

20 Stocks to Watch in 2008

15 IMX Resources

The iron ore boom has triggered a rush into magnetite, the lower-grade, less attractive version of iron ore, despite the high costs involved in processing it.

IMX Resources, which until recently was known as Goldstream Mining, will become mainland Australia's first magnetite miner by as early as March when trial mining starts on its Cairn Hill deposit in South Australia.

Cairn Hill is unusual for several reasons, chief among them the 55 per cent iron content (magnetite ores typically grade 30 to 35 per cent). The ore body is also infused with not insignificant amounts of copper and gold, giving the waste material from processing a high value in its own right.

The unique composition of the ore has made securing an off-take agreement into China harder than IMX had hoped, yet management is confident it can strike a three-way agreement with a steel producer and copper smelter.

The market appears to be putting little value into Cairn Hill. IMX's market cap is around \$100 million,

yet it holds interests in Toronto-listed Continental Nickel and Australia's Uranex worth over \$70 million. IMX also holds a 30 per cent stake in the Nachingwea project in Tanzania worth a notional \$20 million.