

# IMX extends South Australian iron ore operations

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Cairn Hill extension forms part of a strategy to establish a 5-year mine life

- \* Extends Cairn Hill Mine to mid-2015.
- \* Financial modelling indicates that together with Phase 1 operations, the Phase 2 extension is expected to generate post-tax, free cash flow of approximately \$13.3 million for the Cairn Hill JV.
- \* Utilises existing operational capability and logistics infrastructure.
- \* Enables IMX to maintain its existing rail and port access.
- \* Paves the way for other growth opportunities, including further extensions to Cairn Hill operations, exploration for DSO hematite and synergies with other projects and resources.

West Perth, Australia, March 31, 2014 /FSC/ - [IMX Resources Ltd.](#) (ASX: IXR, TSX: IXR, IXR.WT), is pleased to announce that it is set to extend operations at its 51% owned Cairn Hill Iron Ore Mine in South Australia, with the Cairn Hill joint venture partners approving a Phase 2 extension through to mid-2015.

IMX's Acting Managing Director, John Nitschke, said that Phase 2 was a logical, low-risk extension of the Cairn Hill Mine which made sound economic sense, as it built on the current mining operation and infrastructure that is already in place.

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 (see Figure 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 cut-back to the existing Pit 2.

Initial production from Pit 3, located immediately to the east of the current Pit 1, will be crushed and shipped as a Direct Shipping Ore. The balance of Phase 2 material requires crushing to 8mm and dry magnetic separation to produce an intermediate product grading approximately 57% Fe.

The existing crushing circuit will be upgraded with the addition of two tertiary crushing and screening units and a low intensity magnetic separation plant installed. The additional crushers will be provided by the Cairn Hill mining contractor, Exact Mining Services, as an extension to their existing mining contract. The cost of the magnetic separation plant, including installation and commissioning, is \$2.1 million and will be partly funded by an equipment finance facility provided to the Cairn Hill joint venture, with the balance funded out of operating cash flow.

Cairn Hill magnetite is especially coarse and existing customers have been able to produce very high-grade magnetite concentrates which are highly desirable as feed to the iron-making process. This makes the intermediate product from Phase 2 particularly attractive to existing customers, one of which has provided a letter of intent to purchase up to 100% of the Phase 2 product under an agreed pricing model based on the 62% Platts Iron Ore index.

Financial modelling to generate post-tax, free cash flow of approximately \$13.3 million has been based on Consensus Economics forecasts for the first half of 2015 of US\$115.50 per tonne for the 62% Platts Iron Ore index and an AUD/USD exchange rate of 0.86 respectively. Using the average 62% Platts Iron Ore index and AUD/USD exchange rate for the second half of 2013, Cairn Hill generates post-tax, free cash flow of approximately \$20.6 million.

Mr Nitschke further added "The progression to a Phase 2 mining operation at Cairn Hill represents a logical step for the joint venture partners to extract maximum value from the substantial mining and logistical infrastructure already in place," he said.

"We would like to thank our customers, key contractors and service providers for the support we have

received, which has enabled this extension to what is already a highly successful operation at Cairn Hill."

Mr Nitschke said the Phase 2 extension formed part of a broader strategic vision to extend the life of the Cairn Hill Mine.

"Our immediate target is to establish a five year life at the Cairn Hill operation, based on our existing rail and port access in South Australia. Phase 2 is the first step, with other opportunities under consideration including a cut-back of Pit 2 to access additional remnant material. We expect to be able to utilise the new processing capacity to upgrade other higher grade portions of our large magnetite rich endowment that may be amenable to this process" he said.

"The Phase 2 extension will also give us more time for success with the exploration program currently underway on the Mt Woods tenements aimed at identifying direct shipping grade hematite that can be exploited using the existing Cairn Hill infrastructure," he said.

/s/JOHN NITSCHKE  
Acting Managing Director

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Figure 1. Cairn Hill operation: location of Pits 1, 2, 3 and 4  
To view the image for figure 1, please click on the following link:  
[http://www.usetdas.com/pr/imximage\\_01.jpg](http://www.usetdas.com/pr/imximage_01.jpg)

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 Mine, 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 Mine, 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 Mine. 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 6,800km<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, uncertainty concerning relevant regulatory approvals, 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.

To view the press release as a PDF, please click on the following link:

<http://www.usetdas.com/pr/imxresources03312014.pdf>

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