



Media Monitoring

28 December 2007

Mineweb

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The Chinese are coming, the Chinese are coming

Australian junior explorer IMX Resources has reached an agreement with a Chinese steelmaker for the offtake of magnetite iron ore/copper/gold ore from its Cairn Hill project in South Australia.

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Posted: Friday , 28 Dec 2007

PERTH -

Three years ago when Rio Tinto, BHP Billiton and Vale (CVRD) were pushing hard on big iron ore price hikes there was some teeth gnashing taking place in China where companies began making decisions on supporting new iron ore companies in Australia's iron ore boom. Another instance of this trend emerged today.

West Perth-based junior explorer IMX Resources NL (ASX: IXR) announced that a heads of agreement had been struck with Jilin Tonghua Iron & Steel (Group) Mining Co Ltd for the offtake of magnetite and copper ore from the Cairn Hill project in South Australia.

Linked to this was a placement of shares at \$A0.85 (\$US0.74) each with the Chinese group to raise \$A13.93 million (\$US12.2 M).

IMX Resources' managing director Duncan McBain said the sales offtake agreement is the Tonghua Iron & Steel division's first foray into the Australian resources sector.

Tonghua Mining says it will construct a processing facility in China to process Cairn Hill ore to produce a high grade magnetite concentrate and a copper-gold concentrate. The Chinese company also has the first right of acceptance for any additional production over the planned 1.4 million tonnes per annum.

McBain said IMX Resources plans to have Cairn Hill moving towards its first shipment at the end of 2008.

He said Tonghua Mining has the "necessary technical expertise to float off the copper from the magnetite to enable the recognition of the copper value in the ore."

Tonghua Mining is 62.3% owned by Tonghua Iron & Steel (Group) Co Ltd and 37.7% by Beijing Huaxi Jianlong Mining & Science Pty Ltd.

It specialises in exploration, development and operations of captive mines and also sells mining equipment and has a technical consultancy.

IMX was until recently named Goldstream Mining NL. Cairn Hill is a large licence between Oxiana Ltd's Prominent Hill copper-gold mine development and the opal mining town of Coober Pedy in South Australia's central far north.

IMX says a magnetite concentrate from Cairn Hill will be one of the highest available globally, with a grade of up to 71.5 being possible. It said concentrate of this quality has strong value in use benefits to steelmakers. In addition, due to the coarseness at which the concentrate can be produced, it can be fed directly into blast furnaces unlike fines, without the need for pelletisation.

The company said it was evaluating on-site dry magnetic separation to increase the shipping grade of ore. Test work had shown it possible to increase the Fe grade by up to 8%.

The company is also listed on the Berlin Stock Exchange.