



IMX signs Chinese agreements

IMX Resources has signed two major agreements with Chinese partner Jilin Tonghua Iron and Steel Mining.

These are for the sale of run-of-mine iron-copper ore from its Cairn Hill project in South Australia and the conditions of the first right of purchase of the processing plant in China.

IMX managing director Duncan McBain says the contracts formalise the arrangements put in place in the heads of agreement signed last December.

"The agreements mark the further evolution of the project," he says.

"The milestones are steadily being ticked off, with mining and raiiling expected to commence in the fourth quarter of this year, ahead of the first shipment in 2009."

The specific agreements with Tonghua Mining include the

long-term purchase and sales contract for iron and copper ore and the asset disposal process agreement for Yingkou Australian Ore Processing Co.

The sales offtake contract covers the sale of the unprocessed ROM ore from Phase 1 of the Cairn Hill magnetite-copper-gold project 55km south-east of Coober Pedy.

Under this contract, the total planned annual ROM production for the magnetite-copper ore from Phase 1 will be sold to Tonghua Mining.

Up to 1.4 million tonnes per year will be sold to Tonghua Mining over a three-year period (subject to extensions) at market-related prices.

The ore will be sold on a FOB basis with the target shipping specification averaging 55 per cent Fe and 0.43 per cent Cu.

IMX receives payment for

both the contained iron and copper, with the prices based on internationally traded benchmark prices and a 20 per cent discount to allow for processing costs and losses.

The process plant disposal agreement covers the process to be followed should the contract not be renewed by mutual agreement beyond the initial three-year term.

Under this agreement, IMX has the first right to purchase the processing plant at Bayuquan in Liaoning Province, North-East China, at an independently assessed market price.

Recently, IMX hosted An Feng Cheng, chairman of the Tonghua Iron & Steel Group, on a visit to Australia and took him to Cairn Hill to show him the trial mining operations and the port facilities in Darwin. ■