

IXR.AU

IMX Resources Ltd

A\$ 0.46

5 March 2010
Iron Ore, Nickel, Copper, Gold
Australia (SA,TAS,WA), Tanzania, Mozambique, India
Construction
Exchanges: ASX:IXR

IMX has raised A\$48.1m in Hong Kong to find the A\$20m start up of the 1.7mtpa Cairn Hill Project in SA (Fe, Au, Cu). Mining is set for 2Q10, with a full DSO offtake agreement in place (Jilin Tonghua). An expected resource expansion and upgrade in 1H10 could drive near-term value.

Capital Profile

Share price (A\$)	0.46
52 week range (A\$/share)	0.165 to 0.50
Number of shares (m)	200.6
Options and warrants (m)	17.0
Convertible notes (m)	0.0
Fully diluted (m)	217.6
Market capitalisation (undiluted) (A\$m)	52.4
Debt (A\$m) - Mar 10F	0.0
Enterprise value (A\$m)	12.4
Major shareholders: Taifeng Yuanchuang Int Dev Co (19.9%) OZ Minerals (13.0%), Jilin Tonghua Iron & Steel (6%)	
Avg monthly volume (m)	3
Cash (A\$m) - Mar 09F	39.9
Price/Cash (x)	2.3
Price/Book (x)	1.0
Listed company options:	No

Production and Financial Forecasts

YEAR END: June	Dec-09a	Mar-10F	2009a	2010F	2011F
Exploration and evaluation (A\$m)	1.47	0.33	2.35	3.63	2.00
Corporate (A\$m)	0.74	0.50	2.17	2.49	2.00
Exploration/(Expl.+ Corporate) (%)	67	36	52	53	50
Funding duration at IxRent burn (years)	6.2	48.3	1.7	6.6	9.9
Shares on issue (pr end) (m shares)	200.6	260.2	174.5	260.2	260.2
Drilling - RAB (m)	5,000	0	0	5,000	0
Drilling - Other/Diamond (m)	2,500	2,500	2,500	10,000	10,000
Land holding ('000 ha)*	320	320	320	320	320
Tenement costs (\$k per year)	na	na	70	110	110
Capital raisings (A\$m)	10.00	28.81	0.00	38.81	0.00
Funding from JV partners (A\$m)	0	0	0	2	4
Cash (A\$m)	13.6	39.9	7.7	40.6	39.6
Cash backing (Ac/share)	6.8	13.8	4.4	15.6	15.2
Net asset backing (Ac/share)	30.1	30.7	29.3	41.5	41.9

*Iron Ore prospective tenements only, both held and under application. Quarters refer to calendar year.

Investment Points

Flagship iron ore project is Cairn Hill (SA), potential magnetite and Cu-Au shipping in 3Q10.

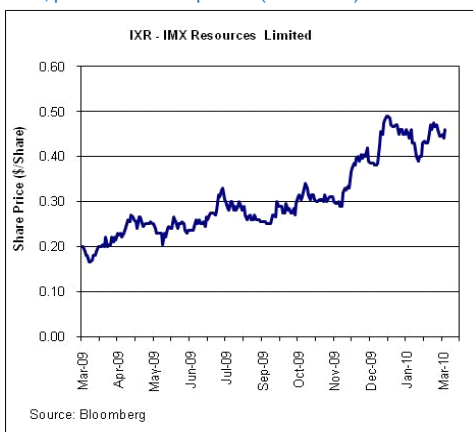
Cairn Hill resource 14.3mt @ 50.6% Fe plus Cu and Au credits, Phase 1 reserve 6.9mt (undiluted). Expanded Phase 2 resource of 8-12mt possible in 1H10.

Expected Phase 1 production of 1.7mtpa. Shipping through Port Adelaide. Offtake with Jilin Tonghua for all Phase 1 output.

Jan '10 JV with Taifeng, worth A\$48.1m, should provide the required A\$20m start-up funding for Cairn Hill - FIRB and Defence approval awaited.

Exploration upside (Fe,Cu,Au,U) at regional Mt Woods Project, strike 40km. Target Mineralisation of 320-550mt FeO. A\$20m spend by Oz Minerals on Cu/Au rights.

Nachingwea Ni-Cu Project (Tanzania): advanced exploration, 1.1mt @ 2.4% Ni and 0.4% CU. IXR owns 30%, plus 47.3% of JV partner (TSX.V:CNI).



Company Comment

Overview: IMX Resources (ASX:IXR) holds the Cairn Hill Magnetite Project (SA), a 30% share in the Nachingwea Nickel-Copper JV in Tanzania, and early stage exploration projects in Australia, Africa and India.

Cairn Hill Magnetite Project (Fe, Cu, Au): Part of the 3,202km² Mt Woods Project, Cairn Hill (ML6303) is 55km south-east of Coober Pedy (SA) and 58km from the Darwin to Adelaide railway. The project is within the **Woomera Prohibited Area (WPL)** and Department of Defence can veto development activities. Current JORC resource (Snowden, Jun '07) is 14.3mt @ 50.6% Fe. IMX plans three development phases. Phase 1 is focused on 10.8mt ore at the western end of the mineralisation, which could produce a coarse-grained (150µm) magnetite concentrate grading 71% Fe, and a 23% Cu/Au concentrate (87.5% Cu recovery), via flotation and magnetic separation. The Phase 1 area has a JORC reserve of 6.9mt @ 51.2% Fe, 0.43% Cu and 0.13g/t Au (AMC, Dec '08). Pit designs (Pits 1 and 2) were optimised for early cash flow; drilling shows there is potential to extend at depth (e.g. 49m @ 54.81% Fe and 0.14% Cu below Phase 1 South Pit). Open pit production rate planned at 1.7mtpa. Strip ratio is ~4:1. IMX has a DSO sales offtake agreement with China's Jilin Tonghua Iron & Steel for the total ore production from Phase 1. A shipping licence was granted Nov '09 and ore shipments from Port Adelaide could commence in 3Q10. Phase 1 start up cost is A\$20m (capex US\$7m, plus A\$8m working capital and \$5m contingency). Phase 2 area (current resource 3.5mt) could produce magnetite concentrate of 68.8% Fe. Targeting 8-12mt @ 45-50% Fe. Phase 3 is focused on the remaining 90% of 40km prospective strike of magnetic anomalies. Further resources could support a 3mtpa-5mtpa operation. Mt Woods regional exploration in 2H09 led to Target Mineralisation totalling 320-550mt @ 25-35% Fe, with up to 400mt at Snaefull.

JV with Taifeng: In Jan '10, IMX signed a A\$48.1m HOA with Hong Kong based Taifeng Yuanchuang International Development Co Ltd, including \$23m for a 50% equity partnership in the development of Cairn Hill (and other developments in ML6303) and a \$25.1m placement at A\$0.484/share. This agreement would fund all the Phase 1 capex, as well as a Phase 2 BFS. Due diligence was completed in Feb '10 and the deal should proceed, subject to FIRB approval. IMX still holds 100% of Mt Woods Fe rights.

JV with Oz Minerals (ASX:OZL): OZ has agreed to spend A\$20m at Mt Woods over 5 years (from Nov '09), to earn 51% of non-Fe rights. It also took an A\$10m placement in IMX at A\$0.385/share, and will subscribe for another A\$3.8m at A\$0.484/share to avoid dilution through the Taifeng investment.

Other projects: IMX has early-stage Ni and Au projects in Australia (TAS, WA) and Ni-Cu-PGE assets in Tanzania (**Nachingwea** and **Mibango**; multiple Ni-Cu sulphide targets) and Mozambique (Cabo Delgado). Drilling at Nachingwea (3,923m in 2009) has found near-surface mineralisation, e.g. 9m @ 1.64% Ni and 0.28% copper. **Exchange-listed investments:** IMX holds 47.4% of **Continental Nickel Limited** (TSX.V:CNI), which owns 70% of Nachingwea (IMX also has free-carried 30% JV interest); and 34.5% of uranium explorer **Uranex NL** (ASX:UNX). **Investment Comment:** The security provided by the Cairn Hill offtake agreement with Tonghua has helped IMX strike a project-making deal with Taifeng that could see iron ore and Cu produced as DSO from 3Q10. The share price is close to the Taifeng placement value. Potential near term value drivers include FIRB and Department of Defence approval of the Taifeng JV; a Cairn Hill resource upgrade in 1H10; Mt Woods exploration driven by A\$20m from OZL; and other investments (e.g. current value of UNX and CNI shares is A\$25m).

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian and Canadian: (JORC)		(NI 43-101)					
Iron (Fe)	Classification	Project	Ore	Fe	Cut Off	Fe	Fe Equity
		Equity	mt	%	%	mt	mt
Reserves - Iron Ore							
Cairn Hill*		50%	6.9	51.2	na	3.5	1.8
Resources - Iron Ore							
Cairn Hill*	Indicated, Inferred	50%	14.3	50.6	40	7.2	3.6
Resources - Other							
Nachingwea		30%	Ore mt	Ni%	Cu%	Co%	Ore Equity mt
			1.1	2.4	0.4	0.1	0.3
* Reserve: Au 0.13g/t for 29.2koz, Cu 0.43% for 29.6kt			*Resource: Au 0.09g/t for 39.3koz, Cu 0.29% for 41.2kt, Si 6.6%, P 0.91%				
Mineralised Material (est., non compliant with JORC)			320-550	25-35	80-193	80-193	

Contact

Mr Duncan McBain
Managing Director
Tel: 61 (0) 8 9388 7877
Subiaco, WA, Australia
www.imxresources.com.au

J Jacobs (Chairman)
D McBain (MD)
S Hunt (Non Exec)
T Haggerty (Non Exec)
Cao XK (Non Exec)
J Nitschke (Non Exec)

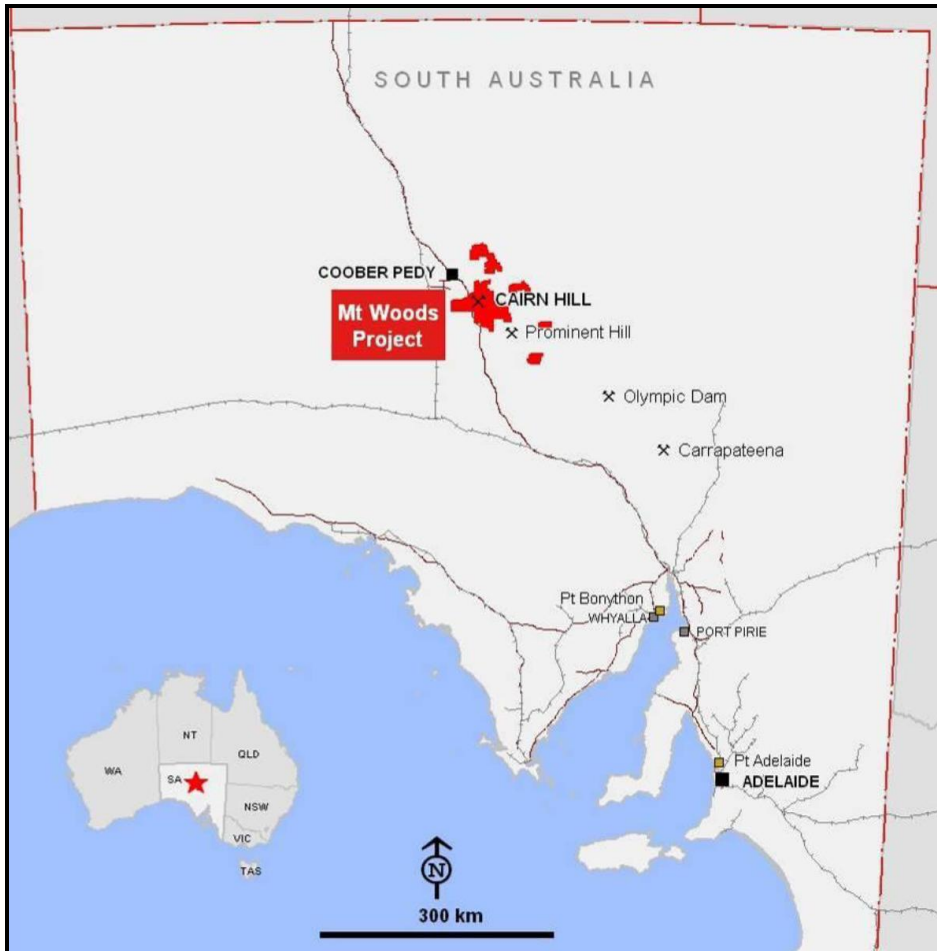
Analyst: Dr Trent Allen
trentallen@rcresearch.com.au

Key Projects

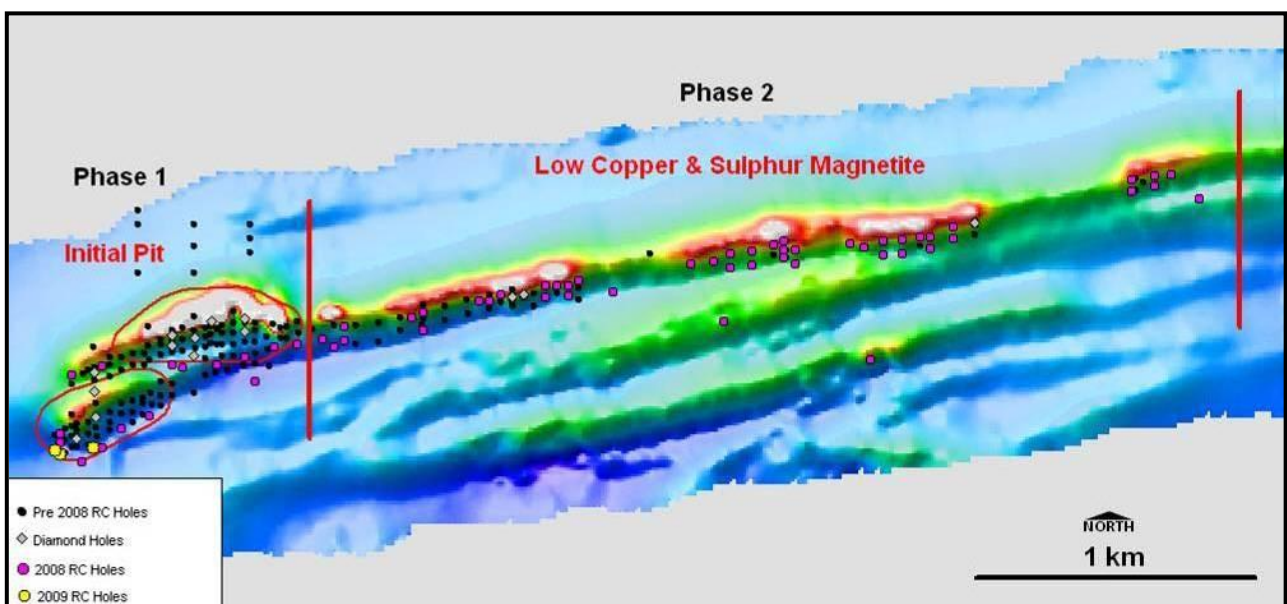
Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Cairn Hill / Mt Woods	50%/100%	Fe,Cu,Au	na	BIF	DSO/float/mag	Development	Aust (SA)
Nachingwea*	30%	Ni,Cu	TSX.V:CNI	Komatitite	na	Pre-Scoping	Tanzania
Mibango	100%	Ni,Cu,PGE	na	Intrusive	na	Early Expl	Tanzania
NW Tasmania Nickel	96%	Ni	na	Intrusive	na	Early Expl	Aust (TAS)
Dingo Well Gold	100%	Au	na	Greenstone	na	Early Expl	Aust (WA)
Mozambique	100%	Ni,Cu,PGE	na	Intrusive	na	Early Expl	Mozambique

* IXR also owns 47.3% of CNI

Location of Cairn Hill Iron Ore-Copper-Gold Project, IMX Resources: initial iron ore production could be 1.7mtpa, with shipping via rail (line shown on map) to Port Adelaide. Start-up capex is A\$7m, plus A\$13m for working capital and contingencies, funded by capital raisings from OZ Minerals and Taifeng.



Cairn Hill Project areas: IMX has a DSO offtake agreement with Jilin Tongva (China) for Phase 1 production, which could start 3Q10. The ore will be treated to extract Fe, Cu and Au. Phase 3 includes 36km of untested strike: Target Mineralisation of up to 550mt at 25%-35% Fe.



Disclosure and Disclaimer

Disclosure and Disclaimer

Important Information

Resource Capital Research Pty Limited (referred to as “we”, “our”, or “RCR” herein) ACN 111 622 489 holds an Australian Financial Services Licence (AFS Licence number 325340). General advice is provided by RCR’s Authorised Representatives Dr Tony Parry (Authorised Representative number 328842) and Dr Trent Allen (Authorised Representative number 331960). The FSG is available at www.rcresearch.com.au. All references to currency are in Australian dollars unless otherwise noted.

This report and its contents are intended to be used or viewed only by persons resident and located in the United States, Canada and Australia and therein only where RCR’s services and products may lawfully be offered. The information provided in this report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject RCR or its affiliates to any registration requirement within such jurisdiction or country.

This report and its contents are not intended to constitute a solicitation for the purchase of securities or an offer of securities. The information provided in this report has been prepared without taking account of your particular objectives, financial situation or needs. You should, before acting on the information provided in this report, consider the appropriateness of the purchase or sale of the securities of the companies that are the subject of this report having regard to these matters and, if appropriate, seek professional financial, investment and taxation advice. RCR does not guarantee the performance of any investment discussed or recommended in this report. Any information in this report relating to the distribution history or performance history of the securities of the companies that are the subject of this report, should not be taken as an indication of the future value or performance of the relevant securities.

In preparing this report, RCR analysts have relied upon certain information provided by management of the companies that are the subject of this report or otherwise made publicly available by such companies. The information presented and opinions expressed herein are given as of the date hereof and are subject to change. We hereby disclaim any obligation to advise you of any change after the date hereof in any matter set forth in this report. THE INFORMATION PRESENTED, WHILE OBTAINED FROM SOURCES WE BELIEVE RELIABLE, IS CHECKED BUT NOT GUARANTEED AGAINST ERRORS OR OMISSIONS AND WE MAKE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AND DISCLAIM AND NEGATE ALL OTHER WARRANTIES OR LIABILITY CONCERNING THE ACCURACY, COMPLETENESS OR RELIABILITY OF, OR ANY FAILURE TO UPDATE, ANY CONTENT OR INFORMATION HEREIN.

This report and the information filed on which it is based may include estimates and projections which constitute forward looking statements that express an expectation or belief as to future events, results or returns. No guarantee of future events, results or returns is given or implied by RCR. Estimates and projections contained herein, whether or not our own, are based on assumptions that we believe to be reasonable at the time of publication, however, such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from the estimates and projections provided to RCR or contained within this report.

This report may, from time to time, contain information or material obtained from outside sources with the permission of the original author or links to web sites or references to products, services or publications other than those of RCR. The use or inclusion of such information, material, links or references does not imply our endorsement or approval thereof, nor do we warrant, in any manner, the accuracy or completeness of any information presented therein.

RCR, its affiliates and their respective officers, directors and employees may hold positions in the securities of the companies featured in this report and may purchase and/or sell them from time to time and RCR and its affiliates may also from time to time perform investment banking or other services for, or solicit investment banking or other business from, entities mentioned in this report. IMX Resources Limited commissioned RCR to compile this report. In consideration, RCR received a cash consultancy fee of less than \$15,000. RCR may receive referral fees from issuing companies or their advisors in respect of investors that RCR refers to companies looking to raise capital. Those fees vary, but are generally between 0 - 1% of the value of capital raised from referrals made by RCR. RCR received referral fees in relation to recent capital raisings for Globe Uranium Limited, PepinNini Minerals Limited, Uranex NL and Toro Energy Limited. At the date of this report, neither RCR, nor any of its associates, hold any interests or entitlements in shares mentioned in this report with the exception that either or both of John Wilson (either directly or through Resource Capital Investments Pty Limited (RCI)) and associates, or RCI, as trustee of the Resource Capital Investments Fund owns shares in BHP, Rio Tinto and Fortescue Metals Group Ltd.

Analyst Certification: All observations, conclusions and opinions expressed in this report reflect the personal views of RCR analysts and no part of the analyst’s or RCR’s compensation was, is, or will be, directly or indirectly related to specific recommendations or views expressed in the report. Officers, directors, consultants, employees and independent contractors of RCR are prohibited from trading in the securities of U.S. companies that are, or are expected to be, the subject of research reports or other investment advice transmitted to RCR clients for a blackout window of 14 days extending before and after the date such report is transmitted to clients or released to the market.

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources: RCR publishes mineral resources based on standards recognized and required under securities legislation where listed mining and exploration companies make their exchange filings and uses the terms “measured”, “indicated” and “inferred” mineral resources. U.S. investors are advised that while such terms are recognized and required under foreign securities legislation, the SEC allows disclosure only of mineral deposits that can be economically and legally extracted. United States investors are cautioned not to assume that all or any part of measured, indicated or inferred resources can be converted into reserves or economically or legally mined. We recommend that US investors consult Securities and Exchange Commission Industry Guide 7 – “Description of Property by Issuers Engaged or to Be Engaged in Significant Mining Operations” for further information about the use of defined terms and the presentation of information included in this report.