



**HD** IXR IMX Resources ships 450,344 t from Cairn in fiscal Q3

**CR** Stockwatch

**WC** 3,367 words

**PD** 30 April 2014

**SN** Canada Stockwatch

**SC** CNSW

**LA** English

**CY** (c) 2014 Canjex Publishing Ltd.

**LP**

IMX Resources Ltd (TSX:IXR)

Shares Issued 396,497,145

**TD**

Last Close 4/28/2014 \$0.05

Wednesday April 30 2014 - News Release

Dr. Derek Fisher reports

IMX RESOURCES LIMITED: REPORT FOR THE QUARTER ENDED 31 MARCH 2014

IMX Resources Ltd. has released its quarterly report for the quarter ended March 31, 2014. All dollars in this report are Australian dollars unless otherwise stated.

Summary

Cairn Hill **iron ore operations**:

- Phase 2 extension of the Cairn Hill mine, with **operations** continuing through to June, 2015;
- Negative cash flow from **operations** of \$1.4-**million** due to receipt of provisional invoice for the final shipment for the quarter on April 4, 2014 (December quarter: positive cash flow of \$8.1-**million**);
- Distributions to joint venture partners of \$4.3-**million**, IMX's share \$2.2-**million** (December quarter \$11.9-**million**, IMX's share \$6.1-**million**);
- **Iron ore** price protection delivers average realized **iron** price of \$142 for the March quarter exceeding the average 62-per-cent benchmark price of \$134 for the quarter.

Ntaka Hill nickel sulphide project:

- Tanzanian regulatory approval of joint venture agreement with MMG Exploration Holdings Ltd.;
- Assay results from final phase of December quarter drilling identify new zone of nickel mineralization, Ntaka Kati;
- Aggressive exploration program, involving a total of 14,775 metres of diamond drilling and 8,700 metres of reverse circulation drilling expected to commence in May, 2014 (four drill rigs currently on **site**).

Mt. Woods exploration and development:

- Pilot hematite drilling program and occurrence of coarse specular hematite at Fyans prospect confirms hematite prospectivity of Mt. Woods;
- Search continues for a development partner for the Mt. Woods magnetite project with road shows undertaken in **China** and the Middle East;

- Several parties actively engaged in process to secure a joint venture partner to explore for **copper-gold** on the Mt. Woods tenements.

Corporate:

- Appointment of Gary Sutherland as managing director and Dr. Derek Fisher as chairman, along with the relocation of the corporate office from Perth to Adelaide;

- IMX cash of \$3.3-**million**, excluding cash invested in Cairn Hill joint venture.

## Operations

Cairn Hill joint venture (IMX -- 51 per cent)

### CAIRN HILL JV: PRODUCTION AND SHIPMENT PERFORMANCE FOR THE MARCH QUARTER 2014

	March quarter 2014	December quarter 2013
Waste removed ( BCM)	587,022	454,681
Waste and <b>ore</b> ( BCM)	689,482	554,770
<b>Ore</b> mined ( tonnes)	440,578	430,383
<b>Ore</b> crushed ( tonnes)	421,955	403,942
Road haulage ( tonnes)	411,337	422,691
Rail haulage ( tonnes)	431,592	418,871
<b>Ore</b> shipped ( tonnes)	450,344	381,735

## Operations

While the total recordable injury frequency rate decreased to 13.49 (December quarter: 19.1), one recordable injury occurred during the quarter.

**Mining** continued in both pit 1 and pit 2 during the quarter. Extra **mining** capacity was utilized to accelerate prestripping activities in pit 2. This enabled **ore** to be accessed more quickly to partially compensate for the underperformance of the pit 1 orebody at depth (Australian Securities Exchange announcement March 3, 2014). Road and rail haulage volumes for the quarter were adversely impacted by both reduced availability of **ore** for transport and heavy rainfalls which resulted in 61.5 hours of lost road access.

A total of 450,344 tonnes of **ore** were shipped in six shipments, which was in line with the **company's** expectations. Six shipments are forecast for the June quarter.

For the March quarter, FOB costs averaged \$84 per tonne shipped and \$104 per tonne CIF (December quarter: \$94 and \$111, respectively). The fall in costs per tonne was attributable to the six shipments in the March quarter compared to five shipments for the December quarter.

FOB costs per tonne shipped for the remainder of the 2014 financial year are forecast to average \$84 per tonne shipped (\$106 per tonne CIF). These costs are slightly higher than previously reported for the remainder of the 2014 financial year due to the June, 2014, quarter expecting six shipments instead of the previously forecast seven shipments. The **company** continues to operate with increased rail capacity in order to recover some of the capacity lost due to technical issues with locomotives and wet weather in 2013.

## Operations cash flow

The Cairn Hill JV had negative cash flow from **operations** of \$1.3-**million** (December quarter: positive cash flow of \$8.1-**million**). This is a timing issue only as the provisional invoice cash receipt of \$8.6-**million** for the final shipment of the March quarter which departed on March 30, 2014, was received on April 3, 2014. Had the cash for this shipment been received during the March quarter, the cash flow would have been in line with the \$6.8-**million** forecast in the December quarter.

The **iron ore** price and Australian/U.S. exchange rate fell during the provisional pricing periods and the resulting provisional price received per tonne of magnetite-**copper ore** shipped during the March quarter was \$127 per tonne CIF (December quarter \$127 per tonne CIF). Hedges of the Platts 62-per-cent benchmark price resulted in a positive \$900,000 impact on cash flow during the quarter.

During the March quarter, the Cairn Hill JV made payments of \$2.7-million for adjustments on final invoices, \$1.2-million of which related to payments for shipments in the December quarter. At spot prices and exchange rates on March 31, 2014, payments for adjustments on final invoices due for settlement in the June quarter are estimated to be \$7.3-million. This large settlement amount is due to a combination of falling iron prices and low copper grades of the final two shipments of the March quarter.

#### Stockpiles

At the end of the March quarter, the book value of ore stockpiles, being the cost to deliver the stockpiles to their present location, was \$9.9-million (Dec. 31, 2013: \$12.9-million). The decrease in the book value of ore stockpiles was due to lower tonnes mined, which resulted in a drawdown of stockpile levels in order to achieve six shipments for the quarter.

#### ORE STOCKPILES AT MARCH 31, 2014

	Precrusher	Postcrusher	Rankin Dam	Port Adelaide
Stockpile (tonnes)	110,659	67,878	38,668	44,860

#### Sales and marketing

During the quarter shipments were placed with existing, contracted customers.

#### Development projects

Continuity of operations at Cairn Hill

#### Phase 2

During the quarter, the Cairn Hill JV partners approved a phase 2 extension of the Cairn Hill mine that will see it continue operation through to mid-2015 (see ASX announcement April 1, 2014).

The phase 2 extension will initially comprise the mining of two new open pits (pits 3 and 4) located to the east of the current pit 1, with production of over one million tonnes of product. There is potential to further extend the life of the Cairn Hill mine with a cutback to the existing pit 2.

Based on consensus economics forecasts for the first half of 2015 of \$115.50 (U.S.) per tonne for the 62-per-cent Platts iron ore index and an Australian/U.S. exchange rate of 0.86, financial modelling indicates that together with phase 1 operations, the phase 2 extension is expected to generate posttax, free cash flow of approximately \$8.0-million for the Cairn Hill JV.

Owing to the especially coarse nature of Cairn Hill magnetite, existing customers have been able to produce very high-grade magnetite concentrates which are highly desirable as feed to the steel-making process. As a result, the intermediate product from phase 2 is particularly attractive, with an existing customer having provided a letter of intent to purchase up to 100 per cent of the phase 2 product under an agreed pricing model based on the 62-per-cent Platts iron ore index.

Built on the current mining operation and infrastructure that is already in place, the phase 2 extension is part of IMX's broader strategic vision to establish a minimum five-year life at the Cairn Hill mine.

#### Hematite exploration

Exploration for direct shipping ore hematite is an important element of the company's efforts to maintain continuing operations at Cairn Hill beyond 2015. Any discovery of economic DSO hematite at Mt. Woods has the potential for near-term production utilizing the road, rail and port infrastructure currently used by the Cairn Hill mine.

Results of a pilot drilling program to test hematite at Mt. Woods that was carried out in March, 2014, returned wide intersections showing hematite derived from alteration of a magnetite iron formation (see ASX announcement March 1, 2014, and March 21, 2014). These results show that hematite-forming geological processes occur at Mt. Woods and that the exploration methods applied in the pilot drilling program can detect it. Since announcing these exploration results on March 1, 2014, and March 21, 2014, IMX is not aware of any new information or data that materially affect the information included in that announcement.

Exploration for this style of hematite mineralization was given added impetus by the identification of a significant occurrence of high-grade hematite from previous drilling at the Mt. Woods project. The

intersection was identified in core drilled by former partner OZ Minerals Ltd., which was exploring for **copper** (see ASX announcement April 4, 2014). Assaying of the hematite-rich interval returned 8.4 metres at 59.1 per cent **iron** from 406.7 metres.

#### HEMATITE FE% INTERCEPTS IN HOLE DD112FYA002 -- FYANS PROSPECT

iron								Main	
	Hole	From	To	Width	Fe %	P %	S %	SiO2 %	mineral
	DD12FYA002	384.0	389.3	5.3	49.80	0.03	0.02	20.75	Magnetite
	DD12FYA002	406.5	414.9	8.4	59.10	0.04	0.10	11.70	Hematite
	Includes	411.0	414.9	3.9	61.30	0.04	0.14	8.42	Hematite

Since announcing these exploration results on April 4, 2014, IMX is not aware of any new information or data that materially affect the information included in that announcement.

This intersection at Fyans is too deep and narrow to be of direct economic significance, but clearly demonstrates that the geochemical processes that created Arrium's hematite mineralization at Peculiar Knob were also active on the Mt. Woods tenements.

The Fyans prospect is located approximately 11 kilometres southwest of Peculiar Knob.

Mt. Woods magnetite project, South Australia (IMX 100 per cent)

Investigation into optimized product handling solutions, particularly around the port were completed during the quarter, with concept designs developed for changes to infrastructure.

The spring flora and fauna baseline survey for the Snaefell **site** was also finalized, with the fieldwork having been completed during the December quarter. This survey was undertaken to ensure that environmental baseline studies did not impact on the critical path for project permitting.

The process to secure a partner for the evaluation and development of the Mt. Woods magnetite project continued during the quarter. Azure Capital continues to advise on the process, with a number of potential partners currently engaged at various stages of review.

#### Exploration

Nachingwea **property**, Ntaka Hill (IMX 100 per cent)

Joint venture with MMG

Having entered into a five-year, \$60-**million** (U.S.) joint venture agreement with MMG in September, 2013, MMG immediately commenced financing and directing exploration at the Nachingwea project. MMG is targeting a resource in the order of 400,000 tonnes of contained nickel at greater than 1.5 per cent nickel and has implemented a new exploration program, focussed on delineating high-grade, mafic intrusive-style nickel mineralization, which is considered to have the potential to increase the grade and size of the existing resource.

Stage one progressing well

The stage one work program defined by MMG and which commenced in September, 2013, has a budget of \$10-**million** (U.S.), with rapid evaluation of the potential for high-grade nickel discoveries and achievement of MMG's resource target, the primary objective.

In late 2013, MMG commenced a number of geophysical surveys to further highlight the potential within the Ntaka-Lionja corridor, including NSAMT (natural source audio magneto-tellurics), MLEM (moving loop electromagnetic) and infill gravity surveys. Relogging of oriented drill core and reassessment of downhole EM surveys have continued and along with the surface geophysical work, are providing a new understanding of the Ntaka intrusive.

Identification of drill targets is expected to be finalized in April, prior to the commencement of drilling in the June quarter.

New zone of mineralization identified at Ntaka Hill

Assay results received during the March quarter confirmed a new zone of mineralization, referred to as Ntaka Kati, located 300 metres north of the current Sleeping Giant and Zeppelin resource (see ASX

announcement Feb. 24, 2014). Two holes were drilled, each of which intersected mineralization, with assay results including:

- 71.5 metres of nickel mineralization, including 41 metres at 0.40 per cent nickel, 16 metres at 0.5 per cent nickel and 14.6 metres at 0.7 per cent nickel within 150 metres of the surface (NAD13-388);

- 7.3 metres at 1 per cent nickel and 5.9 metres at 0.6 per cent nickel (NAD13-387).

Since announcing these exploration results on Feb. 24, 2014, IMX is not aware of any new information or data that materially affect the information included in that announcement.

The discovery of Ntaka Kati continues to demonstrate the potential for the various zones of mineralization at Ntaka Hill to form part of a much larger mineralized system up to 1.5 kilometres wide.

#### Nachingwea regional exploration

While primarily focused on the Ntaka Hill nickel sulphide project to identify a resource in the order of 400,000 tonnes of contained nickel at greater than 1.5 per cent nickel, MMG is also looking at the broader Nachingwea project area which covers 6,800 square kilometres (tenements granted and under application).

Regional targeting for a virgin nickel sulphide discovery is based on an interpretation of a detailed aeromagnetic/radiometric survey flown in 2010, an extensive regional soil sampling program and a number of airborne EM (VTEM) surveys which cover approximately 60 per cent of the Nachingwea project area.

Mt. Woods **copper-gold** exploration, South Australia (IMX 100 per cent)

OZ Minerals completed its withdrawal from the Mt. Woods exploration JV during the December quarter, with all mineral rights over the Mt. Woods tenements and interest in those tenements now 100 per cent owned by IMX.

The prospectivity of the Mt. Woods tenements, together with the availability of a significant exploration database established during previous exploration work, makes this an attractive opportunity for **iron oxide copper gold** discoveries in the world-class Gawler craton mineral province.

A process to secure a joint venture partner for non-**iron** exploration on the Mt. Woods tenements commenced during the December quarter and is continuing. A number of parties have expressed an interest in non-**iron** exploration at Mt. Woods and several Australian and international **copper-gold** explorers and producers are actively engaged in the process.

#### Corporate

##### Cash position and distributions

The Cairn Hill JV cash balance is the working capital required to finance the operation. Distributions to the JV partners are made so as to retain a cash balance of at least \$3-**million** at all times.

As at March 31, 2014, IMX's Tanzanian subsidiary Ngwenja Ltd. held \$100,000 of cash on behalf of MMG. This cash will contribute toward its expenditure on the Nachingwea JV.

Distributions to the Cairn Hill JV partners amounted to \$4.3-**million**, of which IMX received \$2.1-**million** (December quarter \$11.9-**million**, IMX share \$6.1-**million**).

In order to provide greater certainty in respect of cash flow from the Cairn Hill mine, price protection was put in place for 90 per cent of the **group's iron ore** exposure from January to March, 2014. The **transactions** entered provided a price for the 62-per-cent **iron ore** benchmark of \$146.59 (January), \$144.16 (February) and \$136.52 (March) significantly above the spot prices that would have been achievable.

##### Appointment of managing director and non-executive director

During February, Dr. Fisher, a highly credentialled **mining** executive with over 40 years experience in **mining** companies, spanning both corporate and operational roles, with a particular emphasis on **iron ore** and nickel projects, was appointed as a non-executive director. Subsequent to the end of the quarter, Dr. Fisher was appointed chairman of the **company**.

Immediately following the end of the March quarter, Mr. Sutherland was appointed managing director. Mr. Sutherland will drive IMX's **iron ore** growth strategy, based on its 51-per-cent-owned Cairn Hill mine and

portfolio of development and exploration projects, including the 100-per-cent-owned Mt. Woods magnetite project.

In parallel with Mr. Sutherland's appointment, IMX has decided to relocate its corporate head office from Perth to Adelaide, a move which is consistent with the **company's** focus on its South Australian **iron ore** assets and will enable consolidation of its operational and corporate teams in one location. While this will result in some one-off costs being incurred during the June and September quarters, it is expected to deliver significant savings in recurring overhead costs.

#### TENEMENT INTERESTS

Tenement	Ownership	Project	Location
ML6303 -- Cairn Hill	100%	Cairn Hill	South Australia
EL4649 -- Kangaroo Dam	100%	Mt. Woods	South Australia
EL4706 -- Mt. Woods	100%	Mt. Woods	South Australia
EL4963 -- Warrina North	100%	Mt. Woods	South Australia
EL4964 -- Warrina South	100%	Mt. Woods	South Australia
EL5048 -- Mt Brady	100%	Mt. Woods	South Australia
EL4446 -- Yarrabolina Hill	100%	Mt. Woods	South Australia
EL4866 -- Mt Paisley	100%	Mt. Woods	South Australia
EL4982 -- Brumby Creek	100%	Mt. Woods	South Australia
PL6489/2010 -- Lubalisi	100%	Mibango	Tanzania
PL6895/2012 -- Mioni	100%	Mibango	Tanzania
PL7464/2011 -- Luegele	100%	Mibango	Tanzania
PL8017/2012 -- Molumbo Hill	100%	Mibango	Tanzania
PL8124/2012 -- Milanga	100%	Mibango	Tanzania
PL8833/2013 -- Kamafinga	100%	Mibango	Tanzania
PL8901/2013 -- Sifumbi	100%	Mibango	Tanzania
PL8902/2013 -- Mpondwe	100%	Mibango	Tanzania
PL9299/2013 -- Lwega	100%	Mibango	Tanzania
PL9394/2013 -- Nkulya	100%	Mibango	Tanzania
PL4422/2007 -- Ntaka	100% (i)	Nachingwea	Tanzania
PL4917/2008 -- Mbangala	100% (i)	Nachingwea	Tanzania
PL4918/2008 -- Lukumbi	100% (i)	Nachingwea	Tanzania
PL5447/2008 -- Noli SE	100% (i)	Nachingwea	Tanzania
PL5971/2009 -- Matambare	100% (i)	Nachingwea	Tanzania
PL5977/2009 -- Naujombo	100% (i)	Nachingwea	Tanzania
PL5978/2009 -- Kihangara North	100% (i)	Nachingwea	Tanzania
PL6073/2009 -- Chilalo	100% (i)	Nachingwea	Tanzania
PL6148/2009 -- Mbwemburu North	100% (i)	Nachingwea	Tanzania
PL6149/2009 -- Chilalo West	100% (i)	Nachingwea	Tanzania
PL6153/2009 -- Mbwemburu	100% (i)	Nachingwea	Tanzania
PL6154/2009 -- Nachingwea SW	100% (i)	Nachingwea	Tanzania
PL6156/2009 -- Noli SW	100% (i)	Nachingwea	Tanzania
PL6158/2009 -- Kiperere East	100% (i)	Nachingwea	Tanzania
PL6161/2009 -- Mtimbo	100% (i)	Nachingwea	Tanzania
PL6397/2010 -- Kiperere West	100% (i)	Nachingwea	Tanzania
PL6409/2010 -- Rappa	100% (i)	Nachingwea	Tanzania
PL6412/2010 -- Mujira	100% (i)	Nachingwea	Tanzania
PL6414/2010 -- Kihangara	100% (i)	Nachingwea	Tanzania
PL6467/2010 -- Nepanga	100% (i)	Nachingwea	Tanzania
PL6634/2010 -- Mihumo	100% (i)	Nachingwea	Tanzania
PL6635/2010 -- Nachingwea NW	100% (i)	Nachingwea	Tanzania
PL7095/2011 -- Nditi	100% (i)	Nachingwea	Tanzania
PL7226/2011 -- Ntaka South	100% (i)	Nachingwea	Tanzania
PL8625/2012 -- Nambu West	100% (i)	Nachingwea	Tanzania
PL8626/2012 -- Nambu East	100% (i)	Nachingwea	Tanzania
PL8627/2012 -- Lumpumbulu	100% (i)	Nachingwea	Tanzania
PL8628/2012 -- Kipendengwa	100% (i)	Nachingwea	Tanzania
PL8748/2012 -- Kihue	100% (i)	Nachingwea	Tanzania
PL8754/2012 -- Chikoweti	100% (i)	Nachingwea	Tanzania
PL8811/2013 -- Chimbo	100% (i)	Nachingwea	Tanzania
PL8812/2013 -- Mbemba	100% (i)	Nachingwea	Tanzania
PL9397/2013 -- Mtimbo South	100% (i)	Nachingwea	Tanzania

PL9442/2013 -- Nachi West	100% (i)	Nachingwea	Tanzania
PL9557/2014 -- Nachunguru	100% (i)	Nachingwea	Tanzania
Claim block 4242	50% (ii)	St. Stephen	New Brunswick
Claim block 5787	50% (ii)	St. Stephen	New Brunswick

(i) Subject to farm-in joint venture with MMG  
(ii) Subject to 50/50 joint venture with ABE Resources

#### TENEMENTS ACQUIRED DURING THE QUARTER

Tenement	Ownership	Project	Location
PL9557/2014	100%	Nachingwea	Tanzania
EL4982	100%	Mt. Woods	South Australia

Tenements disposed during the quarter

No tenements were disposed of during the March quarter.

Farm-in agreements

As at March 31, 2014, IMX held a 100-per-cent interest in the Nachingwea project, which is the subject of a farm-in agreement with MMG.

We seek Safe Harbor.

**CO** gldsm : IMX Resources Limited

**IN** i211 : Metal Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

**NS** c184 : Joint Ventures | cnatrd : Natural Reserves/Resources Discovery | npress : Press Releases | c18 : Ownership Changes | c24 : Capacity/Facilities | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

**RE** austr : Australia | adelai : Adelaide | cana : Canada | saustr : South Australia | apacz : Asia Pacific | ausnz : Australia/Oceania | namz : North America

**IPD** News Release

**PUB** Canjex Publishing Ltd.

**AN** Document CNSW000020140430ea4u001rx