



IMX RESOURCES LIMITED
ACN 009 129 560

NOTICE OF EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting of the Company will be held at the Main Function Room of the Celtic Club at 48 Ord Street, West Perth on Wednesday, 20 April 2016 at 10.00am (WST).

The Notice of Extraordinary General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9388 7877.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

IMX RESOURCES LIMITED

ACN 009 129 560

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of IMX Resources Limited (IMX or Company) will be held at 10.00am (WST) on Wednesday, 20 April 2016 at the Main Function Room, Celtic Club, 48 Ord Street, West Perth, Western Australia (Meeting).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 5pm (WST) on Monday, 18 April 2016.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 - Approval to dispose of major asset

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 11.4 and for all other purposes, approval is given for the sale of the Chilalo Graphite Project to Graphex Mining Limited, a subsidiary entity of the Company, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a party to the transaction to acquire the Chilalo Graphite Project and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 - Approval for a reduction of capital and in-specie distribution of Graphex Shares

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Sections 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by the Company making a pro rata distribution in specie of Graphex Shares to all holders of ordinary shares in the Company at the Record Date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

3. Resolution 3 - Consolidation of capital

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the completion of the In-specie Distribution, pursuant to and in accordance with Section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 50 Shares be consolidated into 1 Share; and*
- (b) every 50 Options be consolidated into 1 Option,*

and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be).”

4. Resolution 4 - Issue of shares to Derek Fisher

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the issue of up to 9,166,666 Shares (on a pre-Consolidation basis) at an issue price of 1.2 cents per Share to Dr Derek Fisher (or his nominee), be approved.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Dr Fisher (and his nominee), and any of their respective associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Resolution 5 - Issue of options to Phil Hoskins

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.14 and Sections 200B and 200E of the Corporations Act and for all other purposes, the grant of 4,454,182 Options (on a pre-Consolidation basis) under the Option Plan, on the terms and conditions described in the Explanatory Memorandum to this Notice, and any benefits under the Option Plan (including the issue of Shares on the exercise of those Options) that may be given to Mr Hoskins in connection with any future retirement from his office or employment with the Company, are approved.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Directors (except those who are ineligible to participate in the Option Plan) and their associates. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy directs.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 - Approval of prior issues of securities to refresh the Company's 15% placement capacity

To consider, and if thought fit, to pass, with or without amendment, the following resolutions as **ordinary resolutions**:

- (a) *"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 23,866,667 Shares at 1.2 cents per share on 11 September 2015, on the terms and conditions in the Explanatory Memorandum."*
- (b) *"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 15,666,667 Shares at 1.2 cents per share on 15 September 2015, on the terms and conditions in the Explanatory Memorandum."*
- (c) *"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 6,000,000 unlisted Options on 17 September 2015 at an exercise price of 1.2 cents each and an expiry date of 14 July 2017, on the terms and conditions in the Explanatory Memorandum."*
- (d) *"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 unlisted Options on 17 September 2015 at an exercise price of 3.0 cents each and an expiry date of 17 September 2018, on the terms and conditions in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on these Resolutions by a person (and any associates of such a person) who participated in the issue of Equity Securities under these Resolutions. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Resolution 7 - Approval to change Company name

To consider and, if thought fit, to pass as a **special** resolution the following:

"That, subject to the completion of the In-specie Distribution, and pursuant to and in accordance with section 157 of the Corporations Act and for all other purposes, the name of the Company be changed to 'Indiana Resources Limited' with effect from the date that ASIC alters the details of the Company's registration."

BY ORDER OF THE BOARD

Stuart McKenzie
Company Secretary

Dated: 21 March 2016

IMX RESOURCES LIMITED

ACN 009 129 560

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 10.00am (WST) on Wednesday, 20 April 2016 at the Main Function Room, Celtic Club, 48 Ord Street, West Perth, Western Australia.

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Resolutions 1 and 2 - Approval for a reduction of capital and in-specie distribution of Graphex Shares and disposal of a major asset
Section 4:	Resolution 3 - Consolidation of capital
Section 5:	Resolution 4 - Issue of Shares to Derek Fisher
Section 6:	Resolution 5 - Issue of options to Phil Hoskins
Section 7:	Resolution 6 - Approval of prior issues of securities to refresh the Company's 15% placement capacity
Section 8:	Resolution 7 - Approval to change Company name
Schedule 1:	Definitions
Schedule 2:	Pro-forma Consolidated Statement of Financial Position - IMX
Schedule 3:	Pro-forma Consolidated Statement of Financial Position - Graphex
Schedule 4:	Key risk factors facing Graphex
Schedule 5:	Summary of outstanding unquoted Options

1.1 Time and place of Meeting

Notice is given that the Meeting will be held at 10.00am (WST) on Wednesday, 20 April 2016 at the Main Function Room, Celtic Club, 48 Ord Street, West Perth, Western Australia.

1.2 Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

1.3 Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00 PM WST on Monday, 18 April 2016.

1.4 Defined terms

Capitalised terms in this Notice of Meeting and Explanatory Memorandum are defined either in Schedule 1 or where the relevant term is first used.

1.5 Responsibility

This Notice of Meeting and Explanatory Memorandum have been prepared by the Company under the direction and oversight of its Directors.

1.6 Disclosure Required by National Instrument 71-102

The Company is a “designated foreign issuer” as such term is defined by Canadian National Instrument 71-102. The Company is subject to the foreign regulatory requirements of the ASX and the Australian Securities & Investments Commission. As such, the Company is exempt from certain requirements otherwise imposed on reporting issuers in Canada, including in connection with meetings of shareholders.

1.7 Other legal requirements

Under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 2 of the Notice of Meeting constitutes an “offer” to transfer Graphex Shares to Shareholders pursuant to the In-specie Distribution under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption is required or ASIC provides relief. As no exemptions apply and no relief was obtained, the Company has prepared a prospectus that contains information in relation to Graphex (**Prospectus**).

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting. The Prospectus also allows Shareholders to sell their Graphex Shares within the first 12 months after receiving them without further disclosure.

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 2 other than as disclosed in this Notice of Meeting and Explanatory Memorandum, the accompanying Prospectus and information that the Company has previously disclosed to Shareholders.

1.8 Purpose of this document

The main purpose of this document is to:

- (a) Explain the terms of the Proposal, and the manner in which the Proposal (or parts of the Proposal) will be implemented (if approved); and

- (b) To provide such information as is prescribed or otherwise material to the decision of Shareholders whether or not to approve the Resolutions required to give effect to the Proposal.

This document includes a statement of all the information known to the Company that is material to Shareholders in deciding how to vote on Resolution 2, as required by Section 256C(4) of the Corporations Act.

1.9 ASIC and ASX

A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASIC and ASX, together with a copy of the Prospectus that accompanies this Notice of Meeting. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

1.10 Forward looking statements

Some of the statements appearing in this document may be in the nature of forward looking statements. The words ‘anticipate’, ‘believe’, ‘expect’, ‘project’, ‘forecast’, ‘estimate’, ‘likely’, ‘intend’, ‘should’, ‘could’, ‘may’, ‘target’, ‘plan’, ‘consider’, ‘foresee’, ‘aim’, ‘will’ and similar expressions are intended to identify forward-looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties, many of which are outside the Company’s control. Those risks and uncertainties include factors and risks specific to the Company and Graphex such as (without limitation) the status of exploration and mining applications and licences and the risks associated with the non-grant or expiry of those applications and licences, liquidity risk, risks associated with the exploration or developmental stage of projects, funding risks, operational risks, changes to Government fiscal, monetary and regulatory policies, the impact of actions of Governments, the potential difficulties in enforcing agreements, protecting assets, increases in costs of transportation and shipping of international operations, alterations to resource estimates and the imprecise nature of resource and reserve statements, any circumstances adversely affecting areas in which the Company operates, fluctuations in the production, volume and price of commodities, any imposition of significant obligations under environmental regulations, fluctuations in exchange rates, the fluctuating industry and commodity cycles, the impact of inflation on operating and development costs, taxation, regulatory issues and changes in law and accounting policies, the adverse impact of wars, terrorism, political, economic or natural disasters, the impact of changes to interest rates, loss of key personnel and delays in obtaining or inability to obtain any necessary Government and regulatory approvals, insurance and occupational health and safety. For more information on the risk factors facing Graphex, please refer to Schedule 4.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected.

None of the Company, Graphex, any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this document reflect views held only as at the date of this document.

1.11 No financial product advice

This document does not constitute financial product, taxation or investment advice nor a recommendation in respect of the Graphex Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information, having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their circumstances.

Neither the Company nor Graphex is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of Graphex Shares under the In-specie Distribution (whether the regime is provided for by law or otherwise).

1.12 No internet site is part of this document

No internet site is part of this Notice of Meeting and Explanatory Memorandum. The Company maintains an internet site (www.imxresources.com.au). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

1.13 Important Notices

Key Dates*

Extraordinary General Meeting to approval the In-specie Distribution of Graphex Shares	20 April 2016
ASX informed of Shareholder approval	20 April 2016
Completion of acquisition of Chilalo Graphite Project	4 May 2016
Record Date*	11 May 2016
In-specie Distribution to Shareholders of Graphex Shares*	12 May 2016

* These dates are indicative only and may change without notice. Refer to Section 3.4 for further details.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

A shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

2.2 Voting by corporate representative

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the *Corporations Act 2001* (Cth). The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the meeting. This form may be obtained from the Company's share registry.

2.3 Appointment of proxies

Each Shareholder entitled to vote at the Meeting may appoint a proxy to attend and vote at the Meeting. To vote by proxy, please complete, sign and return the enclosed Proxy Form in accordance with its instructions. A proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Share Registry.

A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes to be exercised, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

(a) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);

- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
 - (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
- (b) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either of the following applies:
 - (A) the proxy is not recorded as attending the meeting;
 - (B) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The Chair intends to exercise all available proxies in favour of all Resolutions.

2.4 Lodgement of proxy documents

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 10.00am (WST) on Monday, 18 April 2016. Any proxy form received after that time will not be valid for the scheduled meeting. Proxies should be returned as follows:

Online	At www.investorvote.com.au
By mail	Share Registry - Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR Code on your proxy form and follow the prompts
Custodian voting	For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.5 Voting exclusions

Pursuant to requirements of the Corporations Act and Listing Rules, certain voting exclusions apply to Resolution 1 and Resolutions 4 to 6. Please refer to discussion of the relevant Resolutions below for details of the applicable voting exclusions.

3. Resolutions 1 and 2 - Approval for a reduction of capital and in-specie distribution of Graphex Shares and disposal of a major asset

3.1 Background and Overview of the Proposal

The Company is listed on the ASX and its principal activities are mineral exploration and development, with a focus on projects within the Nachingwea Property in south-east Tanzania. The Nachingwea Property is a highly prospective landholding that is host to the Company's Tanzanian projects.

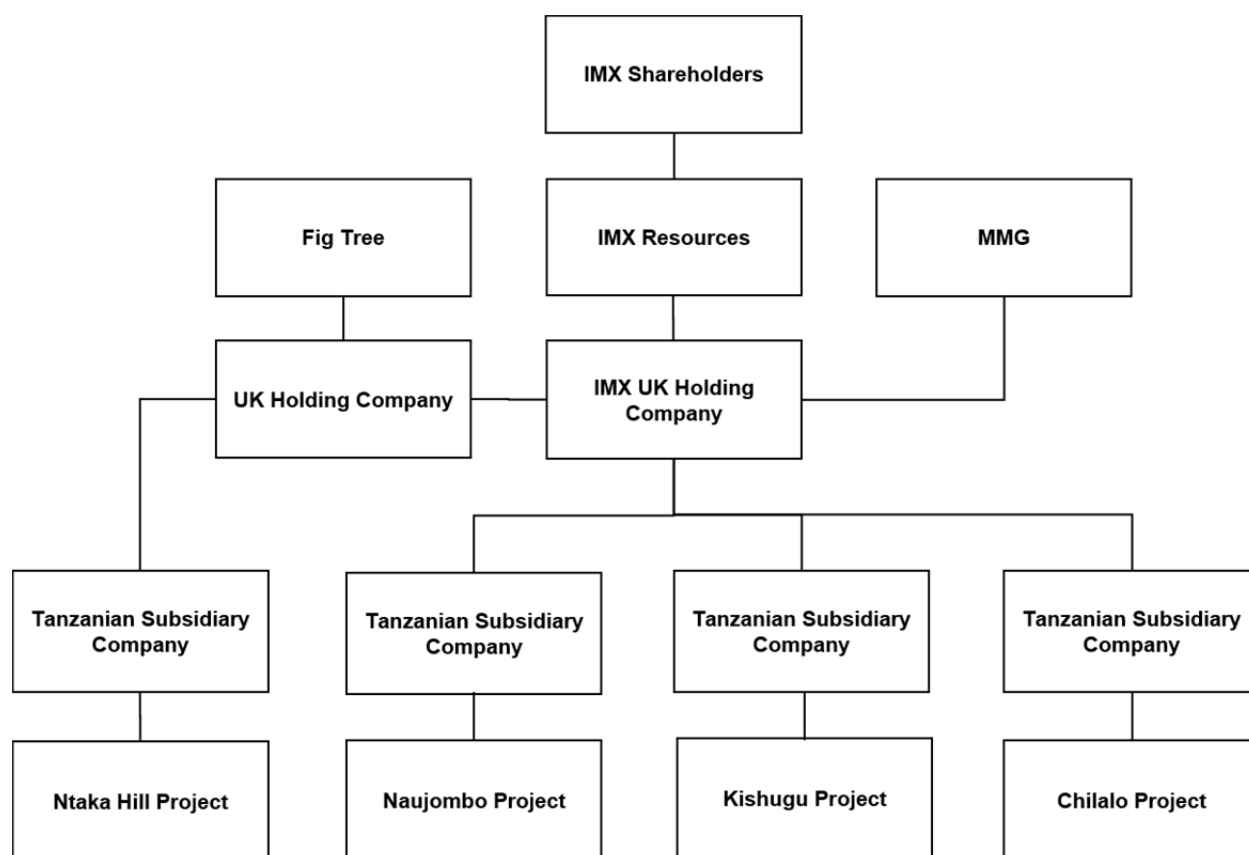
The Company has interests in the following projects, all of which are located within the Nachingwea Property:

- (a) Chilalo Graphite Project, located in Tanzania (85.82%);
- (b) Ntaka Hill Nickel Project, located in Tanzania (60.10%);
- (c) Kishgu Gold Prospect, located in Tanzania (85.82%); and
- (d) Naujombo Gold Prospect, located in Tanzania (85.82%).

In addition, the Company holds an interest in the St Stephen Nickel Project, located in Canada (50%). The joint venture party to this project is ABE Resources Inc. No exploration has been conducted at St Stephen since 2012.

The current structure under which the Company's Tanzanian assets are held is shown in Figure 1.

Figure 1. Current structure



1. Pursuant to a joint venture agreement with MMG Exploration Holdings Limited (**MMG**), MMG has a 14.18% interest in the Chilalo, Kishugu and Naujombo assets and a 9.90% interest in the Ntaka Hill Nickel Project, those interests being held through its shareholding in IMX UK Holding Company.
2. Pursuant to a joint venture over the Ntaka Hill Nickel Project with Fig Tree, Fig Tree holds a 30% interest in the Ntaka Hill Nickel Project.
3. The Company has a 50% interest (ABE Resources Inc: 50%) in the St Stephen Nickel Project, located in Canada. No exploration has been conducted at St Stephen since 2012. This interest is not shown in Figure 1.

The Company's activities have recently focussed on the development of the world class Chilalo Graphite Project. Refer to Section 3.8 of this Explanatory Memorandum for a background summary of the Chilalo Graphite Project.

The success of the Chilalo Graphite Project has also distracted investors from the significant fundamental value that the Directors believe is attributable to the Company's base and precious metal assets in Tanzania which consist of the Ntaka Hill Nickel Project, Kishugu Gold Prospect, Naujombo Gold Prospect and various other exploration tenements (**Base & Precious Metal Assets**).

As announced on 21 December 2015, the Company is proposing, subject to Shareholder approval, to transfer the Chilalo Graphite Project to its new subsidiary company Graphex (**Spin-out**), who will in-turn seek a listing on ASX. IMX will ultimately hold approximately 16,454,000 Graphex Shares, being approximately 82.3% of Graphex's pre-IPO issued share capital. The remaining pre-IPO shares in Graphex will be held by MMG.

Following the Spin-out, IMX intends to distribute and transfer all of its Graphex Shares to IMX Shareholders on a pro rata basis as an in-specie distribution (**In-specie Distribution**).

The In-specie Distribution will only proceed if the following conditions are met (together, the **In-specie Conditions**):

- (a) IMX obtaining shareholder approval under the Corporations Act for the proposed In-specie Distribution;
- (b) receipt of a draft class ruling from the Australian Taxation Office confirming the availability of Demerger Relief;
- (c) Graphex receiving subscriptions for an issue of fully paid ordinary shares in the amount of at least \$4.25 million (or such other amount as required by ASX to meet the assets test under Listing Rule 1.3.2) pursuant to a prospectus to be lodged by Graphex in support of its application for listing on the ASX (the **Capital Raising**); and
- (d) Graphex obtaining a conditional admission letter from ASX on terms satisfactory to the Graphex directors, acting reasonably.

Should the In-specie Conditions be satisfied, the In-specie Distribution will be effected by an equal reduction of IMX capital on a pro rata basis. IMX Shareholders will receive an in specie return of capital by way of the distribution of Graphex Shares in proportion to the number of IMX Shares held by them at the Record Date. IMX Shareholders will thereby retain direct ownership of IMX and will also receive direct ownership of Graphex.

From a tax perspective, the Company has sought a taxation Class Ruling from the ATO seeking to confirm that Demerger Relief for income tax purposes will be available to Shareholders (see Section 3.25 for further details).

Structure diagrams of the proposed arrangements immediately before and after the demerger are set out further below in this Section 3.1).

The Company's primary purpose in undertaking the Spin-out and In-specie Distribution (together the **Proposal**) is to separate the Chilalo Graphite Project (and other Tanzanian prospecting licences prospective for graphite) from the Base & Precious Metal Assets. Specifically, the Proposal is being undertaken to achieve the following objectives:

- (a) The Board believes that IMX's Chilalo Project rates highly relative to other comparable graphite projects, however this is not reflected in the Company's market capitalisation - the Spin-out delivers a corporate structure that allows a greater opportunity for the true value of Chilalo to be realised, thereby enabling Shareholders to benefit;
- (b) While the Company has focused its activities on the Chilalo Project, the diversity of the Company's business, with its non-graphite interests - nickel, gold and regional exploration - complicates fund raising efforts. With the pool of investors willing to invest in graphite projects and the pool of investors willing to invest in base and precious metals projects believed to be quite distinct, the Spin-out is expected to enhance the capacity of both Graphex and IMX to raise funds and reduce the costs of equity capital for both companies;

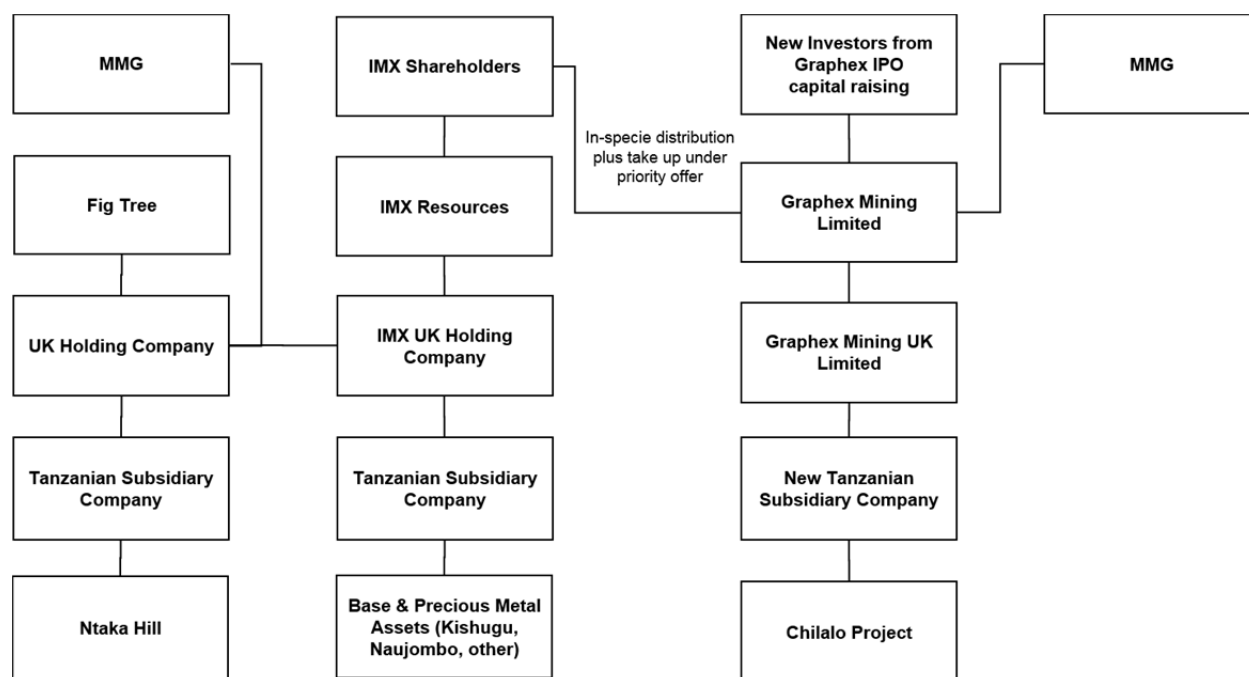
- (c) The Proposal will allow IMX to dedicate its efforts to its Base & Precious Metal Assets, in doing so remove the internal competition for scarce capital;
- (d) Provide Shareholders with the opportunity to participate in the development of the Chilalo Graphite Project, whilst maintaining their investment exposure to the Base & Precious Metal Assets;
- (e) Deliver a pure-play graphite company that allows for a meaningful comparison to other graphite companies and thereby position Graphex to bridge the valuation gap with its graphite peers;
- (f) Reduce the diversity of the Company's assets, to better align with its Base & Precious Metal Assets peer group;
- (g) Enable both Graphex and IMX to undertake more targeted marketing as both companies have a clear and more easily understood investment proposition; and
- (h) Allow for IMX and Graphex to share administrative staff, reducing the associated costs borne by IMX.

In the event:

- (a) Resolutions 1 and 2 are passed;
- (b) the Company proceeds with the Spin-out; and
- (c) the In-specie Conditions are satisfied,

the restructure of IMX and Graphex will result in the following structure:

Figure 2. Structure post Proposal



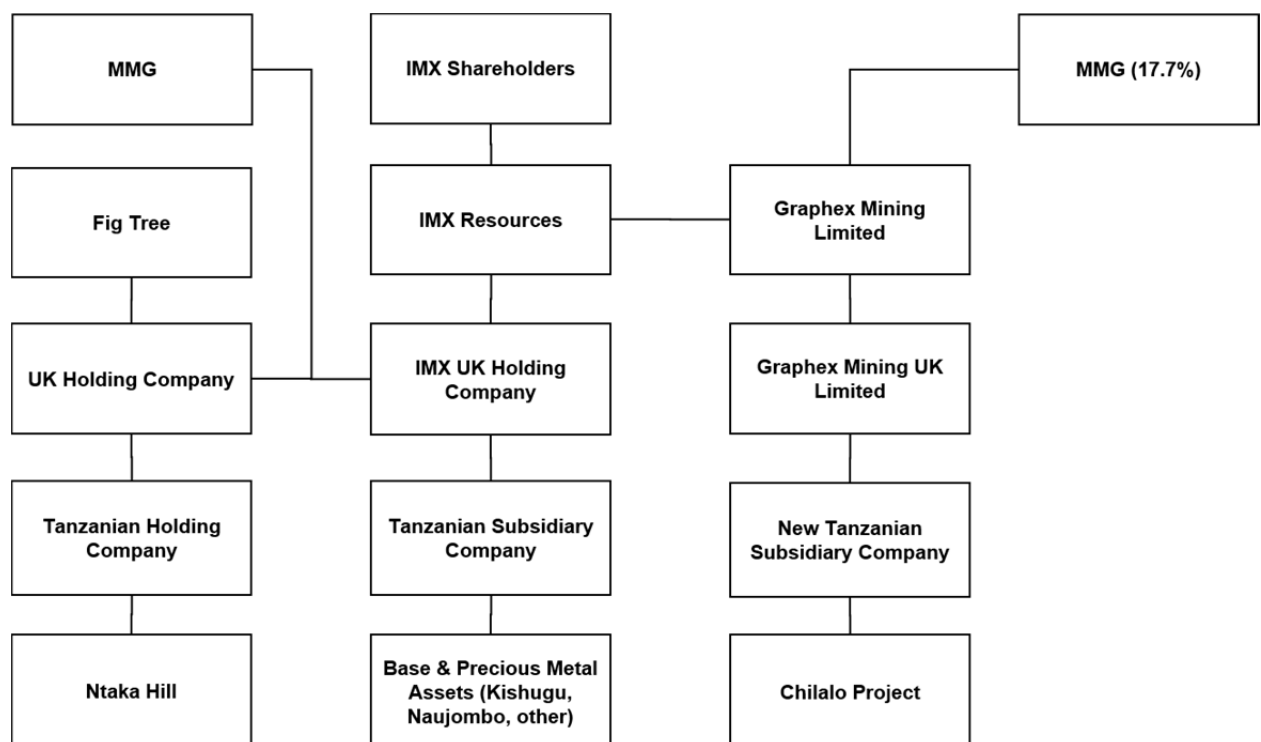
1. MMG retains a 14.18% interest in the Kishugu and Naujombo assets and a 9.90% interest in the Ntaka Hill Nickel Project.
2. MMG will hold a 17.7% interest in the Chilalo Project pre-Graphex IPO, the additional 3.52% reflecting MMG's share of the cash consideration, which it will receive as Graphex Shares. MMG's interest will be diluted depending on the success of Graphex's IPO raising.

3. Fig Tree retains a 30% interest in the Ntaka Hill Nickel Project.
4. New investors exist only if there is a shortfall from the initial public offering of shares in Graphex which is expected to be in the form of a priority offer to IMX shareholders.

Should the In-specie Distribution not proceed as a result of the non-satisfaction of the In-specie Conditions, providing Resolution 1 is approved and the Conditions (other than the In-specie Conditions) are met, the Company will still proceed with the Internal Restructure, with the intention of achieving the corporate structure shown in Figure 3 below.

If the In-specie Distribution does not proceed, the Company will continue to focus its resources on developing the Chilalo Graphite Project. The Company will need to raise further capital or source other funding to continue the development of the Chilalo Graphite Project.

Figure 3. Structure should the In-specie Distribution not proceed



1. MMG retains a 17.7% interest in the Chilalo Project, a 14.18% interest in the Kishugu and Naujombo assets and a 9.90% interest in the Ntaka Hill Nickel Project.
2. Fig Tree retains a 30% interest in the Ntaka Hill Nickel Project.

3.2 Plans for IMX following completion of the Proposal

(a) Kishugu and Naujombo

Following completion of the Proposal, IMX expects its primary focus will be on advancing its gold exploration targets at Kishugu and Naujombo.

During the past 18 months, the Company has carried out a significant amount of low cost exploration work at the Kishugu and Naujombo tenements, including soil sampling, induced polarisation analysis and test pitting, which has resulted in the identification of two extensive coherent gold anomalies:

- (i) Kishugu, covering an area of 6km by 600m, with up to 0.9g/t Au within the main trend; and

- (ii) Naujombo, measuring greater than 5km by 1km with maximum values of up to 131ppb (0.1g/t) Au in the main anomaly.

Both Kishugu and Naujombo are associated with the same structural corridor and both anomalies exhibit very similar, multi-element signatures (arsenic, bismuth and silver). Given that these two targets are located 35km from one another, the potential exists to identify a significant gold camp should the anomalies confirm the presence of economic gold mineralisation.

Owing to the sheer scale of these anomalies, together with limited available funding and the focus on its Chilalo Graphite Project, the Company's capacity to more intensively test these gold targets has been restricted. The Directors believe that the Spin-out will allow the Company to have a dedicated focus on its base and precious metals assets, leaving it better placed to determine the most appropriate way forward with the Kishugu and Naujombo gold targets and raising the required funding.

(b) Ntaka Hill

In addition to the Kishugu and Naujombo gold prospects, the Company holds a 60% controlling interest in the Ntaka Hill Nickel Project, which is currently the subject of a joint venture with Loricatus Resource Investments (**Fig Tree**), an investment vehicle on behalf of Mauritius-based mining private equity fund, Fig Tree Resources Fund II, which holds a 30% interest in Ntaka Hill.

There is a significant existing mineral resource at Ntaka Hill with over 355,000 tonnes of contained nickel, comprised of:

- (i) Measured Resources of 1.1Mt at 1.74 per cent nickel and 0.29 per cent copper for 19,500 tonnes of contained nickel;
- (ii) Indicated Resources of 19.2Mt at 0.51 per cent nickel and 0.12 per cent copper for 99,380 tonnes of contained nickel; and
- (iii) Inferred Resource of 35.9Mt at 0.66 per cent nickel and 0.14 per cent copper for 238,500 tonnes of contained nickel.

Fig Tree has carried out conceptual mine design and scheduling and on the basis of the previous resources defined by IMX, Fig Tree believes that Ntaka Hill is capable of producing between 9,000 and 10,500 tonnes of nickel per annum in concentrates for a period of 10 years, at run of mine grades in excess of 1% nickel. Details of Fig Tree's analysis are contained in an announcement lodged with ASX on 13 July 2015. Since making that announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in that announcement. The mine design and scheduling which underpins the above production target is based on the existing Measured and Indicated Mineral Resource at Ntaka Hill. The Measured and Indicated Mineral Resource comprises 20.3Mt at a grade of 0.58% nickel for 117,880 tonnes of contained nickel and represents approximately 36% of the global Ntaka Hill Mineral Resource, the balance being in the inferred category. Since announcing the Mineral Resource at Ntaka Hill on 19 August 2013, IMX confirms that it 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.

Fig Tree's work also confirmed that with its outstanding metallurgical characteristics, Ntaka Hill is capable of producing a high-grade concentrate, grading 18% nickel with low MgO, using conventional nickel flotation at high recoveries (>80%).

The Directors believe that in the right environment, Ntaka Hill has significant value, either as a development opportunity or as an asset that can be monetised.

Ntaka Hill is currently held under a retention licence that expires on 21 April 2020, providing the Company with the opportunity to await improvement in the nickel price, should an appropriate transaction not present itself.

(c) Board changes

The Company's current Directors are Dr Derek Fisher and Bruce McFadzean as non-executive directors and Phil Hoskins and Nick Corlis as executive directors. Mr Hoskins is expected to step off the IMX Board prior to completion of the Spin-out to become the managing director of Graphex, after which the IMX Board will consider the most suitable composition of directors in light of the Company's sole focus on its Base & Precious Metal Assets.

3.3 Termite Administration

On 18 June 2014, the Company announced the appointment of voluntary administrators to Termite Resources NL (**Termite**). Termite was wholly owned by an incorporated joint venture entity in which the Company held a 51% interest. Termite held the joint venture's interests in the Cairn Hill iron ore mine, located 55 kilometres south-west of Cooper Pedy in South Australia.

IMX invested approximately \$21 million into developing the Cairn Hill mine by way of loans to Termite. These loans were satisfied over a four year period during the operation of the Cairn Hill mine, partially from funds advanced by joint venture partner Taifeng Yuanchuang International Development in 2010 and partially by distributions made by Termite. The Company believes that at all points in time, Termite was able to pay its debts as and when these fell due for payment. Termite was placed in administration when it became apparent that declining ore prices and unfavourable foreign exchange movements at some future point in time, prevented Termite from continuing to incur and then meet its debts as and when they fall due.

The first meeting of Termite creditors was held on 30 June 2014. The Voluntary Administrator's final report to creditors was issued on 4 September 2014 and the second meeting of creditors took place on 15 September 2014, at which creditors voted to place Termite in liquidation. As an ordinary information gathering process, certain former directors and officers of Termite (some of whom are also IMX directors and officers) were examined by liquidators about the affairs of Termite.

As announced to ASX on 21 September 2015, a letter of demand was received from the liquidators of Termite, which provided notice of a potential claim against directors and officers of Termite (including IMX managing director Phil Hoskins), as well as against the Company itself. The quantum of the potential claim is put in the alternative as the amount of the unsatisfied liabilities to unsecured creditors at the date of administration (mostly made up of damages claims from long term logistics creditors for early termination of their contracts on appointment of the administrators) said to be estimated at \$75 million, alternatively about \$46 million plus interest, being the amount repaid by Termite to Outback. IMX maintains that the potential claim by the liquidators has no basis.

Termite's insurer has been notified and has reimbursed the respective IMX directors and officers for legal costs incurred to date. There is a risk that the Company will be pursued as a defendant. If that event materialises, the Company may incur out of pocket legal expenses that may materially affect its activities and financial position, including implementation of the Spin-out or Proposal.

3.4 Capital Reduction - General

IMX seeks Shareholder approval under Resolution 2 to enable the Company to reduce its capital by the distribution of specific assets to Shareholders, being approximately 16,454,000 Graphex Shares.

The Corporations Act and the ASX Listing Rules set out the procedure and timing for a capital reduction. Refer to Section 1.13 for an indicative timetable in respect of the Proposal. The alteration to the Company's capital and the In-specie Distribution will become effective from the Record Date, provided that after the Record Date has been set, the Directors have not provided a notice to ASX stating that the Company does not intend to proceed with the reduction of capital contemplated by Resolution 2.

Generally, the standard record date for a reorganisation of capital of an ASX-listed company is not less than four business days following a general meeting of that company. However, in relation to the In-specie Distribution, the Company has provided for flexibility in the setting of the Record Date, such that the Directors may elect to defer the implementation of the In-specie Distribution depending on the timing of the satisfaction of all the In-specie Conditions.

As a result, the Record Date is to be set by the Directors after the date Resolution 2 is passed, such that the Record Date will be not less than five business days after the date on which Resolution 2 is passed and not later than six months after the date on which Resolution 2 is passed.

If the capital reduction proceeds, Shareholders will receive a pro rata entitlement to Graphex Shares and each Shareholder's name will be entered on the register of members of Graphex with each Shareholder having deemed to have consented to becoming a Graphex shareholder and being bound by its constitution.

A Shareholder's entitlement to Graphex Shares to be distributed is to be based on the number of Shares held at the Record Date.

Due to the outstanding Options on issue in IMX and also because of the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice how many IMX Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be.

Other than as shareholders of IMX or as otherwise set out in this Explanatory Memorandum, none of the Directors have any interest in Resolution 2.

3.5 Pro forma financial position of IMX and Graphex upon completion of the Proposal

Set out in Schedule 2 is the reviewed statement of financial position of the Company as at 31 December 2015 together with the unaudited pro forma statement of financial position of the Company following completion of the Proposal.

A pro forma statement of financial position for Graphex, reflecting the indicative balance sheet of Graphex following completion of the Proposal is set out in Schedule 3.

3.6 Advantages and disadvantages of the Proposal (assuming completion of the Spin-out and In-specie Distribution):

(a) Advantages

- (i) The Spin-out provides Shareholders with scrip in two companies - IMX and Graphex - which the Board believes has a better prospect of delivering greater value to Shareholders than the Chilalo Graphite Project and the Base & Precious Metal Assets being owned by one company.
- (ii) Shareholders may elect to retain exposure to either one or both companies as dictated by their investment preferences and objectives.
 - (A) All Shareholders will retain an interest in the Chilalo Graphite Project through their individual pro rata shareholdings in Graphex and thereby have an opportunity to benefit from the development of Chilalo.
 - (B) All Shareholders will retain approximately their current percentage ownership interest in the capital of IMX and exposure to the Base & Precious Metal Assets.
- (iii) The Directors believe that the market is currently attributing minimal value to the Chilalo Graphite Project. It is difficult to pinpoint one factor as the key reason for IMX's relative undervaluation, however in most cases, IMX's Chilalo Project possesses superior technical characteristics (eg. stage of development, capex, opex, margins, product quality, resource grade, metallurgy) to other projects yet remains significantly undervalued when compared to those companies.

The Board believes that a key factor behind the relative under valuation of the Chilalo Project is IMX's multi-commodity project mix, which differentiates IMX from its graphite peers, each of which is a 'pure play' graphite company. Specifically, the underperformance of nickel as a commodity during 2015 combined with the 'stop-start' joint venture with Fig Tree detracted from the significant milestones being achieved at Chilalo.

The Company currently has the following interests:

- (A) Chilalo Graphite Project - development stage with a Pre-Feasibility Study completed in November 2015;
- (B) Ntaka Hill Nickel Project - advanced exploration with a substantial existing mineral resource with potential for development and/or further exploration, currently under joint venture with South African private equity group Fig Tree;

- (C) Kishugu and Naujombo Gold Prospects - large gold in soil anomalies that represent excellent early stage exploration opportunities; and
- (D) Regional exploration - a number of other base and precious metals exploration targets have been identified at IMX's Nachingwea Property.

The Directors believe that a company dedicated to developing the Chilalo Graphite Project, with an initial focus on completion of offtake and finance agreements followed by a DFS, is expected to bridge the valuation gap with its graphite peers.

- (iv) The Spin-out will deliver a structure that allows for Graphex to focus specifically on advancing the Chilalo Graphite Project and for the Company to focus its efforts on its Base & Precious Metal Assets, with neither Graphex nor IMX affected by events or occurrences relating to the other's projects.
- (v) With the Company facing difficulty in raising the funds required to do the work necessary to advance the Chilalo Graphite Project and deliver what it considers to be the true value of that asset to IMX shareholders, together with the diversity of IMX's commodity interests, the Company has received consistent feedback that investors would prefer a simplified corporate strategy.

It is a commonly held view that investors prefer to diversify risk within a portfolio themselves rather than having a company do it for them. This means resources investors (especially small / junior companies) prefer companies with a single commodity approach. Different IMX investors (both existing and potential) have preferences for different assets within IMX's asset portfolio, however the current corporate structure with its diversified commodity interests does not allow for delivery of a simplified corporate strategy. The Proposal will allow both IMX and Graphex to adopt a simplified corporate strategy.

- (vi) Future capital raisings are expected to be more readily achieved by each individual entity as the focus of the funding will be on either specifically, IMX's Base & Precious Metal Assets or Graphex's Chilalo Graphite Project. In addition, the Spin-out is expected to provide greater flexibility to both IMX and Graphex to attract strategic investors.
- (vii) Over the past 18 months, the Company's focus has been on advancing the Chilalo Graphite Project and the Company has raised capital primarily for this purpose. The Spin-out will not only reduce the dilution to those IMX Shareholders who seek exposure only to the Base & Precious Metal Assets but allow IMX to focus on its exciting gold prospects at Kishugu and Naujombo, where due to the focus on the Chilalo Project, only low cost exploration has been possible.

(b) Disadvantages

- (i) The Company will incur costs associated with the Spin-out, including, but not limited to legal and advisory fees incurred in the preparation of documentation required to give effect to the Proposal and tax advice obtained in relation to any taxation consequences of the Proposal.
- (ii) Shareholders may incur additional transaction costs if they wish to dispose of their Graphex Shares (e.g. brokerage costs).
- (iii) There are a number of potential disadvantages arising from Graphex seeking further funding. These include, but are not limited to:
 - (A) dilution of Graphex Shareholders' shareholdings via an initial public offer; and
 - (B) uncertainty regarding Graphex's ability to raise required funding.
- (iv) Assuming completion of the Spin-out, there will be two separate companies that will require funding and will incur ongoing administrative costs which in some instances may lead to duplication. While the Company and Graphex intend to enter into a cooperation agreement in relation to the sharing of administration, finance and Tanzanian in-country services in order to minimise any such duplication, there is expected to be some duplication of administrative and compliance costs.
- (v) A significant amount of time will be spent by the Board and by Company management in giving effect to the Proposal.

3.7 Failure to achieve completion of the Proposal

Failure to achieve completion of the Proposal may result in a reduced level of expenditure on the Chilalo Graphite Project by the Company, or development may occur on a delayed timetable.

In the event that the Proposal is not successful, providing Resolution 1 is approved and the Conditions (other than the In-specie Conditions) are met, the Internal Restructure will still proceed, resulting in an effective internal ownership restructure of the Chilalo Graphite Project (see Section 3.1 and in particular Figure 3 for further details). If this occurs, the Company may explore alternative methods of funding development of the Chilalo Graphite Project although a successful outcome cannot be guaranteed.

Alternatively, the Company may seek to fund the development of the Chilalo Graphite Project by entering into a joint venture arrangement, an offtake agreement or selling a portion of the Chilalo Graphite Project.

If the Proposal is not successful, the Board believes the Internal Restructure should proceed because it will provide the Company with a less complicated structure, allowing Graphex to, among other things, seek a stock exchange listing in the future.

The Board has considered all the alternatives currently available and believes that the Proposal is expected to result in the most advantageous result for existing Shareholders.

3.8 Background of the Chilalo Graphite Project

The Chilalo Graphite Project is situated in the north-eastern area of the Nachingwea Property. The Nachingwea Property is comprised of 78 tenements and lies within the Mozambique Belt in south-eastern Tanzania, East Africa, the world-class Mozambique Belt which is prospective for graphite, nickel, gold and copper mineralization.

The Nachingwea Property is located 100 km north of the border with Mozambique, approximately 220 km by road west of the coastal port city of Mtwara on the Indian Ocean and 400 km south of Tanzania's largest city, Dar es Salaam.

Figure 4. Location of the Chilalo Graphite Project



The cumulative results of previous exploration work undertaken by IMX on the Chilalo Graphite Project and completion of a pre-feasibility study (PFS) have provided a platform from which Graphex can significantly advance development of the Chilalo Graphite Project, thereby adding value for Shareholders.

(a) **Overview**

The Chilalo Project is located on one tenement, Prospecting Licence PL6073/2009, covering an area of 49.5 km². The Company has held PL6073/2009 since December 2009, with discovery of the Project occurring in July 2014. As part of the Spin-out, Graphex will also acquire additional prospecting licences that are considered to be highly prospective for graphite. Tenure details of the tenements to be held by Graphex are shown in Table 1 (**Prospecting Licences**).

Table 1: Graphite tenements to be held by Graphex

Title	Area km²	Grant Date	Expiry Date
PL 6073/2009	49.47	31-Dec-09	30-Dec-17
PL 6158/2009	48.00	31-Dec-09	30-Dec-17
PL 9929/2014	48.36	08-Jul-14	07-Jul-18
PL 9946/2014	99.49	08-Jul-14	07-Jul-18
PL 8628/2012	49.87	24-Dec-12	24-12-16
PL 5447/2008	43.21	31-Dec-08	31-12-16

All the tenements are renewable following their expiry and the Company confirms that each of the tenements listed in Table 1 is in good standing.

In December 2015, in accordance with the Tanzanian Mining Act, the Company relinquished 50% of PL 6073/2009 (**Relinquished Area**). Should the transaction with Graphex proceed, Graphex intends to reapply for the Relinquished Area in early May 2016. While the Relinquished Area includes ground considered to be prospective for graphite and which forms part of the Chilalo exploration target (see Section 3.8(e)), the existing Mineral Resource, which is the basis of the Chilalo Graphite Project, and the area designated for project development under the PFS, is located within the existing PL 6073/2009 shown in the above table.

(b) **Exploration by the Company**

In July 2014, a review of rock chip sampling results and substantial VTEM datasets (that had been previously collected from many years of nickel sulphide exploration) identified Chilalo as a graphite prospect.

An initial Inferred Mineral Resource Estimate (**MRE**) for the Shimba deposit at Chilalo was estimated by CSA Global Pty Ltd (**CSA**) in April 2015 based on a drilling program carried out in the December Quarter of 2014 that comprised 3,810 metres of reverse circulation drilling and 1,379 metres of diamond drilling.

Following a 1,461 metre diamond drilling program that was completed in the June Quarter of 2015, a significant proportion of the Inferred MRE was upgraded in October 2015 to Indicated status. The upgraded MRE (see Table 2), which was also completed by CSA, is a high-grade Indicated and Inferred Mineral Resource of 9.2 Mt grading 10.7% Total Graphitic Carbon (**TGC**) for 984,100 tonnes of contained graphite within the >5% high-grade TGC zone.

The MRE is comprised of:

- (i) Indicated Resource of 5.1 Mt grading 11.9% TGC for 613,800 tonnes of contained graphite; and
- (ii) Inferred Resource of 4.1 Mt grading 9.1% TGC for 370,300 tonnes of contained graphite.

The high-grade resource is part of the total Indicated and Inferred MRE of 25.1 Mt, which includes a low-grade Inferred Resource of 15.9 Mt grading 3.3% TGC for 523,000 tonnes of contained graphite.

Table 2. Mineral Resource, Chilalo Project - October 2015

Domain	Classification	Tonnes (Mt)	TGC%	Contained Graphite (Kt)
High-grade zone	Indicated	5.1	11.9	613.8
High-grade zone	Inferred	4.1	9.1	370.3
Total high-grade resource	Indicated and Inferred	9.2	10.7	984.1
Low-grade zone	Inferred	15.9	3.3	523.0
Total resource	Indicated and Inferred	25.1	6.0	1,507.2

The Chilalo Mineral Resource not only has one of the highest grades of any of the current resources in Tanzania reported under the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (**JORC Code 2012**), but also has a high percentage of large and jumbo flake sized graphite.

(c) **Pre-feasibility study**

Background to the PFS

On 23 November 2015, the Company announced the results of a PFS (see ASX announcement 23 November 2015). The PFS was completed by BatteryLimits Pty Ltd. The purpose of the PFS was to assess the viability of an operation producing a high quality flake graphite product with a particular focus on low capital and operating costs and ease of execution. The approximate accuracy of the PFS is $\pm 25\%$.

The Company confirms that all material assumptions underpinning the production targets and forecast financial information from the 23 November 2015 announcement on the results of the PFS set out below continue to apply and have not materially changed.

Key results of the PFS

The PFS proposes a high-grade open-pit operation utilising conventional mining methods and a plant that applies simple flotation processing, producing a base case of 69,000 tonnes per year. The production target referred to above is underpinned by Indicated Resources (as to 69%) and Inferred Resources (as to 31%). Investors should note there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target will be realised. Sensitivity modelling completed as part of the PFS indicated that the economic viability of the Project was not sensitive to the inclusion of the Inferred Mineral Resource within the pit (i.e. the Inferred Resource does not determine the economic viability of the Project).

Mining

The PFS proposes the Chilalo open pit mine is planned as a conventional truck and shovel operation. Early stages of the open pit are proposed to be free-dig, with the remainder to be mined using standard drill and blast techniques. Should mining commence, the PFS anticipates mining operations will be undertaken on an owner operator basis, supported by a fleet of ancillary equipment.

The Chilalo Project mining costs and production parameters are based on budget estimates and a database of relevant industry costs. These inputs were used to generate a series of nested pit shells based on varying basket prices. The optimised pit shell is limited by the Mineral Resource extent rather than by the economics of the Project.

The proportion of Inferred Mineral Resources the PFS proposes be mined within this pit shell (31%) is a combination of high grade (>5% TGC) and lower grade (2-5% TGC). The Inferred material within the pit shell is mainly scheduled to be mined as part of the extraction of Indicated Mineral Resources within the pit, and within a cutback scheduled for the third year of the project life. The remainder of the Inferred material is scheduled to be mined towards the end of the current mine plan in subsequent cutbacks. It is anticipated that refinement of metallurgical parameters as the project progresses will allow conversion of the majority of Inferred material to higher confidence material.

Metallurgy

A metallurgical testwork program was carried out by Perth-based processing engineering consultancy group BatteryLimits Pty Ltd. Initial optimisation testwork has demonstrated high graphite recovery and a high-grade coarse concentrate can be achieved using separate coarse and fine flotation streams. Testwork has confirmed that the ore is quite consistent in metallurgical performance and thus the process design and engineering in the PFS is considered appropriate for the entire orebody.

Overall, the testwork program demonstrated that the ore is amenable to the production of high-grade graphite concentrates, at coarse flake sizes, using simple flotation processes.

Table 3. Chilalo product specifications

Flake Size	Sieve Size		Base Case	
	Microns	Mesh	Mass (%) ¹	TGC (%)
Super Jumbo	> 500	+35	1.9	94-97
Jumbo	300 - 500	+50	24.0	94-97
Large	180 - 300	+80, -50	22.5	94-97
Medium	150 - 180	+100, -80	6.0	94-97
Small	75 - 150	+200-100	20.6	94-97
Fines	- 75	-200	25.0	90

1. Mass based on % of total graphite concentrate produced

While Chilalo product is expected to be suitable for use in the production of battery-grade spherical graphite and refractories, testwork from Chinese end users has established that Chilalo graphite possesses excellent expansion characteristics, making it ideally suited to the high-margin, fast-growing expandable graphite market.

In particular, Chilalo coarse flake graphite in excess of 180 microns has been identified as suitable for the production of high value expandable graphite products such as graphite foil, graphite paper, knitted tape (high temperature and fire resistance), narrow flexible graphite strip, and other graphite based products requiring high rates of expansion. Chilalo fine and medium flake graphite (<180 microns) has been confirmed as suitable for application in flame retardant building products, where lower rates of expansion are required.

Process plant

The processing plant design includes a two stage crushing circuit, with product conveyed to a crushed ore stockpile. Ore is then proposed to be reclaimed from the stockpile by front-end loader and delivered to a single stage rod mill in closed circuit with a double deck vibrating screen. The rod mill screen undersize would then be pumped to the flotation conditioning tank where reagents are proposed to be added and the slurry is then proposed to be pumped to the flotation circuit to recover the graphite using a circuit comprising rougher, scavenger and primary and secondary cleaner flotation stages.

Graphite concentrate is proposed to be filtered and dried and then discharged on to a line-up of five vibrating screens to separate the graphite in to multiple-sized products and discharged into 1 tonne capacity bags.

Power and water

The Project is anticipated to utilise diesel generated power from a 4 MW power station comprising four 1 MW diesel gensets. One of the four gensets is additional to the power generation requirements, for operation during maintenance / standby.

A borefield is proposed to supply process water. Previous exploration drilling campaigns in lower lying areas have encountered water at shallow depths, indicating availability of ground water for the borefield is considered likely.

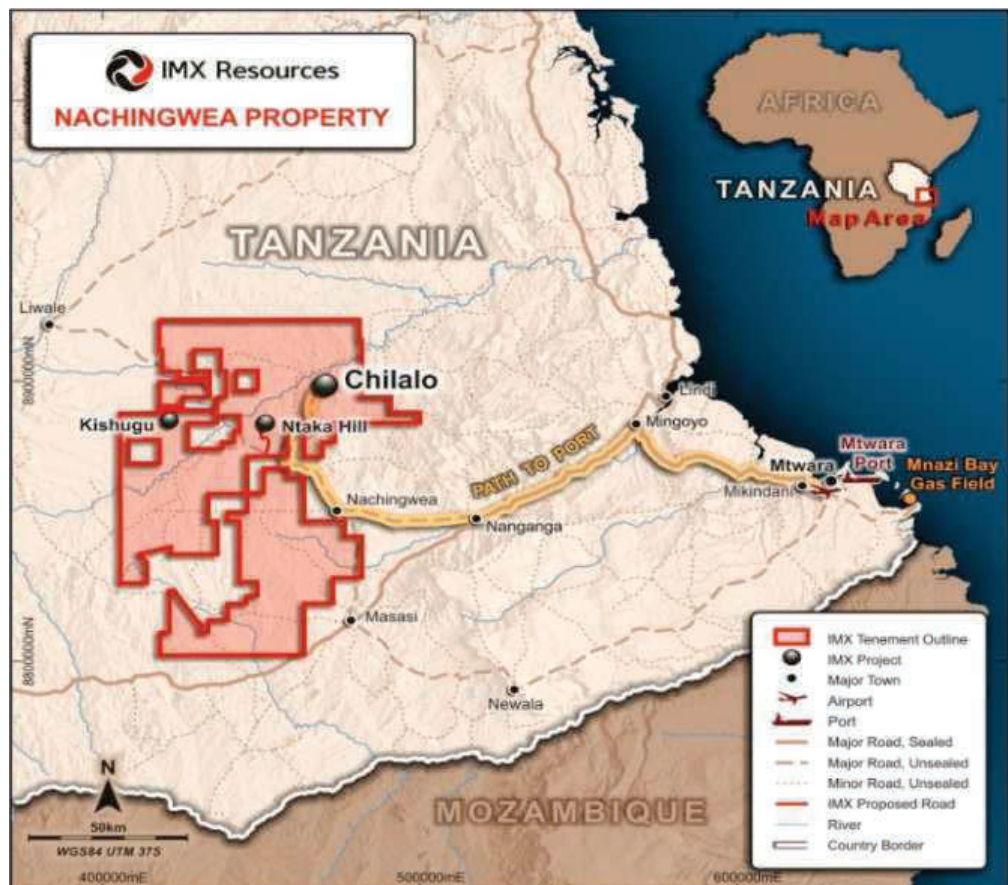
Transport

The PFS proposes road transport from Chilalo to the Mtwara Port, where bagged product will be stored in a storage facility prior to shipping. The route from Chilalo to the Mtwara Port is 220 kilometres by road, the majority of which is a sealed main road.

The access road to the site is proposed to be upgraded, with most of the work relating to the 5 kilometre section immediately adjacent to the Chilalo site. An allowance for this work has been included in the PFS and is based on the costs of other road upgrade projects that have been completed in the area.

An existing airport at Nachingwea, located approximately 47 kilometres from Chilalo allows for the ready transport of people and consumables to and from Dar es Salaam, Tanzania's major city.

Figure 5. Proposed route from Chilalo to the Mtwara Port



Port

The Mtwara Port is a deep water port with sufficient capacity to accommodate the export of proposed Chilalo product. The Mtwara Port is capable of handling 400,000 metric tonnes of imports and exports per year and is currently handling volumes well short of that capacity.

At the Mtwara Port, graphite concentrate is planned to be housed in a storage facility until loading onto a ship. The PFS assumed that the Company will lease the concentrate storage facility.

Operating and capital costs

The PFS confirmed that the Chilalo Project is a low-cost operation, with LOM cash operating costs of US\$490 per tonne of graphite concentrate produced FOB. A summary breakdown of the operating costs is shown below:

Operating cost item	PFS	
	US\$/t feed	US\$/t conc.
Mining	13.49	122.85
Labour	11.42	104.05
Product logistics (FOB)	8.22	74.94
Power	8.20	74.73
Reagents, consumables and water	5.97	54.45
Miscellaneous and G&A	4.91	44.77
Maintenance	1.52	13.86
Total	53.72	489.65

Capital expenditure, inclusive of a US\$5.1 million contingency, required for commencement of graphite concentrate production is estimated to be US\$73.8 million as shown below:

Capital item	(US\$m)
Mining equipment	7.0
Process plant	32.7
Infrastructure	11.9
Pre-development works	6.9
EPC	3.3
Owner's cost	6.9
Contingency	5.1
Total	73.8

When compared to other graphite projects of a similar scale, the Chilalo Project demonstrates attractive operating and capital cost outcomes and importantly, is also cost-competitive with Chinese production.

Pricing

The Company believes that the significant portion of large, jumbo and super jumbo size flake and high TGC grades at Chilalo provide a significant advantage as a shortage of this high quality product currently exists in the market.

The weighted average basket price for Chilalo product used in the PFS is \$1,217 per tonne of concentrate, which is based on the value of each flake size as shown in the table below. The PFS assumes sale of all of the fractions produced including the -75 micron material.

Weighted average basket price assumptions used in PFS

Flake Size	Microns	Mesh	Mass Dist. %	Grade TGC %	Price (US\$/t) ¹	Basket Sales Price (US\$/t)
Super Jumbo	> 500	+35	1.9	94-97	2,500	48
Jumbo	300 - 500	+50	24.0	94-97	2,200	528
Large	180 - 300	+80	22.5	94-97	1,400	315
Medium	150 - 180	+100	6.0	94-97	950	57
Small	75 - 150	+200	20.6	94-97	700	144
Fines	<75	-200	25.0	90	500	125
Weighted Basket Sales Price (Mass Dist. % x Price)						1,217

1. Source: Benchmark Mineral Intelligence and market sources
2. Unlike most base and precious metals, graphite is not an exchange traded commodity and as a result, information on the price of graphite is not definitive. IMX sourced the pricing information in the above table from industry leading consultant Benchmark Mineral Intelligence, from its discussions with end users of graphite in China and from information published by other companies seeking to develop graphite projects.

Financial analysis

Based on the assumptions disclosed above, the PFS reveals a strong cash flow and short payback period underpinned by low capital intensity, a high quality product and highly competitive operating costs, summarised below.

Operating and Financial Metrics

Items		PFS
Life of Mine	Yrs	10
Average annual production (LOM)	tpa	69,123
Plant feed rate	tpa	630,000
Average head grade (LOM)	% TGC	10.85
Average recovery	%	94
Average concentrate grade	% TGC	94
LOM Revenue	US\$m	838
LOM Pre-tax Net Cashflow	US\$m	391
Average annual EBITDA	US\$m	47
Basket sales price	US\$/t	1,217
Operating cost per tonne of concentrate	US\$/t	490

Items		PFS
Operating margin	US\$/t	727
Pre-production capital cost	US\$m	74
Pre-tax payback period	Yrs	1 year 7 months
Pre-tax NPV (10% discount rate)	US\$m	200
Pre-tax IRR	%	62

An Ore Reserve is yet to be declared for the Chilalo Graphite Project. The assumptions in the PFS that relate to hanging wall geotechnical characterisation, acid rock drainage (ARD), and the metallurgical performance of oxide material, require confirmation to support Ore Reserves. The Board's view is that these latter aspects are sufficiently de-risked by the assumptions applied in the PFS, and provide a reasonable basis to support the financial model.

Sensitivity analysis

Analysis of the sensitivity of the Chilalo Project NPV to changes in key assumptions or estimates used in the financial model shows that the NPV is most sensitive to a movement in the basket sales price (revenue). The driving factor of the basket sales price is the flake size distribution of the Chilalo product and the prevailing market price of each of the size categories produced by the Project. As a result, the Chilalo Project is sensitive to changes to either of these underlying factors.

(d) Chilalo product and the graphite market

The expandable graphite market is one of the fastest growing markets for graphite and has multiple uses, including:

- (i) The production of high-value graphite foils (market price of ~US\$50,000/t) which are used as heat shields in electronic devices such as mobile phones, laptops and TV screens.
- (ii) The production of graphite paper used in the manufacture of heat shield gaskets and other products such as fire and thermal seals for machinery and electronic parts.
- (iii) With its unique fire and heat resistant characteristics, expandable graphite is being increasingly used in the manufacture of flame retardant and thermally efficient building materials, such as insulation for example, with a rapidly growing market for these products.

(e) Additional graphite exploration targets and prospectivity

The Chilalo Graphite Project area remains highly prospective, with several near mine, high conductance targets, which, subject to successful drill testing, have the capacity to increase the size of the existing high-grade Mineral Resource. Given that the targets have stronger conductivity than the existing Mineral Resource, they could potentially be thicker or higher grade deposits.

There is also 34km of untested high-conductance electromagnetic targets with similarities to the existing Mineral Resource. Based on the results of electromagnetic surveys at Chilalo, the Company calculated an Exploration Target of approximately 100-350 million tonnes grading approximately 3-11% TGC. The Exploration Target is in addition to the existing Mineral Resource.

This Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. Since announcing the Exploration Target on 2 September 2015, IMX confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

Metallurgical testwork has not been conducted on the low-grade zone of the existing Mineral Resource however based on evidence from other graphite deposits, the low-grade is expected to produce a coarser flake and higher value product. The opposite typically applies to higher grade mineralisation. As a consequence, optimisation of the feed grade is a trade-off between sales revenue per tonne on the one hand and capital intensity and operating costs per tonne on the other hand.

(f) JORC Competent Persons Statement

The information in this Notice that relates to Mineral Resources at Chilalo is based on, and fairly represents, information and supporting documentation compiled by Mr. Grant Louw under the direction and supervision of Dr Andrew Scogings, who are both full-time employees of CSA Global. Dr Scogings takes overall responsibility for such information. Dr Scogings is a Member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Dr Scogings consents to the inclusion in the Notice of the matters based on his information in the form and context in which it appears.

The information in this Notice that relates to exploration results at the Chilalo Project is based on, and fairly represents, data collected under the supervision of Mr Nick Corlis, in his capacity as Executive Director, Exploration, IMX Resources. Mr Corlis, BSc (Hons) MSc, is a registered member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person under the JORC Code 2012. Mr. Corlis has verified the data underlying the information contained in this announcement and approves and consents to the inclusion in the Notice of the data in the form and context in which it appears.

For further details on the Chilalo Graphite Project, please refer to the Company's 2015 Annual Report and previous disclosures, which are available from the Company's ASX announcements platform and website (www.imxresources.com.au).

3.9 Information on Graphex

Having completed the PFS, the next step in the pathway to production for the Chilalo Project is completion of a Definitive Feasibility Study (DFS). However, before commencing a DFS, the immediate priority for Graphex will be to secure binding agreements for offtake. In a market such as graphite, end users will guide the scale of project to be constructed. In February 2016, the Company announced that it had agreed a Memorandum of Understanding (MOU) with two major Chinese companies - China Gold Group Investment Co Ltd (**China Gold**) and CN Docking Joint Investment and Development Co. Ltd, a subsidiary of China National Building Material Group Corporation.

The parties to the MOU have agreed to commence an exclusive negotiation and due diligence period, ceasing on 31 July 2016, for developing the Chilalo Graphite Project. The Company continues to work with the parties in an effort to achieve binding agreements, which the Company is aiming to complete prior to the end of the exclusivity period. As these negotiations relate to the Chilalo Graphite Project, it is anticipated that any agreements executed will be with Graphex.

Should binding offtake agreements be executed, it is expected that a DFS could be completed within a six month period utilising the consultants and in-country personnel that were involved in preparation of the PFS.

The proposed main areas of focus for the DFS are to refine the metallurgical testwork undertaken in the PFS and to complete the process engineering on the plant design.

In light of the high quality and coarse flake nature of Chilalo graphite, end users who have conducted their own testwork have informed the Company that Chilalo graphite has excellent expansion characteristics and is ideally suited to the production of expandable graphite for use in the manufacture of a range of high value products, as well as flame retardant building materials. The DFS is expected to be targeted to the expandable graphite market.

Work for the DFS would be carried out in Tanzania, Perth and other parts of the world drawing on existing expertise in graphite mining and production.

3.10 Graphex Structure and Board

Graphex was incorporated on 21 January 2016. On 1 March 2016 the Company announced the composition of the board of directors of Graphex (**Graphex Board**).

The Graphex Board is presently comprised of:

Mr Philip Hoskins - Managing Director

BCom, CA, GDipAppFin

Mr Hoskins commenced his career at a large international accounting firm and has since gained corporate experience with both Australian and international listed companies. He is a senior executive with 14 years of broad finance and commercial experience across resources exploration, project development and production as well as large-scale property developments requiring debt and equity financing. He was appointed as the Company's Managing Director in October 2015 after being Chief Executive Officer since September 2014, before which he spent almost three years as the Company's Chief Financial Officer. Mr Hoskins is a Chartered Accountant and holds a Bachelor of Commerce Degree from the University of Western Australia and a Graduate Diploma of Applied Finance.

Stephen Dennis - Director and Chairman

BCom,LLB,GDipAppFin (Finsia)

Stephen Dennis has been actively involved in the mining industry for over 30 years. He has held senior management positions at MIM Holdings Limited, Minara Resources Limited and Brambles Australia Limited. Until recently, Mr Dennis was the chief executive officer and managing director of CBH Resources Limited, the Australian subsidiary of Toho Zinc Co., Ltd of Japan. Mr Dennis is also currently the Chairman (Non-Executive) of Heron Resources Limited, Rox Resources Limited and Cott Oil & Gas Limited.

Grant Davey - Director

BSc

Grant Davey holds a BSc Mining Engineering degree and has over 20 years of senior management and operational experience in the construction and operation of gold, platinum and coal mines in Africa, Australia, South America and Russia. More recently he has been involved in venture capital investments in several Canadian and Australian listed exploration and mining projects. Grant has recently been instrumental in acquiring the Honeymoon Uranium project in South Australia. He was the managing director of Cradle Resources Limited and founder and managing director of the Panda Hill niobium project in Tanzania which will go into construction during 2016. He is currently an executive director of ASX-listed Boss Resources Limited.

3.11 Sale agreement

The Company and Graphex (and their various subsidiaries) have entered into an agreement for the sale and purchase of five Prospecting Licences, including the Prospecting Licence on which the Chilalo Graphite Project is situated (**Agreement**). The effect of the Agreement is that Graphex acquires the Prospecting Licences and various minor assets and employees (**Assets**) for 20,000,000 fully paid ordinary shares in Graphex at a deemed issue price of \$0.20 per Graphex share and \$1,000,000 cash. Contemporaneously with completion, IMX will transfer approximately 3,546,000 Graphex Shares to MMG as a result of a pre-existing joint venture agreement, leaving IMX with approximately 16,454,000 Graphex Shares.

(a) Conditions precedent

The conditions precedent for completion of the Agreement include (**Conditions**):

- (i) IMX obtaining all necessary regulatory and shareholder approvals or waivers or modifications pursuant to the Listing Rules and Corporations Act to undertake the Spin-out;
- (ii) obtaining all necessary governmental consents and approvals, including the consent of the Minister under the Mining Act (if required) to transfer the Assets and the approval of the transfer of the Assets by the Tanzanian Fair Competition Commission (if required);
- (iii) IMX and Graphex entering into a co-operation agreement pursuant to which IMX and Graphex agree, among other things, to the sharing of services and assets on terms satisfactory to IMX and Graphex acting reasonably;

- (iv) Graphex's wholly owned subsidiary, Ngwenza Tanzania Limited, becoming registered to VAT in Tanzania;
- (v) if required, IMX procuring MMG to undertake actions required by IMX to complete the Spin-out; and
- (vi) satisfaction of the In-specie Conditions.

Should the In-specie Conditions not be satisfied by 16 July 2016, then providing the remaining Conditions have been satisfied, the Company will still proceed with the Internal Restructure (see Section 3.1 for further details). If this occurs the Chilalo Graphite Project will no longer be subject to the joint venture agreement between IMX and MMG.

(b) **Other material terms**

- (i) **(Representations and warranties)** The parties provide representations and warranties that are considered standard for agreements of this nature, with the maximum amount of any claim recoverable by Graphex limited to \$5,000,000.
- (ii) **(New discoveries)** For a period of three years following completion, IMX and Graphex have agreed to reciprocal rights with respect to notification of discoveries of each other's preferred minerals on the other's Tanzanian tenements (e.g. Graphex must notify IMX of a potentially commercial discovery of base and precious metals on Graphex's Tanzanian tenements and IMX must notify Graphex of a potentially commercial discovery of graphite on IMX's Tanzanian tenements). Following notification the parties are then obliged to enter into good faith negotiations in an attempt to reach agreement for the sale or joint development of a potential new project, with the party whose preferred mineral exists on the other's tenement having the right to lead the development of the potential new project.

If no agreement is reached following three months of negotiations, then the party with the new discovery is free to develop that project, but only after a three year period from the date of settlement of the Agreement has lapsed.

In addition, both IMX and Graphex agree that for a period of three years from the date of settlement of the Agreement, they will not acquire any interests in any tenements or develop a project in Tanzania prospective for the other party's preferred mineral.

3.12 Summary of Tanzanian laws relevant to exploration

(a) **General**

The information set out in this Section is only a high level summary of relevant laws. It is not purported to be a comprehensive review of all laws affecting the Company's or Graphex's operations in Tanzania.

The rights for prospecting for minerals are licenced under the Mining Act. The Minister has the power to grant, renew, suspend or cancel any licence. The powers of the Minister (or where the law specifies, the Commissioner) are exercisable in accordance with the powers conferred to them under the Mining Act, including recommendations of the Mining Advisory Board.

A holder of a mineral right is obliged to seek the prior consent of lawful occupiers before the holder can exercise its rights under the Mining Act. All licences issued under the Mining Act are referred to as "mineral rights" herein.

(b) Types of mineral rights

The types of rights which may be granted under the Mining Act include a prospecting licence, retention licence, mining licence, special mining licence, gemstone mining licence and a primary mining licence. Primary mining licences are restricted to Tanzanian citizens or corporate entities whose memberships are composed exclusively of Tanzanian citizens.

(c) Prospecting licences

Under section 32(1) of the Mining Act, the initial period of prospecting licences is four (4) years, followed by a first renewal period of three (3) years and a second renewal period of two (2) years. The maximum life span of a prospecting licence is nine (9) years. Where the holder is not in default and at the end of the second renewal period, a further period is required to complete a feasibility study already commenced, the prospecting licence may be renewed for such further periods but not exceeding two (2) years as required for that purpose.

The holder of a prospecting licence has prima facie an indisputable right of access to the licence area, and does not require any other administrative authorisation or prior application to carry out prospecting activities for the minerals to which the licence applies (Section 35 of the Mining Act).

(d) Mining licences

Mining licences or special mining licences may be applied for by a prospecting licence holder who has established the existence of minerals in commercial quantities. Such applicant is referred to in the Mining Act as an Entitled Applicant. Mining licences are normally granted for a period not exceeding 10 years, and in the case of special mining licences for the estimated life of the ore body, as indicated in the feasibility study report or as the applicant may request, whichever is shorter.

Mining licences may be renewed for a further period not exceeding 10 years and in the case of special mining licences for another period not exceeding the estimated life of the remaining ore body, unless:

- (i) the applicant is in default;
- (ii) the development has not proceeded with reasonable speed;
- (iii) minerals in reasonable quantities do not remain to be produced;
- (iv) the intended mining operations do not ensure the proper development of the mineral resources; or
- (v) the applicant has not included the relevant environmental certificate under the Environmental Management Act.

An application for a mining licence or a special mining licence must be in the prescribed form and must identify the relevant prospecting licence; describe the area and the mineral deposits therein. A feasibility study must be submitted setting out the proposed program for mining operations, the estimated recovery rate of ore and proposals for its treatment and the applicant's estimated quantity of minerals to be produced for sale annually. Details of employment and training of Tanzanian citizens and a succession plan of expatriates must also be disclosed. Finally, there must be a statement on financial and technical resources and a procurement plan with respect to goods and services available in Tanzania.

(e) Suspension and cancellation of a mineral right

Where the holder of a mineral right, amongst other things, fails in a material respect to comply with any requirement of the Mining Act or the Regulations, the conditions of the licence, with a direction lawfully given under the Mining Act or Regulations then the licensing authority may by notice suspend or cancel the licence, if the holder has failed to remedy the breach within thirty (30) days of receiving notice.

(f) Claims of lawful occupiers in respect to mineral rights

According to Section 95(1)(b) of the Mining Act, no holder of a mineral right may exercise any of its rights conferred by the licence over an area of land which is the site of, or which is within 200 meters of any inhabited, occupied or temporarily unoccupied house or building without consultation with the relevant Local Government Authority, including the Village Council and thereafter the written consent of the lawful occupier. Therefore, where a mineral right granted to an applicant is over an area of land inhabited by lawful occupiers then the holder of such a mineral right is required to obtain the lawful occupiers' written consent, following necessary consultations, prior to exercising any of the rights conferred under the mineral right. Failure to obtain the lawful occupiers' prior written consent would not invalidate the licence holder's mineral right but the lawful occupier may make a claim against the licence holder.

The holder of the mineral right has the right of access and construction on the licensed area, but will require the consent of any lawful land occupier, if activities may disturb habitation, cultivations, trees or buildings. The mineral right holder must also consult with local authorities with respect to the activities. The Mining Act provides that the Minister may intervene if consent is unreasonably withheld.

In terms of compensation, if activities result in damage to crops, buildings, works etc., the holder of the mineral right is liable to pay the lawful occupier fair and reasonable compensation in respect of the disturbance or damage. Any compensation, relocation and resettlement of lawful occupiers must be in accordance with the Land Act Cap. 113. If there is a dispute regarding the amount of compensation, either party may refer the dispute to the Commissioner under the Mining Act who, subject to the Mining Act, shall determine and rule on the matter.

3.13 Disclosure to ASX

As an entity with Shares quoted on the Official List of the ASX, IMX is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to IMX can be accessed at either the ASX announcements platform or the Company's website.

3.14 Risk Factors

On successful completion of the Proposal, Shareholders will become shareholders in Graphex and should be aware of the general and specific risk factors which may affect Graphex and the value of its securities. These risk factors are set out in Schedule 4.

3.15 Effect of Proposed Capital Reduction on the Company

A pro-forma statement of financial position of IMX is contained in Schedule 2, which shows the financial impact of the capital reduction and the Proposal on the Company. Furthermore, the Company, being an ASX listed entity, is subject to the continuous disclosure requirements set out in Chapter 3 of the ASX Listing Rules. As such, the Company is required to lodge quarterly reports detailing the Company's current cash position. Any use of funds by the Company will be detailed in these quarterly reports and any significant transactions will be disclosed to Shareholders.

3.16 Directors' Interests and Recommendations

The table below sets out the number of securities in IMX held by IMX Directors at the date of the Meeting and also the number of Graphex Shares they are likely to have an interest in if Resolution 2 is passed and implemented:

Table 5. Directors' interests

Director	IMX Shares	Options	Performance Rights	Share Appreciation Rights	Approximate Number of Graphex Shares each Director will receive ¹
Derek Fisher ²	450,369	Nil	Nil	Nil	4,791
Philip Hoskins	8,294,923	500,000 ³	919,428	11,024,100	88,243
Nick Corlis	3,466,462	14,215,910	844,442	10,125,000	36,877
Bruce McFadzean	4,666,667	Nil	Nil	Nil	49,645

1. Assuming a 1 for 94 ratio for the In-specie Distribution for illustrative purposes only. It is not clear at the date of this Notice what the exact ratio for the In-specie Distribution will be. Refer to Section 1 for further details.
2. Note Shareholder approval being sought under Resolution 4 for issue of up to 9,166,666 Shares (on a pre-Consolidation basis) to Derek Fisher. If Shareholder approval is obtained and 9,166,666 Shares are issued before the Record Date, Mr Fisher will receive approximately 102,308 Graphex Shares pursuant to the In-specie Distribution.
3. Note Shareholder approval being sought under Resolution 5 for issue of up to 4,454,182 options.

After considering all relevant factors, the Directors recommend the Company's Shareholders vote in favour of Resolutions 1 and 2 for the reasons summarised in Sections 3.1 and 3.6 of this Notice.

3.17 Effect of Proposed Capital Reduction on Shareholders

What will you receive?

If the Proposal is implemented, eligible Shareholders will receive an in-specie return of capital by way of the distribution of Graphex Shares in proportion to the number of Shares held by them at the Record Date.

Shareholders are not required to contribute any payment for the Graphex Shares which they are entitled to receive under the In-specie Distribution.

What is the impact on your shareholding in the Company?

The number of Shares in the Company that you hold will not change as a result of the Proposal. However, if Resolution 3 is passed and the In-specie Distribution proceeds your Shares will be consolidated on a 50 for 1 basis. See Section 4 for further information.

If the Proposal is implemented, the value of your Shares in the Company may be less than the value held prior to the Proposal being implemented due to the removal of the Chilalo Graphite Project from the Company's asset portfolio. The size of any decrease cannot be predicted and will be dependent on the value ascribed to the Chilalo Graphite Project.

Do you have to do anything to receive your Graphex Shares?

You must hold IMX shares on the Record Date in order to receive your entitlement Graphex Shares. If the Proposal proceeds, you will automatically receive the Graphex Shares you are entitled to receive (unless you are an ineligible overseas Shareholder, in which case you will receive the proceeds - see Section 3.23(b) for more information), even if you vote against the Proposal or do not vote at all.

Will I be able to trade my Graphex Shares?

If the Proposal is approved by Shareholders and is implemented, a holder of Graphex Shares will be able to sell their Graphex Shares in the future.

What are the taxation implications of the Proposal?

A general guide to the taxation implications of the Proposal is set out in Section 3.25 of this Explanatory Memorandum. The description is expressed in terms of the Proposal and is not intended to provide taxation advice in respect of particular circumstances of any Shareholder. Shareholders should obtain professional advice as to the taxation implications of the Proposal in their specific circumstances.

What will happen if Resolution 2 is not approved?

In the event that Shareholder approval of Resolution 2 is not obtained, the Proposal will not proceed and the distribution of Graphex Shares to IMX Shareholders will not occur.

3.18 Additional important information for IMX Shareholders

- (a) The capital structure of IMX as at the date of this Notice is:

Table 6. IMX capital structure

Security type	Number
Fully paid ordinary shares	1,546,083,489
Unquoted options ¹	61,851,848
Performance rights ²	2,764,065
Share appreciation rights ³	29,654,100

1. See Schedule 5 for a summary of outstanding unquoted options.
2. Vest on continued service to 30 June 2017.
3. Share appreciation rights have a base price of \$0.022 and vest on 1 July 2017 subject to TSR hurdles as follows:

Table 7. Vesting criteria for Share Appreciation Rights

Performance against TSR hurdle	Portion of Share Appreciation Rights that vest
Compound annual TSR from 1 October 2014 to 30 June 2017 is less than 20%	Nil
Compound annual TSR from 1 October 2014 to 30 June 2017 is between 20% and 35%	50%
Compound annual TSR from 1 October 2014 to 30 June 2017 is between 35% and 50%	75%
Compound annual TSR from 1 October 2014 to 30 June 2017 is above 50%	100%

- (b) The indicative capital structure of Graphex post-completion of the Proposal will be:

Table 8. Indicative Graphex capital structure

Security type	Number (Proposed Minimum Subscription)	%	Number (Proposed Minimum Subscription)	%
Fully paid ordinary shares				
IMX shareholders	16,454,000	39.9%	16,454,000	30%
MMG	3,546,000	8.6%	3,546,000	6%
Capital Raising ¹	21,250,000	51.5%	35,000,000	64%
Total Shares	41,250,000	100%	55,000,000	100%
Loyalty Options ²	7,083,333		11,666,667	

1. As at the date of this notice Graphex intends to raise a minimum of \$4,250,000 (21,250,000 shares) and up to a maximum of \$7,000,000 (35,000,000 shares) at an issue price of at least \$0.20 per share. Graphex's intention is that the Capital Raising includes a priority offer to IMX shareholders.

2. As at the date of this Notice, Graphex intends to issue a free attaching loyalty option on a 1 for 3 basis for every share issued by Graphex pursuant to the Capital Raising. The final terms of the Loyalty Options are still being considered.

Shareholders should note this structure is indicative only as at the date of this Notice and that Graphex retains discretion to amend the structure and issue more or less shares or other forms of securities, such as options.

- (c) All Graphex Shares will be distributed on a pro rata basis to all holders of ordinary shares in the capital of the Company on the Record Date (**Return Shares**) based on the number of IMX Shares held by such holders at the Record Date. The Record Date will be set by the Directors after the date Resolution 2 is passed and depends on the satisfaction of the In-specie Conditions. Due to the outstanding Options on issue in IMX and also because of the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice how many IMX Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be.

At the date of this Notice, there are 1,546,083,489 Shares on issue in the Company. Assuming this same number of Shares was on issue at the Record Date, the formula for the In-specie Distribution would be approximately 1 Graphex Share for every 94 IMX Shares held. Any exercise of Options or further issue of IMX Shares will have the effect of lowering the number of Graphex Shares distributed for each IMX Share. Any fractions of entitlement will be rounded up to the next whole number;

- (d) The return of capital will be effected by a pro rata distribution of the Return Shares in specie, proportionately to all of the Company's Shareholders:
 - (i) registered as such as at 5.00pm (WST) on the Record Date; or
 - (ii) entitled to be registered as a Shareholder in the Company by virtue of a transfer of Shares executed before 5.00pm (WST) on the Record Date and lodged with the Company at that time.

3.19 Information concerning IMX Shares

The rights attaching to the IMX Shares will not alter.

For the information of Shareholders, the highest and lowest recorded sale prices of the Company's Shares as traded on ASX during the 12 months immediately preceding the date of this Explanatory Memorandum, and the respective dates of those sales were:

Table 9. Share price information

Date	Highest Price	Date	Lowest Price
23 June 2015	\$0.014	12 February 2016	\$0.003

The latest available closing price of IMX Shares on ASX prior to the date of this Notice was \$0.005 on Thursday, 17 March 2016.

3.20 Section 256C of the Corporations Act

The proposed reduction of capital by way of the In-specie Distribution is an equal capital reduction.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if it:

- (a) Is fair and reasonable to Shareholders as a whole;
- (b) Does not materially prejudice the Company's ability to pay its creditors; and
- (c) Is approved by Shareholders in accordance with Section 256C of the Corporations Act.

The Directors believe that the Proposal is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. Under the proposed reduction of capital, each IMX Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Shareholder. The In-specie Distribution is on a pro rata basis, and the proportionate ownership interest of each Shareholder remains the same before and after the Proposal. Further, the Directors consider that the Proposal will not result in the Company being insolvent at the time or after the In-specie Distribution.

In accordance with the Corporations Act:

- (a) The proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of IMX Shareholders;
- (b) This Explanatory Memorandum and accompanying Prospectus and previous ASX announcements set out all information known to IMX that is material to the decision on how to vote on Resolution 2; and
- (c) IMX has lodged with ASIC a copy of this Notice of Meeting and accompanying Prospectus.

3.21 ASX Listing Rule 7.17

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The Proposal satisfies the requirements of ASX Listing Rule 7.17, as the issue of Graphex Shares is being made to Shareholders on a pro rata basis, and there is no restriction on the number of Shares a Shareholder must hold before the entitlement to the Graphex Shares accrues.

3.22 ASX Listing Rule 11.4

Listing Rule 11.4 provides that an entity must not dispose of a major asset if at the time of the disposal it is aware that the person acquiring the asset intends to issue or offer securities with a view to becoming listed. This rule does not apply if the holders of ordinary securities in the entity approve of the disposal without a pro rata offer of securities being made.

As Graphex is currently a child entity of the Company that will undertake an IPO, the Company must obtain shareholder approval for the disposal of the Chilalo Graphite Project.

3.23 Effect of Shareholder approval

(a) General

If Resolution 2 is approved, Shareholders (as at the Record Date) will receive a pro rata beneficial entitlement to Graphex Shares based on the number of IMX Shares held at the Record Date. The reduction in IMX's capital and the transfer and distribution of Graphex Shares will become effective from the Record Date (provided that after the Record Date has been set, the Directors have not provided a notice to ASX stating that the Company does not intend to proceed with the reduction of capital contemplated by Resolution 2). Any fractions of entitlement will be rounded down to the next whole number. Shares in Graphex are to be held subject to its constitution which is in standard form.

The actual dollar value of the proposed return of capital will be an amount equal to the value of the Graphex Shares transferred and distributed to be assessed by the Directors. Please refer to Schedule 2 and Schedule 3 for the pro-forma statements of financial position of both IMX and Graphex which show the indicative financial impact of the Proposal.

The Board considers the proposed reduction of capital will have no material effect on the interests of IMX Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the reduction set out in Section 3.6 above.

(b) Overseas IMX Shareholders

The In-specie Distribution of the Graphex Shares to overseas IMX Shareholders under the reduction of capital will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where an IMX Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on IMX an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on IMX an undue burden, the Graphex Shares to which the relevant IMX Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by IMX on their behalf, in order that IMX will pay the relevant Shareholder a cash equivalent amount, or otherwise IMX will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If IMX elects to sell the Graphex Shares on a relevant IMX Shareholder's behalf, IMX will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the In-specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each IMX Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

(c) Effect of In-specie Distribution on existing Options

In accordance with the terms of issue of each of the existing Options in IMX that are outstanding as at the date Resolution 2 is passed and in accordance with ASX Listing Rule 7.22.3, the exercise price of each such outstanding Option in IMX will be automatically reduced by the same amount as the amount returned in relation to each IMX Share.

3.24 Information concerning Graphex Shares

A summary of the more significant rights that will attach to the Graphex Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Graphex Shareholders. Full details of the rights attaching to the Graphex Shares are set out in Graphex's constitution, a copy of which is available on request.

(a) General Meetings

Graphex shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the company.

The directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

(b) Voting Rights

Subject to any rights or restrictions, at general meetings:

- (i) each shareholder present and entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) has one vote on a show of hands; and;
- (iii) has one vote for every share held, upon a poll.

(c) Dividend Rights

Graphex shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the company and the declaration of directors as to the amount to be distributed is conclusive. Shareholders may be paid interim dividends or bonuses at the discretion of the directors.

(d) Winding-Up

If the company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.

(e) Transfer of Shares

Shares can be transferred upon delivery of a proper written transfer instrument to the company or by a transfer in accordance with the ASX Settlement Operating Rules.

The directors may refuse to register any transfer in any of the circumstances permitted by the ASX Listing Rules.

(f) Variation of Rights

The rights attaching to the shares may only be varied by the consent in writing of the holders of three-quarters of the shares, or with the sanction of a special resolution passed at a general meeting.

3.25 Taxation

Taxation implications for Shareholders

The Company has sought a taxation Class Ruling from the ATO seeking to confirm Demerger Relief for income tax purposes will be available to Shareholders. Under Demerger Relief, the distribution of Graphex Shares should not be a taxable dividend for income tax purposes, and any capital gain or loss from the demerger should be disregarded, provided the Shareholder elects for this capital gains tax (CGT) relief to apply.

Under Demerger Relief, a shareholder's cost base and reduced cost base of their shares in IMX before the demerger should be apportioned across their shares in IMX and Graphex after the demerger on a reasonable basis and the Graphex Shares will be treated as being acquired at the same time as the Shareholder's IMX Shares for the purposes of applying the CGT provisions.

Shareholders should consult their own professional advisors to confirm these implications as they may vary depending on individual circumstances and taxation positions.

Once a Class Ruling has been received, it will be posted on the Company's website www.imxresources.com.au.

Taxation implications for the Company

The Company has sought a Private Binding Ruling from the ATO seeking to confirm Demerger Relief for income tax purposes will be available to the Company.

The transfer of Graphex Shares from IMX to IMX Shareholders in respect of the share capital reduction is not expected to have any CGT implications for IMX where Demerger Relief is available.

3.26 Lodgement with ASIC

The Company has lodged with ASIC a copy of this Notice and Explanatory Memorandum in accordance with Section 256C(5) of the Corporations Act. ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

If Resolution 2 is passed, the reduction of capital is required to take effect in accordance with a timetable approved by ASX. Please refer to Section 1.13 for the proposed indicative timetable for completion of the Proposal, which is subject to change by the Company and any requirements of the ASX Listing Rules and the Corporations Act.

3.27 Other Material Information

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 2 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in the Company) other than as disclosed in this Explanatory Memorandum and all relevant Schedules.

4. Resolution 3 - Consolidation of capital

4.1 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

4.2 Fractional entitlements

Not all security holders will hold that number of Shares, Options, Performance Rights or Share Appreciation Rights (as the case may be) which can be evenly divided by 50. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

4.3 Taxation

It is not considered that any taxation implications will exist for security holders arising from the Consolidation. However, security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company does not accept any responsibility for the individual taxation implications arising from the Consolidation.

4.4 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security holder to check the number of Securities held prior to disposal or exercise (as the case may be).

4.5 Effect on capital structure

The approximate effect which the Consolidation will have on the Company's current capital structure is set out in the table below. All numbers are subject to rounding.

Table 10. Impact of Consolidation on IMX capital structure

Security	Current	Post-Consolidation
Shares	1,546,083,489	30,291,670
Unquoted Options (various)	61,851,848 (see Schedule 5 for details)	1,237,036 (see Schedule 5 for details)
Performance rights	2,764,065	55,281
Share appreciation rights	29,654,100	593,082

4.6 Effect on securities other than Shares

Listing Rule 7.22.1 requires that the number of Options on issue be consolidated in the same ratio as the ordinary capital and the exercise price be amended in inverse proportion to that ratio.

Listing Rule 7.21 requires that the Performance Rights and Share Appreciation Rights are reorganised such that no holder of Performance Rights or Share Appreciation Rights receives a benefit that holders of Shares do not receive.

Details of the changes to the numbers (and relevant exercise prices or milestones) of the Options, Performance Rights and Share Appreciation Rights are set out in Table 10 in Section 4.5 above.

4.7 Consolidation timetable

If Resolution 2 is passed, the Consolidation will take effect in accordance with the timetable as set out in Appendix 7A (paragraph 8) of the Listing Rules.

As the Consolidation is conditional on the In-specie Distribution occurring, a timetable will be released by the Company to the ASX when the condition is met.

5. Resolution 4 - Issue of shares to Derek Fisher

5.1 General

Resolution 4 seeks approval by Shareholders under Listing Rule 10.11 and for all other purposes, for the issue of up to 9,166,666 Shares (on a pre-Consolidation basis) at a deemed issue price of 1.2 cents per Share to Dr Derek Fisher, a Director.

Shareholders previously approved the issue of 9,166,666 shares to Dr Fisher at the extraordinary general meeting held on 25 August 2015, however, for administrative reasons the Shares were not issued to Dr Fisher within one month of the date of that meeting. Accordingly, approval for issue of the Shares is again sought.

Listing Rule 10.11 provides that a listed company must not, without the approval of ordinary shareholders, issue Equity Securities to a related party. The issue of Shares to Dr Fisher must be approved by Shareholders in accordance with Listing Rule 10.11.

In compliance with Listing Rule 10.13, Shareholders are advised:

- (a) The Company will issue up to 9,166,666 Shares to Dr Fisher no later than one month after the date of the Meeting;
- (b) The deemed issue price of the Shares will be 1.2 cents per Share;
- (c) The Shares issued will rank equally with the existing Shares on issue; and
- (d) The Shares are issued to reimburse Dr Fisher for non-executive director fees and consulting fees provided by Dr Fisher since his commencement as a director.

6. Resolution 5 - Issue of options to Phil Hoskins

6.1 General

Mr Hoskins became a Director after the date on which materials for the November 2015 annual general meeting were dispatched and as a result, it was not possible to put the resolution for the issue of options to Mr Hoskins to that meeting. The Options that are the subject of approval in Resolution 5 were calculated on the same terms and relate to the same period as the options granted to Mr Nicholas Corlis (also a Director) and approved by shareholders at the November 2015 annual general meeting. These are not discretionary options in any way tied to the Proposal.

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 10.14 and Sections 200B and 200E of the Corporations Act to issue up to 4,454,182 Options to Mr Hoskins under the Option Plan (**Hoskins Options**).

The number of Hoskins Options has been calculated by using an assumed Share price of \$0.011 (being the 30 day VWAP of Shares to 30 June 2015). This represents a premium of 130% to the 30 day VWAP of \$0.0048 as at 16 March 2016 and a premium of 120% to the closing price of \$0.005 on 16 March 2016.

The Board recognises the importance of retaining all key personnel in the business and providing the appropriate incentives in order to deliver the Company's objectives. The Board believes Mr Hoskins' role as Managing Director is critical to delivering these objectives.

At the annual general meeting of Shareholders held on 17 November 2015, Shareholders approved the IMX Resources Option Plan (**Option Plan**). Under the Option Plan, employees of the Company may be invited to participate and be granted Options over Shares, in order to ensure that appropriate incentives are available to them and to strengthen the link between Shareholders' returns and employees of the Company.

If Resolution 5 is approved by Shareholders (by an ordinary resolution), the Hoskins Options will be issued to Mr Hoskins immediately following the conclusion of the Meeting.

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under Listing Rule 10.14 to issue the Hoskins Options because Mr Hoskins is a Director. Furthermore, if Shareholders approve Resolution 5, Listing Rule 7.2 (Exception 14) provides that an

issue of Shares upon conversion of those Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval under this Resolution 4 is not required for the purposes of Listing Rule 7.1.

6.2 Information required by Listing Rule 10.15A

The following information is provided as required by Listing Rule 10.15A:

- (a) The maximum number of Options that may be issued to Mr Hoskins is 4,454,182:
 - (i) 2,227,091 Options, granted as short-term incentives to vest on 1 July 2016 (**STI Options**) subject to agreed individual performance criteria. In accordance with the Company's STI remuneration program, the value of the STI Options represents 10% of Mr Hoskins' annual salary;
 - (ii) 2,227,091 Options, to vest on 1 July 2018 for continued service with the Company to 30 June 2018, (**Retention Options**). In accordance with the Company's LTI remuneration program, the value of the Retention Options represents 10% of Mr Hoskins' annual salary;
- (b) The exercise price of the Hoskins Options is as follows:
 - (i) STI Options: Nil
 - (ii) Retention Options: Nil
- (c) The Option Plan was approved by shareholders on 17 November 2015.
- (d) A voting exclusion statement is included with Resolution 5.
- (e) The persons referred to in Listing Rule 10.14 entitled to participate in the Plan are Mr Hoskins, Mr Corlis, Mr Fisher and Mr McFadzean.
- (f) No loan is made in relation to the issues.
- (g) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under Listing Rule 10.14.
- (h) Any additional persons (to whom Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of Resolution 5 and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (i) The Company will issue the Hoskins Options as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting.

6.3 Information required for Sections 200B and 200E of the Corporations Act

Under Sections 200B and 200E of the Corporations Act the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior Shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share based payments may in some cases be a benefit of this kind.

As a participant in the Option Plan, Mr Hoskins may become entitled to accelerated vesting or automatic vesting of Options if there is a change in control of the Company or if the Board exercises a discretion upon cessation of employment. Approval is sought for Mr Hoskins to be given any such benefit in connection with his retirement from office or employment with the Company.

The value of the benefit that might be given to Mr Hoskins by the exercise of the Board's discretion under the Option Plan will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) The number of Options held by Mr Hoskins prior to the cessation of his employment;
- (b) Reasons for the cessation of employment and Mr Hoskins' length of service;
- (c) The term of the Options remaining;
- (d) The extent to which any vesting conditions or other performance or exercise hurdles have been satisfied; and
- (e) The exercise of the Board's discretion at the relevant time.

6.4 Directors' recommendation

The Directors (excluding Mr Hoskins) consider that the Plan is an appropriate mechanism to assist in the recruitment, reward, retention and motivation of employees of the Company. The value of incentives being granted is in line with companies in similar circumstances and the vesting criteria ensures that value only crystallises if shareholder value is created. The Directors (excluding Mr Hoskins) believe that the issue of the Hoskins Options to Mr Hoskins and the issue of Shares to settle the Hoskins Options is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 5.

Mr Hoskins does not make a recommendation in relation to Resolution 5 as he has an interest in the outcome of the resolution.

7. Resolution 6 - Approval of prior issues of securities to refresh the Company's 15% placement capacity

Resolutions 6(a) to 6(d) (inclusive) seek the approval of Shareholders of the prior issues of ordinary shares and options over ordinary shares that have occurred in the 12 months prior to the date of this Notice that have not already been approved by Shareholders for the purposes of Listing Rule 7.4.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any Equity Securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the company's issued capital at the commencement of that 12 month period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The Company is seeking Shareholder approval for the issues of securities described below. The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval so that the Company retains financial flexibility and can take advantage of commercial opportunities that may arise.

By way of background, the Company has issued the following Equity Securities under the Company's 15% placement capacity.

- (a) As announced on 11 September 2015, the Company issued 23,866,667 Shares at 1.2 cents per share to professional and sophisticated investors (none of whom were related parties of the Company), the proceeds of which were used to advance the Chilalo Graphite Project. These Shares rank equally with all other existing Shares.
- (b) As announced on 15 September 2015, the Company issued 15,666,667 Shares at 1.2 cents per share to professional and sophisticated investors (none of whom were related parties of the Company), the proceeds of which were used to advance the Chilalo Graphite Project. These Shares rank equally with all other existing Shares.
- (c) As announced on 21 September 2015, the Company issued 6,000,000 unlisted stock options at an exercise price of 1.2 cents each and an expiry date of 14 July 2017 to corporate advisors, brokers and/or their nominees, none of whom were related parties of the Company. The unlisted stock options were issued as consideration for capital markets services provided to the Company. Should the unlisted stock options be exercised, Shares issued pursuant to such exercise will rank equally with all other existing Shares.
- (d) As announced on 21 September 2015, the Company issued 5,000,000 unlisted stock options at an exercise price of 3.0 cents and an expiry date of 17 September 2018 to corporate advisors, brokers and/or their nominees, none of whom were related parties of the Company. The unlisted stock options were issued as consideration for corporate advisory services. Should the unlisted stock options be exercised, Shares issued pursuant to such exercise will rank equally with all other existing Shares.

8. Resolution 7 - Approval to change Company name

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 7 seeks the approval of Shareholders for the Company to change its name to "Indiana Resources Limited".

If Resolution 7 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

9. Enquiries

Shareholders are requested to contact IMX's company secretary, Mr Stuart McKenzie on +61 8 9388 7877 if they have any queries in respect of the matters set out in this Notice.

Schedule 1 - Definitions

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

ATO means the Australian Taxation Office

Base & Precious Metal Assets has the same meaning given to that term in Section 3.1 of the Explanatory Memorandum.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising has the meaning given in Section 3.1 of the Explanatory Memorandum.

Chair means the chair of the Meeting.

Chilalo Project or Chilalo Graphite Project means the graphite project located in south-east Tanzania on Prospecting Licence 6073/2009.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or IMX means IMX Resources Limited (ACN 009 129 560).

Conditions has the meaning given in Section 3.11(a) of the Explanatory Memorandum.

Consolidation means the proposed 50 for 1 consolidation of the Company's Securities as set out in Resolution 3.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Demerger Relief means confirmation from the Australian Taxation Office that:

- (a) the shareholders of IMX may be eligible to choose to receive roll-over under Division 125 of the *Income Tax Assessment Act 1997* (Cth) in respect of the proposed demerger; and
- (b) the Commissioner for Taxation will not make a determination under section 45A, 45B(3)(a) or 45B(3)(b) of the *Income Tax Assessment Act 1936* (Cth) in respect of IMX shareholders participating in the In-specie Distribution.

Directors means the current directors of the Company.

Equity Security has the meaning given in the Listing Rules.

Explanatory Memorandum means the explanatory statement accompanying the Notice.

Extraordinary General Meeting or **Meeting** means the meeting convened by the Notice.

FOB means “Free on Board” in accordance with Incoterms 2010.

Graphex means Graphex Mining Limited (ACN 610 319 769).

Graphex Share means a fully paid ordinary share in the capital of Graphex.

Graphex Shareholders means a holder of a Graphex Share.

Initial Public Offering (IPO) means the offering of Graphex shares on the ASX for the first time.

In-specie Conditions has the meaning given in Section 3.1 of the Explanatory Memorandum.

In-specie Distribution has the meaning given in Section 3.1 of the Explanatory Memorandum.

Internal Restructure means the reorganisation of the Company’s Tanzanian assets as shown in Figure 3 in Section 3.1 of the Explanatory Memorandum.

IPO means initial public offering.

Key Management Personnel or **KMP** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

LOM has the meaning given in Section 3.8 of the Explanatory Memorandum.

MRE has the meaning given in Section 3.8 of the Explanatory Memorandum.

Nachingwea Property has the meaning given in Section 3.1 of the Explanatory Memorandum.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Memorandum and the Proxy Form.

Option means an option to acquire a Share.

Proposal means the proposed Spin-out and In-specie Distribution as set out in Section 3.1 of the Explanatory Memorandum.

Prospecting Licences means the prospecting licences set out in Table 1 in Section 3.8(a).

Prospectus has the meaning given in Section 1.7 of the Explanatory Memorandum.

Proxy Form means the proxy form accompanying the Notice.

Record Date means the record date to be set by Directors in accordance with Section 3.4.

Relinquished Area has the meaning given in Section 3.8(a) of the Explanatory Memorandum.

Resolutions means the resolutions set out in the Notice.

Securities mean all Equity Securities of the Company.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Spin-out has the meaning given in section 3.1 of the Explanatory Memorandum.

TGC has the meaning given in Section 3.8 of the Explanatory Memorandum.

TSR has the meaning given in Section 3.18 of the Explanatory Memorandum.

VTEM means Virtual Time Domain Electromagnetic.

WST means Western Standard Time as observed in Perth, Western Australia.

**Schedule 2 - Unaudited IMX Pro-forma Consolidated Statement of Financial
Position as at 31 December 2015**

	30 June 2015	31 December 2015		Pro Forma 31 December 2015
	\$'000 Audited	\$'000 Reviewed	Transaction \$'000	\$'000 Un-audited
Current Assets				
Cash and cash equivalents	1,745	696	1,020	1,716
Trade and other receivables	1,020	973	-	973
Assets classified as held for sale	-	5,125	(5,125)	-
Total Current Assets	2,765	6,794	(4,105)	2,689
Non-Current Assets				
Exploration and evaluation expenditure assets	27,710	6,200	-	6,200
Property, plant and equipment	722	478	-	478
Total Non-Current Assets	28,432	6,678	-	6,678
Total Assets	31,197	13,472	(4,105)	9,367
Current Liabilities				
Trade and other payables	1,611	867	-	867
Liabilities held for sale	-	105	(105)	-
Provisions	500	205	-	205
Total Current Liabilities	2,111	1,177	(105)	1,072
Non-Current Liabilities				
Provisions	303	71	-	71
Total Non-Current Liabilities	303	71	-	71
Total Liabilities	2,414	1,248	(105)	1,143
Net Assets	28,783	12,224	(4,000)	8,224
Equity				
Contributed equity	126,399	130,038	(3,290)	126,748
Reserves	5,487	4,697	-	5,407
Retained Earnings	(107,043)	(124,100)	-	(124,100)
Non-controlling interest	3,940	1,589	(710)	879
Total Equity	28,783	12,224	(4,000)	8,224

**Schedule 3 - Unaudited Graphex Pro-Forma Consolidated Statement of Financial
Position as at 31 December 2015**

	31 December 2015 \$'000	Pro-forma Financial Information 31 December 2015 (unaudited)	
		Minimum Subscription \$'000	Maximum Subscription \$'000
Current Assets			
Cash and cash equivalents	-	2,671	5,256
Total Current Assets	-	2,671	5,256
Non-Current Assets			
Exploration and evaluation expenditure assets	-	5,000	5,000
Property, plant and equipment	-	125	125
Total Non-Current Assets	-	5,125	5,125
Total Assets	-	7,796	10,381
Current Liabilities			
Provisions	-	105	105
Total Current Liabilities	-	105	105
Total Liabilities	-	105	105
Net Assets	-	7,691	10,276
Equity			
Contributed equity	-	7,995	10,580
Reserves	-	727	841
Retained Earnings	-	-	-
Loss for the year	-	(1,031)	(1,145)
Total Equity	-	7,691	10,276

Schedule 4 - Key risk factors facing Graphex

The business, assets and operations of Graphex will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by Graphex or by investors in Graphex. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of Graphex and the value of the Graphex Shares. Therefore, the Graphex Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

Risk	Description
Failure of Graphex to raise capital and/or list on a recognised securities exchange	<p>There is a risk that Graphex may fail to raise sufficient capital to develop the Chilalo Graphite Project in the future. The current downturn in international equity markets and general instability and uncertainty in the global economic environment means that equity funding may be difficult to obtain and the Directors may form the view that any fundraising activities should be deferred until the global economic environment stabilises. Further, the Directors may deem that listing Graphex may not be appropriate and that other forms of funding should be sought. There is no guarantee that these future funding sources or opportunities to invest directly in the Chilalo Graphite Project will eventuate.</p> <p>Any additional future equity financing will dilute existing shareholders to the extent they do not participate, and any debt financing, if available, may involve restrictions on Graphex's operating activities and business strategy. If Graphex is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations or scale back its business plans or exploration programmes, as the case may be or forfeit rights to some or all of its projects which could have a material adverse effect on Graphex's activities.</p>
IMX not retaining Chilalo Graphite Project	<p>Under the Proposal, IMX (or its subsidiaries) will be transferring the Chilalo Graphite Project to Graphex. Accordingly, Shareholders need to be aware that any investment made in IMX upon the basis of the Chilalo Graphite Project should be undertaken in the knowledge that IMX Resources (or its subsidiaries) will not be holding those assets following completion of the Proposal. However, investors in IMX Resources who hold IMX Shares on the Record Date will receive Shares in Graphex and so will continue to have an ownership interest in the Chilalo Graphite Project.</p>

Risk	Description
Termite Administration	<p>As announced by IMX to ASX on 21 September 2015, IMX received a letter of demand from the liquidators of Termite Resources NL (In liquidation) (Termite), which provided notice of a potential claim against directors and officers of Termite (some of whom are also IMX directors and officers), as well as against IMX itself.</p> <p>Termite was wholly owned by an incorporated joint venture entity in which IMX held a 51% interest. Termite held the joint venture's interests in the Cairn Hill iron ore mine in South Australia. On 18 June 2014, IMX announced the appointment of voluntary administrators to Termite. In September 2014, Termite's creditors voted to place it in liquidation.</p> <p>IMX has previously announced the quantum of the potential claim is put in the alternative as the amount of the unsatisfied liabilities to unsecured creditors at the date of administration (mostly made up of damages claims from long term logistics creditors for early termination of their contracts on appointment of the administrators) said to be estimated at \$75 million, alternatively about \$46 million plus interest (being the amount repaid to the joint venture entity).</p> <p>As at the date of this Notice of Meeting the Termite liquidator has neither commenced proceedings against, nor given notice under the standstill agreement (see IMX announcement of 18 January 2016) of an intention to commence proceedings against IMX. IMX maintains that the potential claim by the liquidators is unlikely to succeed, and has determined to proceed with the entry into the Acquisition Agreement. Based on disclosures made by IMX and separate due diligence undertaken by Graphex in relation to this matter, Graphex has also determined to proceed with the entry into the Acquisition Agreement and the lodgement of this Notice of Meeting.</p> <p>Graphex notes that as at the date of this Notice of Meeting, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which Graphex or its subsidiaries is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of Graphex or its subsidiaries.</p>

Risk	Description
<p>Exploration, development, mining and processing risks</p>	<p>The prospecting licences to be held by Graphex under the Proposal are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration or development of these licences, or any other licences that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.</p> <p>The future exploration or development activities of Graphex may be affected by a wide range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, tribal and traditional ownership processes, changing government regulations and many other factors beyond the control of Graphex.</p> <p>The success of Graphex will also depend on Graphex having access to sufficient development capital to allow for progressing exploration opportunities towards mining operations, being able to maintain title to its licences and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful, this could lead to a diminution in the value of the licences, a reduction in the base reserves of Graphex and possible relinquishment of the licences.</p> <p>Each of Graphex's mining licences and permits are for a specific term and carry with them annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Graphex could lose title to or its interest in these tenements if licence conditions are not met or insufficient funds are available to meet expenditure commitments.</p> <p>The exploration costs of Graphex are based on certain assumptions with respect to method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially affect the Graphex's viability.</p>

Risk	Description
Estimation of Mineral Resources and Ore Resources	<p>There is a degree of uncertainty to the estimation of Mineral Resources and Ore Reserves and corresponding grades being mined or dedicated to future production. Until Mineral Resources or Ore Reserves are actually mined and processed, the quantity of Mineral Resources and Ore Reserves must be considered as estimates only. In addition, the grade of Mineral Resources and Ore Reserves may vary depending on, among other things, metal prices. Any material change in quantity and grades of Mineral Resources, Ore Reserves, or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.</p> <p>Fluctuation in the prices of graphite, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources and / or Ore Reserves, could have a material adverse effect on Graphex's financial condition.</p>
Joint Venture Parties, Agents and Contractors	<p>Graphex is unable to predict the risk of financial failure or default by a participant in any joint venture to which Graphex is or may become a party. Further, Graphex is unable to predict the risk of insolvency or managerial failure by any of the contractors used by Graphex in any of its activities or the insolvency or other managerial failure by any of the other service providers used by Graphex for any activity. The effects of such failures may have an adverse effect on Graphex's operations.</p>
Country Risk	<p>Graphex will hold assets located in Tanzania and may acquire assets in foreign countries in the future. There are risks associated with exploration and mining activities and investments generally in foreign countries that may adversely affect the business, costs, expenditure and profitability of Graphex. These risks include without limitation:</p> <ul style="list-style-type: none"> (a) changes in foreign country government, government policies, regulatory regime, economic change, civil instability and attitudes towards foreigners or their businesses; (b) land access and environmental regulation may be adverse or beneficial; and (c) the applicable legal regime including investment into and repatriation of revenue out of the foreign country. <p>Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.</p>

Risk	Description
Operations	<p>The operations of Graphex may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.</p> <p>Having been incorporated on 21 January 2016, Graphex does not have any significant operating history, although it should be noted that Graphex's directors are expected to have between them significant operational experience. No assurances can be given that Graphex will achieve commercial viability through the successful exploration and/or mining of its license interests. Until Graphex is able to realise value from its projects, it is likely to incur ongoing operating losses.</p> <p>Further, regulatory approvals are required prior to any work being undertaken on the ground. The granting of such approvals may take time to achieve and no guarantees can be given that the approvals will be granted in the required timeframe or at all.</p>
Environmental and other regulatory risks	<p>Graphex's operations are and will be subject to environmental regulation. Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance and assessments of proposed projects. Environmental regulations could impact on the viability of Graphex's projects. Graphex may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it was not responsible.</p> <p>It is Graphex's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.</p>
Economic conditions	<p>General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Graphex's exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that the tenements comprising the Chilalo Graphite Project may have to be surrendered or not renewed. General economic conditions may also affect the value of Graphex Shares and its valuation regardless of its actual performance.</p>

Schedule 5 - Summary of outstanding unquoted Options

Unquoted options (pre-Consolidation)

Expiry date	Exercise price (A\$)	Number of options issued and outstanding	Vested / Unvested
23-Aug-17	0.27	500,000	Vested
30-May-16	0.096	738,478	Vested
29-Jun-16	0.0805	2,366,918	Vested
29-Dec-16	0.017	5,000,000	Vested
11-Mar-17	0.012	1,500,000	Vested
14-Jul-17	0.012	6,000,000	Vested
17-Sep-18	0.03	5,000,000	Vested
15-Dec-25	0.00	6,766,523 ¹	Vest 1 July 2018
15-Dec-25	0.00	6,083,263 ²	Vest 1 July 2016
15-Dec-25	0.00	1,166,666 ³	Vest 1 July 2016
15-Dec-25	0.011	26,730,000 ⁴	Vest 1 July 2018
TOTAL		61,851,848	

1. Granted to employees, exercisable at a zero exercise price, vest on 1 July 2018 subject to continued service to 1 July 2018
2. Granted to employees, exercisable at a zero exercise price, vest on 1 July 2016 subject to individual performance against agreed objectives
3. Granted to employees, exercisable at a zero exercise price, vest on 1 July 2016 subject to continued service to 1 July 2016
4. Granted to employees, exercisable at \$0.011, vest on 1 July 2018 subject to Total Shareholder Return (TSR) hurdles as follows:

IMX Share price at 1 July 2018	Portion of Options that vest
Less than 2.5 cents	Nil
Between 2.5 cents and 4.0 cents	50%
Between 4.0 cents and 6.0 cents	75%
Above 6.0 cents	100%

Unquoted options (post-Consolidation)

Note: In accordance with the Listing Rules the exercise prices of the options will also be reduced so that an option holder will not receive a benefit that holders of IMX shares do not receive. The amount of reduction will depend the value attributed to the proposed reduction of capital.


Expiry date	Exercise price (A\$)	Number of options issued and outstanding	Vested / Unvested
23-Aug-17	13.50	10,000	Vested
30-May-16	4.80	14,770	Vested
29-Jun-16	4.025	47,338	Vested
29-Dec-16	0.85	100,000	Vested
11-Mar-17	0.60	30,000	Vested
14-Jul-17	0.60	120,000	Vested
17-Sep-18	1.50	100,000	Vested
15-Dec-25	0.00	135,330 ¹	Vest 1 July 2018
15-Dec-25	0.00	121,665 ²	Vest 1 July 2016
15-Dec-25	0.00	23,333 ³	Vest 1 July 2016
15-Dec-25	0.55	534,600 ⁴	Vest 1 July 2018
TOTAL		1,237,037	

1. Granted to employees, exercisable at a zero exercise price, vest on 1 July 2018 subject to continued service to 1 July 2018
2. Granted to employees, exercisable at a zero exercise price, vest on 1 July 2016 subject to individual performance against agreed objectives
3. Granted to employees, exercisable at a zero exercise price, vest on 1 July 2016 subject to continued service to 1 July 2016
4. Granted to employees, exercisable at \$0.011, vest on 1 July 2018 subject to Total Shareholder Return (TSR) hurdles as follows. Note that the share price hurdles below will be adjusted In accordance with the Listing Rules the exercise prices of the options will also be reduced so that an option holder will not receive a benefit that holders of IMX shares do not receive:

IMX Share price at 1 July 2018	Portion of Options that vest
Less than \$1.25	Nil
Between \$1.25 and \$2.00	50%
Between \$2.00 and \$3.00	75%
Above \$3.00	100%

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 138492

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:00am (WST) Monday, 18 April 2016**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of IMX Resources Limited hereby appoint

☐

the Chairman
of the Meeting

OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of IMX Resources Limited to be held at the Main Function Room, Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 20 April 2016 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 4 and 5 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

Resolution 1 Approval to dispose of major asset

Resolution 2 Approval for a reduction of capital and in-specie distribution of Graphex Shares

Resolution 3 Consolidation of capital

Resolution 4 Issue of shares to Derek Fisher

Resolution 5 Issue of options to Phil Hoskins

Resolution 6 Approval of prior issues of securities to refresh the Company's 15% placement capacity

Resolution 6 (a) Ratification of the issue of 23,866,667 Shares on 11 September 2015

Resolution 6 (b) Ratification of the issue of 15,666,667 Shares on 15 September 2015

Resolution 6 (c) Ratification of the issue of 6,000,000 unlisted Options on 17 September 2015

Resolution 6 (d) Ratification of the issue of 5,000,000 unlisted Options on 17 September 2015

Resolution 7 Approval to change Company name

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

This section must be completed.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /



IMX RESOURCES LIMITED

ACN 009 129 560

Short Form Prospectus

**For an offer to transfer Graphex Shares to Shareholders of
IMX Resources Limited pursuant to a Capital Reduction by way of
In-specie Distribution contained in the Capital Reduction Resolution in
the Notice of Meeting dated 21 March 2016 and to facilitate secondary
trading of those shares.**

IMPORTANT NOTICE

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Company Directors consider an investment in Graphex Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.

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1. Important Notes

1.1 General

This Prospectus is dated 22 March 2016 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No Graphex Shares may be offered or transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. Investment in the Graphex Shares that are the subject of this Prospectus should be considered speculative.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Company Shareholders and professional advisers whom Company Shareholders may consult.

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser.

Defined terms and abbreviations used in this Prospectus are set out in Section 7.

1.2 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 22 March 2016.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Graphex Shares under this Prospectus and contains information that will provide Company Shareholders and their professional advisers to assist them in making an informed assessment of:
 - (i) the rights and liabilities attaching to the Graphex Shares;
 - (ii) the assets, liabilities and financial position and prospects of Graphex;

- (b) refers Company Shareholders and their professional advisers to this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- (c) informs Company Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting or the Constitution by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Company Shareholders and their professional advisers or analysts.

1.3 Exposure Period

The Corporations Act prohibits the Company from transferring the Graphex Shares in the seven day period after the date of lodgement of this Prospectus. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the transfer of the Graphex Shares. Given the General Meeting will be held on 20 April 2016 and the In-specie Distribution will occur some time after that date, the exposure period will be expired by the time the In-specie Distribution occurs.

1.4 Forward looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

Whilst the Company considers the expectations reflected in any forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Schedule 4 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to Graphex, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

2. The Offer

2.1 Terms and Conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus. The Capital Reduction Resolution of the Notice of Meeting is as follows:

"That, for the purposes of Sections 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by the Company making a pro rata distribution in-specie of Graphex Shares to all holders of ordinary shares in the Company at the Record Date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Pursuant to the Capital Reduction Resolution, the Company is inviting Company Shareholders to vote on a reduction of capital by way of an In-specie Distribution of 16,454,000 Graphex Shares to Company Shareholders on a pro rata basis. This represents one Graphex Share for approximately every 94 IMX Shares held by

Company Shareholders on the Record Date (rounded up to the nearest whole Graphex Share).

The In-specie Distribution will only proceed if the following conditions are met (together, the **In-specie Conditions**):

- (a) IMX obtaining shareholder approval under the Corporations Act for the proposed In-specie Distribution;
- (b) receipt of a draft class ruling from the Australian Taxation Office confirming the availability of Demerger Relief;
- (c) Graphex receiving subscriptions for an issue of fully paid ordinary shares in the amount of at least \$4.25 million (or such other amount as required by ASX to meet the assets test under Listing Rule 1.3.2) pursuant to a prospectus to be lodged by Graphex in support of its application for listing on the ASX (the **Capital Raising**); and
- (d) Graphex obtaining a conditional admission letter from ASX on terms satisfactory to the Graphex directors, acting reasonably.

Based on ASIC Regulatory Guide 188, the invitation to vote on the Capital Reduction Resolution of the Notice of Meeting constitutes an offer to transfer the Graphex Shares for the purposes of Section 707(3) of the Corporations Act. Accordingly, the Company has prepared this Prospectus.

Distribution of Graphex Shares to any Shareholder with a registered address outside Australia under the Capital Reduction Resolution will be subject to the legal and regulatory requirements in the relevant jurisdictions of those Shareholders.

If the requirements of any jurisdiction where an IMX Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on IMX an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on IMX an undue burden, the Graphex Shares to which the relevant IMX Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by IMX on their behalf, in order that IMX will pay the relevant Shareholder a cash equivalent amount, or otherwise IMX will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If IMX elects to sell the Graphex Shares on a relevant IMX Shareholder's behalf, IMX will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the In-specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each IMX Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

2.2 Effect of the Offer on the Company

The effect of the Offer on the Company will be:

- (a) the Company ceasing to own 16,454,000 Graphex Shares (being the 100 Graphex Shares that it currently holds and the 16,453,900 Graphex Shares to be issued to it under the Acquisition Agreement); and

- (b) the Company's share capital and total and net assets being reduced by approximately \$4,000,000. This figure will vary slightly depending on the fair market value of the assets being acquired; and
- (c) Company Shareholders that are registered on the Record Date will receive one Graphex Share for approximately every 94 IMX Shares held.

2.3 Effect of the Offer on Graphex

The effect of the Offer on Graphex will be that the 16,454,000 Graphex Shares to held by the Company post-completion of the Acquisition Agreement will no longer be held by a sole shareholder and instead will be held by Company Shareholders that are registered on the Record Date.

2.4 Action required by Company Shareholders

No action is required by Company Shareholders under this Prospectus.

Should Company Shareholder approval be obtained for the In-specie Distribution, the Consideration Shares will be transferred to Company Shareholders in accordance with the terms set out in the Notice of Meeting.

In accordance with ASIC Class Order 07/10, no application form is required to be completed or returned to participate in the proposed distribution and transfer of Graphex Shares under the Capital Reduction, and no application form is included in or accompanies this Prospectus.

If you have any queries regarding this Prospectus, please contact the Company Secretary on +61 8 9388 7877.

3. Information deemed to be incorporated in this Prospectus

3.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Company Shareholders require in relation to the Proposal and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised below in Section 3.2 of this Prospectus and will primarily be of interest to Company Shareholders and their professional advisers.

A copy of the Notice of Meeting has been sent to Company Shareholders with this Prospectus. However, Company Shareholders and their professional advisers may also obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours.

3.2 Summary of material provisions of Notice of Meeting

The material provisions of the Notice of Meeting are summarised below. The Sections and Schedules referred to below are a reference to Sections and Schedules (respectively) in the Explanatory Memorandum to the Notice of Meeting:

(a) **Section 1.13 - Timetable**

This Section sets out the indicative timetable for the In-specie Distribution.

(b) **Section 3.1 - Background and Overview of the Proposal**

This Section provides an overview of the Company and the Proposal including information on the Chilalo Graphite Project, which is to be acquired by Graphex from the Company under the Acquisition Agreement.

(c) **Section 3.2 - Plans for IMX following completion of the Proposal**

This Section clarifies the Company's anticipated future plans (assuming the Proposal is completed).

(d) **Section 3.3 - Termite Administration**

This Section sets out an overview of the notice of potential claim received by the Company from the liquidators of Termite Resources NL (In Liquidation) and confirms the Company maintains the potential claim has no basis, but there is a risk that the Company may be pursued as a defendant, the expenses of which may materially affect the Company's activities and financial position.

(e) **Sections 3.4, 3.17 and 3.20 - Capital reduction**

These Sections provide an overview of the Capital Reduction, include a statement that the Company Directors believe that the Capital Reduction is fair and reasonable to Company Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors, and set out the effect of the Capital Reduction on the Company's Shareholders.

(f) **Sections 3.5, 3.15 and Schedules 2 and 3 - Pro-forma financial information**

These Sections and Schedules 2 and 3 include a pro-forma balance sheet of the Company's reviewed balance sheet as at 31 December 2015 as a result of the Proposal, which includes the In-specie Distribution, and Graphex's unaudited consolidated balance sheet as at 31 December 2015 (assuming the Proposal is completed).

(g) **Section 3.6 - Advantages and disadvantages**

This Section outlines the principal advantages and disadvantages to Company Shareholders of the Proposal.

(h) **Section 3.7 - Failure to achieve completion of the Proposal**

This Section sets out the Company's anticipated future plans (assuming the Proposal is not completed).

(i) **Section 3.8 - Background of the Chilalo Graphite Project**

This Section gives a description of the Chilalo Graphite Project, which is the key asset that Graphex is acquiring under the Acquisition Agreement, including a summary of previous exploration undertaken by the Company and a summary of the results of the Pre-Feasibility Study undertaken by the Company.

(j) **Sections 3.9 and 3.10 - Information on Graphex and its Board**

These Sections set out Graphex's anticipated future plans and priorities (assuming the Proposal is completed) and provide information about Graphex's board of directors.

(k) **Section 3.11 - Acquisition Agreement**

This Section provides a summary of the Acquisition Agreement. The Company and Graphex (and their various subsidiaries) have entered into an agreement for the sale and purchase of the Prospecting Licences, including the Prospecting Licence on which the Chilalo Graphite Project is situated. The effect of the Acquisition Agreement is that Graphex acquires the Prospecting Licences and various minor assets and employees (**Assets**) for 20,000,000 fully paid ordinary shares in Graphex at a deemed issue price of \$0.20 per Graphex Share and \$1,000,000 cash. Contemporaneously with completion, IMX will transfer approximately 3,546,000 Graphex Shares to MMG as a result of a pre-existing joint venture agreement, leaving IMX with approximately 16,454,000 Graphex Shares (i.e. the Consideration Shares).

(l) **Section 3.12 - Summary of Tanzanian laws relevant to exploration**

This Section provides a high level summary of relevant laws in Tanzania that apply to prospecting and mining licences.

(m) **Section 3.14 and Schedule 4 - Risk Factors**

This Section and Schedule 4 list a number of specific and general risks that may have a material effect on the financial position and performance of Graphex and the value of Graphex Shares.

(n) **Section 3.16 - Directors' interests and recommendations**

This Section details the number of securities in the Company which the IMX Directors have an interest in prior to the Proposal and the number of Graphex Shares they are likely to receive if the Proposal is completed.

(o) **Sections 3.18 and 3.19 - Additional information**

These Sections set out the proposed capital structures of the Company and Graphex following completion of the Proposal, and provide details of recent trading information with respect to the Company's Shares.

(p) **Section 3.23 - Effect of Shareholder approval**

This Section outlines the effect of the proposed Capital Reduction on Company Shareholders which is that eligible Company Shareholders registered on the Record Date will receive a pro rata distribution in-specie of Consideration Shares. This Section also outlines the treatment of overseas Company Shareholders and the effect of the Proposal on existing Company Options.

(q) **Section 3.24 - Information concerning Graphex Shares**

This Section contains a summary of the more significant rights and liabilities attaching to Graphex Shares.

(r) **Section 3.25 - Taxation implications**

This Section provides an overview of the taxation implications for the Company's Shareholders and the Company itself, and notes the Company has sought relief from the ATO with respect to Demerger Relief.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences for Company Shareholders.

4. Additional Information

4.1 Interests of Graphex Directors

(a) Other than as set out elsewhere in this Prospectus or the Notice of Meeting:

(i) no Graphex Director holds, or during the last two years before lodgement of this Prospectus with the ASIC, held, an interest in:

(A) the formation or promotion of Graphex;

(B) property acquired or proposed to be acquired by Graphex in connection with its formation or promotion or the Offer; or

(C) the Offer; and

(ii) except as set out in this Prospectus or the Notice of Meeting, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Graphex Director either to induce him to become, or to qualify, as a Graphex Director or otherwise for services rendered by them in connection with the formation or promotion of Graphex or the Offer.

4.2 Remuneration of Graphex Directors

The annual remuneration of the Graphex Directors, following the implementation of the Capital Reduction will be as follows:

Graphex Director	Role	Remuneration¹
Phil Hoskins	Managing Director	\$260,000
Stephen Dennis	Non-Executive Chairman	\$60,000
Grant Davey	Non-Executive Director	\$40,000

Note:

1. Note that Graphex Directors may also receive Graphex security incentives and board approved per diem fees for additional services.

4.3 Interests of Advisors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of Graphex or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of Graphex;
- (b) any property acquired or proposed to be acquired by Graphex in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of Graphex or the Offer.

Bellanhouse Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Bellanhouse Legal approximately \$20,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Bellanhouse Legal has received approximately \$13,728 in fees from the Company.

4.4 Substantial Graphex Shareholders

As at the date of this Prospectus, Graphex is a wholly owned subsidiary of the Company.

Based on the information known as at the date of this Prospectus, and assuming only the proposed minimum subscription by Graphex is achieved, the following persons will have an interest in 5% or more of the Graphex Shares on issue. Shareholders should note the details below do not include any Company Shareholder who participates in the proposed priority offer to Company Shareholders.

Name of Graphex Shareholder	Number of Graphex Shares	Percentage interest
MMG Exploration Holdings Limited	3,546,000	8.60

4.5 Litigation

To the knowledge of the Company Directors, as at the date of this Prospectus, Graphex is not involved in any legal proceedings, and the Company Directors are not aware of any legal proceedings pending or threatened against Graphex.

4.6 Dividend policy

The Company does not expect Graphex to declare any dividends in the near future as its focus will primarily be on developing the Chilalo Graphite Project.

Any future determination as to the payment of dividends by Graphex will be at the discretion of the Graphex Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of Graphex, future capital requirements and general business and other factors

considered relevant by the Graphex Directors. No assurances can be given by the Company Directors in relation to the payment of dividends by Graphex or that franking credits may attach to any dividends.

5. Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

Bellanhouse Legal has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in relation to the Offer in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated, and to all references to the Notice of Meeting in this Prospectus in the form and context in which they appear.

6. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Company Directors.

In accordance with Section 720 of the Corporations Act, each Company Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Derek Fisher
Chairman
22 March 2016

7. Definitions

Acquisition Agreement means the agreement between the Company and Graphex (and their subsidiaries) for the sale and purchase, among other things, of the Chilalo Graphite Project and the Prospecting Licences.

ASIC means Australian Securities and Investments Commission.

Assets has the meaning set out in Section 3.2(k) of this Prospectus.

ASX means Australian Securities Exchange Limited (ACN 008 624 691).

Board means the board of Company Directors unless the context indicates otherwise.

Capital Raising has the meaning set out in Section 2.1 of this Prospectus.

Capital Reduction means the equal reduction of capital of the Company proposed to be satisfied by the In-specie Distribution and transfer to eligible Company Shareholders (in proportion to their holdings of IMX Shares) of Consideration Shares held by the Company.

Capital Reduction Resolution means Resolution 2 of the Notice of Meeting to be put to Company Shareholders at the General Meeting to approve the Capital Reduction.

Chilalo Graphite Project or **Project** means the graphite project in Tanzania located on Prospecting Licence 6073/2009.

Company or **IMX** means IMX Resources Limited (ACN 009 129 560).

Company Directors means the directors of the Company as at the date of this Prospectus.

Company Option means an option to acquire an IMX Share.

Company Shareholder means a holder of IMX Shares.

Consideration Shares means approximately 16,454,000 Graphex Shares to be issued by Graphex to IMX as part consideration for the acquisition of the Prospecting Licences.

Constitution means the Company's constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Demerger Relief has the meaning set out in Schedule 1 to the Notice of Meeting.

Explanatory Memorandum means the explanatory statement accompanying and forming part of the Notice of Meeting.

General Meeting or **Meeting** means the meeting that is the subject of the Notice of Meeting.

Graphex means Graphex Mining Ltd (ACN 610 319 769).

Graphex Director means a current director of Graphex.

Graphex Share means a fully paid ordinary share in the capital of Graphex.

Graphex Shareholder means a holder of a Graphex Share.

IMX Share means a fully paid ordinary share in the capital of the Company.

In-specie Conditions has the meaning set out in Section 2.1 of this Prospectus.

In-specie Distribution means the proposed in-specie distribution of the Consideration Shares by IMX to eligible IMX Shareholders.

Notice of Meeting means the Notice of General Meeting of the Company dated 21 March 2016 in which the Capital Reduction Resolution is to be considered.

Offer means the offer of Consideration Shares pursuant to the Notice of Meeting.

Proposal means the proposed Spin-out and In-specie Distribution as set out in Section 3.1 of the Explanatory Memorandum.

Prospecting Licences has the meaning set out in Schedule 1 to the Notice of Meeting.

Prospectus means this short form prospectus prepared in accordance with section 712 of the Corporations Act and dated 22 March 2016.

Record Date means the record date to be set by Directors in accordance with Section 3.4 of the Notice of Meeting.

Schedule means a schedule of the Notice of Meeting.

Section means a section of this Prospectus, the Notice of Meeting or the Corporations Act, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Spin-out has the meaning given in Section 3.1 of the Explanatory Memorandum.

