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Dig 'n dispatch from Cairn Hill

The Cairn Hill magnetite deposit near the South Australian town of Coober Pedy is the main project for IMX Resources NL, the reborn and refocused company formed from Goldstream Mining NL.

The word IMX is an acronym for the triple emphasis of its corporate strategy – investments, mining and exploration. Elaborating on these at this year's SAREIC was managing Duncan McBain, who was not shy about referring to Cairn Hill as a "quarry".

He said it represented a high-grade magnetite product and first production would be dispatched as direct shipping ore (DSO) to China. The deposit falls inside the 3,500sq km landholding of Mt Woods and already 24,300m of RC and 1,400m of diamond had been drilled. Further drilling this year would be aimed at finding resource extensions in the initial pit area, as well as defining additional copper resources and low sulphur areas.

McBain said the drilling would be targeting an additional 3-6mt of ore @ 40-50% to sup-



Duncan McBain

plement the 7.11mt @ 51.2% iron ore and 0.44% copper in initial pits 1 and 2. With a strip ratio of 3.15:1, pits 1 and 2 had a life of between 5-6 years.

The ore was unusually coarse grained magnetite-copper-gold and comminution tests revealed that it would be easy and cheap to crush and grind, making way for a traditional flowsheet with flotation and magnetic separation.

IMX had an offtake agreement with Chinese firm Tonghua Mining for run-of-mine ore with trial mining scheduled to start in the second quarter of

2008. Full-on mining would begin in the third quarter and shipping to China in the fourth. Full production ramp up is expected to be achieved early in 2009.

The relationship with Tonghua goes further. The company, which is the largest steel producer in China's Jilin Province, had invested \$14 million in IMX and the offtake arrangement would last for a minimum of three years.

A process plant designed to treat Cairn Hill ore will be built at Bayuquan in Liaoning Province – and is expected to be up and running by September this year.

Total capital costs for the Cairn Hill development would amount to about \$41.6 million and IMX intended to supply Tonghua at a rate of 1.263 mtpa (54.49% iron ore and 0.41% copper).

McBain said that less than 20% of the 18km magnetic structure had been sparsely drilled and recent helimag results suggest the BIF trend could run for about 40km.

On the other components of IMX's business, the company had a 47.3% interest in Continental Nickel Ltd and 39.5% in Uranex NL.

In terms of exploration outside the Mt Woods environs, IMX has interests in three Tanzanian JVs at Nachingwea (nickel), Luwumbu (nickel-PGE) and Mibango (nickel-PGE).

With a market cap hovering around \$100 million and \$17 million in the bank, IMX is probably also delighted that it has the mighty Anglo American plc as a 5.6% shareholder, in addition to the 10% held by offtake and beneficiation partners Tonghua.

– Barry Avery