



China stake in IMX

Christopher Russell

A BIG Chinese steelmaker has made its first investment outside China by taking a stake in a South Australian iron project.

Jilin Tonghua Iron and Steel Mining will also buy all of the iron-copper ore from the Cairn Hill mine owned by IMX Resources for three years, generating revenue of nearly \$100 million a year at today's prices.

"Securing a major Chinese investment partner is critical to the ongoing development of Cairn Hill as the company moves towards first shipment in the fourth quarter of 2008," IMX managing director Duncan McBain said.

Jilin Tonghua's parent company Jianlong Steel Holdings is the second biggest privately owned steelmaker in China and ranks 49th in the world.

"They have deep pockets, they have plenty of money," Mr McBain said. "And they share the growth vision for our company."

Jilin Tonghua will invest \$13.93 million as a share placement in IMX at 85¢ a share to give them 9.9 per cent of the company.

IMX, which changed its name from Goldstream Mining earlier this month, reached a closing price peak of 73.5¢ on January 24 and a minimum of 45¢ on September 3.



Yesterday's announcement propelled the price as high as 79.5¢ before settling 7¢ higher at 67¢.

Jilin Tonghua has not asked for a board seat at this stage but Mr McBain and chairman Johann Jacobs will visit China next month as part of a process of nurturing the relationship between the companies.

IMX aims to export 1.2 million to 1.4 million tonnes of magnetite ore a year. It has a target content of 55 per cent iron and 0.43 per cent copper.

Cairn Hill is 55km from the opal mining town of Coober Pedy and IMX intends recruiting most of its 45-strong permanent workforce from there.