

Major Chinese steel group invests in IMX Resources

SYDNEY, Dec 28 AAP - Mining company IMX Resources NL has signed a share placement and sales offtake partnership with a major Chinese steel group for Cairn Hill ore in South Australia.

The Chinese company, Jilin Tonghua Iron & Steel Mining Co Ltd (Tonghua), has agreed to purchase 16.39 million shares at 85 cents to raise \$13.93 million, giving Tonghua a 9.99 per cent stake in IMX.

IMX said the funds would be used to develop Cairn Hill.

Tonghua also has agreed to purchase 100 per cent of the production of Cairn Hill ore from the initial project at around 1.2 million to 1.4 million tonnes per year, for a three year period at market related prices, for both magnetite and contained copper.

Tonghua plans to construct a facility in China to process the Cairn Hill ore to produce a 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 as the company moves towards first shipment in Q4 2008," Mr McBain said.

"The sales and offtake arrangement is Tonghua Iron & Steel's first foray into the Australian resources sector and represents the culmination of a 15 month search for the most suitable partner to process the unique iron, copper and gold Cairn Hill orebody," he said.

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