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IMX – Tonghau formalise off-take

IMX Resources NL has signed an off-take agreement with Chinese partner Jilin Tonghua Iron and Steel Mining Co Ltd (Tonghua Mining) for up to 1.4 mtpa magnetite-copper ore over three years from its Cairn Hill magnetite-copper-gold project in South Australia.

Under the agreement the total planned annual ROM production from Phase 1 of Cairn Hill will be sold to Tonghua Mining at market-related prices.

The ore will be sold on a FOB basis with the target shipping specification averaging 55% iron and 0.43% copper.

IMX will receive payment for both the contained iron and copper, with the prices based on internationally traded benchmark prices and a 20% discount to allow for processing costs and losses.

IMX managing director Duncan McBain

said the contracts formalised the arrangements put in place in the Heads of Agreement signed last December.

"The agreements mark the further evolution of the project. The milestones are steadily being ticked off, with mining and railing expected to commence in Q4 2008 ahead of the first shipment in Q1 2009," Mr McBain said.

The two companies also signed an Asset Disposal Process Agreement for Yingkou Australian Ore Processing Company Ltd.

The agreement gives IMX first right of refusal to purchase the processing plant at Bayuquan in Liaoning Province, north-east China at an independently assessed market price.

This will come into play if IMX and Tonghau agree not to renew the off-take agreement at

the end of the initial three year contract.

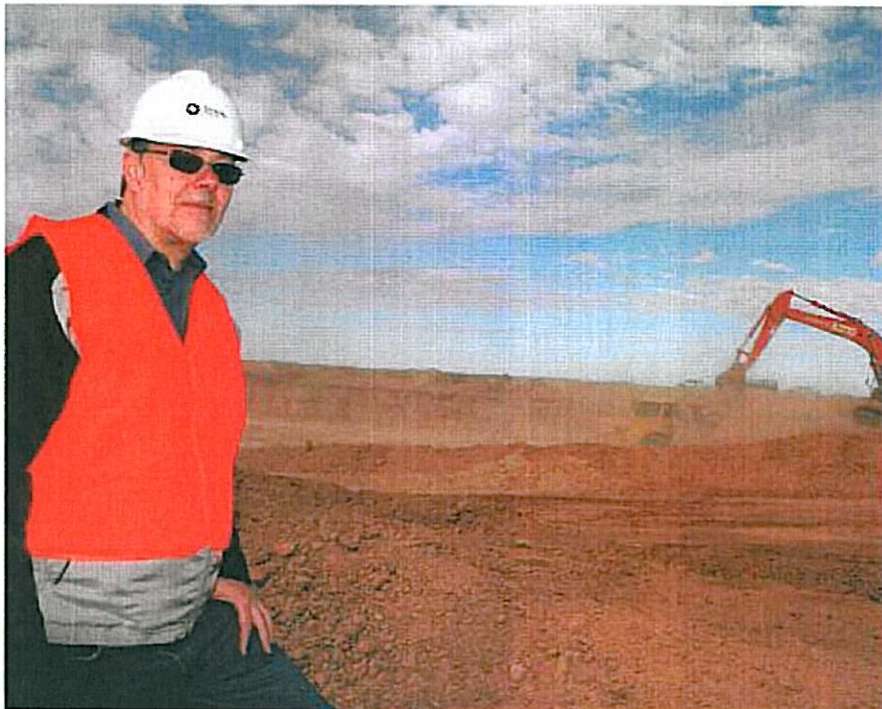
IMX has proved up a total indicated and inferred resource of 15.2mt @ 48.1% iron and 0.28% copper at Cairn Hill.

Phase 1 of the project will concentrate on the DSO magnetite production. Only basic treatment of ore will be done on site with more complex processing and pelletising to be done at the purpose-built Bayuquan plant.

The plant, built at an estimated \$20 million cost, is expected to be completed in November.

Test work has started on Phase 2 of the project, targeting the production of premium grade magnetite concentrate.

Phase 3 will focus on the 90% of 40km of magnetic anomalies that so far have remained largely undrilled.



Managing director Duncan McBain overlooks trial mining at IMX's Cairn Hill project near Coober Pedy, South Australia