



IMX
Resources

Report for the Quarter Ended 31 March 2010

HIGHLIGHTS

Corporate

- > Taifeng Heads of Agreement (“HOA”) amended to provide interim funding, totalling \$24.6m, for the continuing development of Cairn Hill prior to FIRB decision.
- > Accordingly, Taifeng has committed \$14.6m, at 48.4 cents per share, in subscription in IMX. Following shareholder approval Taifeng will subscribe a further \$3m to take its shareholding from 13.0% to 14.99%.
- > The \$7 million advance from Taifeng to Cairn Hill project will be forwarded by mid May.
- > Taifeng’s investment into Outback Iron for a 50% shareholding agreed at \$23,988,888 (subject to FIRB Approval).
- > OZ Minerals has committed to exercising its anti-dilution rights to maintain its 13.0% shareholding.

Operations

Cairn Hill

- > \$3m development capital expenditure committed in quarter.
- > Life of mine sales contract negotiated with Jilin Tonghua for Phase 1.

Mt Woods – South Australia

- > Joint venture with OZ Minerals signed, IMX retains iron ore / magnetite rights.

Nachingwea – Tanzania

- > Cdn\$4m 2010 exploration budget approved.
- > 2010 field program focussed around expanding Ntaka resource and identifying further regional targets.

OPERATIONS REVIEW

AUSTRALIA

SOUTH AUSTRALIA

Mt Woods Project - Coober Pedy (IMX 100%)

Cairn Hill Magnetite - Copper - Gold Project

With all approvals and licences for mining, transport and shipping of ore having been obtained last quarter, the focus this quarter has been on finalising the finance for the Cairn Hill Magnetite Iron / Copper / Gold Project, located adjacent to the Stuart Highway and 55km south east of Coober Pedy in South Australia, and re-commencing the construction program.

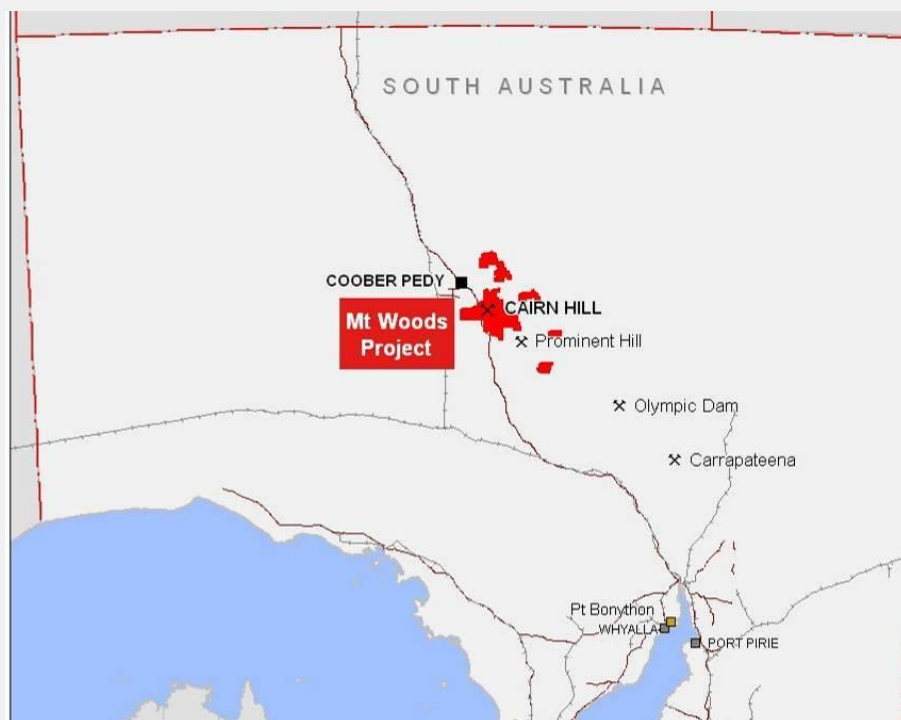


Figure 1: Location of Cairn Hill Magnetite – Copper – Gold Project



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Project Implementation

Contracts with the various service providers are in most cases ready for signing and are waiting on the receipt of the interim funding.

During the quarter IMX has made commitments for approximately \$3m of early works construction to facilitate the commencement of operations and avoid delays on start-up. In addition to the laying of the track at the Rankin Dam rail loading siding, work has been initiated on digging out the underpass to grade for the haul road, bunding of the first pit, constructing site roads, forming up the ROM pad and provision of water to the mine site. Work will shortly commence on the access road from the Stuart Highway to the haul road and formation of the laydown pad.

Port and Rail Access

The two prototype $\frac{3}{4}$ height 20 foot custom designed containers manufactured in China for the carriage and storage of the ore have been delivered to Port Adelaide. 34.5 tonnes of Cairn Hill ore was loaded into a container which was transported from Adelaide to Melbourne and back on rail. The container was surveyed before and after the railing to determine a more accurate density and determine the transportation characteristics.

Project Funding

On 29 March IMX and Sichuan Taifeng (Taifeng), a private Chinese company, amended the HOA signed on 29 December 2010. The amended HOA was designed to provide interim funding to enable IMX to commit to the development of the Cairn Hill magnetite – copper – gold project while Taifeng waits for FIRB approval.

Taifeng has agreed to expedite a \$7m advance to IMX's 100% owned subsidiary Outback Iron Pty Ltd (Outback), the holding company for Termite Resources NL which is the owner of ML 6303. These funds will be converted into equity in Outback Iron on FIRB approval. Should FIRB approval not be forthcoming then this advance will become a loan repayable over 18 months.

Subject to FIRB approval, Taifeng has agreed to invest \$23,988,888 into Outback Iron for a 50% shareholding. Taifeng's investment matches the past expenditure by IMX on the Cairn Hill project and area of the Cairn Hill ML6303 up to 31 December 2009. IMX will be reimbursed for expenditure since 1 January 2010 by Outback Iron once the investment funds have been received.

Upon the receipt of FIRB approval Taifeng will pay an additional \$13m, within 60 days, to Outback Iron for its 50% shareholding, with a further \$3,988,888 due within 6 months.

The combination of the \$14.6m share placement to Taifeng along with the \$7m advance will fully fund the Cairn Hill Phase 1 development.

The funds invested in Outback by Taifeng will be used for the development of the Cairn Hill Phase 1 project and surplus funds to progress Phase 2 through to a



decision to develop the project. Taifeng will assist IMX with loan financing its share of Phase 2 development.

Sales Contract

IMX and Jilin Tonghua Iron & Steel Group (Mining) Co Ltd (Jilin Tonghua) signed an amended sales agreement on 11 February 2010 for the Cairn Hill Phase 1 ROM ore. Under the amended sales contract Jilin Tonghua will take up to 1.7mtpa (the maximum planned output) for the life of mine of the Cairn Hill Phase 1 project. The amendment also confirmed that shipping will be in 65,000t vessels from Port Adelaide.

The other terms and conditions of the original sales contract remain unchanged. The ore will be sold on a FOB basis with the target shipping specification averaging 55% Fe and 0.43% Cu. Termite Resources receives payment for both the contained iron and copper, with the prices based on internationally traded benchmark prices and a 20% discount to allow for processing costs and losses.

The ore will be processed through the processing plant being constructed at Bayuquan in Liaoning Province, NE China.

Commodity Prices

The recent iron ore price settlement has seen the switch by the major international suppliers from annual to quarterly pricing. The quarterly pricing is aimed at more accurately reflecting the spot market prices. Media reports indicate that iron ore prices for the current quarter have increased by up to 99.5% over last year's benchmark price.

The Australian dollar appears to have stabilised into a narrower band against the US dollar over the last quarter. Copper prices have continued to strengthen with copper now trading close to US\$8,000 / t.

Project Timing

With the requirement to restructure the transaction with Taifeng to provide interim funding in the absence of FIRB approval, the ability of IMX to commit to the full development of Cairn Hill has been delayed. Shipments are now planned for early to mid Q3 depending on the timing of the receipt of the funds from Taifeng.

Mt Woods Iron Ore Rights (IMX 100%)

Iron exploration continued at Mt Woods with the majority of work focussed on the Snaefell iron prospect located approximately 12km southwest of the Cairn Hill mine. Activities comprised petrological characterisation, diamond core sampling and specific gravity determinations (SG) to assist with understanding potential processing options. Metallurgical testwork is scheduled to commence in the next quarter, and resource drill planning was initiated. This drilling is expected to commence in Q3.

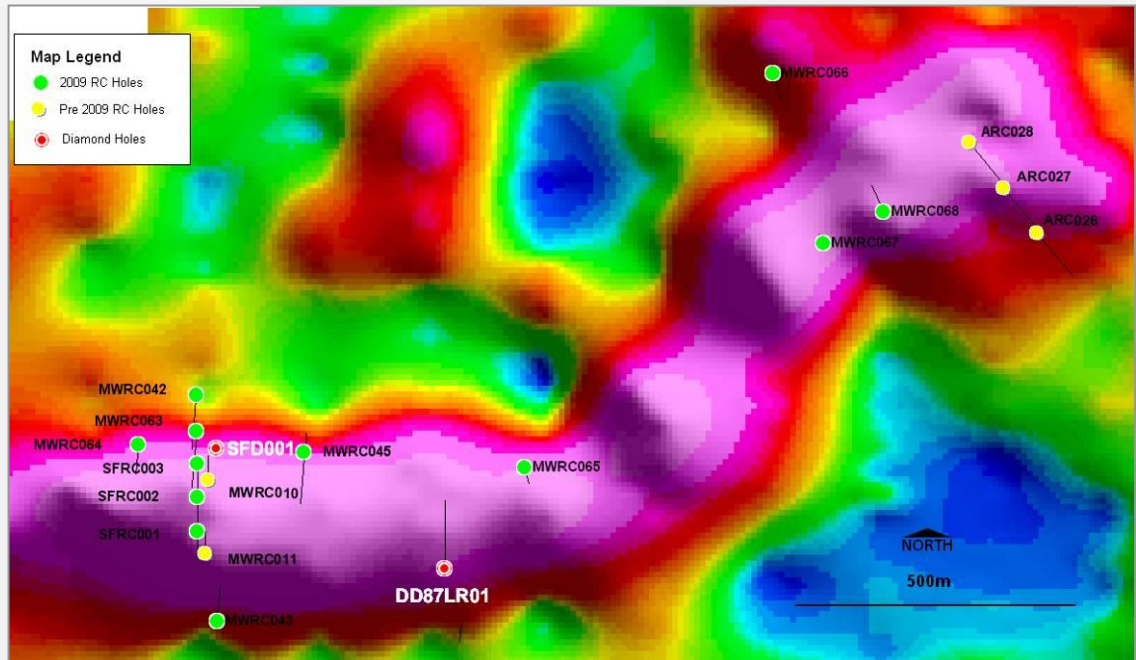


Figure 2: Snæfjell drilling on 1VD gravity image

Mt Woods Non Iron Ore Rights (IMX 49%)

IMX and OZ Minerals Limited signed a joint venture for the non-iron ore mineral rights and a minerals sharing agreement on 13 April 2010. The terms are substantially the same as the HOA signed on 30 November 2009.

Subject to South Australian ministerial consent, OZ Minerals will immediately hold a 51% interest in the proposed non iron ore rights joint venture and will retain this provided it spends a minimum of \$4 million a year over the next five years for a total of \$20m. If OZ Minerals fails to spend this amount it forfeits the entire 51%.

After this initial \$20m expenditure, both parties have the option to contribute pro rata to any further expenditure on exploration. Should IMX not contribute, OZ Minerals can earn up to a maximum of 75% at this phase by sole funding, with IMX progressively diluting. IMX cannot be diluted below 25% and would at this point be free carried through the conclusion of a bankable feasibility study (BFS) on any discovery.

Upon successful completion of a BFS and subsequent decision to mine, IMX has the option of either funding its 25% share of development to retain its interest or converting to a royalty of between 2.5%-3.0%.

Depending on the magnitude and nature of any discovery, ore from a development could be processed through OZ Minerals Prominent Hill operations.



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The joint venture with OZ Minerals excludes any discoveries made by either IMX or the joint venture on IMX's Mt Woods exploration licences in which the iron ore / magnetite value exceeds the combined value of the other minerals. Any discoveries of this type made by the joint venture would revert back to 100% IMX ownership.

The OZ Minerals joint venture does not include the right to explore on the Cairn Hill ML, but any new copper / gold discoveries made by Termite Resources within the ML would become part of the joint venture.

Exploration planning is well advanced with extensive aerial gravity/magnetic and land based Induced Polarisation (IP) surveys scheduled to commence in the next quarter.

TASMANIA

NW Tasmania Nickel Project (IMX 96%)

A short diamond drilling programme to test 2007 VTEM conductor targets at Dunn's in northwest Tasmania was completed during the quarter. Three holes, including one abandoned collar, were completed for a total of 175.4m.

Drilling intersected sulphidic black shale at the first VTEM conductor target depth, explaining the anomaly. Given the similar stratigraphic positioning of the remaining VTEM conductors, which were subsequently confirmed to be outside the basic intrusions, the decision was made to not drill the remaining 2 conductors. Instead a single core hole was drilled to 62.4m to collect a fresh sample of a basic intrusion exposed by new forestry tracks. The intrusion (possibly dunite) appears to be strongly altered. Petrographic and geochemical analyses are in progress.

In addition to the drilling, a total of 49 soil samples over 4 traverses were collected as part of an orientation survey to test the effectiveness of mobile metal ion (MMI) analysis in the deeply leached soils. All samples were submitted to SGS in Perth with results expected in the next quarter.

WESTERN AUSTRALIA

Dingo Well Gold Project (IMX 100%)

Reassessment of the mineral potential of the Dingo Well area continued during the quarter with ongoing data compilation and the purchase of geophysical data including magnetics and radiometrics.

The area was initially selected to target shear zone-hosted gold mineralisation adjacent to, or within, the Keith-Kilkenny Tectonic Zone. The area is also prospective for nickel with the Murrin Murrin Nickel deposit located approximately 20km to the east. Reconnaissance sampling and mapping are planned for the next quarter.



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TANZANIA

Nachingwea Nickel-Copper Project (IMX 30%)

The Nachingwea project is a 30:70 Joint Venture between IMX and TSXV listed Continental Nickel Limited (CNI), in which IMX has a substantial 47.4% shareholding, giving IMX a beneficial interest of 63% in the Nachingwea Project.

A budget of Cdn\$4m has been approved for the 2010 exploration program. The aims of the 2010 program are two fold:

- Diamond drilling to increase the resources at Ntaka; and
- Carry out a detailed aeromagnetic and radiometric survey over balance of the Nachingwea tenements that have not been covered by VTEM surveys in 2007 or 2008. The existing VTEM surveys only cover about 30% of the Nachingwea tenement package. An extensive soil and stream sediment sampling program will be undertaken with field mapping to follow up prospective aeromagnetic, radiometric and VTEM (from 2007 and 2008) targets with limited follow up RC drilling. This survey will also be used to identify and prioritise areas for VTEM surveys.

The detailed aeromagnetic and radiometric survey will allow the identification of potential mafic and ultramafic rocks and the follow up geochemistry will provide targeting for reconnaissance RC drilling or ground EM follow up. Previously geochemistry has proved very effective in conjunction with magnetics and EM in locating sulphides.

Mibango Nickel Project (IMX 100%)

Exploration activities for the Mibango project have been focussed on compilation and reporting of 2009 results. Based on the successful identification of magmatic sulphides and the greater understanding of the project geology derived from the 2009 field program, it is proposed to continue the regional style exploration effort in 2010. A field programme comprising geological ground truthing, mapping, sampling and ground geophysics is proposed with the aim of defining drill ready targets by the end of the field season. Detailed planning and budgeting is in progress with field operations scheduled to commence in May, weather permitting.

MOZAMBIQUE

Mozambique Nickel-Copper-PGE Project (IMX 100%)

Geological planning and targeting utilising new magnetic and radiometric data flow in October 2009 is underway. Field programs and budgets will be finalised in the next quarter



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INDIA

Due to the slow speed of the processing of the applications IMX acquired in India under the 2004 Sale, Purchase and Clawback Agreement with various Anglo American companies, IMX has given notice to Anglo American that it wishes to relinquish its rights to acquire the tenements from Anglo American, when they are granted.

IMX plans to review its other Indian licence applications, which have also been delayed for a long period of time, to determine IMX's strategy.

CORPORATE

FIRB Approval

Following discussions with FIRB and Department of Defence, Taifeng lodged its Application on 26 February. On 29 March FIRB informed Taifeng that it was issuing interim orders which extended the review period for up to 90 days. While it is extremely disappointing in view of IMX's early engagement with the various stakeholders, IMX understands the extension is due to time issues in relation to the inter-department review involved.

Proposed Placements to Taifeng under Amended HOA

On 29 March IMX and Taifeng amended the HOA signed on 29 November 2010. The amended HOA was designed to provide interim funding to enable IMX to commit to the full development of the Cairn Hill magnetite – copper – gold project while Taifeng waits for FIRB approval.

Under the amended HOA Taifeng will subscribe for 30.08m shares at 48.4 cents per share to raise \$14.6m. Following shareholder approval of this issue IMX will issue a further 6.26m shares at the same price to raise a further \$3.0m. Taifeng will, prior to FIRB approval, hold 14.99% of IMX.

Once FIRB approval has been obtained for the Taifeng transaction a further 15.431m shares will be issued to Taifeng at the same price to raise an additional \$7.5m. At this point Taifeng's shareholding in IMX will be 19.9%.

Funds from the initial \$14.6m will be primarily used for the development of Cairn Hill.

Exercise of Anti Dilution Rights by OZ Minerals

Under the terms of the OZ Minerals HOA, OZ Minerals has the right to maintain its shareholding interest in IMX in any subsequent placement in the 12 months from the HOA. If OZ Minerals does not participate in any placement in the 12 month period the right to maintain its shareholding interest in IMX lapses.



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OZ Minerals have committed to exercising its anti dilution rights in the proposed placement to Taifeng. Subject to shareholder approval of the placement to Taifeng under ASX Listing Rule 7.1 & 7.2 IMX will place 5.445m shares to OZ Minerals at an issue price of 48.4 cents per share to raise \$2.6m. Once FIRB approval has been obtained for the Taifeng transaction a further 2.314m shares will be issued to OZ Minerals at the same price to raise an additional \$1.1m. These placements to OZ Minerals will maintain its 13% shareholding after the completion of the Taifeng transaction.

Investments

IMX's major listed investments stood at \$21.5m at the end of the quarter, with the 33 million Uranex shares held by IMX valued at \$9.6m (UNX:ASX price \$0.29 per share), and the 14.3m Continental Nickel shares held by IMX valued at \$11.6m (CNI:TSXV price Cdn\$0.75 per share).

This valuation excludes the A\$7.3m see-through value of the 30% held by IMX in the joint venture company holding Nachingwea.

At the end of the quarter IMX had \$10.0m in cash.

DUNCAN McBAIN
MANAGING DIRECTOR

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 Continental Nickel. 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 and Ore Reserves. Bianca Manzi consents to the inclusion of the data in the form and context in which it appears.

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