveys and trenching.

Targets would then be ranked according to size and on assays and petrographic results returned from the rock chip and trenching work. Targets could then be tested by drilling to assess the grade, flake size and geometry of any mineralisation.

PHIL HOSKINS
Chief Executive Officer

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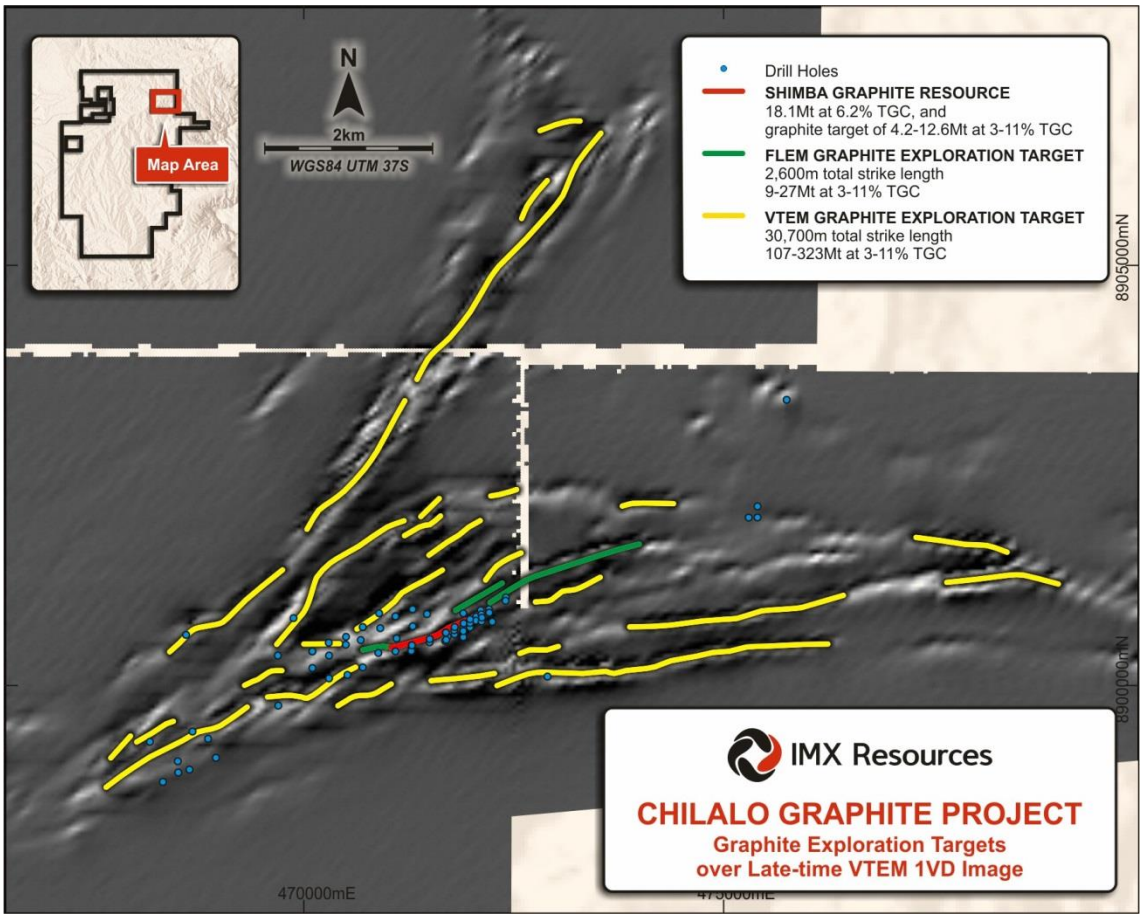
Figure 1: **Graphite Exploration Targets over Late-time VTEM 1VD Image**



Competent Person's Statement

The information in this report that relates to the Exploration Target is based on data collected under the supervision of Mr Nick Corlis, in his capacity as Executive Director, Exploration. Mr Corlis, BSc (Hons) MSc, is a registered member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person under the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Corlis has verified the data underlying the information contained in this announcement and approves and consents to the inclusion of the data in the form and context in which it appears.

About IMX Resources Limited

IMX Resources is an Australian minerals exploration company that holds a 5,800 km^2 tenement package at the Nachingwea Property in south-east Tanzania. The Nachingwea Property hosts the Chilalo Graphite Project, the Ntaka Hill Nickel Project and the Kishugu and Naujombo Gold Prospects. IMX's primary focus is on high-grade, high quality graphite and it is rapidly advancing development of the Chilalo Graphite Project. Chilalo is located approximately 220 km by road from the deep water commercial Mtwara Port, the majority of which is a sealed main road. IMX aims to become a respected supplier of high quality graphite for the clean technology economy.

To find out more, please visit www.imxresources.com.au.

APPENDIX A

Methodology used to calculate the Chilalo Graphite Project Exploration Target

The geometry and grade distribution of the Shimba Inferred Resource was compared to VTEM, FLEM and DHEM data, which correlate well with each other, although there are discrepancies at later EM response times which the VTEM is unable to measure. The high-grade graphite mineralisation is well defined by the high EM conductance targets.

The high EM conductance FLEM and VTEM target lengths totalled approximately 34,500m, which does not include targets outside the Chilalo Project area.

Two sets of Exploration Targets were estimated away from the defined Shimba Inferred Resource; one based on ground FLEM survey data, and the other based on VTEM survey data. The FLEM survey data is higher resolution and therefore gives higher confidence targets.

The FLEM data were modelled, and the high EM conductance modelled target body lengths were measured for a total graphite target trend of approximately 2,600m (excluding the Shimba Inferred Resource).

The high-conductance VTEM targets were selected and measured, producing 30,700m of high-conductance VTEM graphite targets (excluding the Shimba Inferred Resource and FLEM target lengths).

The dimensions of the high conductance VTEM and FLEM graphite targets used were 10-30m thickness based on Shimba drilling, 140m depth extent (along plane of dip – the equivalent of 100m depth as estimated in the Shimba Inferred Resource), and the measured lengths of the high EM conductance target trends.

The dimensions of the high EM conductance FLEM and VTEM graphite targets were multiplied by the average density of 2.5t/m^3 to generate an Exploration Target mass, in tonnes derived from densities measured from Shimba core samples.

The Shimba Inferred Resource was used to verify the targeting method of using the FLEM and VTEM data to generate these graphite Exploration Targets.

Substantiating drilling

In 2014, the Company completed 58 holes for 3,810 metres of RC drilling and 7 holes for 554 metres of diamond drilling. In addition to previous drilling conducted in 2014 at Chilalo, estimation of the Exploration Target referred to several holes well outside the Shimba area that indicate that the high conductance EM targets define graphite mineralisation (see Figure 2).

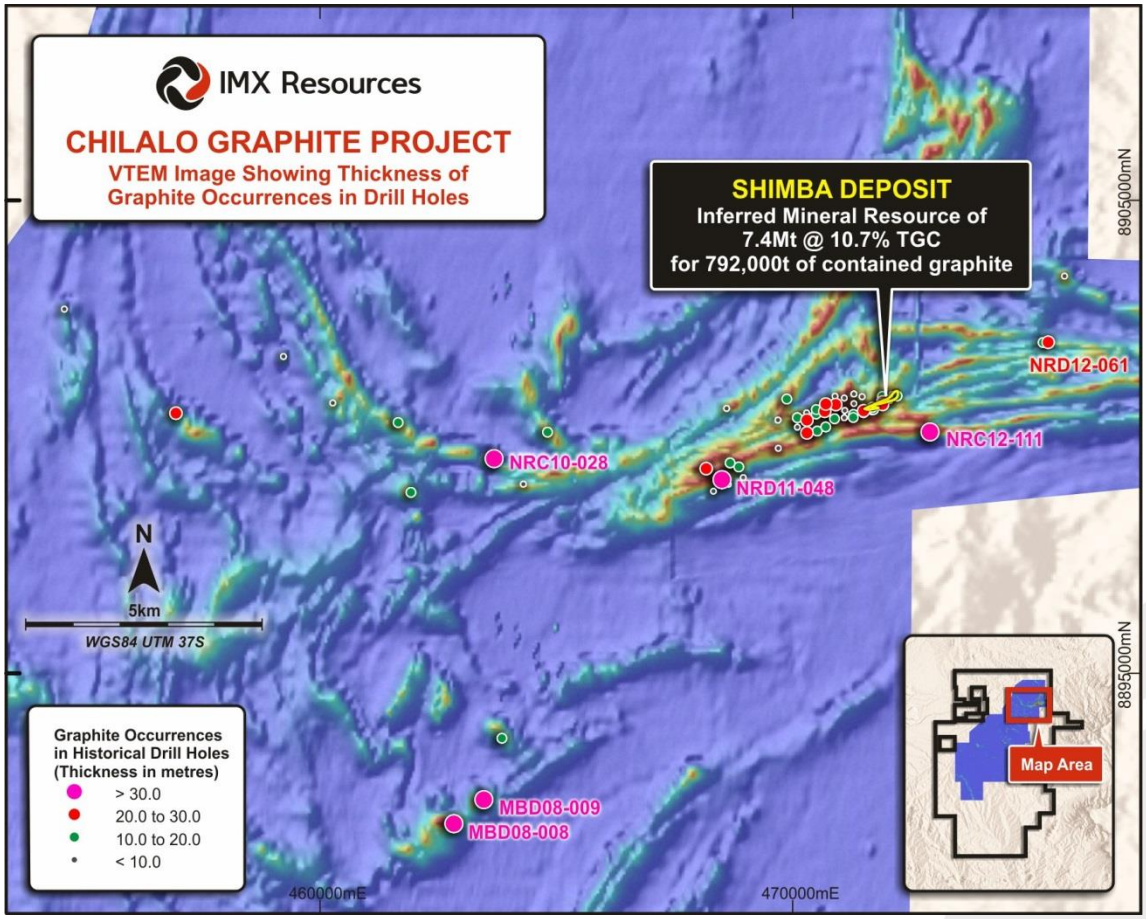
- NRC10-028 – the westernmost of the graphite targets, located 7km west of Shimba. Mineralisation starts at 9m and extends until end of hole at 71m, providing greater than 62m of downhole mineralisation. Logging indicates graphite grading between 5-25% TGC.
- NRC12-111 – drilled 2km to the south of the Shimba deposit on the southernmost limb of the fold complex, this hole intercepted 40 metres of graphite, however no visual TGC % estimate is available.
- NRD12-061 – 4km east of Shimba, logging indicates graphite from 63.7 to 91.3m.
- MBD08-008 – over 150m of graphitic sediments from near surface to end of hole.
- MBD08-009 – over 150m of graphitic sediments from 25m depth.

Anomalies associated with holes MBD08-008 and MBD08-009 are not included in the Exploration Target.

Table 1. Drillhole information: NRC10-028, NRC12-111, NRD12-061

Hole ID	Hole Type	Location East / North UTM:WGS84	Az / Dip	Hole Depth (m)
NRC10-028	DD	463680.2 / 8899539.7	035 / -75	100.0
NRC12-111	DD	472901.864 / 8900105.783	360 / -70	85.0
NRD12-061	DD	475402.175 / 8901999.541	360 / -60	113.7
MBD08-008	DD	462828.221 / 8891818.758	325 / -50	175.4
MBD08-009	DD	463461.504 / 8892328.526	325 / -52	203.4

Figure 2: Chilalo and Mbuti Graphitic targets – Graphite Occurrences in Historical Drill Holes



Assumptions

- Graphite mineralisation at Chilalo extends to at least 100m vertical depth, which is consistent with the existing resource model for the Shimba Deposit. This equates to 140m down the plane of layering in the mineralisation, using a 45° dip.
- Graphite mineralisation varies between 1030m true thickness.
- Graphite mineralisation average density is 2.5t/m³.
- Graphite grade varies between 311% TGC, in accordance with the existing resource model for the Shimba Deposit.
- Anomalous, high EM conductance trends identified in DHEM, FLEM and VTEM data represent graphite mineralisation.

- EM conductors detected in late time decay channels are high conductance, and where drilled, correlate to high graphite grades.
- The high conductance targets identified by the ground FLEM surveys are of higher confidence than those defined by the VTEM data, due to the higher EM transmitter power and longer receiver recording time.
- The axial trend of high conductance graphitic schist layers represents the up-dip edge of un-oxidised, higher grade graphite mineralisation, and the axial trace can be used for estimating the length of the graphite target.
- Many holes drilled prior to 2015 have missed graphite mineralisation, and were not drilled targeting the high conductance targets. Off-hole DHEM anomalies in these drillholes confirm the high conductance targets were not intersected.

Results

- High EM conductance FLEM graphite targets in the immediate vicinity of the Shimba resource are estimated to be 2,600m in length. This equates to a graphite Exploration Target of approximately 9-27Mt at approximately 3-11% TGC (see Table 2 below).
- Remaining high EM conductance VTEM graphite targets have an estimated combined total length of 30,700m. This equates to a graphite Exploration Target of approximately 107-323 Mt at approximately 3-11% TGC (see Table 2 below).
- The total graphite Exploration Target at the Chilalo Project is approximately 116-350 Mt at approximately 3-11% TGC (excluding the existing Shimba resource) (see Table 2 below).

Table 2. Chilalo Exploration Target

Shimba Graphite Resource = 18.1 Mt at 6.2 % TGC, including 7.4 Mt at 10.7 % TGC (to validate concept)						
Total High Conductance Length (m)	**Thickness (m)**	**Vertical Depth (m)**	**Down-dip Extent (m)**	**Volume (m^3)**	**Average Density (t/m^3)**	**Graphite Exploration Target (t)**
1,200	10	100	140	1,680,000	2.5	**4,200,000**
1,200	30	100	140	5,040,000	2.5	**12,600,000**
FLEM Graphite Exploration Target						
Total High Conductance Length (m)	**Thickness (m)**	**Vertical Depth (m)**	**Down-dip Extent (m)**	**Volume (m^3)**	**Average Density (t/m^3)**	**Graphite Exploration Target (t)**
2,600	10	100	140	3,640,000	2.5	**9,100,000**
2,600	30	100	140	10,920,000	2.5	**27,300,000**
VTEM Graphite Exploration Target						
Total High Conductance Length (m)	**Thickness (m)**	**Vertical Depth (m)**	**Down-dip Extent (m)**	**Volume (m^3)**	**Average Density (t/m^3)**	**Graphite Exploration Target (t)**
30,700	10	100	140	42,980,000	2.5	**107,450,000**
30,700	30	100	140	128,940,000	2.5	**322,350,000**
Graphite Exploration Target Total approximately 116-350 Mt at approximately 3-11% TGC						

An Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

APPENDIX B. JORC 2012 Table 1 Reporting

Section 1. Sampling Techniques and Data

Criteria	Explanation
Sampling techniques	• Reverse Circulation (RC) drilling was used to collect 1m downhole samples for assaying. • Samples were composited to 2m and sent for LECO analyses as well as for ICP Multi-element analyses. All Core samples were submitted for analysis. • Grade standards (Certified Reference Materials – CRM's) and field duplicate samples were used to monitor analytical accuracy and sampling precision. • Sampling is guided by IMX Resources' standard operating and QA/QC procedures. • HQ Diamond core is geologically logged and sampled to corresponding RC intervals when twinning an RC hole, otherwise sampling is to geological contacts with nominal samples lengths between 0.25 and 1.5 metres. Core is quarter cored by diamond blade rock saw, numbered and bagged before dispatch to the laboratory for analysis. • Core is routinely photographed.
Drilling techniques	• RC holes were drilled in a direction so as to hit the mineralisation orthogonally using a 140mm face sampling hammer button bit. • The RC drilling used a Schramm 450 drill rig with additional booster and axillary used as required to keep samples dry and continue to produce identifiable rock chips. • Diamond holes were drilled in a direction so as to hit the mineralisation orthogonally. • Diamond drilling (HQ) with standard inner tubes. HQ diameter (63.5mm) to target depth.
Drill sample recovery	• Sample quality and recovery of RC drilling was continuously monitored during drilling to ensure that samples were representative and recoveries maximised. • RC sample recovery was recorded using sample weights. • Diamond core recoveries in fresh rock are measured in the core trays and recorded as RQD metres and RQD% recovery as part of the geological logging process. • Core recoveries where good, typically > 95%
Logging	• Detailed geological logging of all RC and Diamond holes captured various qualitative and quantitative parameters such as mineralogy, colour, texture and sample quality. • The logging data is planned to be utilised for both Mineral Resource estimation and future mining and processing studies. • Logging data is collected via ruggedised laptops. The data is subsequently downloaded into a dedicated Datashed database for storage, hosted by a database consultancy. • All diamond core has been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation.

APPENDIX B. JORC 2012 Table 1 Reporting (cont.)

Section 1. Sampling Techniques and Data

Criteria	Explanation
Sub-sampling techniques and sample preparation	• RC samples are drilled dry and are routinely taken in 1m intervals with a 1 – 2kg sample from a regularly cleaned cone splitter and the remainder recovered in a larger plastic bag. One meter samples are then composited into a 2 meter sample using a lab deck splitter. • A small fraction of samples returned to the surface wet. These samples are dried prior to compositing. All samples were submitted for assay. • Samples were stored on site prior to being transported to the laboratory. • Samples were sorted, dried and weighed at the laboratory where they were then crushed and riffle split to obtain a sub-fraction for pulverisation. • Core is cut with a diamond saw into half core and then one half into quarter core. A quarter of the core is sent for assay, a quarter for archive and a half for metallurgical testwork. Generally, one of each of the 2 control samples (blank or standard) is inserted into the sample stream every twentieth sample.
Quality of assay data and laboratory tests	• All RC and diamond samples were submitted to ALS for both the sample preparation and analytical assay. • Samples were sent to the ALS laboratory in Mwanza (Tanzania) for sample preparation. Samples are crushed so that >70% passes -2mm and then pulverised so that >85% passes -75 microns. • For all samples a split of the sample are analysed using a LECO analyser to determine graphitic carbon (ALS Minerals Codes C-IR18). • Every 20th sample will be analysed using a complete sample characterisation package (CCP-PKG01). This package combines the whole rock package ME-ICP06 plus carbon and sulfur by combustion furnace (ME-IR08) to quantify the major elements in a sample. Trace elements including the full rare earth element suites are reported from three digestions with either ICP-AES or ICP-MS finish: a lithium borate fusion for the resistive elements (ME-MS81), a four acid digestion for the base metals (ME-4ACD81) and an aqua regia digestion for the volatile gold related trace elements (ME-MS42). • QC insertion rates will be every 20th sample (1 standard, 1 blank, 1 site duplicate). Additionally 1 standard 1 blank and 1 site duplicate will be inserted for every 20 m of mineralisation intersected. A mineralised zone is a zone greater than 5 m with a visual estimate of more than 5% graphite, internal dilution of non-mineralisation (up to 5m) can be included in the mineralised thickness • Laboratory duplicates and standards were also used as quality control measures at different sub-sampling stages. • Approximately 5% of all samples will be sent to an umpire laboratory as an independent check.
Verification of sampling and assaying	• Senior IMX Resources geological personnel supervise the sampling, and alternative personnel verified the sampling locations and external oversight is established with the contracting of an external consultant to regularly assess on site standards and practices to maintain best practice. • Assay data is loaded directly into the Datashed database which is hosted by and managed by an external database consultancy. • Visual comparisons will be undertaken between the recorded database assays and hard copy records at a rate of 5% of all loaded data. • Below detection limit values (negatives) have been replaced by background values for each element.

APPENDIX B. JORC 2012 Table 1 Reporting (cont.)

Section 1. Sampling Techniques and Data

Criteria	Explanation
Location of data points	• Drillhole collar locations have been surveyed using a handheld GPS with an accuracy of <4m for easting, northing and elevation coordinates. • Drillhole collars where re-surveyed using a Differential GPS with an accuracy of <5 cm at the end of the program. • Collar surveys are validated against planned coordinates and the topographic surface. • Downhole surveys are conducted during drilling using a Reflex single shot every 30 meters. • The primary (only) grid used is UTM WGS84 Zone 37 South datum and projection
Data spacing and distribution	• This program is the first drilling conducted in the area. A proportion of the drilling will be exploratory with spacing dictated by the location of targets interpreted from airborne Versatile Time Domain Electromagnetic Surveys (VTEM). • The spacing of infill RC drilling is aimed at determining a Mineral Resource spacing of RC drilled holes on a nominal grid of 200m x 150m or less up to 200m x 200m being deemed appropriate in most instances; drilling will have some closer spacing in order to confirm continuity of mineralisation. • The diamond drilling spacing is variable and designed to provide ample coverage to twin the RC holes for QA/QC and collect enough mineralised material for metallurgical testwork.
Orientation of data in relation to geological structure	• All holes have been orientated towards an azimuth so as to be able intersect the graphitic mineralisation in a perpendicular manner. • From surface mapping of the area and VTEM modelling, the regional foliation dips at an angles of between 50 and 60 degrees to the south to south-southwest. The drilling was hence planned at a dip of -60/65 degrees oriented 315 to 360 degrees.
Sample security	• The samples are packed at the drill site and sealed prior to daily transport to the local field office which has 24 hour security prior to transport by locked commercial truck carrier to ALS Mwanza. The laboratory (ALS) ships the sealed samples after preparation, to Brisbane in Australia.
Audits or reviews	• An independent consultants from CSA Global, with expertise in graphite completed a site visit prior to and upon commencement of drilling to ensure the sampling protocol met best practices to conform to industry standards.

Section 2. Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	• The exploration results reported in this announcement are from work carried out on granted prospecting licences PL 6073/2009, PL 6158/2009, PL 9760/2014 and PL 9557/2014, which are owned 100% by IMX and offered applications HQ-P28166, HQ-P27256 • The prospecting licences PL 6073/2009, PL 6158/2009, PL 9760/2014 and PL 9557/2014 are in good standing • The tenements are the subject of a joint venture agreement with MMG Exploration Holdings Limited which holds an interest in the Nachingwea Property of approximately 15%.

APPENDIX B. JORC 2012 Table 1 Reporting (cont.)

Section 2. Reporting of Exploration Results

Criteria	Explanation
Exploration done by other parties	• Exploration has been performed by an incorporated subsidiary company of IMX, Ngwena Limited • Stream sediment surveys carried out historically by BHP were not assayed for the commodity referred to in the announcement
Geology	• The regional geology is thought to comprise late Proterozoic Mozambique mobile belt lithologies consisting of mafic to felsic gneisses interlayered with amphibolites and metasedimentary rocks
Drill hole information	• The drillhole information is supplied in Section 1 and the location of the drillhole collars is shown in the accompanying release (Appendix 1). • No material information has been deliberately excluded.
Data aggregation methods	• Significant intercepts are reported based on a 5% cut-off with a minimum length of 5m which has an allowable maximum 2m of internal low-grade material. All significant intercepts are generated using Datashed software automated grade compositing function. • Higher grade significant intercepts are reported based on a 10% cut-off with a minimum length of 2m with no internal low grade material. All significant intercepts are generated using Datashed software automated grade compositing function.
Relationship between mineralisation widths and intercept lengths	• Due to the exploratory nature of the drilling the assessment of geometry of the mineralisation is ongoing. This will be greatly improved by the drilling of several DD holes enabling structural and mineralogical assessment. • At present all reported lengths are 'down-hole'. The true widths will be applied once structure and mineralogy has been correlated with structural core measurements and modelled.
Diagrams	• A diagram shows the location of drill holes and Table 1 in this announcement shows the location of the drillhole collars.
Balanced reporting	• All reported visual estimate intervals are downhole intervals from drilling aimed at being as perpendicular to mineralisation as practical.
Other substantive exploration data	• The VTEM survey has been processed with data used to target mineralisation in the most efficient and representative manner. • 25Hz, 200m spaced helicopter-borne versatile time-domain EM (VTEM) surveys were carried out over the Chilalo Project, providing magnetic and electromagnetic data. The survey flight lines were oriented N-S in the eastern areas of the Chilalo Prospect, and E-W in the western areas. The surveys overlap over the Shimba Deposit, providing data acquired from both flight orientations. The data were provided using datum WGS84 and projection SUTM37. • DHEM surveys were carried out on 18 of the RC drill holes completed in 2014 by IMX's in house survey crew and equipment (EMIT probe and receiver, and Zonge transmitter). The EM responses were modelled by Resource Potentials Pty Ltd to determine the location, orientation and size of the conductors associated with graphite mineralisation. The modelled DHEM conductor plate wireframes were provided in 3D DXF format to assist in geological modelling. • Ground fixed-loop EM (FLEM) surveys using 50m line and station spacings were carried out over the Shimba Resource using IMX's personnel and equipment (EMIT fluxgate and Zonge transmitter). The survey lines were orientated NW-SE, with the transmitter loop positioned to provide maximum coupling with the SE dipping geology. A low frequency of 0.33Hz was used to detect the very conductive horizons associated with large graphite deposits. Transmitter loop and survey station locations were acquired using a handheld GPS in datum WGS84 and projection SUTM37. The data were processed, imaged and modelled in conjunction with the DHEM data by Resource Potentials Pty Ltd. The results were compared to the VTEM data to identify other conductive horizons in the Chilalo Project.
Further work	• Refer to the announcement.