

\$14m from China for Coober Pedy

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A MAJOR Chinese steel-maker will invest \$14 million in a Coober Pedy iron project in its first venture into Australia.

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 mineral 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 yesterday.

Tonghua Mining's parent company, Jianlong Steel Holdings, is the second-biggest privately owned steelmaker in China and ranks 49th largest in the world, IMX Resources said.

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

Mineral Resources Development Minister Paul Holloway welcomed the news yesterday.

"The investment by Jilin Tonghua Iron & Steel, the company's first foray into



IMX Resources managing director Duncan McBain and, right, drilling at the Cairn Hill project near Coober Pedy.

Australia, highlights yet again the increasing international interest in SA as an exciting opportunity for mineral resource projects," Mr Holloway said.

Cairn Hill is 55km southeast of Coober Pedy, and IMX intends recruiting most of its 45-strong permanent workforce from

the opal mining town.

Mr McBain said Cairn Hill would be open cut with ore only 10m from the surface. Iron is in highest concentrations near the surface which will enable the company to recover its capital costs fairly quickly.

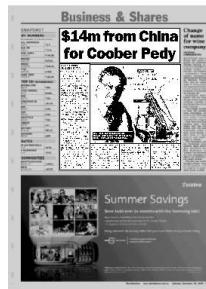
Ore will go by rail for export either through Port

Pirie or Darwin, with the company currently leaning toward Darwin because of shipping costs.

"For us, ultimately we want to export through Port Bonython," Mr McBain said.

"Wherever we go now is just an intermediate step.

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"Hopefully, within the next five years Port Bonython will be up and running. We would be a foundation customer for Port Bonython."

Mr Holloway said the choice of the best method to transport ore from the proposed mine site would be a commercial decision to be taken by IMX Resources.

Tonghua Mining will invest \$13.93 million as a share placement in IMX for a 9.9 per cent of the company.

"We have chosen IMX Resources for our first offshore investment as we like the assets in the company," Tonghua vice-chairman Zhang Zhixiang said.

The placement is at 85c a share, which represents a healthy pre-

mium to the traded price over the past year. IMX, which changed its name from Goldstream Mining this month, reached a closing price peak of 73.5c on January 24 and a minimum of 45c on September 3.

Yesterday's announcement propelled the price as high as 79.5c before settling to close up 7c at 67c.

The premium Tonghua Mining had accepted was a "recognition of the upside we do have" though probably still below full value, Mr McBain said.

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