



Chinese offtake deal fires up ore hopeful

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A new Chinese player has bought into WA's booming iron ore scene, snapping up a 9.99 per cent stake in IMX Resources and signing a three-year offtake agreement over the company's South Australian project.

IMX jumped more than 25 per cent to a 12-month high of 76¢ on news of the partnership with state-owned Chinese steel manufacturer Tonghua Iron and Steel before flattening to 67¢, up 7¢.

Under the deal, which represents Tonghua's first foray into the Australian resources market, the group will buy all of the production from IMX's

Cairn Hill orebody — up to 1.4 million tonnes a year — for at least the next three years.

To cement the agreement, it will buy 16.4 million IMX shares at 85¢ to raise \$13.93 million to help fund the project and build a processing facility in China to process the ore, which also contains gold and copper.

Yesterday's announcement was the culmination of more than a year's work by IMX managing director Duncan McBain, who has spent 15 months hunting for the Chinese investment partner he said was "critical" to the company's expansion plans for its flagship project.

IMX plans to ship its first ore from Cairn Hill, 55km south-east of Coober Pedy, in the fourth quarter of 2008. It says its studies indicate the project can produce a premium niche magnetite product for use in the iron and steel industry.

Chinese hunger for iron ore has seen a flurry of Chinese companies sign equity deals this year with WA companies, including Aurox Resources, Equinox Minerals and Fortescue

Metals, in a bid to reduce their dependence on BHP Billiton and Rio Tinto as well as shore up future supply.

Iron ore prices for 2008-09 are tipped to soar as much as 50 per cent.

Tonghua is the biggest steel producer in China's Jilin province, producing seven million tonnes a year of steel products, and expected to pass 10 million tonnes in 2009.



IMX rig: Iron ore is on the rise.