



Chinese go-ahead on Cairn Hill mine

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THE first iron ore mine in South Australia in more than a century is set to begin production after its major Chinese investor received Australian government approval to lift its stake in IMX Resources and invest in its Cairn Hill project.

The news sent IMX shares jumping 5c, or 12.82 per cent, to 44c.

Perth-based IMX said the Foreign Investment Review Board (FIRB) had approved Sichuan Taifeng's acquisition of up to 19.9 per cent of IMX.

The FIRB approval allowed IMX to place 21.7 million shares at 48.4c per share to Sichuan Taifeng, raising \$10.5 million.

Sichuan Taifeng has spent a total \$25.05 million on its IMX investment.

IMX also will place 7.8 million shares with fellow SA-focused miner OZ Minerals, maintaining OZ Minerals's original 13 per cent shareholding and raising an additional \$3.7 million.

Sichuan Taifeng also gained FIRB approval to take a 49 per cent interest for about \$24 million in IMX subsidiary Outback Iron, which holds the Cairn Hill project near Coober Pedy.

Sichuan Taifeng was not allowed to take a 50 per cent stake in Outback

Iron as originally contemplated.

With the Cairn Hill project within the Woomera prohibited area, Defence Department approval must be provided to Treasurer Wayne Swan.

IMX said the department was expected to confirm late last night that it was satisfied land access arrangements did not threaten national security interests.

The transaction also requires approval from China's National Development and Reform Commission.

"The final approval is ... very important for IMX as it allows, with minor modifications, the original agreement to be implemented thus realising the full potential from our Cairn Hill projects and placing IMX in an exceptional position for growth," IMX managing director Duncan McBain said in a statement.

"Fortunately the flexibility that Sichuan Taifeng has demonstrated by entering into an interim agreement has allowed the commencement of mining prior to FIRB approval."

The first Cairn Hill ore cargo is set to be shipped in the fourth quarter of this financial year, he said. The mine, due to officially open on August 25, will also produce copper and gold. AAP