



# Chinese partner joins IMX in \$47m iron deal



A \$47 million deal has been signed with a Chinese company to develop an iron ore mine southeast of Coober Pedy.

At least three companies expect to start mining iron ore in South Australia this year, in the first big iron ore push since BHP started prospecting around what was to become Whyalla 110 years ago.

IMX Resources said yesterday it had signed an agreement with Hong Kong-based Taifeng Yuanchang International Development Co to fund the development of the first phase of its Cairn Hill iron ore project 55km southeast of Coober Pedy.

The project will create about 100 jobs, many based in Coober Pedy, and export 1-1.7 million tonnes of ore a year through Port Adelaide to China.

Fellow iron ore company Ironclad Mining announced yesterday that recent metallurgical testing shows the ore at its Wilcherry Hill project on the Eyre Peninsula is suitable for low-cost dry processing, which would enable the company to start operations late this year, at

a rate of 2 million tonnes a year.

Centrex Metals, which plans to ship its ore through Port Lincoln, also expects to start mining this year.

The IMX deal is subject to Foreign Investment Review Board approval, which in turn requires sign-off from the Defence Department as the mining area lies within the Woomera Prohibited Area weapons testing range.

Having a proposed mine site inside the WPA has posed a problem for Western Plains Resources, which has been told by Defence that one of its proposals will not be supported.

However, IMX managing director Duncan McBain said yesterday his company was confident of FIRB and Defence approval.

Mr McBain said the company already had a deed of access for the site, which was about 100km from what appeared to be the most sensitive part of the WPA.

"Our deal conforms with our access deed that we already have with the Department of Defence, so we think that will just take its

normal course," he said.

"We don't envisage any particular issues with the Department of Defence."

Western Plains said yes-

**“We don't envisage any particular issues**

- DUNCAN McBAIN

terday it had extended by three months its agreement with Chinese company Wuhan Iron and Steel Corporation to provide a \$45 million investment in its Hawk's Nest iron ore project within the WPA, while the company seeks to resolve its issues with Defence.

Western Plains' Peculiar Knob project, also within the WPA, has been approved by Defence, and the company aims to have that project fully permitted and funded during the first half of the year.

The IMX deal announced



**CONFIDENT:** IMX Resources' Duncan McBain at the iron ore mine site near Coober Pedy



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yesterday involves Taifeng investing \$23 million for a half stake in the first phase of the Cairn Hill project.

Taifeng would also subscribe for at least \$24.1 million in IMX shares, at 48.4c a share, to become a 19.9 per cent shareholder in the company.

This follows a deal in November with OZ Minerals, in which OZ acquired 13 per cent of IMX for \$10 million.

Mr McBain said the deal would allow Cairn Hill to start production by mid-year.

"The investment by Taifeng in IMX and the Cairn Hill project is company transforming," he said.

"In addition to the OZ Minerals transaction announced in November, having another financially strong investor who shares the board's vision for the company provides new opportunities to grow the company."

Following the place-

ment to Taifeng, IMX would have at least \$37 million in the bank, the company said.

Taifeng chairman Song Yuangang said his company had been looking at investing in an Australian iron ore company for some time.

"As our first overseas strategic investment we chose IMX, as we share the same vision as the IMX board to grow the company into a mid to large mining company," he said.

Taifeng is a subsidiary of Sichuan Taifeng Group, which employs more than 1500 people in manufacturing, mineral resources development, real estate development and education.

Taifeng expects to complete due diligence on the investment by the end of the month. The deal is also subject to shareholder approval.

IMX shares added 3c to 45.5c yesterday. Iron-Clad stock was up 45.9 per cent, or 36.5c to \$1.16.

Western Plains shares were steady at 30c.