



IMX
Resources

Report for the Quarter Ended 30 June 2010

HIGHLIGHTS

Corporate

- > FIRB approval given on 9 July 2010 for Sichuan Taifeng to conclude \$49m investment in IMX and the Cairn Hill project.
- > Interim placement of \$14.6m to Sichuan Taifeng in May under amended HOA to facilitate development of Cairn Hill.
- > Subsequent to 30 June 2010, \$14.25m placement to Sichuan Taifeng and OZ Minerals completed. Sichuan Taifeng shareholding in IMX now stands at 19.9% and OZ Minerals 13.0%.
- > Following this latter placement IMX has \$32.2m cash at bank.

Operations

Cairn Hill

- > YTD 595,000bcm of waste stripped from pit exposing ore on floor of pit
- > Mining of ore has commenced
- > Majority of service contracts signed, balance expected to be signed shortly
- > Planning first shipment mid Q4 2010

Mt Woods – South Australia

- > 13,341 km Mt Woods JV Airborne gravity and aeromagnetics survey completed.
- > Initial Davis Tube metallurgical test results indicate a 68-70% Fe magnetite concentrate is possible at Snaefell

Nachingwea – Tanzania

- > Diamond drilling commenced at Ntaka
- > 33,504 line kilometre aeromagnetic and radiometric survey completed

OPERATIONS REVIEW

AUSTRALIA

SOUTH AUSTRALIA

Mt Woods Project - Coober Pedy (IMX 100%)

Cairn Hill Magnetite - Copper - Gold Project

With the interim financing package in place, the development of the Cairn Hill Magnetite Iron / Copper / Gold Project re-commenced. During the quarter substantial pre-stripping and infrastructure development was undertaken. In addition the first exposed ore was blasted.

The Cairn Hill Project is located adjacent to the Stuart Highway and 55km south east of Coober Pedy in South Australia.

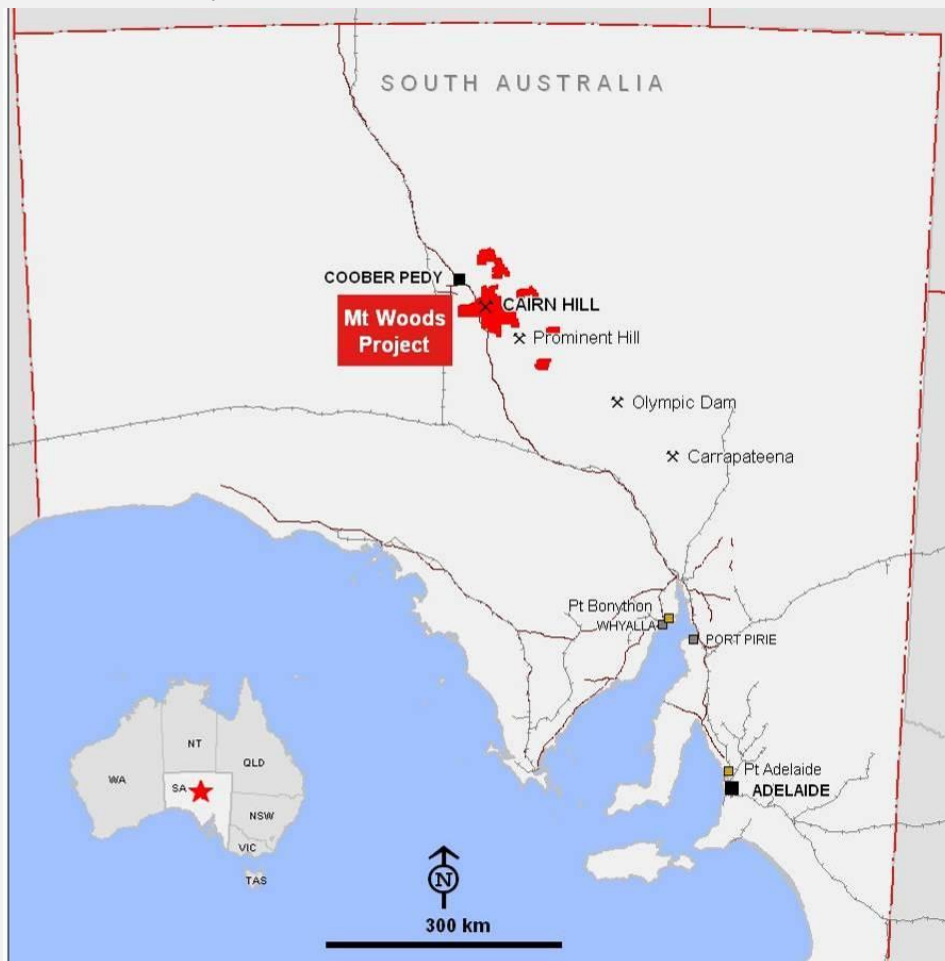


Figure 1: Location of Cairn Hill Magnetite – Copper – Gold Project

Safety

No injuries occurred for the quarter.

Site employee and visitor induction procedures and pre start Blood Alcohol Content (BAC) testing have now been implemented.

Mining

The contract for the provision of mining, drill and blast, and crushing services was awarded to Exact Mining Services (EMS) during the quarter. EMS have continued mobilising additional plant and equipment to supplement the equipment previously mobilised as part of the project construction works which occurred last quarter.

At the end of the quarter sufficient mobile plant had been mobilised to site to allow the mine schedule to be achieved.

	Q4 2009/10	2009/10 YTD ⁽¹⁾
Mining Volumes		
- Waste (BCM)	542,091	595,084
- Total (BCM)	542,091	595,084
Ore (tonnes)	0	0
Fe %	0	0
Cu %	0	0

⁽¹⁾ Includes material mined as part of site establishment activities February to April 2010.

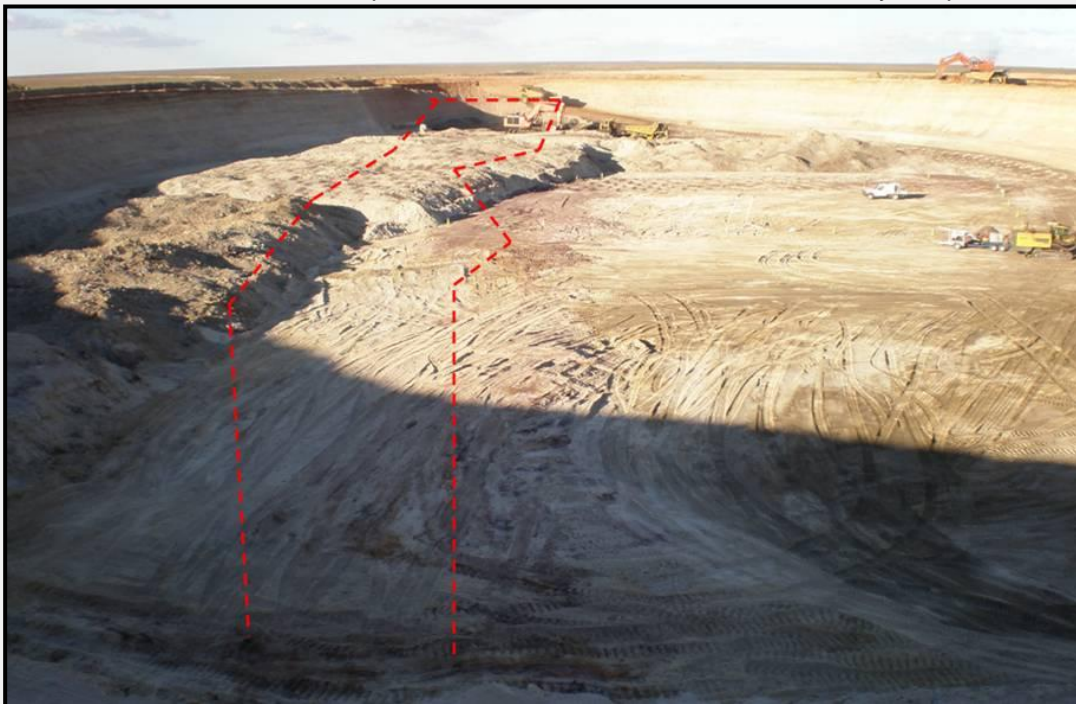


Figure 2: Starter Pit as of 30 June, looking east showing projected ore boundary on 130mRL

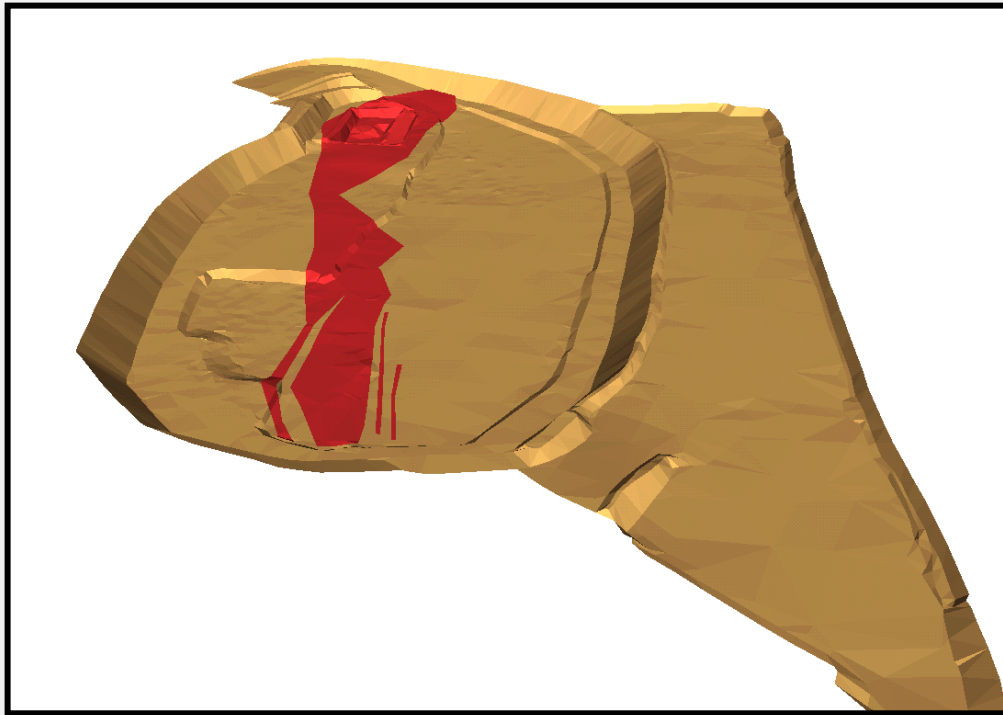


Figure 3: Starter Pit, 30 June surface showing intersection with the ore body from the resource model to the 130mRL

At the end of May the first blast of approximately 40,000 tonnes of ore was undertaken.



Figure 4: First blast (looking west), showing nominal ore / waste boundary. The ore dips to the left of photo

Since the end of the quarter mining of the ore has commenced with ore being delivered to the ROM pad.



Figure 5: Mining of first ore July 2010

The primary and secondary crushers and ancillary stackers were mobilised in the quarter. Commissioning of the crusher commenced towards the end of June using uncrushed ore from the trial mining stockpile.

Infrastructure

Infrastructure completed during the period were the laydown and ROM pads, explosive magazines and bulk explosive storage area, site roads and water infrastructure.. The permanent fuel farm has been installed along with temporary office and workshop facilities.

Remedial work on the Cairn Hill – Rankin Dam rail siding haul road continued during the quarter to bring the road up to a suitable standard to allow haulage to commence. At the rail siding the automatic signalling was installed.

Transport and Port Services

Road haulage and train loading services will also be provided by EMS, with the contract in final form and awaiting execution. Stony Desert Mining Services, a joint venture between EMS and the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation, will be awarded the contract subject to the finalisation of successful negotiations for the maintenance of the haul road from the mine to the Rankin Dam rail siding.

IMX will supply all the fuel on site to contractors and a biodiesel supply contract has been signed with Logicoil.



SBR, a subsidiary of SCT Logistics, has been contracted to provide rail haulage and maintenance of the rail wagons that IMX is leasing from Gemco. A leasing agreement has been signed with Gemco, a subsidiary of Coote Industries, for the supply of 194 40 foot container wagons. Initially the rail operation will use an interim wagon, with the purpose built wagons from Gemco being progressively delivered from November.

Through the rail haulage provider, SBR, train paths to run 6 ore trains a week have been contracted between IMX's Rankin Dam loading siding and Port Adelaide.

IMX has also signed a leasing agreement with Cronos for the lease of 3050 custom built 20 foot containers for the rail transport and storage of the ore at Port Adelaide. Contracts have also been signed with Wilhemsen for shipping services and AMDEL for analytical services.

The final agreement with Flinders Ports for the provision of port services at Outer Harbour at Port Adelaide is expected shortly. A detailed Heads of Agreement was signed in May 2009.

Project Funding

While awaiting FIRB approval IMX has continued to fund the development of Cairn Hill, using its cash reserves and a placement of IMX shares to Sichuan Taifeng in May. Company loans to the project since 1 January 2010 will be refunded to IMX from the proceeds of the circa \$24m investment by Taifeng in Outback Iron Pty Ltd, which indirectly holds 100% of the Cairn Hill project. In the last quarter IMX has committed a further \$6.5m to the development of Cairn Hill.

Sichuan Taifeng will now invest approximately \$24 million for a 49% interest in Outback Iron Pty Ltd, subject only to the finalisation of the Chinese National Development and Reform Commission (NDRC) consent now that FIRB approval has been obtained. The first \$15 million payment is due within 30 days of FIRB approval, the second \$5m payment within 60 days and the balance within 6 months. Sichuan Taifeng will be issued new shares in Outback Iron Pty Ltd once the first payment of \$15 million has been received from Sichuan Taifeng.

It is forecast that a further \$9m of funding is required to take Phase 1 up to the point of the first shipment. There is a higher working capital requirement due to the delay by 2 months in the commencement of shipping due to the delay in obtaining containers. Surplus funds will be used for additional drilling and feasibility studies for Phase 2.

Project Ownership

As part of the FIRB approval process Sichuan Taifeng agreed to reduce its holding in Outback Iron from 50% to 49%. Sichuan Taifeng will also appoint 2 directors to a 4 person Outback Iron board, where one of the IMX nominees will be appointed chairman who will have a casting vote.



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IMX will retain control of the project company, Termite Resources NL, appointing all the board members and management in line with the deed of access with the Department of Defence for the Cairn Hill project.

Sales Contract

With the changes to the annual iron ore benchmark system, IMX and Jilin Tonghua Iron & Steel Group (Mining) Co Ltd (Jilin Tonghua) are in the process of modifying the sales contract to reflect the changes in the pricing mechanism for iron ore, in accordance with the terms of the sales contract.

Bayuquan Processing Plant

In May, Sichuan Taifeng purchased a 70% shareholding in the processing plant, at Bayuquan in Liaoning Province, NE China from Jilin Tonghua. Construction of the processing plant recommenced in early June and it is expected that the plant will be ready for commissioning around the end of September.

Project Timing

Containers are now the critical item for determining the date of the first shipment. Based on the current delivery schedule of the custom built containers (which are being built in China), the timing of the first shipment has been delayed from this quarter to towards the middle of next quarter.

Mt Woods Iron Ore Rights (IMX 100%)

Snaefell metallurgical testwork commenced during the quarter with initial Davis Tube test results indicating that it is possible to produce a 68-70% Fe magnetite concentrate. The current metallurgical testwork is investigating flowsheet options that could produce a saleable magnetite concentrate. The key criteria are to minimise the capital and operating cost while optimising the weight recoveries.

Analytical results were received from the diamond drilling programme completed at Snaefell, Fitzgerald Dam and Aquila in late 2009 following delays associated with contract core cutting and sampling services. Significant intercepts of iron mineralisation were returned from the 394m diamond hole at Snaefell, with wide intervals of greater than 25% iron mineralisation intercepted (Table 1).

The Snaefell iron ore prospect comprises at least 250m vertical depth of iron-rich rocks over a strike length of more than 3km. Diamond hole SFD001 targeted the centre of the 'Core Zone' of the magnetite-mineralised part of the Snaefell prospect and intersected thinly-banded gneiss with layers containing two types of crystalline iron oxide minerals, magnetite and specular hematite, and, closer to surface in the partly weathered zone, non-crystalline earthy hematite. It is estimated that about 40% of the rock is iron oxide in the ratio 80% magnetite to 20% hematite. The distribution of iron ore types is caused by magnetite partially weathering to earthy hematite within the upper approximately 100m of the system. Specular hematite occurs as a primary (metamorphic) ore mineral along with magnetite to a depth of about 250m, below which magnetite is the predominant iron oxide mineral.

Hole	From (m)	To (m)	Interval (m)	Fe%	
SFD001	44.10	80.75	36.65	32.53	
	84.00	86.00	2.00	30.90	
	90.00	105.00	15.00	28.47	
	108.70	111.00	2.30	30.40	
	118.00	120.00	2.00	25.70	
	126.00	127.20	1.20	32.17	
	129.00	144.00	15.00	26.88	
	146.00	169.00	23.00	28.34	
	184.00	193.00	9.00	28.05	
	198.00	199.00	1.00	30.87	
	201.10	202.00	0.90	27.13	
	204.50	212.90	8.40	31.99	
	<i>includes</i>	206.00	211.20	5.20	39.11
		221.30	271.50	50.20	30.60
		273.90	281.10	7.20	28.70
		283.00	286.00	3.00	27.18
	348.90	351.00	2.10	27.37	
	353.00	356.00	3.00	31.63	
	380.90	382.00	1.10	30.80	
	387.00	389.25	2.25	26.84	
	393.00	394.00	1.00	25.23	

Table 1. Snaefell Fe Results using a >25% Fe cutoff (Fe results were determined by XRF fusion analysis)

An RC drilling programme is scheduled to commence at Snaefell in Q4 as part of a resource upgrade. This drilling will also include some diamond core holes for more definitive metallurgical testwork.

In addition to Snaefell, three other diamond holes were also completed in 2009 at the Black Hills prospect and the Aquila and Fitzgerald Dam targets.

A single diamond tail was completed at Fitzgerald Dam to follow-up magnetite-rich gneisses that were intersected in MWRC073 136m @ 30.32% Fe (ASX: 4 November 2009). Although hole MWRC074 was extended as a diamond tail, no rocks with intervals containing more than 30% magnetite similar to those in MWRC073 were intersected. Additional work is required to locate the down-dip extensions of the magnetite-rich rocks intersected in MWRC073.

Mt Woods Non Iron Ore Rights (IMX 49%)

The Mt Woods Non Iron Ore Rights Project is a 49:51 joint venture between IMX and OZ Minerals Limited, where OZ Minerals will spend 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%.

A first year exploration budget of \$5.1 million has been approved by the joint venture.

The first phase of the Mt Woods JV exploration program was to complete a detailed Falcon gravity and aeromagnetic survey comprising approximately 13,341 line kilometres over the core Mt Woods JV project area. The program was completed almost a month ahead of schedule due to favourable flying conditions. Data processing is now underway to identify potential targets. It is anticipated that the data processing will take approximately 6 weeks.

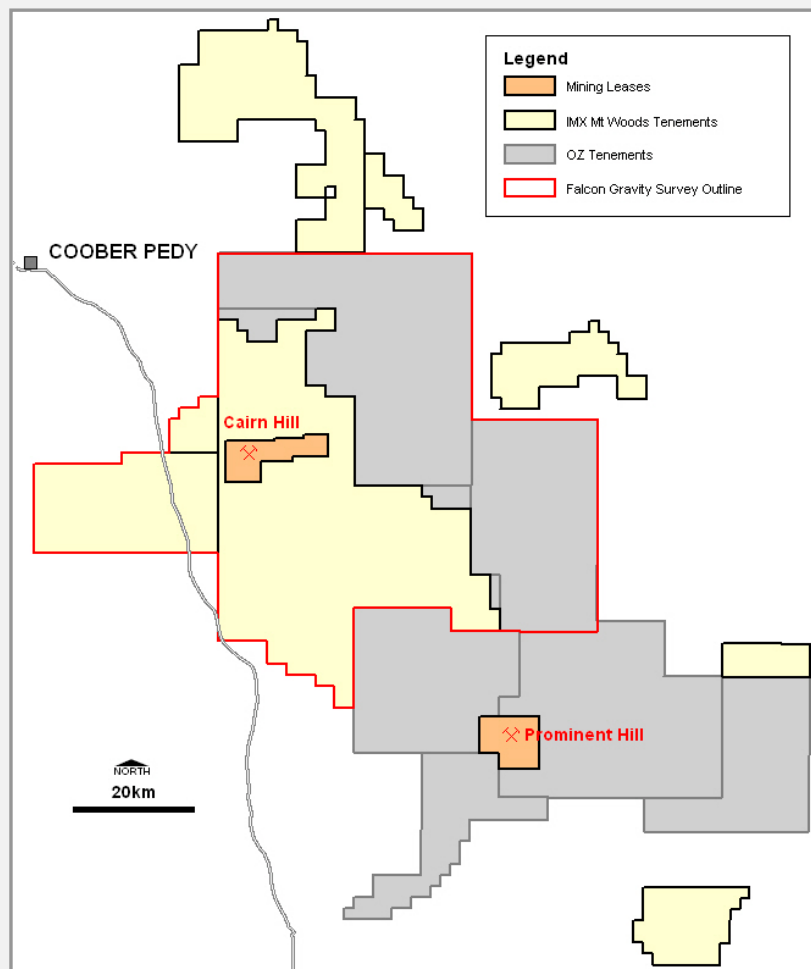


Figure 6: Falcon gravity & aeromagnetics survey coverage

Potential targets identified from the airborne surveys will be followed up with a combination of ground gravity, IP surveys and diamond drilling where warranted.

Diamond core drilled by IMX in late 2009 at the Black Hills Cu-Au prospect was delivered to OZ Minerals for evaluation and processing under the terms of the Mt Woods JV. The 336.5m diamond drill hole tested the centre of the main copper anomaly at Black Hills and intersected an interval containing minor disseminated chalcopyrite (copper sulphide). Results are currently being assessed.

At Aquila, an RC hole was extended with a 60.2m diamond tail to 330.5m to test the



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upper part of the 'Aquila' geophysical target. Hole MWRCD070 intersected fine-grained disseminated pyrite (iron sulphide) in sufficient quantities to partially explain the geophysical anomalies. No significant mineralisation was intersected.

TASMANIA

NW Tasmania Nickel Project (IMX 96%)

During the quarter geochemical and microprobe results were received for the core samples drilled in March at Dunns. The analyses confirmed the highly altered nature of the ultramafic identified from the drilling. Follow-up geochemical sampling is currently in progress.

Results were received for the 49 Mobile Metal Ion (MMI) soil samples collected over 4 traverses at the Dunns (36) and Mt Lileah (13) areas in March. The samples were collected as part of an orientation survey to test the effectiveness of the MMI technique in the deeply leached soils and thickly covered areas.

At Dunns, elevated geochemical results were identified in areas of deeply leached soils providing some encouragement that the MMI technique will be an effective exploration tool. Follow-up soil and stream sampling is currently underway.

In the Tertiary volcanic and alluvial covered areas at both Dunns and Mt Lileah, the MMI results proved to be ineffective.

WESTERN AUSTRALIA

Dingo Well Gold Project (IMX 100%)

The planned reconnaissance sampling and mapping programme at the Dingo Well project was postponed during the period and will now be conducted in 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 37.2% shareholding, giving IMX a beneficial interest of 56% in the Nachingwea Project.

A budget of Cdn\$4m has been approved for the 2010 exploration program.

The field program commenced in mid May. The diamond drilling program at Ntaka, that commenced mid June has completed 9 new holes and deepened one other for a total of 1,033m. The first assay results are expected in August.

The planned 33,504 line kilometre detailed aeromagnetic and radiometric survey over the Nachingwea tenements was completed in June. Final data is expected in the latter part of July.

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 and airborne or ground EM follow up outside of the 30% of the Nachingwea tenements covered by VTEM. Previously geochemistry has proved very effective in conjunction with magnetics and EM in locating sulphides.

Mibango Nickel Project (IMX 100%)

Field exploration activities are now well underway at the Mibango Ni project with staff mobilised to site in late May and early June. Initial focus of the programme has been the safety induction and training of new staff, and the re-establishment of tracks and fly camps in order to access the Mwese area where magmatic sulphides were identified in 2009.

The 2010 exploration programme has been designed to define drill ready targets by the end of the field season. Exploration activities comprise geological ground truthing, mapping, sampling and ground geophysics. To date over 117 stream sediment samples have been collected at Mwese. This is the continuation of the 2009 sampling programme that was curtailed by the start of the rainy season. Samples will be dried, prepped and depatched for analyses in July. Ground truthing of prospective nickel targets is also well underway with over 65 target locations visited during the quarter, and soil sampling programmes planned where warranted.

As part of the IMX community engagement process, a health clinic staffed by a medic has been established for the field season at Mibango. The clinic has proven to be very popular with the local community with services being utilised by both staff and local villages in the remote area. The nominal fees charged for clinic services are being used to purchase equipment for the local school at Ikabulu village.



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MOZAMBIQUE

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

Exploration programmes have now been planned with field activities scheduled to commence in late July at Cabo Delgado and Milange.

Five areas have been identified for followup from the 2009 geophysical survey at Cabo Delgado. This program will comprise stream sediment sampling and geological mapping to validate targets.

At Milange a programme of rock and soil sampling is planned to increase the 2009 sample density and better define prospective targets.

INDIA

No progress this quarter.

CORPORATE

FIRB Approval

The Foreign Investment Review Board (FIRB) on 9 July 2010 approved the investment by Sichuan Taifeng in IMX and the Cairn Hill project

The FIRB approval opens the way for Sichuan Taifeng to:

- acquire up to 19.9% of IMX through a placement, this has now been completed; and
- acquire 49% of Outback Iron Pty Ltd, the IMX subsidiary which indirectly holds the Cairn Hill operations and Cairn Hill ML6303.

As the Cairn Hill ML6303 is located within the Woomera Prohibited Area this has resulted in the FIRB process involving the Department of Defence. IMX and Sichuan Taifeng have been in discussions with the Department of Defence which have resulted in their support for the Sichuan Taifeng investment, conditional only on:

- Sichuan Taifeng agreeing to reduce its holding in Outback Iron from 50% to 49%. Sichuan Taifeng has agreed to this condition;



- Termite Resources agreeing to vary the access deed, signed in May 2008, in relation to visitors and site staff. Termite Resources has signed the new deed and transitional arrangements, thus allowing the operations at Cairn Hill to proceed uninterrupted; and
- Department of Defence being satisfied that the amended deed is sufficient to protect the national security interests of Australia. Department of Defence has signed the deed and notified FIRB that the amended deed is sufficient to protect the national security interests of Australia.

The full \$49m investment by Sichuan Taifeng can now proceed.

Placement to Taifeng under Amended HOA

Following the signing of an amended HOA, Sichuan Taifeng subscribed for 30.08m shares at 48.4 cents per share to raise \$14.6m on 7 May, giving them a 13% shareholding in IMX. Funds from this placement were primarily used to progress the development of Cairn Hill prior to the receipt of funds after FIRB approval.

Placement to Taifeng and OZ Minerals

Following FIRB approval, and shareholders approval on 16 June, IMX has made the second placement to Sichuan Taifeng of 21,691,000 shares at 48.4 cents per share to raise \$10,498,444. Sichuan Taifeng has invested \$25,057,164 in total to acquire their 19.9% shareholding in IMX. Simultaneously, IMX has also placed 7,759,000 shares at 48.4 cents to OZ Minerals Limited to raise an additional \$3,755,356, which will maintain their original 13.0% shareholding under the anti-dilution provisions of the HOA signed in November 2009.

Investments

IMX's major listed investments stood at \$12.8m at the end of the quarter, with the 33 million Uranex shares held by IMX valued at \$5.3m (UNX:ASX price \$0.16 per share), and the 14.5m Continental Nickel shares held by IMX valued at \$7.3m (CNI:TSXV price Cdn\$0.45 per share).

This valuation excludes the A\$1.7m see-through value of the 30% held by IMX in the joint venture company holding Nachingwea.

As at 12 July 2010, following the share placements IMX had cash at bank of \$32.2m

A handwritten signature in black ink, appearing to read "D. McBain", with a horizontal line extending to the right.

DUNCAN McBAIN
MANAGING DIRECTOR



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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.

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.

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