

# Cairn Hill production update

02.03.2014 | [FSCwire](#)

March 02, 2014 /FSC/ - [IMX Resources Ltd.](#) (ASX: IXR, TSX: IXR, IXR.WT), advises that, in light of updated geological information and geo-technical instability, cash distributions from its 51 per cent owned Cairn Hill iron ore joint venture in South Australia may be lower than previously forecast.

Instability of the north wall of Pit 1, which has been exacerbated by recent rain, combined with the unforeseen intrusion of waste into areas predicted by the Mineral Reserve model to be ore, is expected to reduce mineable reserves from Cairn Hill Phase 1 by around 360,000 tonnes. This represents approximately 5 per cent of the original Mineral Reserve.

While the instability of the pit wall will impact immediate production, it is expected that the effect on shipping in the March Quarter can be mitigated by using existing stockpiles.

Some additional ore sources outside of Phase 1 have been identified as being economic for direct shipping. These ore sources can make up between 140,000 and 220,000 of the tonnes estimated to be lost. As a result, shipments from Phase 1 are expected to cease during the December Quarter of 2014, rather than the March Quarter of 2015.

The quantum of distributions to the joint venture partners depends, among other things, on the cash that must be withheld to meet costs associated with closing the operation and meeting take-or-pay commitments.

IMX has stated previously (see ASX announcement dated January 28, 2014) that it expected the joint venture to make distributions totalling \$8.8 million in the current March Quarter, \$2.9 million of which has been paid to date. The reduction in mine life and lower profit margin on the replacement ore is expected to reduce further distributions in the March Quarter.

As previously advised, the joint venture partners are currently assessing the viability of a Phase 2 extension to Cairn Hill that has the potential to continue production until late 2015 and extend the revenue stream. The Phase 2 extension requires onsite processing of ore, including additional crushing and dry magnetic separation.

A decision on Phase 2 is expected by the end of March 2014. If Phase 2 was to proceed, the increase in operating life and revenue should result in no disruption to planned cash distributions.

A further update will be provided when the full extent of the production impacts are known.

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About IMX Resources Limited

[IMX Resources Ltd.](#) is an Australian-based mining and exploration company, listed on the Australian

Securities Exchange and Toronto Stock Exchange, with projects located in Australia and East Africa.

In Australia, IMX operates and owns 51% of the Cairn Hill Mining Operation, located 55km south-east of Coober Pedy in South Australia, where it produces a premium coarse-grained magnetite-copper-gold DSO product at a rate of 1.8Mtpa. This operation generates cash flow which underpins the IMX investment proposition.

IMX is also actively exploring for direct shipping hematite at its Mt Woods tenements, located near the Cairn Hill Mining Operation, and progressing development options for its Mt Woods Magnetite Project. Studies indicate that a smaller scale, lower cost project may be developed utilising existing infrastructure already in use at the Cairn Hill Mining Operation. Efforts to secure a partner to support development of the Mt Woods Magnetite Project are continuing.

In Africa, IMX owns the highly prospective Ntaka Hill Nickel Sulphide Project, located within the broader 7,000km<sup>2</sup> Nachingwea Exploration Project in south-eastern Tanzania which is prospective for nickel and copper sulphide, gold and graphite mineralization. Ntaka Hill is a potentially world-class nickel sulphide project which is being explored under a US\$60 million exploration joint venture with MMG Exploration Holdings Limited.

Visit: [www.imxresources.com.au](http://www.imxresources.com.au)

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These forward-looking statements are based on certain assumptions, the opinions and estimates of management and qualified persons at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements or information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, the ability of contracted parties to provide services as contracted, uncertainties relating to the availability and costs of financing needed in the future and other factors.

IMX undertakes no obligation to update forward-looking statements or information if circumstances should change. The reader is cautioned not to place undue reliance on forward-looking statements or information. Readers are also cautioned to review the risk factors identified by IMX in its regulatory filings made from time to time with the ASX, TSX and applicable Canadian securities regulators.

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Source: [IMX Resources Ltd.](http://www.imxresources.com.au) (ASX: IXR, TSX: IXR, IXR.WT) [www.imxresources.com.au](http://www.imxresources.com.au)  
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Die URL für diesen Artikel lautet:

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