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Brief: IMXRES(P)

Chinese steel group invests in explorer

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 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.

"Securing a major Chinese investment partner is critical to the ongoing development of Cairn Hill," Mr McBain said.

Tonghua vice chairman Zhang Zhixiang said the company has chosen to invest in IMX because of its assets.