

IXR.AU

17 June 2010
 Iron Ore, Nickel, Copper, Gold
 Australia (SA,TAS,WA), Tanzania, Mozambique, India
 Production
 Exchanges: ASX:IXR

IMX Resources Limited

A\$ 0.41

Ore production has started at the 1.7mtpa Cairn Hill Project (Fe, Au, Cu), with export via Port Adelaide in late 3Q or early 4Q10; a final shipping contract is expected shortly. Phase 1 of the project has a full DSO offtake agreement in place (Jilin Tonghua).

Capital Profile

| | |
|---|--------------|
| Share price (A\$) | 0.41 |
| 52 week range (A\$/share) | 0.22 to 0.56 |
| Number of shares (m) | 231 |
| Options and warrants (m) | 12 |
| Convertible notes (m) | 0 |
| Fully diluted (m) | 243 |
| Market capitalisation (undiluted) (A\$m) | 63.7 |
| Debt (A\$m) - Jun 10F | 0.0 |
| Enterprise value (A\$m) | 32.8 |
| Major shareholders: Taifeng Yuanchuang Int Dev Co (13.3%) | |
| OZ Minerals (11.3%), Jilin Tonghua Iron & Steel (7.1%) | |
| Avg monthly volume (m) | 2 |
| Cash (A\$m) - Jun 10F | 30.9 |
| Price/Cash (x) | 3.1 |
| Price/Book (x) | 1.3 |
| Listed company options: | No |

Investment Points

Flagship project is Cairn Hill (SA), 1.7mtpa iron and Cu-Au DSO shipping in 3/4Q10 through Port Adelaide via rail (+A\$40m rolling stock contract signed May '10).

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.

Offtake with Jilin Tonghua for all Phase 1 output, Fe revenue A\$80/t less 20% for downstream margin, opex A\$60/t FOB (A\$36/t with Cu credit); 50% to Taifeng.

Jan '10 JV with Taifeng, worth A\$49.1m, should cover the 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 (Tanzania): advanced exploration, 1.1mt @ 2.4% Ni and 0.4% Cu; 2010 budget C\$4m. IXR owns 30%, plus 37.2% of JV partner (TSX.V:CNI).



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Production and Financial Forecasts

| YEAR END: June | Mar-10a | Jun-10F | 2009a | 2010F | 2011F |
|--------------------------------------|---------|---------|-------|--------|--------|
| Equity Fe Production (kt) | 0.0 | 0.0 | 0.0 | 0.0 | 205 |
| Cash Costs (US\$/t, w/out Cu credit) | 0 | 0 | 0 | 0 | 56 |
| Exploration and Evaluation (A\$m) | 0 | 1 | 4 | 4 | 4 |
| Corporate (A\$m) | 0.69 | 0.8 | 2.5 | 2.9 | 3.0 |
| Exploration/(Expl.+ Corporate) (%) | 38.1 | 58.4 | 61.4 | 59.3 | 57.1 |
| Shares on issue (pr end) (m shares) | 201 | 243 | 174 | 243 | 243 |
| Drilling - RAB (m) | 0 | 0 | 5,000 | 5,000 | 0 |
| Drilling - Other/Diamond (m) | 2,500 | 2,500 | 7,500 | 10,000 | 10,000 |
| Land holding ('000 ha)* | 320 | 320 | 320 | 320 | 320 |
| Capital Raisings (A\$m) | 0.0 | 20.3 | 10.0 | 30.3 | 0.0 |
| Funding from JV partners (A\$m) | na | na | na | na | na |
| Cash (A\$m) | 10.1 | 30.9 | 7.7 | 30.9 | 33.6 |
| Cash Backing (A¢ /share) | 5 | 13 | 4 | 13 | 14 |
| Net Asset Backing (A¢ /share) | 24 | 31 | 28 | 31 | 39 |

*Iron ore prospective tenements, both held and under application. ^ Quarters stated on calendar basis. Years are financial years.

Company Comment

Overview: IMX Resources (ASX:IXR) holds 50% of the Cairn Hill Magnetite Project (SA), which commenced Fe-Cu ore production in June 2010; 30% of 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). Current JORC resource (Snowden, Jun '07) is 14.3mt @ 50.6% Fe. **Phase 1** development is focused on 10.8mt ore at the western end of the mineralisation. 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). Target head grade is 55% Fe and 0.43% Cu. Pre-strip is in progress and the **first ore blast was in June 2010**; production rate will be 1.7mtpa. Strip ratio is ~4:1. IMX has a DSO offtake agreement with China's Jilin Tonghua Iron & Steel for Phase 1; the ore will be sold at a 20% discount to benchmark prices – the ore should 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. Shipments from Port Adelaide, via truck and rail (contracts signed), should commence in 2H10. Phase 1 start up cost is A\$20m (capex US\$7m, \$8m working capital; \$5m contingency). Total FOB costs are expected to be A\$60/t, with a (current) A\$24/t copper credit for net cost A\$36/t; revenue is A\$80/t after the 20% discount (fx 93¢). **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. Further resources could support a **3mtpa-5mtpa operation**. Mt Woods Target Mineralisation is 320-550mt @ 25-35% Fe. **JV with Taifeng:** In Jan '10, IMX signed a A\$49.1m HOA with Hong Kong based Sichuan Taifeng, including \$24m for a 50% equity partnership in Cairn Hill (and other developments in ML6303) and a \$25.1m placement at A\$0.484/share (A\$14.6m already placed). This agreement will fund Phase 1 capex, as well as a Phase 2 BFS. The deal should proceed, **subject to FIRB approval**. IMX still holds 100% of Mt Woods Fe rights.

JV with OZ Minerals (ASX:OZL): OZL will 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 has subscribed 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 in Tanzania (**Nachingwea** and **Mibango**); multiple Ni-Cu sulphide targets) and Mozambique (Cabo Delgado). Nachingwea has a near-surface Ni-Cu-Co resource, e.g. 9m @ 1.64% Ni and 0.28% Cu. Exploration budget C\$4m in 2010.

Exchange-listed investments: IMX holds 37.2% of **Continental Nickel Limited** (TSXV:CNI), which owns 70% of Nachingwea (IMX also has free-carried 30% JV interest); and 30.1% of uranium explorer **Uranex NL** (ASX:UNX).

Investment Comment: Cairn Hill Phase 1 has commenced production and DSO should begin shipping in late 3Q or early 4Q10. The NPV of 50% of Cairn Hill P1 at current iron ore prices and reserves is A\$124m (10% disc, fx 0.80), or A\$0.58/share (undiluted) including UNX/CNI shares, and excluding resource upside and cash from the Taifeng JV. IMX's share price has dropped from recent peak of A\$0.55 down to A\$0.42, at the lower limit of an upwards-trending range, and should move towards A\$0.55-A\$0.60 with FIRB and Department of Defence approval of the Taifeng JV, and first ore shipments from Cairn Hill to Jilin Tonghua plant in China.

Reserves and Resources/Mineralised Material

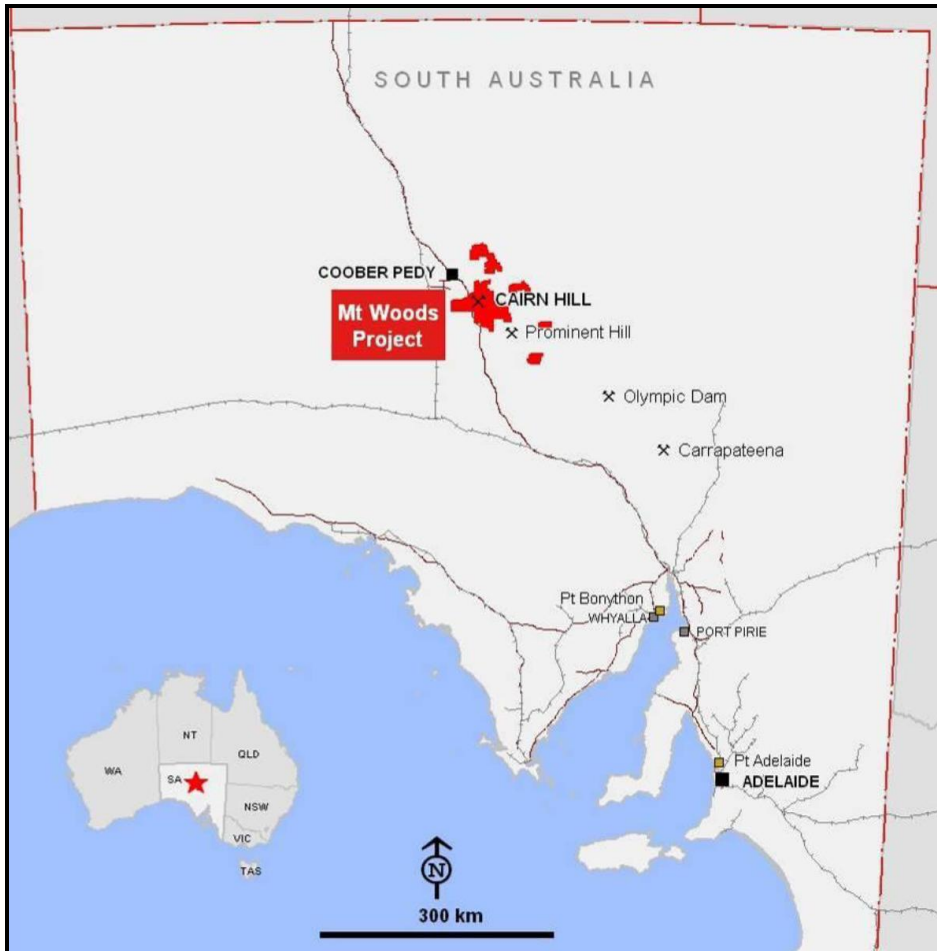
| Code for reporting mineral resources - Australian and Canadian: (JORC) | | (NI 43-101) | | | | | |
|--|---------------------|----------------|----------------|--------------|-----------|---------------|---------------|
| Iron (Fe) | Classification | Project Equity | Ore mt | Fe % | Cut Off % | Fe mt | Fe Equity 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% | 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 |

Key Projects

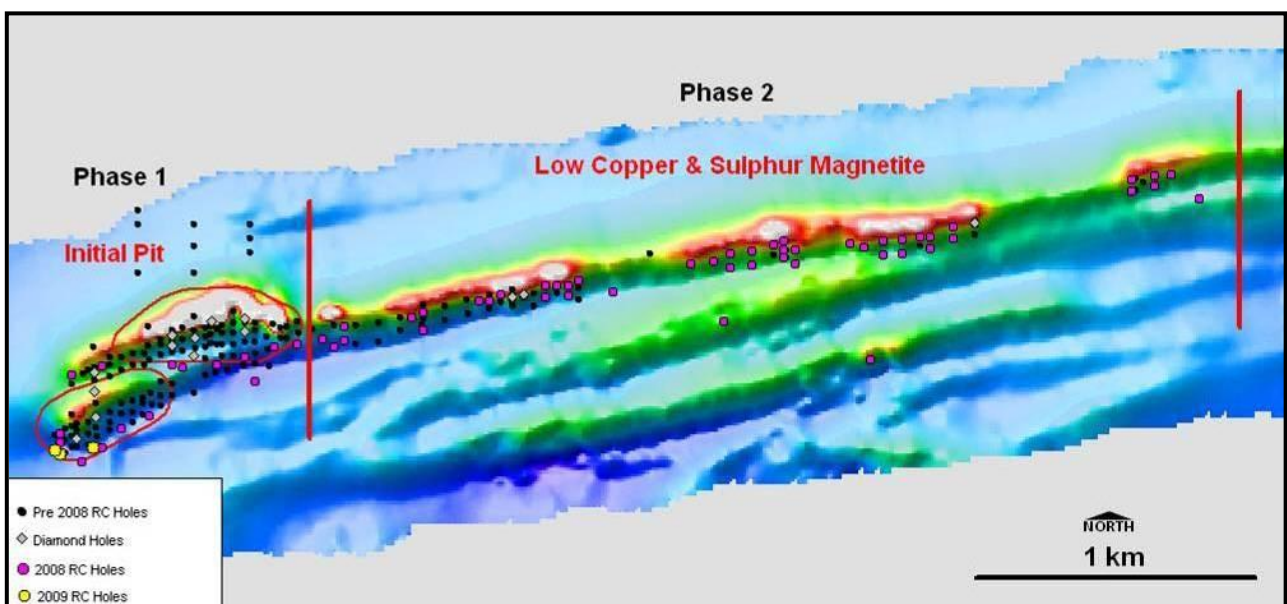
| Project | Ownership/Option | Metal | JV Partner | Target Type | Process Route | Project Status | Location |
|------------------------|------------------|-----------|--------------|-------------|---------------|----------------|------------|
| Cairn Hill / Mt Woods* | 50/100/49% | Fe,Cu,Au | Taifeng, OZL | 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 |

* 50% of Cairn Hill with Taifeng; 49% of non-Fe at Mt Woods with ASX:OZL; 100% of Mt Woods Fe ** IXR also owns 47.3% of CNI

Location of Cairn Hill Iron Ore-Copper-Gold Project, IMX Resources: initial iron ore production should 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 Taifeng and OZ Minerals.



Cairn Hill Project areas: IMX has a DSO offtake agreement with Jilin Tongva (China) for Phase 1 production, which has commenced – shipping is expected 3/4Q10. 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

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