



Report for the Quarter Ended 30 September 2010

HIGHLIGHTS

Corporate

- > At the end of the quarter IMX had \$25.7m cash at bank, following the repayment of loans by Outback Iron following Sichuan Taifeng's investment, IMX has \$37.6m cash at bank
- > Sichuan Taifeng have invested the first \$15m for their 49% interest in the Cairn Hill Project

Operations

Cairn Hill

- > Mined circa 233,000 tonnes of ore with 58,000 tonnes ready for railing
- > All major service contracts signed
- > Railing commenced in second half of October with first shipment in early December

Mt Woods – South Australia

- > Rig mobilised for Cairn Hill Phase 2 and Snaefell resource definition drilling
- > Priority targets identified from Mt Woods OZ Minerals JV airborne gravity and aeromagnetics survey. Additional geophysics being undertaken
- > Metallurgical testwork at Snaefell indicates potentially lower cost processing options

Nachingwea – Tanzania

- > 2010 drilling has expanded mineralisation at Ntaka
- > New wide, largely disseminated nickel-copper sulphide mineralisation discovered at Sleeping Giant. Additional drilling approved.
- > Regional RC drilling program commenced

OPERATIONS REVIEW

AUSTRALIA

SOUTH AUSTRALIA

Mt Woods Project - Coober Pedy (IMX 100%)

Cairn Hill Magnetite - Copper - Gold Project

Progress towards the first shipment in December from the Cairn Hill Magnetite Iron / Copper / Gold Project continued during the quarter with the commencement of mining and crushing of ore and haulage to the rail siding.

The mine was officially opened by Premier Rann on 26th August.

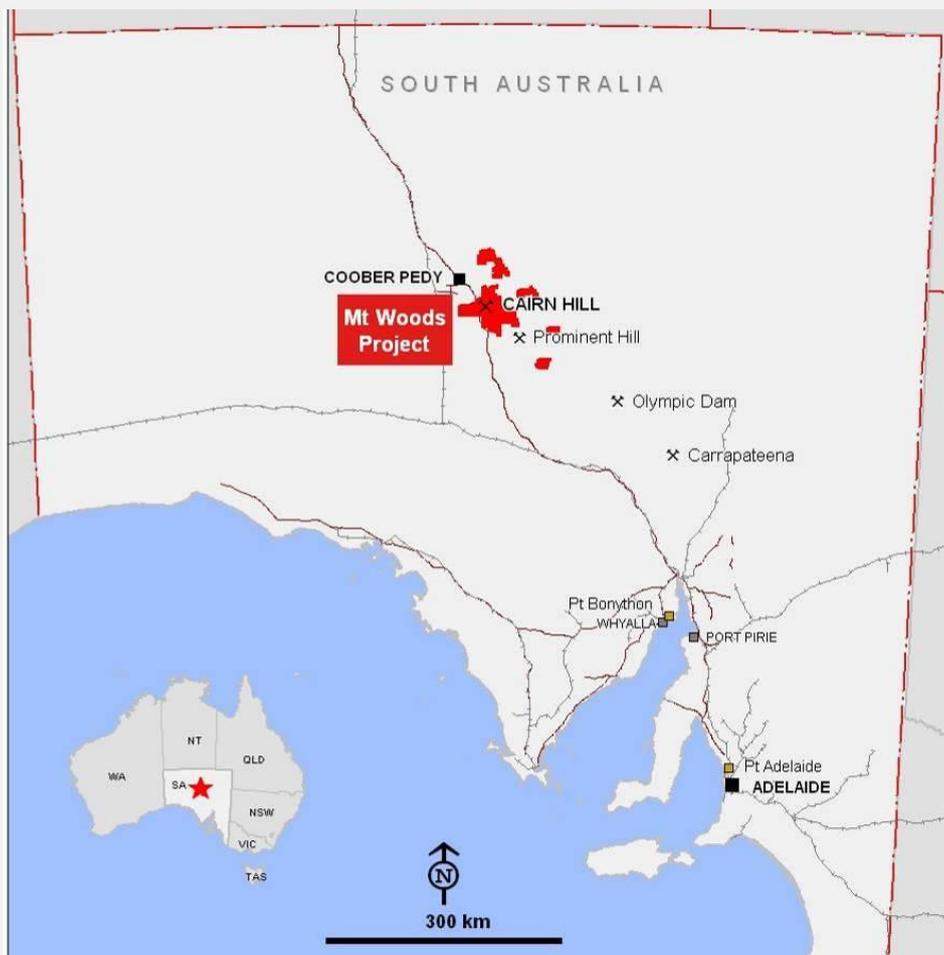


Figure 1: Location of Cairn Hill Magnetite – Copper – Gold Project

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

Safety

A total of 16 incidents of damage to equipment / property occurred in the quarter, 1 lost time injury, 1 restricted work injury and 1 minor injury resulted. This performance has been very disappointing and ongoing safety meetings and overall safety performance awareness have been conducted with all site employees as a first step to addressing the issue.

| Category | Quarter | FYTD | Since Feb 2010 |
|----------|---------|-------|----------------|
| LTIFR | 23.33 | 23.33 | 13.37 |

Mining

Mining has continued on a single shift basis during the quarter. Development is slightly behind schedule, but there are adequate stockpile pre and post crusher. No impact is expected to ore production

| Mining Volume | Quarter | FYTD |
|---------------------|---------|---------|
| Waste (BCM)) | 511,559 | 511,559 |
| TOTAL (BCM) | 570,062 | 570,062 |
| Ore (tonnes) | 232,960 | 232,960 |
| Fe % ⁽¹⁾ | 52.64 | 52.64 |
| Cu % ⁽¹⁾ | 0.72 | 0.72 |

(1) Note: Grades are uncalibrated Niton grades and includes low grade mined.



Figure 2: Starter Pit at end of September, looking east showing projected ore boundary on 120RL

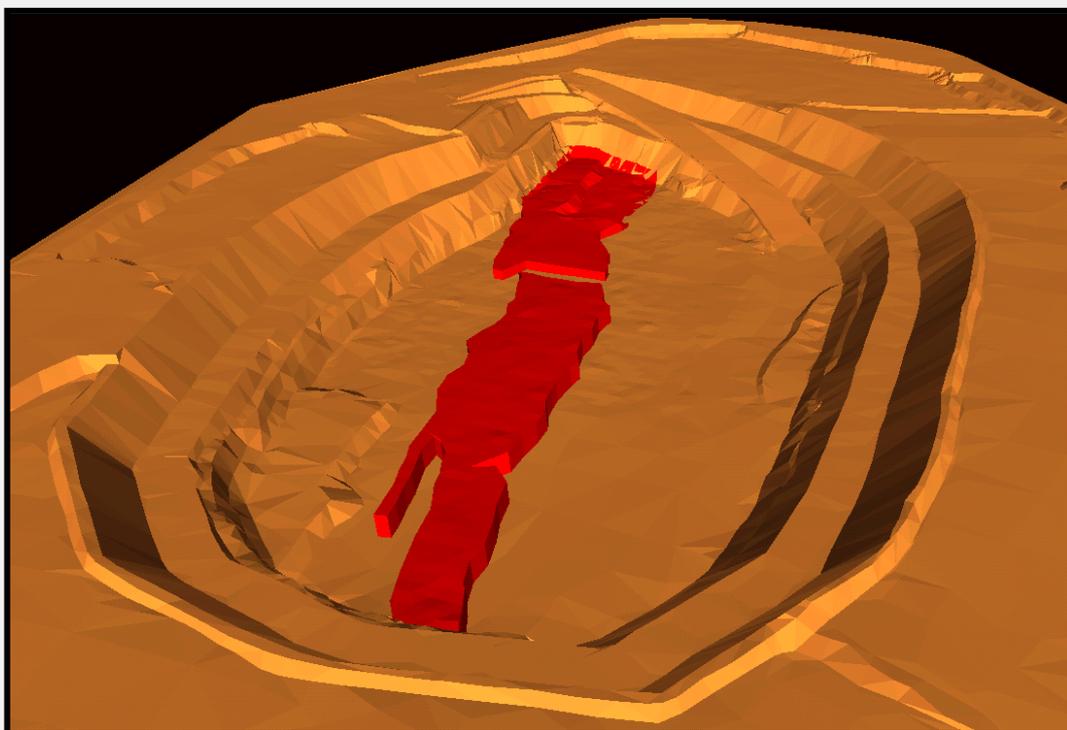


Figure 3: Starter Pit at end of September surface showing intersection with the ore body from the resource model to the 120RL

Exact Mining will commission a new Hitachi 1900 excavator during the current quarter that will provide additional capacity and flexibility.

Geology

Grade control, crushing and stockpile sampling is being undertaken with the portable hand held Niton XRF analyser. Samples are also sent to the laboratory to calibrate Niton results

Preliminary results indicate that the Niton under reports Fe by approximately 3.97%, and over reports Cu by 0.21% in the most common grade ranges. Calibration work is continuing.

Crushing

| Crushing | Quarter | FYTD |
|---------------------|----------------|----------------|
| Tonnes | 124,444 (1) | 124,444 (1) |
| Fe % ⁽²⁾ | 52.03 | 52.03 |
| Cu % ⁽²⁾ | 0.52 | 0.52 |

⁽¹⁾ Inclusive of low grade tonnes

⁽²⁾ Reported grades based on laboratory results

Crushing commenced during the quarter with the commissioning of the mobile crushing plant. The originally installed secondary impact crushing unit was replaced with a cone crusher to provide a more uniform crushed product and reduce fines.



Figure 4: Exact Mining Services' mobile primary and secondary crushing units

Haulage

| Haulage | Quarter | FYTD |
|---------------------|---------|--------|
| Tonnes | 57,849 | 57,849 |
| Fe % ⁽¹⁾ | 52.97 | 52.97 |
| Cu % ⁽¹⁾ | 0.52 | 0.52 |

⁽¹⁾ Reported grades based on laboratory results

Road haulage commenced initially with 'triple' roadtrains before ramping up to 'quad' roadtrains at the end of the quarter. Haulage capacity is being balanced with haulage requirements, and haulage capacity will be ramped up over the next quarter.



Figure 5: Triple roadtrain being loaded at Cairn Hill mine site

Rankin Dam

The initial ore stockpile at Rankin Dam was established during the quarter. The aim is to have a permanent stockpile of 50,000 – 60,000 tonnes at Rankin Dam at any one time to allow for events like wet weather closing the haul road.



Figure 6: Stockpile at Rankin Dam Rail Siding at the end of September

Rail

No railing occurred in the quarter. The first tranche of 300 containers were delivered on schedule to Port Adelaide during the period. In early October a further 400 containers were delivered to Port Adelaide, with the remainder due approximately every fortnight until the end of the year.



Figure 7: Containers being offloaded at Port Adelaide

The first train of ore left the Rankin Dam Siding near the mine on 17 October and arrived in Adelaide on the morning of 18 October.



Figure 8: Loading the first train with Cairn Hill ore at Rankin Dam Rail Siding



Figure 9: Reach Stacker Unloading Ore Container at Port Adelaide



IMX
Resources

Shipping

Work has commenced on the construction of the hardstand out Outer Harbour, Port Adelaide and orders placed for rotainers and the dust suppression system for loading, which are the critical items for the start of shipping operations.

The first shipment is planned for early December.

Stockpiles

At the end of the quarter the various stockpiles were:

| | Pre Crusher | Post Crusher | Rankin Dam | Port Adelaide |
|-----------------------|----------------------|----------------------|----------------------|---------------|
| Tonnes ⁽¹⁾ | 79,339 | 66,595 | 57,849 | NA |
| Fe % | 55.46 ⁽²⁾ | 52.99 ⁽³⁾ | 52.97 ⁽³⁾ | |
| Cu % | 0.60 ⁽²⁾ | 0.55 ⁽³⁾ | 0.52 ⁽³⁾ | |

⁽¹⁾ Inclusive of Trial Pit, Low Grade and High Grade material

⁽²⁾ Unreconciled Niton grades

⁽³⁾ Reported grades based on laboratory results

Contracts

The road haulage and rail loading contract was signed with Exact Mining Services. The road maintenance contract is being finalised. Road maintenance services are being provided by Exact Mining Services on a day rate basis in the interim.

The Logistics Services Contract with Flinders Ports has been recently signed. With its signing all the major operational contracts are now in place.

Project Funding

IMX has continued to fund the development of Cairn Hill, using its cash reserves. The intercompany loans from IMX to the project since 1 January 2010 have been refunded to IMX from the proceeds of the first tranche of the circa \$24m investment by Sichuan Taifeng in Outback Iron Pty Ltd, which indirectly holds 100% of the Cairn Hill project. In the last quarter IMX has committed a further \$8.0m to the development of Cairn Hill.

The Chinese government approvals for Sichuan Taifeng's investment into Outback Iron are close to being finalised with the investment having received the Chinese National Development and Reform Commission (NDRC) consent now that FIRB approval has been obtained. The first \$15m payment has been received and the second tranche of \$5m is expected to be received around the end of October. Sichuan Taifeng will be issued new shares equivalent to a 49% interest in Outback Iron Pty Ltd once the first payment of \$20m has been received.

Sales Contract

A further variation to the life of mine sales contract with Jilin Tonghua Iron & Steel Group (Mining) Co Ltd (Jilin Tonghua) was signed at the end of September. The new contract is index linked to reflect the change from the annual benchmark method of pricing iron ore since the original contract was signed.



IMX
Resources

Phase 1 Resource Reoptimisation

AMC Consultants carried out Whittle optimisations on the combined Cairn Hill Phase I and Phase II model using a number of revenue and cost scenarios to produce a number of pit shell options for consideration by the IMX board. The re-optimisation has been undertaken in light of changed market conditions and prices, to evaluate the potential to convert more of the in situ resource into a mineable in-pit resource. Initial results indicate that the tonnage could potentially be increased by 10%.

Work has now moved to producing revised pit and waste dump designs with detailed designs, bench ore tonnages and volumes to allow detailed scheduling work and costing of the preferred options.

Phase 2

The board of IMX has decided to accelerate the feasibility for Cairn Hill Phase 2 and will commence drilling in November with the aim of proving up the target mineralisation of 10-12mt at 40-50% Fe. The aim is to produce a resource estimate of sufficient quality in 2011 to allow mine optimisation to be undertaken. Further metallurgical drilling will be carried out to enable definitive metallurgy on the intermediate 60% Fe concentrate and final 60% concentrate options to be evaluated in more detail on samples more representative of the Phase 2 ore body.

Mt Woods Iron Ore Rights (IMX 100%)

Snaefell initial metallurgical testwork concluded in the quarter. The results were very encouraging with the testwork indicating that 40% of the mass of the ROM ore could be rejected after crushing by dry magnetic separation. Obviously this would significantly reduce the size of any grinding circuit required. Wet magnetic separation at a P_{80} of 150 microns could produce a 66% Fe magnetite concentrate. As with Cairn Hill, the Snaefell magnetite appears to be relatively coarse grained which has the potential for a lower capital and operating cost project.

Following the results of the testwork IMX has committed to the next round of drilling, with the aim of producing a JORC resource sufficient size to initiate a pre-feasibility study. Drilling will commence in October with the aim of producing a resource estimate in H1 2011. Metallurgical drilling will also be carried out to enable a more definitive metallurgical testing program to be undertaken to confirm the results of the initial test program carried out.

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%.



IMX
Resources

An initial first year exploration budget of \$5.1 million was approved by the joint venture. A supplementary exploration budget of \$0.23 million has recently been approved to enable further detailed aeromagnetics to be flown and water bore drilling for the upcoming diamond drilling program.

Preliminary processing of the Falcon gravity and aeromagnetic survey has been completed and priority areas identified for additional work have been selected.

TASMANIA

NW Tasmania Nickel Project (IMX 96%)

During the quarter followup geochemical results were received for the 23 conventional soil samples collected to test the effectiveness of the Mobile Metal Ion (MMI) samples used for the deeply leached soils and thickly covered areas at Dunns and My Lileah.

The sampling confirmed that the MMI technique gave a much better contrast for base metals than in the conventional bulk samples where they were barely above detection limits due to strong leaching of surface rocks and soils. Additional MMI sampling is planned in next quarter as well as stream sediment sampling.

WESTERN AUSTRALIA

Dingo Well Gold Project (IMX 100%)

Activities during the quarter focussed on aircore drill planning to test gold anomalies identified from historical aircore drilling within the Dingo Well project licences. In addition, newly interpreted structural targets, also believed to be prospective for gold mineralisation will be targeted.

A programme of works (POW) application is in preparation, with drilling activities scheduled to commence once all approvals have been obtained.



IMX
Resources

TANZANIA

Nachingwea Nickel-Copper Project (IMX 25%)

The Nachingwea project is now a 25:75 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 53% in the Nachingwea Project.

During July Continental Nickel completed the expenditure of Cdn\$15m on exploration on the Nachingwea Project and in accordance with the shareholder agreement Continental Nickel has earned an additional 5%, taking its interest to 75%. IMX will no longer be free carried in the project and will contribute its 25% of costs.

In August the joint venture approved a supplementary budget of Cdn\$0.4m for further diamond drilling on the Sleeping Giant discovery to enable better quantification of the scope of the discovery, particularly its shallower up-dip and up-plunge extents.

The 2010 diamond drilling program at Nachingwea was completed in August with 36 holes drilled for a total of 4,988.8 metres of diamond core for the 2010 program. Thirty-five of the holes have been drilled at Ntaka Hill as part of an extensional drilling programme to expand the currently defined nickel-copper sulphide Mineral Resources. A single diamond hole was completed at the regional Lionja prospect for 266.1 metres.

H Zone

A total of 7 holes for 941.3m were drilled at H Zone. These holes were targeted to identify potential extensions to H Zone mineralisation beyond the limits of the currently defined Mineral Resources. Extensions targeted included down plunge, along strike to the south, up dip to the east, and down dip to the west. The first five holes intersected variable disseminated, net-textured to massive sulphide mineralisation, and confirm the continuation of the H Zone mineralisation outside the current resources. Results are pending for two additional holes.

Best H Zone intersections from the results received in the quarter include:

- **1.10m at 15.93% Ni, 0.65% Cu, 0.20% Co from a wider 3.25m interval at 6.54% Ni and 0.30% Cu in hole NAD10-189**
- **0.55m at 18.95% Ni, 0.26% Cu and 0.20% Co within a wider interval grading 6.0m at 2.45 % Ni and 0.15% Cu in hole NAD10-186**

Sleeping Giant

During the quarter a new wider Ni-Cu sulphide mineralised zone known as "Sleeping Giant" was discovered. A total of 3 holes for 933.4 m were completed and assays have been received for 2 holes with a third pending.



The Sleeping Giant Zone (formerly Target F) is located on the western side of the Ntaka Hill Intrusion and was first drilled in 2007 targeting a 225m long, moderately conductive EM anomaly to the southwest of the NAD013 high grade zone. The original targeted conductor was explained by graphite and weak sulphide however a wide zone of disseminated sulphide mineralisation was also intersected in NAD07-024 (ASX 11 December 2007).

Best intersections include:

- **6.61% Ni, 0.82% Cu and 0.13% Co over 1.2m from a wider interval grading 80m at 0.64% Ni, and 0.12% Cu from 338m in hole NAD07-023 EXT**
- **3.09% Ni and 2.08% Cu over 0.80m from a wider interval grading 62.8m at 0.61% Ni and 0.13% Cu from 396.2m in hole NAD07-024**
- **2.09% Ni, 0.53% Cu over 3.45m and 1.65% Ni and 0.22% Cu over 7.10m from a wider interval grading 53.1m at 0.74% Ni, and 0.15% Cu in hole NAD10-211**

The additional interval in NAD07-024 results from additional core sampling of hole in 2010 which expended the original 31.8m intersection.

The drilling has outlined a wide, south plunging and west dipping zone of largely disseminated nickel-copper sulphide mineralisation which is open in all directions. The initial drill results to date suggest grades similar to existing large tonnage, low grade deposits such as the Mount Keith nickel deposit in Australia. Mount Keith is operated by BHP Billiton and is the world's largest open pit nickel sulphide mine. Additional drilling has been approved with the objective of exploring for near surface extensions in both up-dip and up-plunge directions at Sleeping Giant.

G Zone

A total of twelve holes for 1,403.3m were drilled at G Zone to test for extensions of the known mineralization.

Best intersections to date from G Zone include:

G Zone North Extension

- **2.61% Ni, 0.66% Cu, 0.22% Co over 1.8m, 2.60% Ni, 0.52% Cu, 0.22% Co over 1.65m and 2.53% Ni, 0.52% Cu, 0.21% Co over 1.35m from a wider 7.35m interval grading 1.82% Ni, 0.42% Cu and 0.15% Co from 77.2m in hole NAD10-195**

G Zone South Extension

- **3.41% Ni, 1.03% Cu, 0.20% Co over 2.15m from a wider 3.75m interval grading 2.09% Ni, 0.62% Cu, and 0.12% Co in hole NAD10-203**

G9 Zone

- **1.70% Ni, and 0.36% Cu over 4.0m from a wider 10.25m interval grading 1.27% Ni, and 0.36% Cu from 19.4m in hole NAD10-200**

The new 2010 drilling at the G Zone has:-

- Successfully extended mineralisation at least 50 metres along strike to the north and south of the previously defined mineralisation with the zone remaining open in both directions.
- Intersected intervals of higher grade massive sulphide mineralisation corresponding to the targeted, high conductance EM anomalies; and
- Confirmed the presence of near surface, nickel-copper bearing sulphide mineralisation at the G9 target area immediately west of the G Zone. This shallower mineralisation, which is up to 10 metres thick, lies within the preliminary pit shell for G Zone, in an area previously classified as waste.

Assay results are pending from 4 additional holes drilled 50-85 m to the north and west of the new intersection in NAD10-195 to the north of G Zone, and 3 additional drill holes at G9 drilled 50 and 100m to the north along strike.

L, M & C Zones

Best intersections include:

L Zone (2 holes for 201.8m)

- **10.04% Ni, 1.00% Cu and 0.16% Co over 1.9m from a wider 5.35m interval grading 4.15% Ni, 0.49% Cu and 0.06% Co in hole NAD10-199**

M Zone (3 holes for 318.4m)

- **1.2% Ni, 0.36% Cu over 10m from a wider 21m interval grading 0.89% Ni, 0.22% Cu in hole NAD10-193**

C Zone (4 holes for 466.4m)

- **1.18% Ni, 0.26% Cu over 4m in hole NAD10-192**
- **0.74% Ni, 0.17% Cu over 13.25 metres in Hole NAD10-194**

Additional Targets

A total of 4 holes for 458.1m were completed on reconnaissance targets at Ntaka Hill and all assays are pending. Assays are also pending for the single hole drilled in the Lionja area.

Resource Modelling

The 2010 drilling at H and M Zone have extended the previously defined Ntaka Hill Ni-Cu sulphide mineralisation beyond the boundaries of the 2009 Mineral Resource model. Once all the results from the 2010 drilling program have been received an updated Mineral Resource Estimation will be undertaken.

Regional Exploration

The regional RC drilling program to follow up on the priority targets from the regional aeromagnetics / radiometrics survey and soil sampling program is in progress.



Mibango Nickel Project (IMX 100%)

During the quarter geological field validation continued at an aggressive pace with over 460 prospective targets validated and over 4,300 samples collected for soil, and geophysical characterisation. Field activities were again focussed on the Mwese, and also the Lubalisi SE area.

An EM geophysical crew mobilised to site and commenced ground surveys in early September. The ground EM survey has been following up geological and geochemical targets in areas with and without previous VTEM coverage. The program was designed to identify potential drill targets for the 2011 field season. Data is currently being reviewed.

MOZAMBIQUE

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

Scheduled exploration programmes at Cabo Delgado and Milange commenced in early October. Five areas at Cabo Delgado have been identified for followup from the 2009 geophysical survey with stream sediment sampling and geological mapping to validate targets underway.

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

Investment by Sichuan Taifeng in Outback Iron

Following Australian FIRB approval, Sichuan Taifeng has now received the Chinese NRDC approval for its investment in Outback Iron Pty Ltd. Commerce Department approval has been received for the remittance of the first tranche of \$15m for its investment to acquire 49% of Outback Iron Pty Ltd, the IMX subsidiary which holds the Cairn Hill operations and Cairn Hill ML6303.

The \$15m received represents the first tranche of the investment under the Heads of Agreement (HOA) signed in December 2009 (ASX Announcement 4 January 2010). The next tranche of \$5m is expected to be approved by the Department of Commerce shortly and the funds received around the end of October. The final



IMX
Resources

tranche of \$3,988,888 is due on 15 January 2011, six months after the final FIRB approval.

Investments

IMX's major listed investments stood at \$14.8m at the end of the quarter, with the 33 million Uranex shares held by IMX valued at \$5.6m (UNX:ASX price \$0.17 per share), and the 14.5m Continental Nickel shares held by IMX valued at \$9.2m (CNI:TSXV price Cdn\$0.63 per share). This valuation excludes the A\$4.5m see-through value of the 25% held by IMX in the joint venture company holding Nachingwea.

As at 30 September 2010, following the share placements IMX had cash at bank of \$25.7m. Following the receipt of funds from Sichuan Taifeng and the repayment of intercompany loans from Outback Iron to IMX the cash at bank will be \$37.6m.

DUNCAN McBAIN
MANAGING DIRECTOR

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.

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