



Quarterly report

31 December 2011



Report for the Quarter Ended 31 December 2011

HIGHLIGHTS

Corporate

- Neil Meadows is appointed and assumes the role of Managing Director
- IMX's major listed investments in Uranex and Continental Nickel stood at \$27 million at the end of the quarter
- At the end of the quarter IMX had \$15.9 million cash at bank
- IMX participated in Uranex share purchase plan
- PPR(WA) were engaged to provide Investor Relations services

Cairn Hill Operations

- 1,261,627 tonnes of ore shipped since mining commenced in December 2010
- Record crushing for the quarter including two record crushing months
- Mine operating at full planned capacity

Exploration & Drilling Activities

Mt Woods – South Australia

- Snaefell strike length more than doubled to 2.7km by recent drilling
- New iron ore targets identified at Mt Woods with first pass drilling completed at Tomahawk intersecting magnetite

Nachingwea – Tanzania

- Sleeping Giant high grade nickel core zone continuity confirmed over a 500 metre strike length
- Disseminated nickel sulphide mineralisation identified above Sleeping Giant within the 2011 Mineral Resource estimate pit shell
- Second phase of metallurgical testwork drilling and sampling completed

OPERATIONS

Cairn Hill Iron - Copper Mine (IMX – 51%)

During the December Quarter 2011, the Cairn Hill iron ore and copper mine operated at, and in some instances exceeded, full capacity. At the end of the quarter, Cairn Hill shipped its 17th shipment of ore. With this shipment Cairn Hill has shipped 1,261,627 tonnes of ore since exports commenced in December 2010. These results were achieved even under conditions whereby rainfall events had impacted on all aspects of the operation during the quarter.

Production and shipments for the quarter were as follows (figures represent the full (100%) results of the Cairn Hill Joint Venture Project):

| | December 2011 Quarter | September 2011 Quarter | FYTD | Production Comparison From Previous Quarter |
|-----------------------|-----------------------------|------------------------------|-----------|--|
| Waste removed (BCM) | 1,471,705 | 1,556,800 | 2,974,505 | -5.5% |
| Waste and Ore (BCM) | 1,482,110 | 1,636,808 | 3,118,915 | -9.5% |
| Ore Mined (tonnes) | 268,543 | 333,646 | 602,189 | -19.5% |
| Ore Crushed (tonnes) | 537,019 | 419,712 | 956,731 | +28% |
| Road Haulage (tonnes) | 390,865 | 313,036 | 703,901 | +25% |
| Rail Haulage (tonnes) | 365,897 | 452,842 | 818,739 | -20% |
| Shipped (tonnes) | 372,077 | 453,995 | 826,072 | -18% |

Safety

There were no reportable injuries for the quarter. Worksafe was however notified of three incidents.

IMX and the mining contractor continue to work together to reduce the overall number of incidents resulting in the frequency rates for injuries maintaining a downward trend.

Mining

Mining during the quarter was focused primarily on pre stripping in Pit 1, whilst mining sufficient ore to meet production requirements. By quarters' end, the base of Pit 1 was within five vertical metres of the base of the original Starter Pit. In addition, mining continued in both the western and southern cutbacks of Pit 1 and Pit 2.

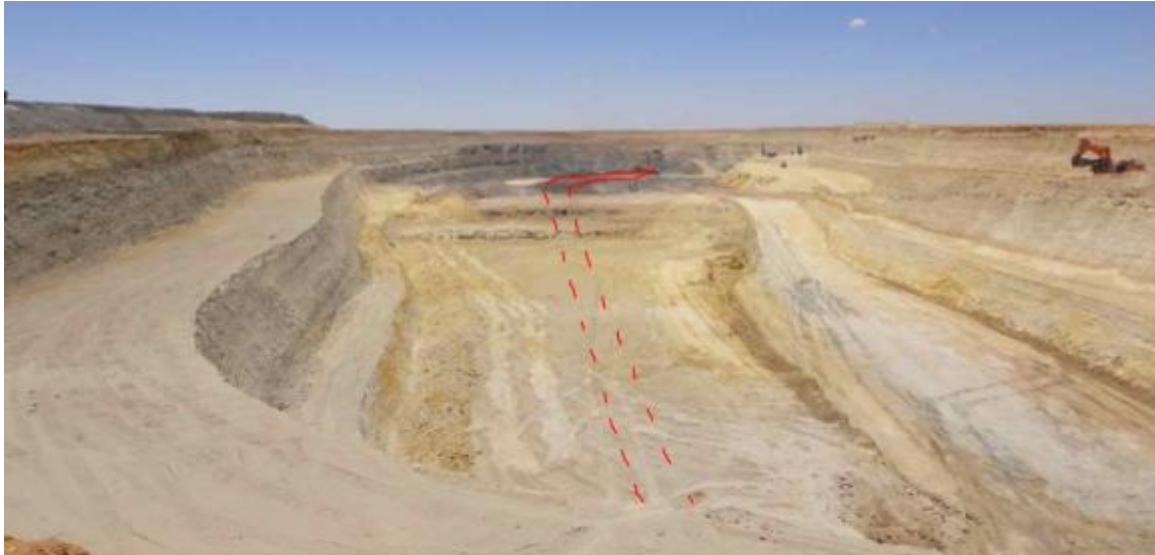
Rainfall events resulted in a number of lost production days which impacted on the total volume mined for the quarter.



**Starter Pit Looking East Showing 95RL floor at the east end (Photo taken 01/01/2012)
Red Outline Delineating Ore Zone**



**View from the western end of the old Pit 1 design crest (photo taken 01/01/2012)
Red outline delineating ore zone**



**View from western end of the Pit 1 western extension (photo taken 01/01/2012).
Red outline delineating ore zone and dashed line projected ore zone**

Ore Crushing

The rate of ore crushed continued to improve during the quarter due to the new larger capacity single mobile crushing circuit which was commissioned during October. The consistency of operation and larger capacity has resulted in two consecutive monthly crushing records being achieved, including the new monthly record of 226,769t achieved in December.

Road Haulage

A new record for road haulage of 163,781t hauled was recorded during the month of December.

Ongoing road maintenance and repair work was also performed on the haulroad throughout the December Quarter.

Rail Haulage

Rail operations were affected by a number of factors which resulted in 4 services being lost during the quarter. The issues which resulted in the lost services have now been rectified and next quarter should see a return to previous haulage levels.

Shipping

A total of five ships were loaded during the quarter. The loading of the second vessel scheduled for December was impacted by the 'port closed' days which occurred during the Christmas and New Year period. In addition, industrial action at the port commencing the 31st December also impacted loading. The impacted vessel was loaded by mid January.

Stockpiles

At the end of the quarter the ore stockpiles carried a total value of approximately \$8.1 million and are as follows:

| | Pre-Crusher | Post Crusher | Rankin Dam | Port Adelaide |
|--------------------|--------------------|---------------------|-------------------|----------------------|
| Stockpile (tonnes) | 47,821 | 55,000 | 66,714 | 88,466 |

Expectations for next quarter

As previously reported, the mine operation is currently trending towards the target of cash operating costs of \$75/tonne. In the first quarter of 2012, the Company expects to reduce the level of pre-stripping whilst maintaining the current planned capacity of 1.7mtpa.

The Company also expects to conclude negotiations for long term contracts in the coming quarter to re-establish a healthy margin.

DEVELOPMENT PROJECTS

Tanzania - Nachingwea Nickel-Copper Project (IMX – 25%)

The Nachingwea project is a 25:75 Joint Venture between IMX and TSXV listed Continental Nickel Limited (CNI), in which IMX has a substantial 37% direct shareholding, giving IMX a beneficial interest of 53% in the Nachingwea Project.

In early December the JV team completed a 42 hole, 13,336m infill and step-out drilling program at Ntaka Hill, which was designed to expand the current Mineral Resource at Sleeping Giant and to test selected targets within the Ntaka intrusion.

Drilling during the quarter continued to extend the high grade nickel sulphide zone within the wider disseminated Sleeping Giant mineralisation. New analytical results confirmed the continuity of the zone over a 500 metre strike extent with hole NAD11-238 returning best intersections of 14.3m at 2.66% Ni and 0.60% Cu, and 9.65m at 2.0% Ni and 0.24% Cu from within a wider 43.95m interval of 1.40% Ni and 0.29% Cu from 359.8m. The high grade nickel mineralisation remains open down plunge to the south beyond the existing pit shell used to define the 2011 Mineral Resource estimate.

In addition to the Sleeping Giant Zone, disseminated nickel sulphides have also been intersected in the hanging wall of Sleeping Giant on all drill sections and represents mineralisation identified as being potentially economic in the Scoping Study (ASX 6 October 2011). These intersections typically grade between 0.2% to 0.6% Ni over widths of 5 to 45m and lie within the pit shell used to define the 2011 Mineral Resource estimate. The new intersections will be included in the updated geological interpretation and Mineral Resource estimate currently being prepared and represent a reclassification of waste to potential ore material.

The confirmation and expansion of the hanging wall disseminated sulphide zones within the existing pit shell is a significant development and is expected to positively impact potential nickel production and lower stripping ratios.

Metallurgical studies continued during the quarter with the collection of representative drill core samples for the second phase of testwork in December.

The JV will deliver an updated and expanded Mineral Resource in early 2012.

Cairn Hill Phase 2 (IMX – 51%)

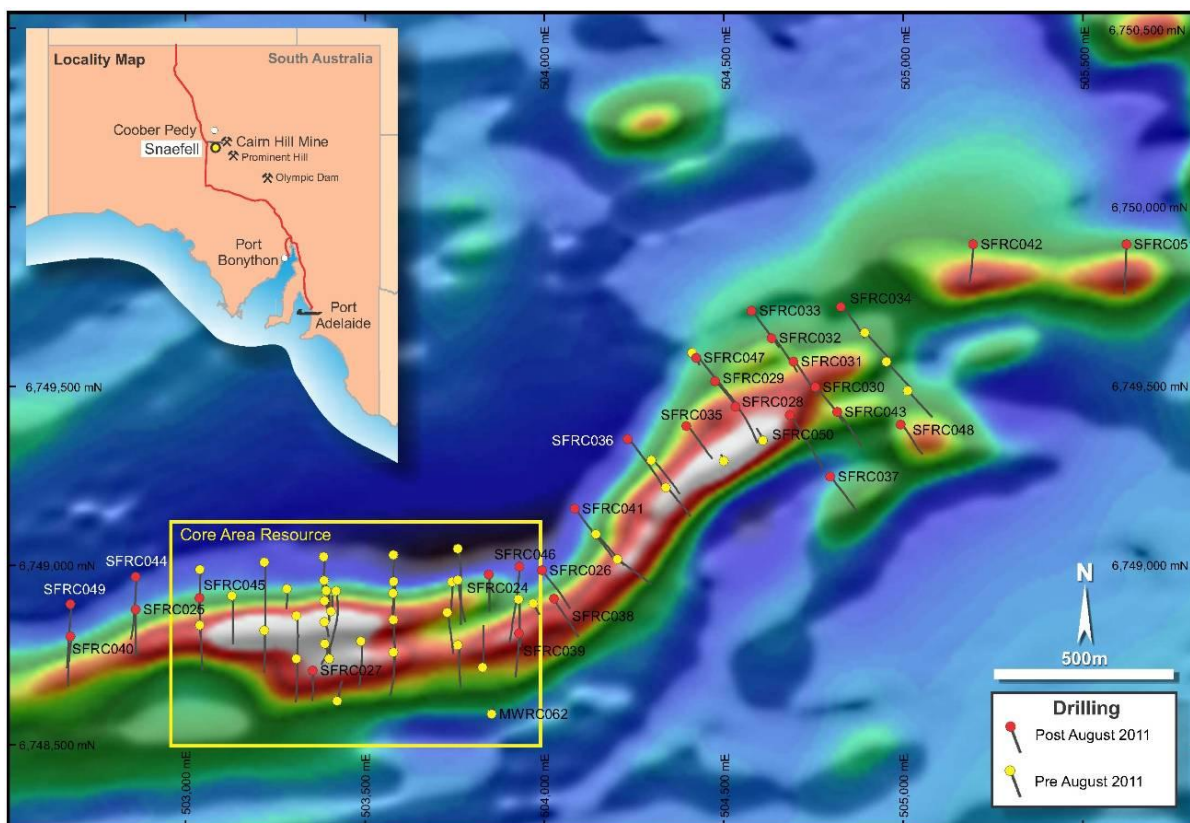
Preliminary design work continued on the Phase 2 resource optimisation, pit designs and mining schedule during the quarter. Discussions were held with a number of crushing circuit suppliers to provide the crushing circuit and dry magnetic separation plant for Phase 2. Metallurgical testwork on Phase 2 ore to determine the quality of the final product occurred. The modified PEPR was submitted during December. This work is expected to be completed during the next quarter culminating in a decision on the Phase 2 development.

Snaefell Iron Ore Project (IMX – 100%)

During the quarter a total of 31 reverse circulation (RC) holes for 7,790m were drilled targeting a resource upgrade over a 2km strike extension, both east and west of the initial “core area” at Snaefell. The recent drilling has more than doubled the confirmed strike length of the magnetite mineralisation to 2.7km, a substantial increase on the initial 1km ‘core area’ zone previously defined in the maiden Inferred Resource estimate of 109.8Mt @ 30.13% Fe (using a 27.5% Fe cut-off grade)¹ released on 12 October 2011. The prospect has now been tested by drilling over a width of 280m and a depth of 300m, and remains open at depth and along strike.

An updated Snaefell resource is in preparation and is expected to be released in mid February.

The delineation of iron resources at Snaefell are a key step forward for the Company’s ongoing development and mining future in South Australia.



Snaefell drillhole and resource location on magnetics

Recent Davis Tube Recovery (DTR) metallurgical testwork conducted on 30 new composite RC samples again confirm previous results with magnetic concentrates of 65% Fe readily achievable at a coarse grind size of 200um (unoptimised). Crushing and grinding characteristics indicate that Snaefell is a soft ore type. DTR tails continue to be evaluated to optimise hematite

¹ Estimated according to JORC Code (2004) guidelines

recovery.

As with Cairn Hill, the Snaefell magnetite, although a more traditional magnetite gneiss product, appears to be relatively coarse grained which has the potential for a lower capital and operating cost project.

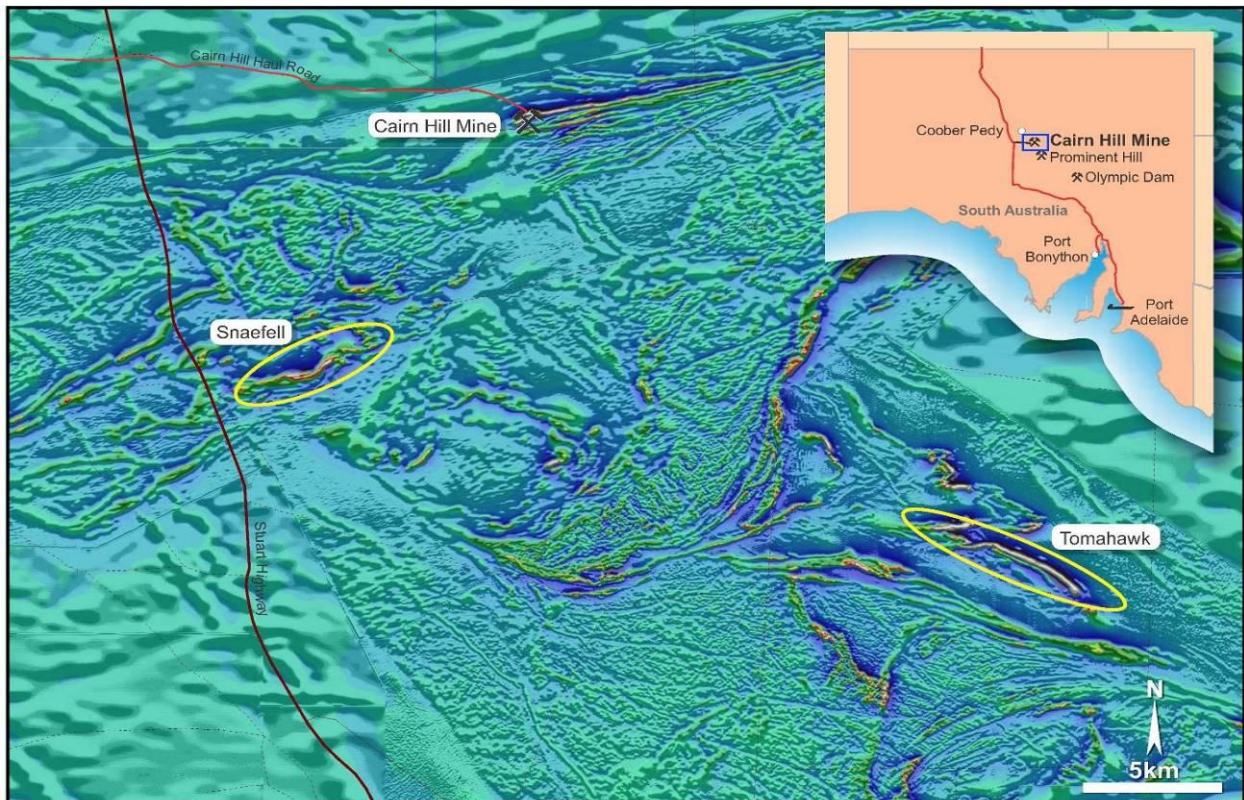
EXPLORATION

South Australia - Mt Woods Iron Ore Rights (IMX – 100%)

Regional iron exploration continued with both target generation and RC drill testing of new targets completed during the quarter.

New iron targets were generated from geophysical modelling of detailed airborne geophysical data obtained under the Mt Woods JV with OZ Minerals during the period. Multiple new iron targets were identified, the most significant of which is Tomahawk.

The new Tomahawk iron ore target, has a strike length of approximately 3.4km, and is the strongest magnetic anomaly in the area south of Cairn Hill. A six hole, 1,544m RC drilling program tested the easternmost 500m of the anomaly, which corresponds to the most intensely magnetic area of the target. All six holes intersected visible magnetite gneiss and magnetite quartz mineralisation over wide intervals. Analytical results are expected in late January.



Location of Tomahawk on new RTP1VD magnetics

In addition to Tomahawk, the geophysical survey also identified other targets in IMX's Mt Woods Project area, with magnetic features similar to Cairn Hill, Snaefell and Tomahawk. These targets will be investigated during 2012.

South Australia - Mt Woods Non Iron Ore Rights (IMX 49%)

The Mt Woods Non Iron Ore Rights Project is a 49:51 joint-venture between IMX and OZ Minerals. OZ Minerals must spend \$20 million over five years to retain their 51% interest.

During the quarter OZ Minerals drilled four holes to test anomalies at Black Hills South, Eccles and Aquila. Minor sulphides were intersected at Black Hills South explaining the geophysical anomaly, and magnetite intersected in the Eccles prospect explained the magnetic anomaly there.

In addition to drilling, ground gravity surveys were undertaken across the Southern Domain area.

Tasmania - NW Nickel Project (IMX – 96%)

In mid December 2011 a geochemical sampling program was completed in order to identify new Ni-Cu-PGE targets and to fully define potential drill targets in the existing anomalies in the north western Tasmania tenements.

A total of 294 soil, 10 rock chip and 2 heavy mineral concentrate samples were collected and submitted for analysis. The Company is awaiting results.

Western Australia - Dingo Well Gold Project (IMX – 100%)

No exploration conducted during the period.

Tanzania - Mibango Nickel Project (IMX – 100%)

With the onset of the wet season, the Mibango exploration team were demobilised in early November.

Analytical results from geochemical sampling are expected to be received during late January. Reporting and final target assessment is underway with a number of key drill targets expected to be identified from a review of the 2011 exploration data.

Mozambique – Nickel-Copper-PGE Project (IMX – 100%)

Target generation and interpretation of the Milange aeromagnetic and radiometric survey data commenced during the quarter. With the commencement of the African wet season, field validation activities will commence in the second quarter.

CORPORATE

Cairn Hill Joint Venture

In December 2011, the Company's joint venture partner at Cairn Hill (Taifeng Yuanchuang International Development Co. Ltd) (Taifeng) paid a \$4.1 million contribution towards Cairn Hill expenditure. On 16 January 2012, IMX announced that it would sole fund the JV's immediate operating costs until 31 January 2012.

Subsequent to the end of the quarter, Taifeng also advised that it cannot take all of the ore it has contracted to purchase under the Phase 1 Life of Mine sales contract. As a consequence, Termite is in negotiations for long term contracts with other parties for that part of the ore that Taifeng has indicated it will not take. The Company's expectation is that these negotiations will be concluded in the first quarter of 2012.

Appointment of new Managing Director

On 2 November 2011, IMX announced the appointment of Neil Meadows as Managing Director. Mr Meadows brings a wealth of experience and expertise with him gained through senior roles with the Australian Premium Iron Joint Venture, Queensland Nickel, BHP Billiton and Minara Resources. Mr Meadows was also the Managing Director of Gladstone Pacific Nickel whilst the company was listed on the London AIM.

Results of AGM

The Company's AGM was held on 10 November 2011 in Adelaide, South Australia. The following resolutions did not pass:

- Resolution 1 regarding the adoption of the Remuneration Report;
- Resolution 4 regarding the amendment of the Constitution to allow reductions of capital and payment of dividends in kind (this resolution required approval by 75% of shareholders); and
- Resolution 6 regarding the in specie distribution of shares in Uranex. Whilst this resolution received greater than 50% shareholder approval, the resolution could not be passed because it was subject to resolution 4 being passed.

Uranex Share Purchase Plan

During the quarter, IMX participated in the Uranex share purchase plan. Under the plan, IMX purchased 128,571 shares at \$0.35 for a total investment of \$45k. The shares were issued on 11 November 2011. Following the share purchase plan, IMX holds 46,433,982 shares in Uranex, giving it a 25.45% shareholding.

Investments

The value of IMX's major listed investments stood at \$27 million at the end of the quarter, with the 46.4 million Uranex shares held by IMX valued at \$14.4 million (UNX:ASX price \$0.31 per share), and the 15.8 million Continental Nickel shares held by IMX valued at \$12.8 million (CNI:TSXV price Cdn\$0.81 per share).

As at 31 December 2011 IMX had cash at bank of \$15.9 million. IMX was owed \$4.4 million by the Cairn Hill JV company, Outback Iron being funds provided to the JV for working capital purposes. The JV has continued to develop the mine and thus the capitalised deferred waste balance increased during the quarter, however, also managed to hold approximately \$5.9 million of cash at the end of the quarter. These cash resources held by the JV are not included in IMX's cash balance stated above of \$15.9 million.

Appointment of Investor Relations Advisors

In December, IMX engaged Professional Public Relations in Perth to manage investor and public relations activities and to assist in improving communications between the Company and its key internal and external stakeholders. Shareholders of IMX Resources are encouraged to contact Tony Dawe from PPR if they have any questions on the Company's activities.



Neil Meadows
Managing Director

MEDIA & SHAREHOLDERS

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Information in this report relating to other exploration results is based on data compiled by Bianca Manzi who is a Member of the Australian Institute of Geoscientists, and who is a full-time employee of the Company. Bianca Manzi has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources. Bianca Manzi consents to the inclusion of the data in the form and context in which it appears.

Information in this public report that relates to the estimation of Mineral Resources at Snaefell and Cairn Hill Phase 2 is based on information compiled by Mr Robert Williams and Mr Kevin Lowe respectively, and supervised by Ms Bianca Manzi. Both Mr Williams and Mr Lowe are Members of the Australasian Institute of Mining and Metallurgy, and have sufficient relevant experience to qualify as Competent Persons under the 2004 Edition of the Australasian Code for reporting of Exploration Results and Mineral Resources. Mr Williams, Mr Lowe and Ms Manzi consent to the inclusion of the data in the form and context in which it appears.

Information in this report relating to the Nachingwea exploration results is based on data compiled by Patricia Tirschmann who is a registered Professional Geoscientist with the Association of Professional Geoscientists of Ontario and the Association of Professional Engineers and Geoscientists of Manitoba and who is a full-time employee of the Continental Nickel. Patricia Tirschmann has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Patricia Tirschmann consents to the inclusion of the data in the form and context in which it appears.

All statements in this announcement, other than statements of historical facts, that address future production, reserve or resource potential, exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward-looking statements. Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, capital and operating costs, continued availability of capital and financing and general economic, market or business conditions. Information in this announcement are the current best estimates, but are subject to change. IMX is not able to warrant the accuracy or completeness of any of the information in this announcement.



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