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## **IMX RESOURCES COMMITS TO CAIRN HILL DEVELOPMENT**

### **Highlights**

- First mining operation for IMX Resources NL
- Low risk project with high rates of return on low capital investment
- Simple open pit mining operation
- Offtake partner for ROM ore and cornerstone investor secured
- Low strip ratios with highest grades nearer the top of the deposit
- Majority of funding already secured
- Approvals well advanced
- Near term expansion opportunities

Diversified resources developer, IMX Resources (ASX:IXR) has formally committed to advancing its Cairn Hill project in South Australia, and expects to commence trial mining at the iron ore – gold - copper project by the end of the first quarter 2008.

Last month, IMX announced it had formed an offtake partnership with Chinese steel company Jilin Tonghua Iron & Steel (Group) Mining Ltd (Tonghua Mining), signing a detailed Heads of Agreement and injecting a cornerstone investment of \$13.93 million for 9.99% of the Company at 85 cents per share.

IMX resources Managing Director Duncan McBain said following the offtake and investment partnership with Tonghua Mining, the Company was now committed to bringing the Cairn Hill project into production as soon as possible.

“With the offtake arrangement in place, we can now proceed with confidence on the development of Cairn Hill, and are aiming to be in full production early in the third quarter of 2008, with our first shipment before the end of the year,” Mr McBain said.

“We have been active in advancing our environmental and mining approvals, and are close to finalising all funding arrangements,” he said.

The Cairn Hill Magnetite – Copper – Gold project is based on shipping unprocessed ROM ore to China for processing into a high grade (over 70% Fe) magnetite concentrate and a copper / gold concentrate. The low cost, low risk project is expected to produce a premium niche magnetite product that does not require pelletisation and has a significant Cu revenue stream. It is expected to produce 7.3mt of ore averaging 50.9% Fe, 0.43% Cu and 0.13g/t Au over a 5.5 year life, with significant opportunities for further expansion.

IMX Resources is pleased to provide shareholders with the following project update:

### **Mining Approvals and Agreements**

IMX Resources is advanced in its approvals process for the project, which is located 55 kilometres south-east of Coober Pedy, South Australia. The re-offer of the mining lease, by the South Australian government is expected within the next three weeks. The draft Early Works Mining and Rehabilitation Plan (“EWMARP”), covering the trial mining, was submitted to Primary Industry and Minerals SA (“PIRSA”) in early December to commence the review process. The draft Mining and Rehabilitation Plan (“MARP”) for the main mining operation is in final preparation for submission to PIRSA within the next two weeks.

The terms for the native title agreements with the two claimant groups within the mining lease were negotiated in November. The documentation has been finalised and is now waiting on signature by the various members of the claimant groups and the Company.

Negotiations with the Department of Defence regarding access to the Woomera Prohibited Area have yet to be concluded. Most aspects of the Access Deed have been finalised and it is not envisaged that the Access Deed will hold up the trial mining, which IMX Resources envisages commencing towards the end of Q1 2008.

Negotiations with the pastoral leaseholder will shortly take place in regards to compensation payable for the Cairn Hill mining and trucking. Early stage negotiations and feedback on the haul road route and issues involving water for stock have been discussed

### **Project Parameters**

The Cairn Hill Magnetite – Copper – Gold project is predicated on shipping unprocessed ROM ore to China where it will be processed into a high grade (over 70% Fe) magnetite concentrate and a copper / gold concentrate.

The two pits at Cairn Hill are planned to produce 7.3mt averaging 50.9% Fe, 0.43% Cu and 0.13g/t Au over a 5.5 year life with annual production of up to 1.39mtpa of ROM ore after ramp-up, and an average strip ratio of 3.0:1. This is based on the block model from the diluted Indicated Resource estimated in June 2007 of 10.5mt @ 50.0% Fe, 0.39% Cu and 0.12g/t Au.

It is envisaged that the waste removal and ore mining will be undertaken by local contractors under the management of IMX Resources own staff. This reduces the capital cost requirement of the mine.

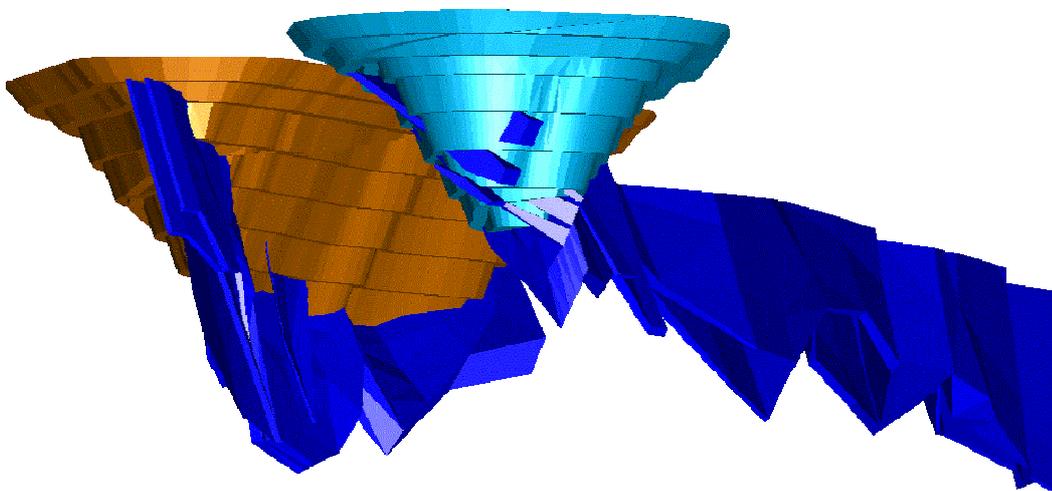


Figure 1: Sectional view of the two pits – looking from the WSW

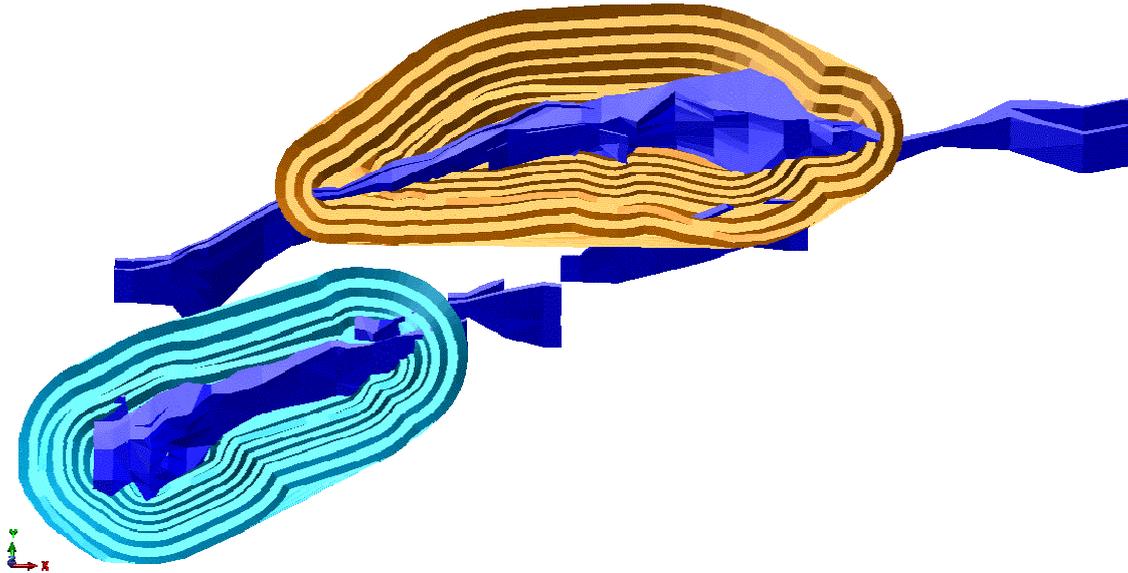


Figure 2: Plan view of the two pits – looking from the south

Unusually, both the iron and copper grades are highest nearer the subcrop of the deposit. From mineralogy studies it appears unlikely to be secondary enrichment as the copper mineralisation is predominantly chalcopyrite and the iron mineralisation magnetite through the zones of higher grade.

The higher grades provide higher revenue in the earlier years when the costs are highest due to the higher stripping ratios. This should enable early positive cashflow and constant margins through the life of the project (assuming constant prices). The aim of the mine planning has been to maximise the copper grades and minimise the stripping ratios in the early years to maximise early cashflow.

### Project Capital Costs

In its review of the Project, the Company has considered various logistics options principally around which port to use for shipping its ore – Darwin or Port Pirie. At this stage the preferred option is Darwin for the following reasons:

- Lowest capital cost option with the lowest initial equity requirements
- Delivers the lowest cost ore (CIF) to a Chinese port
- Potential to commence shipping earlier
- Lower financial risk option
- More stockpiling flexibility
- Existing port bulk handling infrastructure at the Port of Darwin

Under the preferred Darwin shipping option, the capital cost estimates for Cairn Hill are \$41.6m, whilst the capital cost estimates through Port Pirie are \$53.6m (both including working capital). The details of these capital cost estimates are:

|                             | Darwin         | Port Pirie     |
|-----------------------------|----------------|----------------|
| Mine related Infrastructure | 6.7            | 6.7            |
| Logistics Infrastructure    | 19.2           | 5.0            |
| Port Infrastructure         | 5.0            | 30.1           |
| Contingencies               | 3.1            | 4.2            |
| Working Capital             | 7.6            | 7.6            |
| <b>Total</b>                | <b>\$41.6m</b> | <b>\$53.6m</b> |

IMX has been able to significantly reduce capital cost estimates through the use of Chinese equipment, designed to Australian specifications, for the crushing, screening and dry magnetic separation. The use of Chinese equipment on the rail and port infrastructure, to Australian specifications, has the potential to reduce the capital costs further and potentially reduce operating costs through reduced leasing costs.

### **Project Funding**

Extensive discussions have been held with service providers regarding leasing arrangements of significant portions of the above, resulting in the following anticipated financing plan

|                                   | <u>Darwin</u>  | <u>Port Pirie</u> |
|-----------------------------------|----------------|-------------------|
| Capital / Working Capital Costs   | 41.6           | 53.6              |
| Lease Financed / Deferred Capital | (21.4)         | (4.7)             |
| Equity Raised from Tonghua        | (13.9)         | (13.9)            |
| <u>Balance</u>                    | <u>\$ 6.3m</u> | <u>\$35.0m</u>    |

There are further potential opportunities for specific debt funding or leasing. However, at this stage these discussions are still at a preliminary stage and have not been included. It is envisaged that under either scenario the balance will be financed from debt facilities secured against the project.

### **Cashflows**

The ROM ore will be sold on a FOB basis with the prices for the iron and copper being benchmarked to market prices with adjustments being made for processing and logistics costs. Copper revenue is important to the profitability of the project, with copper contributing up to 40% of the project revenue during the first three years.

Over the initial project life of 5.5 years the FOB costs loaded onto a Panamax vessel in Darwin are forecast to be A\$50 per tonne, after the inland freight adjustment in accordance with the sales offtake contract.

Under either shipping option, Darwin or Pt Pirie, the cumulative operating pre tax cashflow is estimated at \$101m (average \$18.4m per year) for the initial 7.3mt of ROM ore in the initial pits – based on current benchmark prices and exchange rates (copper US\$6,715 / tonne, iron ore fines US\$80.42 / dmtu and exchange rates of A\$1 = US\$0.873).

### **Project Timing**

The plan is to commence trial mining around the end of the current quarter. This will enable a bulk sample to be taken for Tonghua Mining to finalise the design work for the processing plant. In addition, the trial mining will provide an opportunity to optimise the pit design, define material handling parameters for the ore and waste and assist in effective equipment selection. The trial mining will facilitate a smooth ramp up of the mining operations.

Subject to the finalisation of the necessary mining and planning approvals, construction of port and logistics infrastructure IMX Resources plans to commence the mining operation early Q3 2008, with railing of product to the port commencing in late Q3 2008 and the first shipment in Q4 2008.

## Ports

In early 2007, IMX Resources determined access to Port Pirie was likely to be easier than Whyalla, with the outcomes more within the Company's control. IMX Resources actively pursued the Port Pirie option engaging Connor Holmes in Adelaide in October to assist the Company formulate a development application. The development application for the rail bottom dump, shed and load-out facilities was lodged with the Port Pirie Council on 21 December.

The substantial rise in ocean freight rates and the prospect of scheduling conflicts brought on by an increase in the potential number of users for the barges and trans-shipper has prompted a re-examination of the option to ship the Cairn Hill ROM ore through Darwin. The review commenced in mid October. The aim of the review is to deliver the cheapest CIF product to Tonghua Mining's processing plant.

Meetings with the Port of Darwin management have confirmed sufficient capacity exists to handle the ore from Cairn Hill utilising the existing common user bottom dump receipt and shipping infrastructure. Negotiations are being finalised with the Port of Darwin and other service providers to firm up costs and shipping capacity. The FOB pricing mechanism in the Heads of Agreement provides for the additional FOB costs associated with Darwin to be recovered.

The Board will make a final decision on the shipping port once the costings and capacity are firm for both options, and in consultation with Tonghua Mining. Should the Company determine that Port Pirie is the better current shipping option, the Company believes that alternative barging options can be put in place.

In the longer term, IMX Resources is keen to see a deep water cape-size minerals port built at Port Bonython in South Australia, with common user facilities. The Company believes this is the best long term option for the Cairn Hill project. IMX Resources views barging as a short term solution, and is pleased by the momentum that Port Bonython is gaining. IMX Resources is very encouraged by Flinders Ports proposal to commence evaluation studies in early 2008 on the development of multi-user infrastructure facilities at Port Bonython.

## Expansion Opportunities

While the initial mining operations are focused on a 5.5 year open cut pit producing ROM ore for export, there are opportunities to expand the scope and size of the operations.

To the east of the initial pit area there is a low copper and sulphur magnetite resource and mineralisation.

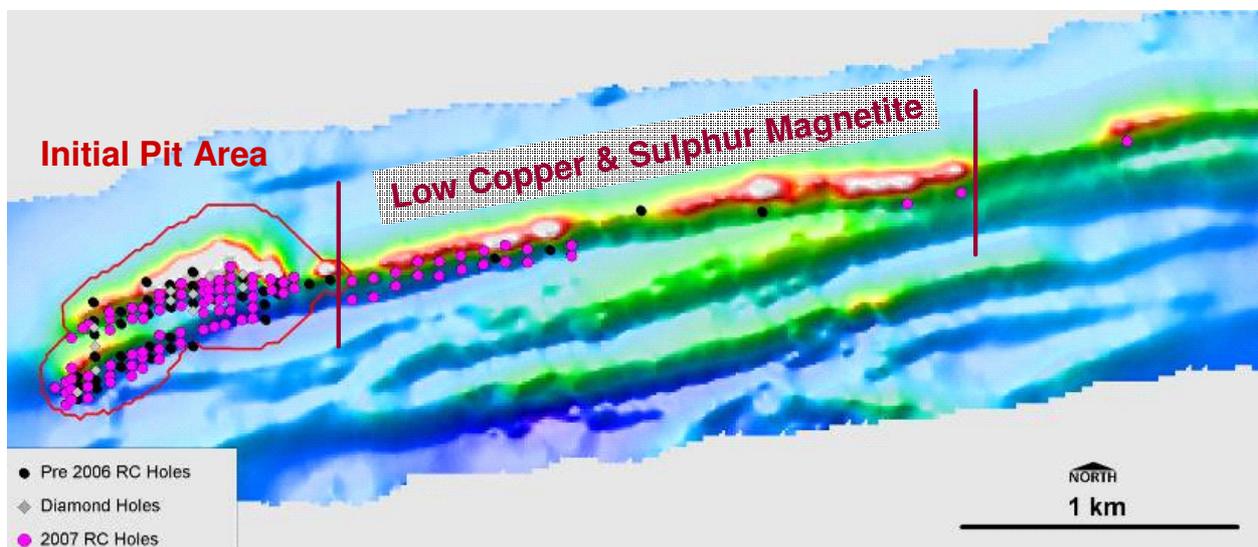


Figure 3: Area of Lower Copper & Sulphur Magnetite

Opportunities exist to mine this low copper ore and process it on site to produce a >70% Fe magnetite concentrate using low cost dry and wet magnetic separation. Core from the low copper area will be obtained for further testwork aimed at maximising the size at which the separation occurs. Further RC drilling will also be undertaken to extend the current inferred resource further to the east. The wet magnetic separation process is environmentally sustainable using no chemicals, and is able to largely recycle the process water. The preliminary Davis Tube testwork conducted on RC samples has indicated that the high grade magnetite concentrate can be produced with Fe recoveries of over 90%.

Beyond the current resources and immediate extensions to the east, the detailed helimag acquired in 2007 defines the magnetite horizon along a minimum of 18 km of strike with potentially parallel trends which appear to be also under shallow cover. The premise of commencing the initial project is to get into the market with what is a niche product. IMX Resources believes that it will be easier to expand the project once the ROM ore has been processed commercially and there is a proven record. The export of ROM ore is only possible where the copper grades are relatively high.



**DUNCAN MCBAIN**  
**MANAGING DIRECTOR**

The information in the report relating to pit design has been compiled by Jose Anthony Holub, who is a Member the Australian Institute of Geoscientists, and is the principal of Geomek. Jose Anthony Holub has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'. Jose Anthony Holub consents to the inclusion in the report of the statements made relating to pit design in the form and context in which they appear.

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 Resources is not able to warrant the accuracy or completeness of any of the information in this announcement.

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## **About IMX Resources NL**

IMX Resources NL (ASX:IXR) – is headquartered in Perth, Western Australia, is listed on the Australian Stock Exchange (ASX) with a current market capitalisation of approximately \$100m.

IMX Resources is an active diversified mining company with projects in South Australia, Tasmania and Tanzania, East Africa, focusing on a range of commodities including iron-ore, nickel, gold, copper, platinum and uranium.

The company is disciplined in following a careful strategy to maximise shareholder value by discovering and developing ore bodies. IMX Resources achieves this by participating in multiple, quality exploration projects in joint ventures with global mining companies, and by listing spin-off companies, to ensure programs with high potential are well-funded, while retaining a significant interest to provide exposure for IMX Resources shareholders. In 2007 IMX Resources shareholders have had leverage to \$19m of exploration, with IMX Resources contributing \$1.5m.

IMX Resources 100%-owned project is Cairn Hill, 55 kilometres south-east of Coober Pedy, South Australia. This unique magnetite Fe – Cu – Au project is close to the Darwin to Adelaide railway line. Studies indicate the project is viable and will produce a premium niche magnetite product that does not require pelletisation for use in the iron and steel industry in addition to having a significant Cu revenue stream. IMX Resources has signed a 3 year offtake agreement with Jilin Tonghua Iron & Steel (Group) Mining Co Ltd which will allow the Company to move to the development of the project.

In Tanzania, Lonmin Plc is earning interest in IMX Resources Mibango and Luwumbu platinum joint ventures. Lonmin currently funds and operates the exploration for both projects.

IMX Resources spun off 70% of the Nachingwea Nickel - Copper project in Tanzania into a Continental Nickel Limited (TSXV:CNI) in August 2007. IMX Resources currently holds 47.6% of Continental Nickel and retains a 30% free carried interest in the Nachingwea Nickel - Copper project through a joint venture company structure.

IMX Resources owns 39.5% of Uranex (ASX:UNX), a spin-off company from IMX Resources, which listed on the ASX in October 2005 and is dedicated uranium company with assets in Australia and Tanzania.

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