



# IMX in China partnership

By Leah McLennan

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

Tonghua Iron & Steel Mining, the largest steelmaker in China's Jilin province, has agreed to purchase 16.4 million shares at 85c 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 55km south-east of Coober Pedy.

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

In its first deal in Australia, Tonghua has agreed to buy the entire production of Cairn Hill ore, about 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.



**INVEST:** Cairn Hill's output is to be bought by Tonghua Iron & Steel. Picture: AAP

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 had chosen to invest in IMX because of its assets.

"We have chosen IMX Resources for our first offshore investment as we like the assets in the company and share the same vision as the IMX Resources board to grow the company," he said.

IMX shares lifted 33 per cent, or 19.5c, to an intraday high of 79.5c yesterday, its best level in more than a year.

It finished the day up 7c, or 11.67 per cent, at 67c. **AAP**