



Report for the Quarter Ended 31 December 2010

HIGHLIGHTS

Corporate

- > At the end of the quarter IMX had \$27.5m cash at bank. Out of the first shipment receipts Outback Iron repaid \$7.3m of the working capital facility, giving IMX \$34.1m cash at bank
- > \$9m received from Sichuan Taifeng for the second and final tranches of their investment in the Cairn Hill Project
- > IMX supported Uranex rights issue, investing \$1.86m

Operations

Cairn Hill

- > Record shipment from Port Adelaide with first shipment of 68,053 tonnes in mid December
- > Successful operation of the Rotainer system – a first for loading of iron ore
- > Successful railing operations since mid October 2010
- > Pit reoptimisation indicates an increase in mineable resources of 10%

Mt Woods – South Australia

- > Initial 6 RC holes from Snaefell confirm wide intervals of magnetite mineralisation averaging between 27 and 33% Fe
- > 3,542m of RC resource drilling completed at Snaefell
- > Cu-Au JV with OZ Minerals identifies 6 priority geophysical targets
- > Diamond drilling of Cu-Au JV targets scheduled to commence in January 2011

Nachingwea – Tanzania

- > Sleeping Giant discovery significantly expanded
- > New high grade mineralisation discovered within Sleeping Giant
- > Upgraded resource modelling in progress

OPERATIONS REVIEW

AUSTRALIA

SOUTH AUSTRALIA

Mt Woods Project - Coober Pedy (IMX 100%)

Cairn Hill Magnetite - Copper - Gold Project

Cairn Hill achieved two very significant milestones in the quarter, railing commenced in mid October and the first shipment of 68,053 tonnes left Pt Adelaide for China on 19 December 2010.

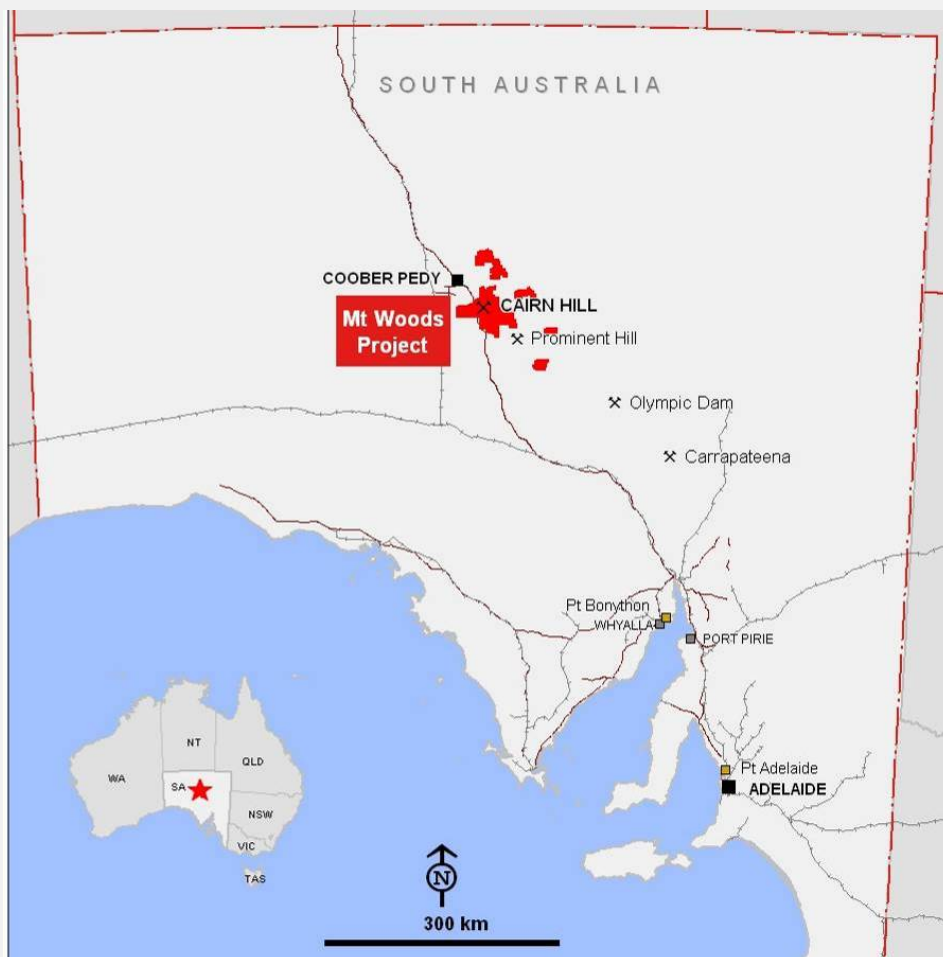


Figure 1: Location of Cairn Hill Magnetite – Copper – Gold Project

The Cairn Hill Project is located adjacent to the Stuart Highway and 55km south east of Coober Pedy in South Australia.

Safety

A total of 13 incidents of damage to equipment / property occurred in the quarter, 1 restricted work injury and 2 minor injuries resulted. This performance has been a slight improvement on the previous quarter but is still very disappointing and ongoing safety meetings and overall safety performance awareness is continuing.

Six of the incidents happened in the week before and the week after Christmas.

Category	Quarter	FYTD	Since Feb 2010
LTIFR	0	10.93	8.08
TRIFR	20.58	32.80	24.24

Mining

During the quarter nightshift mining operations commenced. Overall pit development is slightly ahead of schedule, and there are adequate stockpiles of ore pre crusher, post crusher and at Rankin Dam rail siding.

Mining Volume	Quarter	FYTD
Waste (BCM)	655,201	1,166,760
TOTAL (BCM)	707,856	1,277,918
Ore (tonnes)	218,066	451,026
Fe % ⁽¹⁾	52.76	52.70
Cu % ⁽¹⁾	0.89	0.80

⁽¹⁾ Note: Grades are uncalibrated Niton grades and includes low grade mined.



Figure 2: Starter Pit at end of December, looking east showing projected ore boundary on 110RL



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Resources

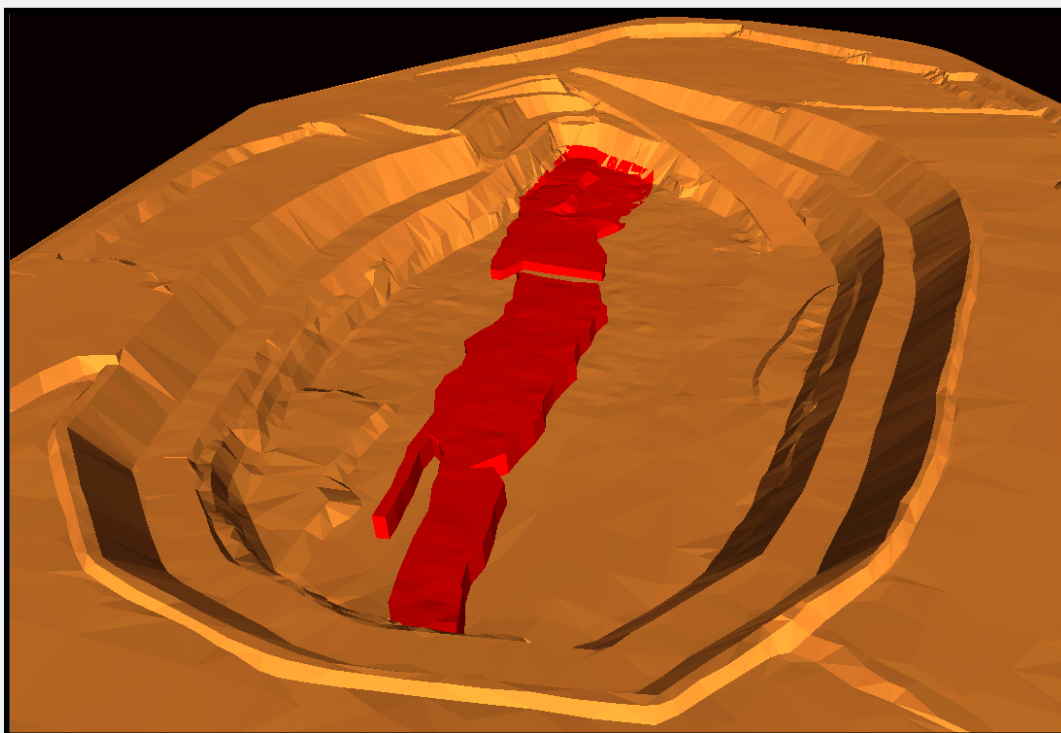


Figure 3: Starter Pit at end of September surface showing intersection with the ore body from the resource model to the 120RL

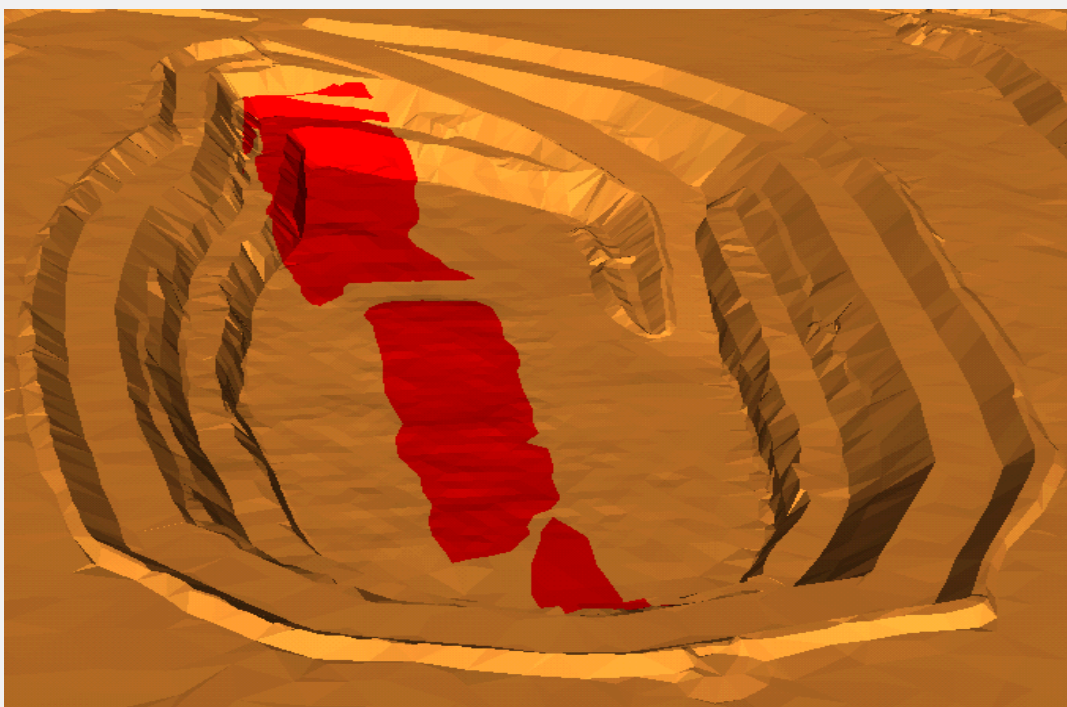


Figure 4: Starter Pit at end of December surface showing intersection with the ore body from the resource model to the 110RL

Exact Mining commissioned the Hitachi Ex1900 excavator during the quarter. This larger excavator provides additional mining capacity and more production flexibility.

Crushing

Crushing	Quarter	FYTD
Tonnes	199,724	324,168 ⁽¹⁾
Fe % ⁽²⁾	54.31	53.43
Cu % ⁽²⁾	0.51	0.52

⁽¹⁾ Inclusive of low grade tonnes

⁽²⁾ Reported grades based on laboratory results

The consistent operation of the mobile crushing plant continues to be an issue. Performance has improved through the quarter with plant operation optimisation ongoing.

Contract specification for the ore is comfortably being met, with 70% of the material suitable to feed directly into the ball mill at the processing plant at Bayuquan without further crushing.

Haulage

Haulage	Quarter	FYTD
Tonnes	191,504	249,353
Fe % ⁽¹⁾	53.52	53.40
Cu % ⁽¹⁾	0.51	0.51

⁽¹⁾ Reported grades based on laboratory results

Quad roadtrains took over from triples during the quarter, lifting the haulage capacity and tonnes hauled. Road haulage capacity continued to be balanced with rail requirements. Road maintenance activities continued during the quarter.



Figure 5: Stockpiling ore at the Rankin Dam rail siding

Rail

Railed	Quarter	FYTD
Tonnes	86,912	86,912
Fe % ⁽¹⁾	53.74	53.74
Cu % ⁽¹⁾	0.50	0.50

⁽¹⁾ Reported grades based on laboratory results

Rail operations commenced during the quarter at an initial rate of three (3) services per week.



Figure 5: Inaugural Train arriving at Rankin Dam – 17 October

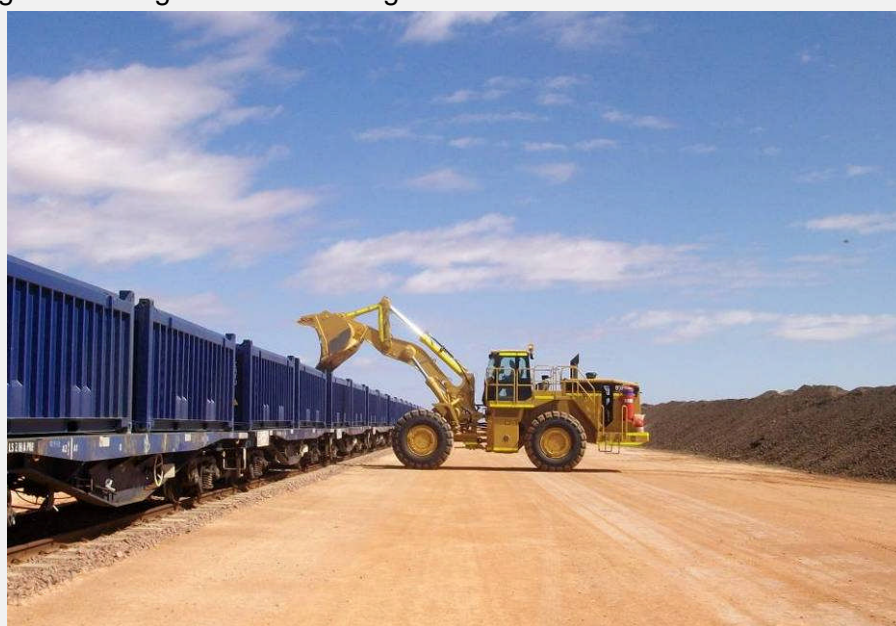


Figure 6: Loading containers at Rankin Dam with Front End Loaders

Rail services will ramp up to six trains per week from the middle of the current quarter with the delivery of the first 40 of the new GEMCO wagons. The balance of the 194 new wagons will be progressively delivered by early to middle of the June quarter. Train lengths will be progressively increased with the delivery of the additional wagons.

Last of the 3050 containers, required for ore transport and storage, were delivered to Port Adelaide in December.

Shipping

Shipped	Quarter	FYTD
Tonnes ⁽¹⁾	68,053	68,053
Fe % ⁽²⁾	53.63	53.63
Cu % ⁽²⁾	0.51	0.51

⁽¹⁾ Ship Draft Survey

⁽²⁾ Reported grades based on laboratory results

The first 1 hectare of the dedicated hardstand was completed during the quarter with the remaining 1 hectare to be completed by late January.



Figure 7: First 1 hectare of hardstand completed and in use

Shipping commenced during the quarter with the wet commissioning of the initial rotainer and loading of the inaugural ship. The initial loading rate was quite slow with interface issues between the crane and the retainer with the operators gaining familiarity with the equipment and higher load weights. During the loading there was substantial improvement in the load rates as more consistency was achieved. Overall the performance and commitment to the new system throughout the port workforce was very encouraging. Further improvements are anticipated on the second shipment.

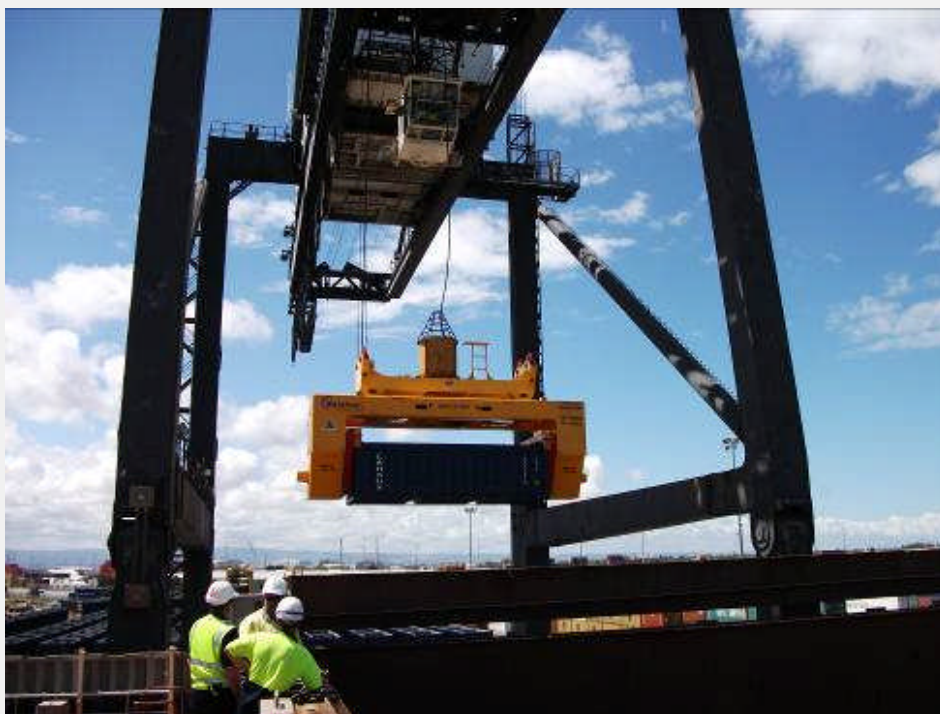


Figure 8: Rotainer in Operation



Figure 9: Container being lowered in Ships Hold



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Resources



Figure 10: Container being rotated inside the hold of the vessel



Figure 11: Dust Suppression System in Operation



Figure 12: Departure of Genco Leader – 19 December 2010

The 68,053t cargo set a new record for Port Adelaide, the previous record was 59,900t.

The vessel arrived at Yingkou port in Liaoning Province in NE China on 9 January 2011 and was discharged within 24 hours.

The second rotainer is due for delivery in January which will provide backup and the potential to load with 2 cranes.

The vessel for the second shipment of Cairn Hill ore is due to arrive in Adelaide on 30 January 2011.

Stockpiles

At the end of the quarter the various stockpiles were:

	Pre Crusher	Post Crusher	Rankin Dam	Port Adelaide
Tonnes ⁽¹⁾	140,613	63,127	162,441	18,733
Fe %	53.59 ⁽²⁾	54.84 ⁽³⁾	53.26 ⁽³⁾	55.25 ⁽³⁾
Cu %	0.60 ⁽²⁾	0.55 ⁽³⁾	0.51 ⁽³⁾	0.49 ⁽³⁾

⁽¹⁾ Inclusive of Trial Pit, Low Grade and High Grade material

⁽²⁾ Unreconciled Niton grades

⁽³⁾ Reported grades based on laboratory results



Project Funding

All the Chinese government approvals for Sichuan Taifeng's investment into Outback Iron were received in the quarter.

The second tranche of \$5m of Sichuan Taifeng's investment into Outback Iron was received during the quarter. The final payment of \$3,988,888 has since been received in mid January.

Sichuan Taifeng has now been issued new shares equivalent to a 49% interest in Outback Iron Pty Ltd.

IMX has provided a preferred repayment working capital facility to Outback Iron to cover Cairn Hill working capital requirements. At present the facility has been fully repaid out of the receipts from the first shipment and the final investment payment from Sichuan Taifeng.

Sales Contract

The life of mine sales contract has been novated to Sichuan Taifeng from the Jilin Tonghua Iron & Steel Group. The novation reflects the majority ownership of the processing plant at Bayuquan by Sichuan Taifeng and the 49% equity interest Sichuan Taifeng holds in the Cairn Hill project.

Phase 1 Resource Reoptimisation

Following the reoptimisation work on the Phase 1 pits in the September quarter, redesign work on the pits and waste dumps was carried out in the quarter for a number of pit shells based on various pricing scenarios.

In early December the IMX board approved the initial additional cutbacks for Pit 1 which will allow the access to ore at depth and extend the pit depth by an additional 20m. Work on the cutbacks commenced around the central part of Pit 1 at the end of the quarter.

The outcome from the reoptimisation which included modest price increases compared to the previous scenario on which the mine planning was conducted, is that, if fully implemented the inpit resources will increase by approximately 10%. Detailed scheduling is continuing.

Phase 2

Resource drilling at Cairn Hill Phase 2 commenced late in the quarter immediately east of the current Pit 1. A total of 3 holes (CHRC224-226) were completed for 241m. Drilling is scheduled to recommence in January with two RC rigs to drill out the Phase 2 resource to prove up the target mineralisation of 10-12mt at 40-50% Fe. It is planned to produce a resource estimate around the end of the quarter with mine optimisation to follow. Further metallurgical drilling will be carried out to enable definitive metallurgy on the preferred intermediate $\pm 60\%$ Fe concentrate option in the first instance.

Provided the more definitive metallurgy supports the earlier metallurgy for the production of intermediate $\pm 60\%$ Fe concentrate, IMX plans to get Phase 2 into production as rapidly as possible.

Mt Woods Iron Ore Rights (IMX 100%)

During the quarter, IMX commenced RC resource drilling at the Snaefell iron ore prospect approximately 12km southwest of the Cairn Hill magnetite-copper-gold mine.

In October a total of 16 holes for 3,542m were completed, with the balance of the 5,000m programme expected to be completed in Q1 2011. To date results have been received for the initial 6 holes with wide intervals of 72 to 103m of magnetite mineralisation averaging between 27 and 33% Fe intersected. The mineralisation remains open at depth.

Snaefell RC Drilling Results (20% Fe)

Hole	From (m)	To (m)	Interval (m)	Fe %
SFRC004	48	136	88	27.75
<i>Includes</i>	65	67	2	37.58
<i>Includes</i>	81	87	6	33.95
SFRC005*	158	230	72	31.21
<i>Includes</i>	180	182	2	34.50
SFRC006*	154	230	76	32.87
<i>Includes</i>	170	174	4	37.13
<i>Includes</i>	200	208	8	35.73
SFRC007	49	152	103	28.12
<i>Includes</i>	80	84	4	38.59
	164	188	24	26.92
SFRC008	46	60	14	29.71
	90	190	100	31.70
<i>Includes</i>	104	106	2	37.55
SFRC009*	144	230	86	27.74

* Holes terminated in magnetite mineralisation. All analyses are XRF fusion.

Snaefell is interpreted to have a strike length of more than 3km and a vertical depth extent in excess of 250m. The RC programme was designed to define a JORC mineral resource at the Snaefell 'Core Area', where an exploration target tonnage of 70-100Mt grading 28-35% Fe was estimated over an 800m strike length in 2009. An additional 200-300Mt target of similar grade is interpreted to exist along strike of the core area but is not currently being tested (ASX: November 11 2009). ¹ Results to date appear to confirm the tonnage potential.

¹ NB: Target tonnage estimates are conceptual only. These figures are not resource estimates as defined by the JORC code (2004) as insufficient exploration has been conducted yet to define a Mineral Resource.



Initial metallurgical testwork on three bulk RC chip samples indicates that up to 40% of the mass of the ROM ore could be rejected after crushing by dry magnetic separation. This is very encouraging as it would significantly reduce the size of any grinding circuit required. Wet LIMS magnetic separation at a P_{80} of 150 microns produced a 66% Fe magnetite concentrate. As with Cairn Hill, the Snaefell magnetite appears to be relatively coarse grained which has the potential for a lower capital and operating cost project.

Once the resource RC drilling has been completed and all laboratory results received, a JORC mineral resource will be prepared. In support of this, a diamond drilling metallurgical programme is scheduled to commence in the first quarter of 2011 to confirm preliminary results.

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 Limited, where OZ Minerals will spend a minimum of \$4 million a year over the next five years for a total of \$20m to earn the 51% interest.

During the quarter, exploration activities by OZ Minerals have focused on refining the six Cu-Au priority target areas identified from the gravity gradient survey and the recently completed 17,800 line kilometre aeromagnetic survey over the southern Mount Woods licence area. 3D magnetic and gravity inversion models were generated for the target areas with followup ground IP surveys completed at 3 targets (Rouse, Shadwell and Arapiles) to define drill targets. Further prospect generation targeting is continuing. A diamond drilling programme to test the targets is scheduled to commence in early January with the rig expected to continue drilling on the IMX tenements throughout the year.

TASMANIA

NW Tasmania Nickel Project (IMX 96%)

During the period, exploration activities focused on obtaining landholder details and access permission for planned MMI and stream sediment sampling programmes in Tasmania. Field activities will commence once all approvals have been obtained.

WESTERN AUSTRALIA

Dingo Well Gold Project (IMX 100%)

In December a field validation trip was made to the Dingo Well project area in order to confirm historical drill hole locations and verify end of hole geology to support interpretations and historical gold anomalies. This work was conducted ahead of the proposed 2011 aircore drilling programme to support the programme of works (POW) application. Drilling activities will commence once all approvals have been obtained and drill contractors identified.

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 37.2% shareholding, giving IMX a beneficial interest of 53% in the Nachingwea Project.

Sleeping Giant

The additional 7 hole drilling programme at Sleeping Giant totalling 2,036.4m was completed in the quarter. The programme was designed to test for extensions along strike and up plunge to the north, and up dip to the east of the original discovery drill holes. All drill holes intersected variable zones of disseminated, stringer and net-textured sulphide mineralisation with occasional narrow intervals of massive sulphide corresponding to the Sleeping Giant Zone.

Highlights from the drilling at Sleeping Giant include:

- **2.65m at 13.63% Ni, 2.17% Cu and 0.21% Co from a wider 23.3m interval grading 2.58% Ni and 0.41% Cu from drill hole NAD10-220, and**
- **73.35m at 0.50% Ni, and 0.11% Cu including two higher grade intervals of 15.9m at 1.22% Ni, 0.21% Cu and 12.55m at 0.60% Ni, and 0.15% Cu in hole NAD10-216**

Drill hole NAD10-220 tested the Sleeping Giant zone 100m along strike to the north of drill hole NAD10-211 which intersected 53.1m at 0.74% Ni and 0.15% Cu.

Subsequent holes NAD10-221 and 223 intersected intervals of largely disseminated sulphide mineralisation 100 and 200 metres up dip to the east, respectively, and assays are pending. The mineralisation remains open down dip to the west.

Drilling has now confirmed the presence of sulphide mineralisation for at least a 500 metre strike length and potentially up to 300m down dip with the zone remaining open in all directions. Further assay results are awaited.

G Zone

The final analytical results were received for the last 7 holes of 2010 drilling completed G Zone drilling at Ntaka Hill. The drilling programme has successfully confirmed the expansion of the G Zone mineralisation to the north and south, as well as the presence of near surface Ni-Cu bearing sulphide mineralisation in the G9 target area immediately west.

Highlights from the results received in the quarter from the G Zone drilling include:-

- **2.3m at 2.55% Ni, 0.34% Cu and 0.21% Co from a wider 17.1m interval grading 0.91% Ni, 0.20% Cu and 0.08% Co in hole NAD10-207.**
- **2.2m at 1.61% Ni, 0.35% Cu and 0.11% Co from a wider 5.0m interval grading 0.96% Ni, 0.23% Cu and 0.07% Co in hole NAD10-210**

A geological review and modelling of existing ground electromagnetic (“EM”) and bore hole electromagnetic (“BHEM”) data indicated that:

- the G zone likely extends both north and south along strike from the current area of drilling;
- several, high conductance EM plates are located either within or above the larger, lower conductance EM plate associated with the G Zone may represent areas of higher grade, massive sulphide mineralisation; and
- a near-surface sulphide zone may exist to the west and above the original G Zone (referred to as the G9 target).

With the final assay results from the 2010 G Zone drilling now received, an updated resource model is currently in progress.

H Zone

Three holes were drilled down dip to the west, below existing drill holes, and intersected intervals of largely disseminated to locally massive sulphide mineralisation.

Highlights from the H Zone drilling include **1.70% Ni and 0.07% Cu over 2.15 metres from drill hole NAD10-206.**

Lionja

One drill hole (NRD10-021) totalling 266.1 metres was completed in the Lionja area located approximately eight kilometres to the south of Ntaka Hill. The drill hole was positioned to test approximately 100 metres down dip to the south of drill hole LID-08-005EXT which intersected an ultramafic sill with a 7.75 metre interval of sulphide mineralisation near the base grading 0.91% Ni and 0.20% Cu, including a higher grade interval grading 2.03% Ni and 0.41% Cu over 2.25 metres

Hole NRD10-021 intersected a 13.8 metre interval of disseminated sulphide mineralisation grading 0.60% Ni and 0.10% Cu.

Resource Modelling

The resource modelling for the various mineralised zones is being updated to encompass the 2010 drill holes which have extended the previously defined Ntaka Hill Ni-Cu sulphide mineralisation beyond the boundaries of the 2009 Mineral Resource model. An updated Mineral Resource Estimation will be undertaken in the coming quarter.

Regional Exploration

A reverse circulation drilling program comprising twenty-four drill holes totalling 2,257 metres was completed in the quarter. This program tested priority targets located beyond the immediate area of Ntaka Hill based on the regional



aeromagnetics / radiometrics survey and soil sampling program. Laboratory assays for both the reverse circulation drilling and soil sampling programs are still pending.

Mibango Nickel Project (IMX 100%)

During the quarter, field activities ceased at Mibango with the onset of the wet season. Staff and vehicles were demobilised from site to Dar es Salaam in late November.

Activities completed at Mibango during the period include field validation of interpreted geophysical and geological targets in the southern licence areas, and a ground EM geophysical survey. A total of 4,539 samples were collected in 2010 with selected geochemical samples now despatched to the lab for detailed analysis. Once all results are received, the 2010 data will be reviewed.

MOZAMBIQUE

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

Field exploration programmes were conducted at Cabo Delgado and Milange during October with rock chip, stream sediment sampling and geological mapping completed to validate targets.

A total of 10 rock chip samples were collected from outcrops at Milange with some samples showing visible sulphide grains. At Cabo Delgado five geophysical targets identified from the 2009 survey were ground truthed. A total of 37 rock chip samples, 133 stream sediment samples and 185 soil samples were collected, providing the most extensive sample coverage to date.

A review of the project will be carried out when the analytical data is available.

CORPORATE

Investment by Sichuan Taifeng in Outback Iron

On 1 November 2010 the second tranche of \$5m was received from Sichuan Taifeng in accordance with the Heads of Agreement (HOA) signed in December 2009 (ASX Announcement 4 January 2010).

Shares equivalent to a 49% shareholding in Outback Iron have been issued to Sichuan Taifeng. Mr Song Yuangang and Ms Chen Yu have been appointed directors on the Outback Iron board.



The final tranche of \$3,988,888 was received on 18 January 2011 in accordance with the HOA, six months after the final FIRB approval, bringing the total investment by Sichuan Taifeng into Outback Iron Pty Ltd to \$23,988,888.

Strategic Alliance with Sichuan Taifeng and Sichuan Metallurgical Geological and Exploration Bureau

In November 2010 IMX signed a strategic alliance agreement with Sichuan Taifeng and Sichuan Metallurgical Geological and Exploration Bureau (SMGEB).

The aim of the strategic alliance is to seek new projects in which to cooperate, in evaluating new investment opportunities as well as to investigate the opportunities for participating in existing IMX projects to accelerate exploration and development.

The alliance will not impact on any existing relationships or agreements that IMX has, and leaves IMX free to pursue opportunities with other groups in the future as they may arise.

Uranex Rights Issue

In November 2010, Uranex undertook a 1 for 3 non renounceable rights issue at 14 cents per share to raise \$5.78m. In support of the issue. IMX entered into a firm subscription agreement covering its entitlement and a priority sub-underwriting position. As a result of its entitlement and priority sub-underwriting IMX subscribed for 13,272,701 Uranex shares at a cost of \$1,858,178. Following the rights issue IMX holds 46,305,411 Shares in Uranex, giving it a 28% shareholding.

Continental Nickel Limited

At the annual general meeting of Continental Nickel Limited in October 2010, IMX nominated 3 new directors, John Nitschke, Song Yongang and Gordon Chambers, to the board. The new board incorporates these 3 new appointments as well as existing board members Bruce Burton and Craig MacDougall.

Continental Nickel remains a core holding of IMX and IMX remains confident in its view of the potential of the Nachingwea project. As well as the early development opportunity afforded by the Ntaka deposit with its superior infrastructure, the regional potential has only been lightly explored in what is a new nickel province. IMX is supportive of moving the Ntaka deposit into production as well as continuing a vigorous exploration program.



Investments

IMX's major listed investments stood at \$55.5m at the end of the quarter, with the 46.3 million Uranex shares held by IMX valued at \$37.7m (UNX:ASX price \$0.815 per share), and the 14.5m Continental Nickel shares held by IMX valued at \$17.8m (CNI:TSXV price Cdn\$1.25 per share). This valuation excludes the A\$12.4m see-through value of the 25% held by IMX in the joint venture company holding Nachingwea.

As at 31 December 2010 IMX had cash at bank of \$27.5m. Following the receipt of the provisional sales payment from Sichuan Taifeng on 4 January and the final tranche of the investment into Outback Iron Pty Ltd, Outback Iron has repaid a total of \$IMX \$7.3m which had been advanced by IMX as a working capital facility, giving a cash at bank for IMX of \$34.1m.

A handwritten signature in black ink, appearing to read "D. McBain", with a horizontal line extending to the right.

DUNCAN McBAIN
MANAGING DIRECTOR

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 and Ore Reserves. Bianca Manzi consents 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.