



China buys IMX stake

By **LEAH McLENNAN**

A MAJOR Chinese steel group has invested in Australian minerals explorer IMX Resources NL, buying a 9.99 per cent stake in the company and agreeing to purchase all the output from its Cairn Hill ore project in South Australia.

The Tonghua Iron & Steel Mining Co Ltd, which is the largest steelmaker in China's Jilin province, has agreed to purchase 16.4 million shares at 85 cents each to raise \$14 million, giving Tonghua a 9.99 per cent stake in IMX.

Perth-based IMX said the funds would be used to develop the Cairn Hill project, which is located 55 kilometres south-east of Coober

Pedy. The first shipment from IMX's project is due for the fourth quarter of 2008.

In its first deal in Australia, Tonghua has agreed to buy the entire production of Cairn Hill ore, around 1.2 million to 1.4 million tonnes per year, for three years at market-related prices.

Tonghua plans to construct a facility in China to process the Cairn Hill ore into high-grade magnetite concentrate and a copper and gold concentrate.

IMX managing director Duncan McBain said the partnership was the most significant milestone to date for the Cairn Hill project.

IMX shares lifted 33 per cent to an intraday high of 79.5 cents yesterday before finishing at 67 cents. **AAP**