

29 April 2016

Report for the Quarter ended 31 March 2016

Highlights

Chilalo Graphite Project

- Memorandum of Understanding (MOU) signed with China Gold Group Investment Co Ltd (**'China Gold'**) and CN Docking Joint Investment and Development Co. Ltd (**'CN Docking'**), for developing the Chilalo Graphite Project.
- Testwork conducted by China Gold confirmed that Chilalo graphite:
 - Has a world-class expansion rate of 1,500x (times), which compares extremely favourably to ASX listed peers.
 - Has the highest expandability of all graphite they have tested, both domestic and international.
 - Is suitable for the high-margin, fast-growing expandable graphite market.
- Issue of Environmental Certificate by the National Environment Management Council of Tanzania for the development of Chilalo.

Kishugu and Naujombo Gold Prospects

- Work is under way to develop drilling programs applying a phased approach utilising low-cost Rotary Air Blast drilling.

Corporate

- Continued progress with the restructure of IMX's graphite assets into Graphex Mining Limited – Prospectus lodged in early April.
- Subsequent to Quarter end, IMX shareholders approved the sale of Chilalo to Graphex for \$1.0 million cash and \$4.0 million of Graphex shares.
- Appointment of high calibre non-executive directors to the board of Graphex Mining Limited (**'Graphex'**).
- Placement of 386,395,872 shares to raise a total of \$1.54 million before costs.

EXPLORATION and DEVELOPMENT

1. Chilalo Graphite Project

The Company continued to advance its Chilalo Graphite Project during the Quarter, key progress including:

- Signing of an MOU with China Gold and CN Docking for the development of Chilalo;
- Testwork confirmed the outstanding expandability characteristics of Chilalo graphite; and
- Receipt of environmental approval for development of Chilalo.

MOU with China Gold

The Company signed an MOU with China Gold Investment and CN Docking, under which the parties agreed to commence an exclusive negotiation and due diligence period, ceasing on 31 July 2016, for developing the Chilalo Project. Negotiations during this period will focus on offtake, financing and engineering, procurement and construction.

China Gold and CN Docking have formed a strategic partnership to jointly develop graphite opportunities, with the objective of securing supply of high quality graphite. The MOU followed a seven month period of extensive due diligence and negotiations regarding development of the Chilalo Project, with China Gold particularly interested in securing offtake due to the high quality and highly expandable graphite Chilalo can produce.

Chilalo is the first overseas graphite project with which China Gold Investment and CN Docking have been willing to align and confirms Chilalo's standing as an outstanding graphite asset. The parties expect to enter into binding agreements prior to the end of the exclusivity period.

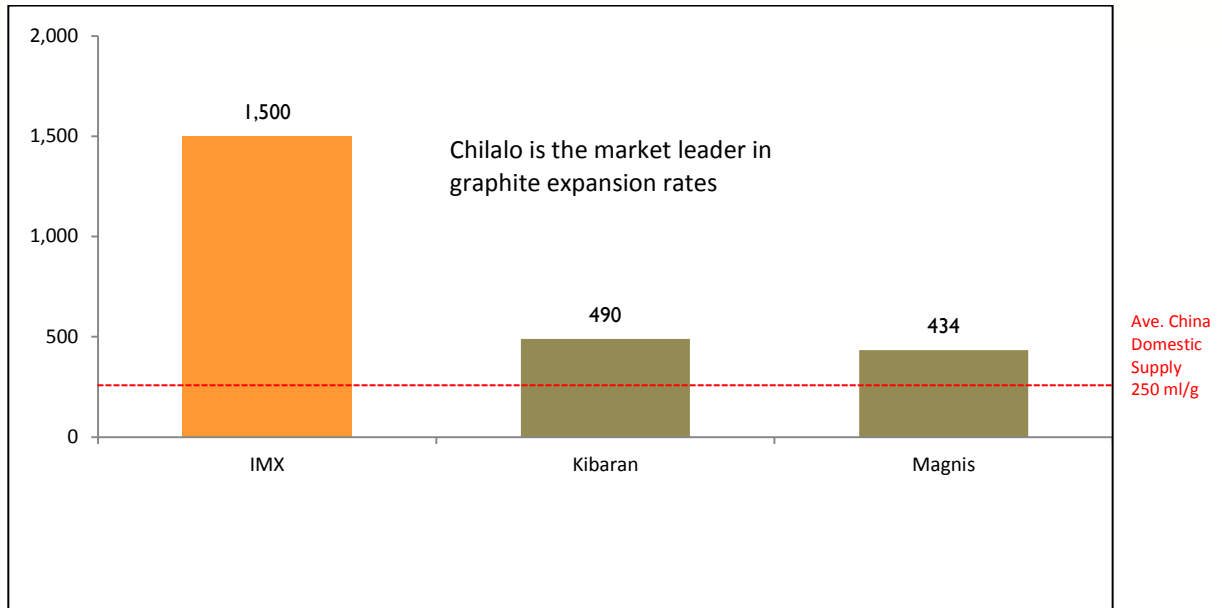
The next stage of the exclusive due diligence and negotiation process will involve a site visit to Tanzania by representatives of China Gold, currently scheduled to be conducted in early May 2016.

Further testwork results

During the Quarter, the Company received results from testwork conducted by China Gold as part of its ongoing due diligence that confirmed the outstanding expandability of the high-quality graphite that can be produced at Chilalo. China Gold's due diligence included product testing of a +50 mesh (>300 micron) sample of Chilalo graphite, with results demonstrating an expandability ratio of 1,500x (times).

This result compares extremely favourably to ASX listed peers and to China-sourced graphite which has expandability ratios averaging 250x as shown in Figure 1.

Figure 1: Published expansion rates from ASX listed graphite companies



Demand for expandable graphite is growing rapidly, particularly given its application in the manufacture of flame retardant building materials. This demand growth is being driven strongly by China, with increasing use of flame retardant materials in the construction of new buildings. This new demand represents a shift of expandable graphite from a small, specialized market, to a large volume market.

Environmental approval for development of the Chilalo Project

During the Quarter, the Chilalo Graphite Project was issued with an Environmental Certificate by the National Environment Management Council of Tanzania.

Given that capital expenditure for development of the Chilalo Project is expected to be less than \$100 million, the Company will be applying for a Mining Licence, the application for which requires a completed feasibility study and the environmental certificate.

With a Pre-Feasibility Study ('PFS') completed in November 2015 and the environmental certificate now secured, the Company can finalise its submission for a mining licence application. The Company expects that the Mining Licence will be granted during the second quarter of 2016.

2. Kishugu and Naujombo Gold Prospects

Owing to the Tanzanian wet season, no physical exploration activity was conducted at the Kishugu and Naujombo gold prospects during the Quarter.

In anticipation of the sale of the Company's graphite assets to Graphex, the Company revisited its strategy in the context of IMX being a dedicated base and precious metals exploration company. Effort is expected to be initially focussed on the existing high potential Kishugu and Naujombo gold targets.

Given the large size of the Kishugu and Naujombo anomalies, during the Quarter both were reinterpreted and assessed in order to determine the requirement for additional soil sampling or ground geophysical surveys ahead of drilling, in order to support a targeted and cost effective drilling program. Work has

commenced on the development of drilling programs applying phased drilling with low-cost Rotary Air Blast drilling.

CORPORATE

Restructure of Asset Ownership

In December 2015, the Company committed to a restructure of its Tanzanian asset portfolio (the '**Restructure**'), the effect of which would be the creation of two distinct companies:

- Graphex, a graphite company committed to fast tracking Chilalo towards production; and
- IMX, a base and precious metals company with a controlling interest in the Ntaka Hill nickel project and the Kishugu and Naujombo gold exploration targets.

During the Quarter, the Company agreed to sell the Chilalo Graphite Project to Graphex for consideration of \$1.0 million cash; and \$4.0 million of Graphex shares, of which approximately 82% is to be distributed *in specie* to IMX shareholders (the '**In-specie Distribution**'), with the remainder to be held by MMG Exploration Holdings Limited ('**MMG**'), as a result of a previous joint venture agreement. On completion of the Restructure, with Graphex listed on the ASX, MMG's holding of Graphex shares will be subject to a 12 month escrow period.

An extraordinary general meeting of IMX shareholders was held on 20 April 2016, at which the sale of the graphite assets and the *In-specie* Distribution were approved. On 4 April 2016, a prospectus (the '**Prospectus**') was lodged with the Australian Securities and Investments Commission ('**ASIC**'), inviting investors to subscribe for shares under an initial public offer of Graphex shares.

Graphex is seeking to issue a minimum of 23,000,000 shares and a maximum of 35,000,000 shares at a price of \$0.20 per share to raise a minimum of \$4,600,000 and a maximum of up to \$7,000,000 before costs. There has been strong support for the offer of Graphex shares with current indications of demand in excess of the maximum raising of \$7 million.

Graphex was recently notified by ASIC of an interim order in which it raised certain concerns in relation to the Prospectus. ASIC's primary concern relates to Graphex being able to demonstrate that it has reasonable grounds for the publication of forward looking financial information.

Graphex is doing all that it can to address ASIC's concerns, in particular demonstrating that the Chilalo Graphite project has the capacity to generate funding as and when required under its development schedule. IMX and Graphex will inform the market should ASIC require additional disclosure or if there are any changes to the previously announced indicative timetable.

Graphex board of directors

The Graphex board of directors will be headed by highly experienced resources industry executive Stephen Dennis as Chairman, who will be joined by Grant Davey, a high calibre mining executive with significant Tanzanian experience.



***Pro rata* entitlement offer**

The Company issued a total of 386,395,872 shares at an issue price of 0.4 cents per share pursuant to a non-renounceable *pro rata* entitlement offer, on the basis of one share for every three fully paid ordinary shares, to raise approximately \$1.54 million before costs (the '**Entitlement Offer**').

The Entitlement Offer closed on 18 January 2016, at which time the Company had received acceptances for a total of 90,648,950 shares raising \$362,596, with the shortfall of 295,746,922 shares placed in early February 2016.

Cash position

As at 31 March 2016, IMX had cash at bank of \$0.5 million.



TENEMENT INTERESTS

Table 1. Tenements held and location

Tenement	Ownership	Project	Location
PL5447/2008 - Noli SE	100%****	Nachingwea	Tanzania
PL5977/2009 - Naujombo	100%*	Nachingwea	Tanzania
PL6073/2009 - Chilalo	100%****	Nachingwea	Tanzania
PL6158/2009 - Kiperere East	100%****	Nachingwea	Tanzania
PL6397/2010 - Kipepere West	100%*	Nachingwea	Tanzania
PL6409/2010 - Rappa	100%*	Nachingwea	Tanzania
PL6412/2010 - Muijra	100%*	Nachingwea	Tanzania
PL6414/2010 - Kihangara	100%*	Nachingwea	Tanzania
PL6467/2010 - Nepanga	100%*	Nachingwea	Tanzania
PL6634/2010 - Mihumo	100%*	Nachingwea	Tanzania
PL6635/2010 - Nachingwea NW	100%*	Nachingwea	Tanzania
PL7095/2011 - Nditi	100%*	Nachingwea	Tanzania
PL8627/2012 - Lumpumbulu	100%*	Nachingwea	Tanzania
PL8628/2012 - Kipendengwa	100%****	Nachingwea	Tanzania
PL8754/2012 - Chikoweti	100%*	Nachingwea	Tanzania
PL9397/2013 - Mtimbo South	100%*	Nachingwea	Tanzania
PL9442/2013 - Nachi West	100%*	Nachingwea	Tanzania
PL9757/2014 - Mihumo West	100%*	Nachingwea	Tanzania
PL9759/2014 - Mjembe	100%*	Nachingwea	Tanzania
PL9920/2014 - Mtua Central	100%*	Nachingwea	Tanzania
PL9921/2014 - Nalengwe	100%*	Nachingwea	Tanzania
PL9922/2014 - Matambare North	100%*	Nachingwea	Tanzania
PL9924/2014 - Mtua	100%*	Nachingwea	Tanzania
PL9925/2014 - Namarongo	100%*	Nachingwea	Tanzania
PL9926/2014 - Nambu East	100%*	Nachingwea	Tanzania
PL9927/2014 - Lipuyu North	100%*	Nachingwea	Tanzania
PL9928/2014 - Nangano	100%*	Nachingwea	Tanzania
PL9929/2014 - Chikwale	100%****	Nachingwea	Tanzania
PL9930/2014 - Lukumbi West	100%*	Nachingwea	Tanzania
PL9931/2014 - Mtpula Central	100%*	Nachingwea	Tanzania
PL9933/2014 - Nakihungu West	100%*	Nachingwea	Tanzania
PL9935/2014 - Mbondo North	100%*	Nachingwea	Tanzania
PL9936/2014 - Lionja West	100%*	Nachingwea	Tanzania
PL9937/2014 - Naolo North	100%*	Nachingwea	Tanzania
PL9938/2014 - Kiperere Central	100%*	Nachingwea	Tanzania
PL9939/2014 - Mjembe East	100%*	Nachingwea	Tanzania
PL9940/2014 - Nanyindwa West	100%*	Nachingwea	Tanzania
PL9941/2014 - Namakungu	100%*	Nachingwea	Tanzania
PL9942/2014 - Naujombo North	100%*	Nachingwea	Tanzania

Table 1. Tenements held and location (cont.)

Tenement	Ownership	Project	Location
PL9943/2014 - Namatumbusi West	100%*	Nachingwea	Tanzania
PL9944/2014 - Namarongo North	100%*	Nachingwea	Tanzania
PL9945/2014 - Noli	100%*	Nachingwea	Tanzania
PL9946/2014 - Machangaja	100%****	Nachingwea	Tanzania
PL9947/2014 - Lukuledi East	100%*	Nachingwea	Tanzania
PL9948/2014 - Mnero East	100%*	Nachingwea	Tanzania
PL9949/2014 - Namatutwa North	100%*	Nachingwea	Tanzania
PL10097/2014 - Mtpula	100%*	Nachingwea	Tanzania
PL10098/2014 - Nambu	100%*	Nachingwea	Tanzania
PL10099/2014 - Nanyindwa	100%*	Nachingwea	Tanzania
PL10100/2014 - Lukuledi	100%*	Nachingwea	Tanzania
PL10107/2014 - Nambu	100%*	Nachingwea	Tanzania
PL10108/2014 - Namajani	100%*	Nachingwea	Tanzania
PL10113/2014 - Nachihangi	100%*	Nachingwea	Tanzania
PL10114/2014 - Naujombo South	100%*	Nachingwea	Tanzania
PL10238/2014 - Mbangala West	100%*	Nachingwea	Tanzania
PL10239/2014 - Lukumbi West	100%*	Nachingwea	Tanzania
PL10240/2014 - Chikwale East	100%*	Nachingwea	Tanzania
PL10301/2014 - Kishugu Gap	100%*	Nachingwea	Tanzania
PL10302/2014 - Namatutwa	100%*	Nachingwea	Tanzania
RL0017/2015 - Ntaka Hill	86%***	Nachingwea	Tanzania
PL7226/2011 – Ntaka South	100%****	Nachingwea	Tanzania
Claim Block 4242	50% **	St Stephen	New Brunswick, Canada
Claim Block 5787	50% **	St Stephen	New Brunswick, Canada

* Subject to farm-in joint venture with MMG

** Subject to 50/50 joint venture with ABE Resources

*** Subject to farm-in JV with MMG and JV transaction with Fig Tree

**** To be transferred to Graphex pursuant to the Restructure

Table 2. Tenements acquired during the Quarter

Tenement	Ownership	Project	Location
PL10966/2016 – Namikango North	100%*	Nachingwea	Tanzania

Table 3. Tenements Disposed During the Quarter

The following tenements were either surrendered or expired without renewal during the Quarter:

Tenement	Action
PL4917/2008 - Mbangala	Expired
PL4918/2008 - Lukumbi	Expired
PL6148/2009 – Mbwemburu North	Surrendered
PL6149/2009 – Chilalo West	Surrendered
PL8811/2013 – Chimbo	Surrendered
PL9557/2014 – Nachunguru	Surrendered
PL9686/2014 – Noli East	Surrendered
PL9742/2014 – Lionja	Surrendered
PL9743/2014 – Mnero	Surrendered
PL9744/2014 - Chiwind	Surrendered
PL9747/2014 – Mtpula West	Surrendered
PL9749/2014 – Chihula	Surrendered
PL9758/2014 – Namatumbusi	Surrendered
PL9760/2014 – Likongowere	Surrendered
PL9812/2014 – Lipuyu	Surrendered
PL9886/2014 – Chemchem	Surrendered
PL9888/2014 – Kihangara SE	Surrendered

Farm-in Agreements

As at 31 December 2015, IMX held an 85.8% interest in the Nachingwea Property which is the subject of a farm-in agreement with MMG, who holds the remaining 14.2%.



Phil Hoskins Managing Director

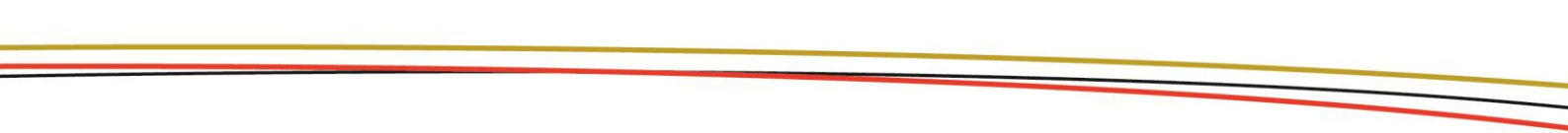
For further information, please contact:
Phil Hoskins – Chief Executive Officer
Tel: +61 8 9388 7877

Media:
Michael Weir/Richard Glass – Citadel-MAGNUS
Telephone: +61 8 6160 4903

Stuart McKenzie – Commercial Manager and
Company Secretary
Tel: +61 8 9388 7877

About IMX Resources Limited

IMX Resources is an Australian minerals exploration company that holds a prospective 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 developing the high-grade and coarse flake Chilalo Graphite Project, which hosts a high-grade Indicated and Inferred JORC Mineral Resource of 9.2 Mt grading 10.7% Total Graphitic Carbon ('TGC'), comprised of an Indicated Resource of 5.1 Mt grading 11.9% TGC



for 613,800 tonnes of contained graphite and an Inferred Resource of 4.1 Mt grading 9.1% TGC for 370,300 tonnes of contained graphite. 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 is in the process of restructuring the ownership of the Chilalo Project which will result in the formation of a new ASX listed company – Graphex Mining Limited – which will hold the Chilalo project.

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

