Chilalo Graphite Project: New EM targets offer potential extensions to high-grade Shimba resource

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Key Points

- Two untested, high quality targets identified by a Fixed Loop Electromagnetic (FLEM) survey in close proximity to the existing high-grade Shimba resource at the Chilalo Graphite Project, Tanzania.

- New targets appear to represent extensions to the existing Shimba resource due to the similarity of their EM, magnetic and geological signatures to the high-grade mineralisation at the Shimba deposit.

- The new targets represent attractive, high-probability resource extension opportunities which may be drilled in the future to extend the mine life at Chilalo.

- FLEM surveying showing strong promise as an effective method of differentiating between lower grade and high-grade zones of graphite mineralisation in this area, where the VTEM has been ineffective.

West Perth WA (FSCwire) - IMX Resources Limited (ASX: IXR, TSX: IXR, IXR.WT) ('IMX' or 'the Company') is pleased to advise that a Fixed Loop Electromagnetic ('FLEM') survey has identified two strongly conductive, high quality drill targets in close proximity to the high-grade Shimba resource at its flagship Chilalo Graphite Project in south-east Tanzania.

The new targets, highlighted in Figure 1, are both located within 300m of the Shimba resource and are believed to represent extensions to the existing Mineral Resource (Inferred Resource of 7.4Mt grading 10.7% Total Graphitic Carbon (TGC) for 792,000t of contained graphite – see ASX Announcement 7 April 2015)[1], as they show a similar EM and magnetic response to the previously identified high-grade Shimba mineralisation.

Importantly, the FLEM survey results also correlate extremely well with the high-grade mineralisation at Shimba, providing early encouragement that this exploration technique may present a cost-effective method of differentiating between high-grade and lower grade EM targets prior to drilling.

IMX's Chief Executive Officer, Mr Phil Hoskins, said the survey results represented an important breakthrough for the Company.

[1] Since announcing the mineral resource estimate on 7 April 2015, IMX is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

"This is an excellent result for IMX, delivering two potential zones of new mineralisation at Shimba, but more importantly, offering a cost effective tool to help us prioritise future exploration targets prior to drilling," he said.

Based on the results, IMX is confident that it has characterised the EM, magnetic and geological signature of the high-grade mineralisation, which is expected to reduce the number of drill holes required to test any prospective areas for additional high-grade graphite deposits.

Mr Hoskins said that while the Company had no immediate plans to drill out the potential resource extensions at Shimba, they did provide attractive targets to extend the life of a future mining operation at Chilalo.

"The existing Shimba resource is already sufficient to support IMX's proposed scale of operation at Chilalo, so there is no intention to drill these extensions at this stage. However, if we do require additional resources in the future, this drilling can be undertaken cost-effectively and with a high degree of confidence," he said.

Figure 1. FLEM Image showing potential high-grade extensions to Shimba resource

To view the graphic in its original size, please click here
http://fscwire.com/sites/default/files/NR/740/7598_image1.jpg

Figure 1 shows drilling that has been carried out in the vicinity of these two very high conductance targets, however these holes were planned based on VTEM targets. No holes have intersected the modelled 3D FLEM conductive plates, having either stopped short or drilled directly into the footwall.

FLEM Survey – background

A reverse circulation ('RC') drill campaign targeting versatile time domain electromagnetic (VTEM) conductors was undertaken in 2014 at Chilalo, which resulted in the Shimba discovery.

However, while VTEM surveys have proven to be an effective tool for graphite targeting and delineation at Chilalo, based on the results of the 2014 RC drilling program, these surveys do not provide a clear distinction between high-grade and low-grade targets.

A down-hole electromagnetic (DHEM) survey campaign carried out in 2014 identified a large number of strong EM conductors. A correlation has been noted, where higher grade graphite mineralisation has higher conductance. The DHEM data were modelled and identified numerous parallel conductive horizons of varying conductance, many of which remain untested by drilling.

The reason that this relationship is not seen in the VTEM data is the method of data collection. A FLEM survey is static and therefore allows for collection of later time electromagnetic responses which are not able to be collected in a VTEM system because it is collecting data from a moving helicopter.

A FLEM survey was carried out over the Shimba deposit and along strike to the NE and SW to identify more high-grade graphite mineralisation and to aid in the cost effective sterilisation of the proposed mine plan area.

The survey identified six very high conductance targets identified in the FLEM data, four of which correspond to the Shimba high-grade resource wireframe. The other two very high conductance targets remain untested by drilling, one of which is located along strike to the south-west of the current high-grade resource wireframe.

PHIL HOSKINS
Chief Executive Officer

For further information, please contact:

IMX Resources Limited
Phil Hoskins – Chief Executive Officer
Tel: +61 8 9388 7877

Stuart McKenzie – General Manager Commercial and Company Secretary
Tel: +61 8 9388 7877

Media
Nicholas Read/Paul Armstrong – Read Corporate
Telephone: +61 8 9388 1474
E: info@readcorporate.com.au

About IMX Resources Limited

IMX Resources is an Australian minerals exploration company that holds a 5,800 km2 tenement package at the Nachingwea Property in south-east Tanzania. The Nachingwea Property hosts the Chilalo Graphite Project, the Ntaka Hill Nickel Project and the Kishugu and Naujombo Gold Prospects. IMX's primary focus is on high-grade, high quality graphite and it is rapidly advancing development of the Chilalo Graphite Project, where there is a high-grade JORC Inferred Resource of 7.4 million tonnes grading 10.7% Total Graphitic Carbon, for 792,000 tonnes of contained graphite. Chilalo is located approximately 220 km by road, from the deep water commercial Mtwara Port, the majority of which is a sealed main road. IMX aims to become a

respected supplier of high quality graphite for the clean technology economy.

To find out more, please visit www.imxresources.com.au.

APPENDIX 2 JORC TABLE 1
http://fscwire.com/newsrelease/chilalo-graphite-project-new-em-targets-offer-potential-extensions-high-grade-shimba