

15th August 2012

Continental Nickel Limited releases Circular to Shareholders

IMX Resources Limited ("IMX") (ASX: IXR) advises that Continental Nickel Limited ("CNI") (TSX:CNI) has released its Management Information Circular ("Circular") to the TSX, and has mailed out a copy to all shareholders in preparation for the shareholder's special meeting, as previously announced, of Wednesday September 12 2012.

This special meeting is for shareholders to consider and approve the previously announced plan of arrangement between IMX and CNI.

A copy of the Circular is attached.



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About IMX Resources Limited

IMX Resources Limited (ASX: IXR) is an ASX listed company headquartered in Perth, Western Australia.

IMX is a mining and mineral exploration company with an iron ore mining operation in South Australia, and an advanced nickel sulphide development project in Tanzania.

IMX operates and owns 51% of the Cairn Hill Mining Operation, located 55 kilometres south-east of Coober Pedy in South Australia, where it produces a premium coarse-grained magnetite–copper-gold DSO product at a rate of 1.8Mtpa.

In May 2012, IMX agreed to acquire all the issued shares in Continental Nickel Limited (CNI) in order to bring the ownership of the Nachingwea Nickel – Copper JV Project in Tanzania under the control of a single entity. IMX currently has a 37.03% equity interest in CNI and a 25% interest in the Nachingwea Nickel-Copper JV Project. The transaction remains subject to shareholder approval. The Company is at an advanced stage of planning for the development of a major new nickel sulphide mining operation, which has the potential to produce a premium quality nickel concentrate product. Nachingwea has the potential to become a world-class nickel and copper project with significant base metals exploration upside.

IMX is actively developing the Mt Woods Magnetite Project on the highly prospective Mt Woods Inlier in South Australia. IMX owns 100% of the iron ore rights of the Mt Woods tenement package, where it currently has a JORC Inferred Resource of 569Mt @ 27% Fe at the Snaefell Magnetite Deposit and a Global Exploration Target of between 200-380Mt @ 25-35% Fe elsewhere in the project.

IMX has also entered into a joint venture with OZ Minerals (the Mt Woods Copper-Gold JV Project) to explore the Mt Woods tenements for copper and gold. OZ Minerals is spending a minimum of \$20M for a 51% interest in the non-iron rights, with IMX retaining a 49% interest in the non-iron rights.

IMX owns 25.65% of Uranex (ASX: UNX), which is a dedicated uranium exploration company, which is developing the Mkuju Uranium project in southern Tanzania.

Visit: www.imxresources.com.au



CONTINENTAL NICKEL LIMITED

**NOTICE OF
SPECIAL MEETING
OF
SHAREHOLDERS**

AND

MANAGEMENT INFORMATION CIRCULAR

August 10, 2012

August 10, 2012

To: The Shareholders of Continental Nickel Limited

The board of directors (the “**Board**”) invites you to attend a special meeting (the “**Meeting**”) of shareholders (“**Shareholders**”) of Continental Nickel Limited (“**Continental**” or the “**Corporation**”) to be held at 10:00 a.m. (Toronto time) on September 12, 2012 at the offices of Osler, Hoskin & Harcourt LLP, Floor 63, 1 First Canadian Place, 100 King Street West, Toronto, Ontario.

On May 16, 2012, we entered into an arrangement agreement with IMX Resources Limited (“**IMX**”) whereby, subject to the terms and conditions of the arrangement agreement, a wholly-owned subsidiary of IMX, will acquire all of the issued and outstanding common shares in the capital of Continental (the “**Continental Shares**”) that IMX does not already own pursuant to a plan of arrangement (the “**Arrangement**”). Upon the Arrangement becoming effective, Shareholders (other than IMX) will receive 3.7 ordinary shares in the capital of IMX and 0.5 of an ordinary share purchase warrant of IMX for each Continental Share held. At the Meeting, Shareholders will be asked to approve the Arrangement.

The Board, based in part on the unanimous recommendation of the independent committee of the Board (the “**Independent Committee**”) composed of two independent directors, which was created to consider the Arrangement and a fairness opinion received from GMP Securities L.P. as described in the accompanying management information circular (the “**Circular**”), has unanimously determined (with Messrs. Nitschke and Haggarty having disclosed an interest in the transaction and not permitted under the *Canada Business Corporations Act* to vote) that the proposed Arrangement is in the best interests of the Corporation and is fair from the point of view of the Shareholders (other than those parties who are “interested parties” under applicable Law, including IMX and its affiliates) and recommends that Shareholders vote **IN FAVOUR** of the Arrangement. The determination of the Independent Committee and the Board is based on various factors described more fully in the accompanying notice of special meeting and Circular.

To be effective, the Arrangement must be approved by a special resolution passed by at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting and a simple majority of the votes cast by the Shareholders, excluding any Continental Shares held by certain “interested parties” under applicable Law and otherwise, including IMX, and its affiliates, in accordance with the requirements of Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions*. Shareholders are entitled to one vote for each Continental Share held. IMX holds approximately 37% of the outstanding Continental Shares. Certain Shareholders have entered into voting support agreements with IMX pursuant to which they have agreed to vote an aggregate of 29.8% of the outstanding Continental Shares in favour of the Arrangement. The Arrangement is also subject to approval by the Ontario Superior Court of Justice (Commercial List) and is subject to the satisfaction of certain other conditions.

The accompanying Circular provides a description of the Arrangement and includes certain additional information to assist you in considering how to vote on the special resolution. You are urged to read this information carefully and, if you require assistance, to consult your tax, financial, legal or other professional advisors.

We encourage you to complete, sign, date and return the accompanying form of proxy, or voting instruction form, in accordance with the instructions set out therein and in the Circular so that your Continental Shares can be voted at the Meeting in accordance with your instructions. We also encourage registered Shareholders to complete, sign, date and return the enclosed letter of transmittal in accordance with the instructions set out therein and in the accompanying Circular so that if the Arrangement is completed, the consideration to which you are entitled can be sent to you as soon as possible following completion of the Arrangement. Please review the letter of transmittal carefully as it has important information on how to receive your IMX shares and warrants.

If you have any questions about the information contained in this Circular or require assistance in completing the form of proxy or letter of transmittal, please contact David Massola, President and Chief Executive Officer, by telephone at (416) 603-8416 Ext: 228 or Gary Hill, Chief Financial Officer, by telephone at (416) 603-8416 Ext: 225.

Subject to obtaining the approvals of the Shareholders and the Ontario Superior Court of Justice (Commercial List), and to satisfying certain other conditions, including receipt of all necessary regulatory approvals, the Arrangement is currently expected to close in September 2012.

Yours very truly,

“David Massola”

David Massola
President, Chief Executive Officer and Director

CONTINENTAL NICKEL LIMITED

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of Continental Nickel Limited (“**Continental**”) will be held at the offices of Osler, Hoskin & Harcourt LLP, Floor 63, 1 First Canadian Place, 100 King Street West, Toronto, Ontario on Wednesday, September 12, 2012, at 10:00 a.m. (Toronto time) for the following purposes:

1. to consider, and, if thought advisable, to pass an ordinary resolution (the “**By-law Resolution**”) ratifying, confirming and approving the adoption by the Corporation of an amendment to the Corporation’s by-laws. The full text of the By-law Resolution is set forth in the accompanying management information circular dated August 10, 2012 (the “**Circular**”);
2. to consider and, if thought advisable, to pass a special resolution (the “**Arrangement Resolution**”) to approve a plan of arrangement involving Continental, the Shareholders, IMX Resources Limited (“**IMX**”) and IMX Canada Holdings Limited pursuant to Section 192 of the *Canada Business Corporations Act* (the “**CBCA**”). The full text of the Arrangement Resolution is set forth in Appendix “A” to the Circular; and
3. to transact such further and other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying Circular.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is July 26, 2012 (the “**Record Date**”). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

Shareholders who are planning to return the form of proxy are encouraged to review the Circular carefully before submitting the form of proxy.

If you are an unregistered holder of common shares in the capital of Continental (“Continental Shares”) and have received these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.

Pursuant to the interim order of the Ontario Superior Court of Justice (Commercial List) (the “**Interim Order**”), each registered Shareholder has been granted the right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of such holder’s Continental Shares in accordance section 190 of the CBCA, as modified and supplemented by the Interim Order. To exercise such right, (a) a written notice of objection to the Arrangement Resolution must be received by Continental, 20 Adelaide Street East, Suite 915 Toronto, Ontario, M5C 2T6 (fax: (416) 603-8760), Attention: Mr. David Massola, not later than 4:30 p.m. (Toronto time) on September 10, 2012, or two Business Days prior to any adjournment or postponement of the Meeting, (b) the Shareholder must not have voted in favour of the Arrangement Resolution, and (c) the Shareholder must have otherwise complied with the provisions of section 190 of the CBCA, as modified and supplemented by the Interim Order. The right to dissent is described in the Circular and the texts of the Interim Order and section 190 of the CBCA are set forth in Appendices D and E, respectively, to the Circular.

Persons who are beneficial owners of Continental Shares registered in the name of a bank, trust company, securities broker, trustee or other nominee or intermediary who wish to dissent should be aware that only registered holders of Continental Shares are entitled to dissent. Accordingly, a beneficial owner of Continental Shares desiring to exercise this right must make arrangements for the Continental Shares beneficially owned by such person to be registered in his, her or its name prior to the time the written notice of dissent to the Arrangement Resolution is required to be received by Continental or, alternatively, make arrangements for the registered holder of

Continental Shares to dissent on his, her or its behalf. **Failure to strictly comply with the requirements set forth in section 190 of the CBCA, as modified and supplemented by the Interim Order, may result in the loss of any right of dissent.**

If you have any questions about the information contained in this Circular or require assistance in completing the form of proxy or letter of transmittal, please contact David Massola, President and Chief Executive Officer, by telephone at (416) 603-8416 Ext: 228 or Gary Hill, Chief Financial Officer, by telephone at (416) 603-8416 Ext: 225.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to complete, date, sign and return the accompanying form of proxy for use at the Meeting or any adjournments or postponements thereof. To be effective, the enclosed form of proxy must be mailed or faxed so as to reach or be deposited with Capital Transfer Agency Inc., 105 Adelaide Street West, Suite 1101, Toronto, Ontario M5H 1P9, Fax: (416) 350-5008 or Tel: (416) 350-5007 not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

DATED at Toronto, Ontario this 10th day of August, 2012.

**BY ORDER OF THE BOARD OF DIRECTORS OF
CONTINENTAL NICKEL LIMITED**

(Signed): “David Massola”

**DAVID W. MASSOLA
PRESIDENT AND CHIEF EXECUTIVE OFFICER**

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Capitalized terms in this part of this Circular not otherwise defined have the meanings set out in the Glossary of Terms in this Circular.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for the statements of historical fact contained herein, the information presented in this Circular and the information incorporated by reference herein, constitutes “forward-looking information” within the meaning of applicable Canadian Securities Laws concerning the business, operations and financial performance and condition of each of Continental, IMX, IMX Holdings and the combined company. Often, but not always, forward-looking statements and forward-looking information can be identified by words such as “pro forma”, “plans”, “expects”, “may”, “should”, “could”, “will”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, or variations including negative variations of such words and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Forward-looking statements and forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Continental, IMX or the combined company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements or forward-looking information. Such factors include, among others, risks related to the integration of acquisitions; risks related to international operations; risks related to joint venture operations; actual results of current exploration activities; conclusions of economic evaluations; changes in mine parameters as plans continue to be refined; future prices of nickel, iron, copper or other metals or other commodities, possible variations in reserves, resources, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled “Risk Factors” in this Circular and the documents incorporated by reference. Although Continental has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

In addition, forward-looking and pro forma information herein is based on certain assumptions and involves risks related to the consummation or non-consummation of the Arrangement and the business and operations of the combined company. Pro forma information contained herein is based on certain assumptions including that Shareholders will vote in favour of the Arrangement, that the Court will approve the Arrangement and that all other conditions to the Arrangement are satisfied or waived. Other assumptions include, but are not limited to, the ability of the combined company to realize the enhanced growth opportunities currently anticipated for the combined company, realize the benefits of the combined company’s development and exploration projects, and meet production and cost estimates. Risks that may result in any forward-looking statements not becoming true include the risk that upon completion of the Arrangement the market value of the IMX Shares and IMX Warrants will be different from the value at the time the exchange ratio was agreed upon, that the conditions to the Arrangement will not be satisfied or waived, the Arrangement Agreement may be terminated, the information available to Continental in respect of IMX may not be accurate or complete, there may be unforeseen or unexpected tax and other consequences to the transactions which would have a material adverse effect on the combined company, production, construction and technological risks related to the combined company, capital requirements and operating risks associated with the expanded operations of the combined company, risks associated with the market price of the shares of the combined company and other risks discussed in this Circular. Although Continental has attempted to identify important factors that could cause actions, events or results to differ materially from those described in forward-looking statements and forward-looking information in this Circular, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information in this Circular, nor in the documents incorporated by reference herein. All of the forward-looking statements made in this Circular, including all documents incorporated by reference herein, are qualified by these cautionary statements.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the mining industry and Continental’s general expectations concerning the mining industry, Continental, IMX, IMX Holdings and the combined company are based on estimates prepared by Continental or IMX using data from publicly available industry sources as well as from market research and industry analysis and on assumptions

based on data and knowledge of the mining industry which Continental believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, these data are inherently imprecise. While Continental is not aware of any misstatement regarding any industry data presented herein, the mining industry involves risks and uncertainties that are subject to change based on various factors.

Shareholders are cautioned not to place undue reliance on forward-looking statements and forward-looking information in this Circular or the documents incorporated by reference. Continental undertakes no obligation to update any of the forward-looking statements or forward-looking information in this Circular or incorporated by reference herein, except as required by Law.

CONTINENTAL DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed by Continental with the Canadian Securities Authorities, are specifically incorporated by reference into, and form an integral part of, this Circular on the basis set forth under “Information Contained in this Circular”:

- consolidated annual financial statements of Continental as at and for the years ended June 30, 2011 and 2010, together with the notes thereto and the auditors’ report thereon;
- management’s discussion and analysis of the operating results and financial condition for Continental for the years ended June 30, 2011 and 2010;
- unaudited condensed interim consolidated financial statements for Continental as at March 31, 2012 and for the three and nine months ended March 31, 2012;
- management’s discussion and analysis of the operating results and financial condition of Continental as at March 31, 2012 and for the three and nine months ended March 31, 2012;
- management information circular of Continental dated September 27, 2011 distributed in connection with the annual meeting of shareholders held on November 2, 2011;
- the material change report of Continental dated May 17, 2012, with respect to the Arrangement; and
- the material change report of Continental dated March 6, 2012, with respect to the mineral resources at the Nachingwea Project.

All material change reports (other than confidential reports), audited annual financial statements and management’s discussion and analysis and all other documents of the type referred to in section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by Continental with the Canadian Securities Authorities on SEDAR at www.sedar.com after the date of this Circular and before the Meeting are deemed to be incorporated by reference into this Circular. Copies of the documents incorporated by reference herein may be obtained on request without charge from David Massola, President and Chief Executive Officer of Continental at 20 Adelaide Street East, Suite 915 Toronto, Ontario, M5C 2T6 (telephone: (416) 603-8416 Ext: 228) or by accessing Continental’s disclosure documents available on SEDAR at www.sedar.com.

Any statement contained in this Circular or in any other document incorporated by reference in this Circular shall be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is deemed to be incorporated by reference in this Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Circular except as so modified or superseded.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, all references to “\$” in this Circular refer to Canadian dollars, all reference herein to “US\$” in this Circular refer to U.S. dollars and all references to A\$ in this Circular refer to Australian dollars. IMX’s financial statements that are incorporated by reference herein are reported in Australian dollars and are prepared in accordance with IFRS. Continental’s financial statements are reported in Canadian dollars and are prepared in accordance with Canadian GAAP.

EXCHANGE RATES

The following table sets forth (i) the noon rates of exchange for the Canadian dollar, expressed in Canadian dollars per U.S. dollar, in effect at the end of the period indicated, (ii) the average noon rates of exchange for such periods, and (iii) the high and low noon rates of exchange during such periods, in each case based on the noon rates of exchange as quoted by the Bank of Canada.

Canadian Dollar per U.S. dollar	January 1, 2012 – August 10, 2012	Year-ended December 31		
		2011	2010	2009
Noon rate at end of period	0.9916	1.0170	0.9946	1.0466
Average noon rate for period	1.0065	0.9891	1.0299	1.1420
High noon rate for period.....	1.0418	1.0604	1.0778	1.3000
Low noon rate for period	0.9807	0.9449	0.9946	1.0292

On May 16, 2012, the last trading day of the Continental Shares before the announcement of the Arrangement, the rate of exchange was US\$1.00 equals \$1.0102, based on the noon rate of exchange as quoted by the Bank of Canada.

On August 10, 2012, the rate of exchange was US\$1.00 equals \$0.9916 based on the noon rate of exchange as quoted by the Bank of Canada.

The following table sets forth (i) the rates of exchange for the Canadian dollar, expressed in Canadian dollars per Australian dollar, in effect at the end of the period indicated, (ii) the average rates of exchange for such periods, and (iii) the high and low rates of exchange during such periods, in each case based on the rates of exchange as quoted by the Bank of Canada.

Canadian Dollar per Australian dollar	January 1, 2012 – August 10, 2012	Year-ended December 31		
		2011	2010	2009
Rate at end of period.....	1.0479	1.0424	1.0180	0.9395
Average rate for period.....	1.0399	1.0206	0.9470	0.8969
High rate for period.....	1.0754	1.0660	1.0180	0.9822
Low rate for period.....	0.9973	0.9709	0.8633	0.7838

On May 16, 2012, the last trading day of the Continental Shares before the announcement of the Arrangement, the rate of exchange was A\$1.00 equals \$1.0033, based on the rate of exchange as quoted by the Bank of Canada.

On August 10, 2012, the rate of exchange was A\$1.00 equals \$1.0479 based on the rate of exchange as quoted by the Bank of Canada.

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as at August 10, 2012, except where otherwise noted and except that information in documents incorporated by reference is given as of the dates noted therein. No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by Continental or IMX.

This Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation or offer is not authorized or in which the person making such solicitation or offer is not qualified to do so or to any person to whom it is unlawful to make such solicitation or offer.

Information contained in this Circular should not be construed as legal, tax or financial advice and Shareholders are urged to consult their own professional advisors in connection therewith.

Descriptions in this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are summaries of the terms of those documents. Shareholders should refer to the full text of each of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement may be viewed on SEDAR at www.sedar.com. The Plan of Arrangement is appended to the Circular as Appendix B.

INFORMATION PERTAINING TO IMX

Certain information in this Circular pertaining to IMX and IMX Holdings, including, but not limited to, information pertaining to IMX under “Information Concerning IMX” and “Information Concerning the Combined Company” and the historical consolidated financial statements of IMX attached as Appendix H to this Circular and the unaudited pro forma consolidated financial statements attached as Appendix I to this Circular has been furnished by IMX, or is derived from IMX’s publicly available documents and other public sources at the time of this Circular. Although Continental does not have any knowledge that would indicate that such information is untrue or incomplete, neither Continental nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information including any of IMX’s financial statements, or for the failure by IMX to disclose events or information that may affect the completeness or accuracy of such information.

For further information regarding IMX, please refer to the section of the Circular entitled “Information Concerning IMX”.

IMX is incorporated under the laws of a foreign jurisdiction, and most of the directors and officers of IMX reside outside of Canada. All of the assets of these persons and IMX may be located outside Canada. IMX has appointed Stikeman Elliott LLP, through 152928 Canada Inc., 5300 Commerce Court West, 199 Bay Street, Toronto, ON M5L 1B9 as its agent for service of process in Canada, but it may not be possible for investors to effect service of process within Canada upon all of the directors and officers referred to above. It may also not be possible to enforce against IMX and its directors and officers judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Following completion of the Arrangement, Shareholders will become shareholders of IMX, a corporation governed by the *Corporations Act 2001* (Cth) (Australia). Shareholders are advised that the rights of a shareholder, including with respect to voting, authorized share capital, dividends and distributions, directors and shareholder rights plans, of an Australian corporation may differ from the rights of a shareholder of a corporation governed by the CBCA, the statute which currently governs CNI. Shareholders are advised to consult their legal advisors as to the applicable differences between the CBCA and the *Corporations Act 2001* (Cth) (Australia). The Constitution of IMX will be available on SEDAR at www.sedar.com under IMX’s profile.



CONTINENTAL NICKEL LIMITED MANAGEMENT INFORMATION CIRCULAR

Q & A ON THE ARRANGEMENT, VOTING RIGHTS AND SOLICITATION OF PROXIES

This management information circular ("**Circular**") is dated August 10, 2012 and, unless otherwise stated, the information in this Circular is as of August 10, 2012.

What is this document?

This Circular is a management information circular sent to shareholders in advance of a special meeting of shareholders (the "**Meeting**") as set out in the Notice of Special Meeting of Shareholders (the "**Notice of Meeting**"). This Circular provides additional information respecting the business of the Meeting, IMX Resources Limited ("**IMX**") and Continental Nickel Limited ("**Continental**", "**CNI**" or the "**Corporation**"). For ease of reference, a glossary of capitalized terms used in this Circular can be found starting at page 11. References in this Circular to the Meeting include any adjournment or postponement that may occur. A form of proxy or voting instruction form accompanies this Circular.

Who is soliciting my proxy?

Proxies are being solicited in connection with this Circular by the management of the Corporation. Costs associated with the solicitation will be borne by the Corporation. The solicitation will be made primarily by mail, but proxies may also be solicited personally by regular employees of the Corporation to whom no additional compensation will be paid.

Who is eligible to vote?

Holders ("**Shareholders**") of Continental Shares at the close of business (Toronto time) on July 26, 2012 (the "**Record Date**") and their duly appointed representatives are eligible to vote.

What is the Arrangement?

The Arrangement is a business combination between IMX, IMX Canada Holdings Limited ("**IMX Holdings**") and Continental, pursuant to which each Shareholder (other than IMX) will receive, in consideration for each of their Continental Shares, 3.7 IMX Shares plus 0.5 of an IMX Warrant. Each whole IMX Warrant may be exercised by the holder for a period of three years following the completion of the Arrangement for one IMX Share at an exercise price of A\$0.60 or \$0.62 per IMX Share (at the sole election of the holder). The Arrangement is being carried out pursuant to the terms of the Arrangement Agreement and will be conducted in accordance with a court-approved Plan of Arrangement under the CBCA. As a result of the Arrangement, Continental will become wholly-owned by IMX and IMX Holdings.

Why is the Meeting being held?

The purpose of the Meeting is for Shareholders to consider and, if thought advisable, pass, with or without variation, the By-law Resolution and the Arrangement Resolution. If the Arrangement is completed, IMX will acquire all of the issued and outstanding Continental Shares and Continental will become wholly-owned by IMX and IMX Holdings. As a result of the Arrangement, each Shareholder (other than a Dissenting Shareholder and IMX) will receive 3.7 IMX Shares and 0.5 of an IMX Warrant for each Continental Share held. In addition, each

CNI Option will be exchanged for a fully vested option to purchase IMX Shares (a “**Replacement Option**”) (subject to the application of the Option Exchange Ratio, see the section of the Circular entitled “The Arrangement – Arrangement Mechanics – Procedure for Exchange of CNI Options”) in exchange for each CNI Option.

Following the successful completion of the Arrangement, Shareholders (other than IMX and IMX Holdings) will hold approximately 27.5% of the IMX Shares then issued and outstanding immediately following completion of the Arrangement, while existing IMX shareholders will hold approximately 72.5% of the IMX Shares then issued and outstanding (on a non-diluted basis).

Why is the By-law Resolution required?

Shareholders will be asked to pass the By-law Resolution in order to ratify and approve an amendment to Continental’s by-laws. In November 2011, the CNI Board passed a resolution approving an amendment to Continental’s by-laws to remove the existing Canadian residency requirements with respect to committees of the CNI Board in order to ensure ongoing compliance with Continental’s Constatting Documents.

What approvals are required for the By-law Resolution?

To be effective, the By-law Resolution must be approved by an ordinary resolution passed by at least a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting.

What approvals are required for the Arrangement Resolution?

To be effective, the Arrangement must be approved by a special resolution passed by at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting and a simple majority of the votes cast by the Shareholders, excluding any Continental Shares held by certain “interested parties” under applicable Law and otherwise. For this purpose, IMX and IMX Holdings are each an “interested party”. The Arrangement Resolution must receive the required Shareholder approval in order for Continental to seek the Final Order and implement the Arrangement on the Effective Date.

IMX owns approximately 37% of the outstanding Continental Shares. Certain Shareholders have entered into voting support agreements with IMX, whereby they have agreed to vote an aggregate of approximately 29.8% of the outstanding Continental Shares in favour of the Arrangement.

See the sections of the Circular entitled “The Arrangement – Shareholder and Court Approvals”, “The Arrangement – Interests of Certain Persons or Companies in the Arrangement”, “The Arrangement – CNI Voting Agreements” and “Certain Legal and Regulatory Matters”.

Is IMX Shareholder approval required for the Arrangement to become effective?

No. While the ASX Listing Rules would normally require IMX to obtain IMX Shareholder approval in connection with the issuance of 15% or more of IMX’s outstanding securities in a given year, IMX applied for and obtained a waiver of such requirement from the ASX.

When does Continental expect the Arrangement to be effective?

Continental expects to complete the Arrangement in September 2012. As the Arrangement is conditional upon the receipt of a number of regulatory approvals as well as the approval of the Court and the Shareholders, the precise timing of completion of the Arrangement cannot be predicted.

What does Continental’s board of directors think of the Arrangement?

The CNI Board, based in part on the unanimous recommendation of the Independent Committee of the Board composed of two independent directors, which was created to consider the Arrangement (the “**Independent Committee**”), and the GMP Fairness Opinion (attached as Appendix C to this Circular), has unanimously determined (with Messrs. Nitschke and Haggarty having disclosed an interest in the transaction and not permitted under the CBCA to vote) that the proposed Arrangement is in the best interests of the Corporation and is fair from

the point of view of the Shareholders (other than those parties who are “interested parties” under applicable Law, including IMX and IMX Holdings) and recommends that Shareholders vote **IN FAVOUR** of the Arrangement.

Has Continental received a fairness opinion in connection with the Arrangement?

In connection with the Arrangement, the Independent Committee and the CNI Board received a written opinion from GMP to the effect that, as of the date of the opinion and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth in the GMP Fairness Opinion, the Consideration to be paid by IMX pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders (other than certain “interested parties” under applicable Law, including IMX and its affiliates). The full text of the GMP Fairness Opinion can be found at Appendix C to this Circular. See the section of the Circular entitled “The Arrangement — GMP Fairness Opinion”.

What other conditions must be satisfied to complete the Arrangement?

The Arrangement is conditional upon the receipt of, among other things, the approval of the Arrangement Resolution at the Meeting by Shareholders, as described above, the receipt of the Final Order from the Court and certain regulatory approvals, including approval from the TSXV and approvals from the TSX and ASX to list the IMX Shares (including the IMX Shares forming part of the Consideration, the IMX Shares issuable on exercise of the Replacement Options and the IMX Warrant Shares) and IMX Warrants. See the sections of the Circular entitled “The Arrangement Agreement — Conditions”, “The Arrangement – Shareholder and Court Approvals” and “Certain Legal and Regulatory Matters”.

Am I entitled to dissent rights?

Yes. Shareholders are entitled to dissent rights in connection with the actions to be taken at the Meeting. See the section of the Circular entitled “Rights of Dissenting Shareholders”.

How does IMX intend to pay for the Arrangement?

IMX has agreed to pay 3.7 IMX Shares plus 0.5 of an IMX Warrant for each Continental Share. Each whole IMX Warrant is exercisable for a period of three years following the completion of the Arrangement at an exercise price of A\$0.60 or \$0.62 per IMX Share (at the sole election of the holder).

Shareholders will not be entitled to fractional IMX Shares or fractional IMX Warrants in connection with the Arrangement. Where the consideration owing to such a Shareholder would otherwise result in a fractional IMX Share being issued, the Shareholder will receive a cash payment in lieu of the fractional share amount. Where the consideration owing to a Shareholder would otherwise result in a fractional IMX Warrant being issued, the number of IMX Warrants to be received by such Shareholder will be rounded to the nearest whole IMX Warrant. See the sections of the Circular entitled “The Arrangement – The Arrangement” and “The Arrangement – Arrangement Mechanics – Fractional Shares and Fractional IMX Warrants”.

Are there risks I should consider in connection with the Arrangement?

Yes. Registered Shareholders (other than IMX and IMX Holdings) are being offered securities of IMX as consideration under the Arrangement. A number of risk factors that you should consider in connection with the Arrangement are described in the section of this Circular entitled “Risk Factors” and in Appendix G, “Information Concerning IMX”.

How do I vote?

If you are a registered Shareholder, you may vote your Continental Shares in person at the Meeting or you may sign the enclosed form of proxy appointing the persons named in the proxy or some other person you choose, who need not be a Shareholder, to represent you as a proxyholder and vote your Continental Shares at the Meeting.

If your Continental Shares are held in an account with a bank, trust company, securities broker, trustee or other nominee or intermediary, please refer to the answer to the question “How do I vote if my Continental Shares

are held in the name of a nominee (a bank, trust company, securities broker, trustee or other nominee or intermediary)?”

How do I vote my Continental Shares in person?

If you are a registered Shareholder and plan to attend the Meeting on September 12, 2012, and wish to vote your Continental Shares in person, do not complete the enclosed form of proxy, as your vote will be taken and counted at the Meeting. Please register with the Corporation’s transfer agent and registrar, Capital Transfer Agency Inc. (the “**Transfer Agent**”), upon arrival at the Meeting. If your Continental Shares are held in an account with a nominee, please see the answer to the question “How do I vote if my Continental Shares are held in the name of a nominee (a bank, trust company, securities broker, trustee or other nominee or intermediary)?”

A registered Shareholder may vote a proxy in his or her own name at any time by telephone, internet or by mail, in accordance with the instructions appearing on the enclosed form of proxy and/or a registered Shareholder may attend the Meeting and cast a ballot. Because a registered Shareholder is known to Continental and its Transfer Agent, his, her or its account can be confirmed and his or her vote recorded or changed if such registered Shareholder has previously voted. This procedure prevents a Shareholder from voting his, her or its Continental Shares more than once. Only the registered Shareholder’s latest voting instructions received by the Corporation prior to the deadline for the deposit of proxies will be valid.

Most Shareholders are “beneficial owners” who are non-registered Shareholders. Their Continental Shares are registered in the name of an intermediary, such as a bank, trust company, securities broker, trustee or other nominee or intermediary who holds the shares on their behalf, or in the name of a clearing agency in which the intermediary is a participant (such as CDS). Intermediaries have obligations to forward Meeting materials to the non-registered holders, unless otherwise instructed by the holder (and as required by regulation in some cases, despite such instructions).

How do I know if I am a “registered Shareholder” or a “beneficial Shareholder”?

A Shareholder may own such Continental Shares in one or both of the following ways:

1. If a Shareholder is in possession of a physical share certificate, such Shareholder is a “registered Shareholder” and his or her name and address are known to Continental through the Transfer Agent.
2. If a Shareholder owns Continental Shares through a bank, trust company, securities broker, trustee or other nominee or intermediary, such Shareholder is a “beneficial Shareholder” and not a “registered Shareholder” and he or she will not have a physical share certificate. Such Shareholder will have an account statement from his or her bank, trust company, securities broker, trustee or other nominee or intermediary as evidence of his or her Continental Share ownership.

What constitutes a quorum at the Meeting?

A quorum for the Meeting is two Persons entitled to vote at a meeting of Shareholders, present in person or by proxy. No business shall be transacted at the Meeting unless the requisite quorum is present at the commencement of the Meeting. If a quorum is present at the commencement of the Meeting, a quorum shall be deemed to be present during the remainder of the Meeting.

What happens if I sign the enclosed form of proxy?

Signing the enclosed form of proxy gives authority to David W. Massola or Gary A. Hill (the “**Named Proxyholders**”) to vote your Continental Shares at the Meeting in accordance with your instructions. **A Shareholder who wishes to appoint another person (who need not be a Shareholder) to represent the Shareholder at the Meeting may either insert the person’s name in the blank space provided in the form of proxy or complete another proper form of proxy.**

What do I do with my completed form of proxy?

The completed proxy must be deposited at the office indicated on the enclosed envelope no later than 10:00 a.m. (Toronto time) on September 10, 2012, or on a day (excluding Saturdays, Sundays and holidays) which is at least 48 hours before the time of the Meeting or any adjourned or postponed Meeting.

If I change my mind, can I take back my proxy once I have given it?

A Shareholder who has voted by proxy may revoke it any time prior to its use. To revoke a proxy, a registered Shareholder may deliver a written notice to the registered office of the Corporation at 20 Adelaide Street East, Suite 915, Toronto, ON M5C 2T6, Fax: (416) 603-8760; Attention: Gary Hill, or at the offices of the Capital Transfer Agency Inc., 105 Adelaide St. West, Suite 1101, Toronto, Ontario M5H 1P9 at any time up to 10:00 a.m. (Toronto time) on the last Business Day before the Meeting or any adjournment or postponement of the Meeting. A proxy may also be revoked on the day of the Meeting or any adjournment or postponement of the Meeting by a registered Shareholder by delivering written notice to the chair of the Meeting. In addition, the proxy may be revoked by any other method permitted by Law. The written notice of revocation may be executed by the Shareholder or by an attorney who has the Shareholder's written authorization. If the Shareholder is a corporation, the written notice must be executed by its duly authorized officer or attorney.

How will my Continental Shares be voted if I give my proxy?

If you appoint the Named Proxyholders as your proxyholders, the Continental Shares represented by the form of proxy will be voted or withheld from voting, in accordance with your instructions as indicated on the form, on any ballot that may be called for. **In the absence of instructions from you, such Continental Shares will be voted IN FAVOUR of each of the By-law Resolution and the Arrangement Resolution.**

What if amendments are made to these matters or other business is brought before the Meeting?

The accompanying form of proxy confers discretionary authority on the Named Proxyholders with respect to any amendments or variations to the matters identified in the Notice of Meeting or other matters that may properly come before the Meeting and the named proxies in your properly executed proxy will vote on such matters in accordance with their judgment. At the date of this Circular, management of Continental is not aware of any such amendments, variations or other matters which are to be presented for action at the Meeting.

How many Continental Shares are entitled to vote?

As of July 26, 2012, the Record Date for the Meeting, there were 42,793,508 Continental Shares outstanding, each Continental Share carrying the right to one vote per Continental Share.

Who are the principal Shareholders of the Corporation?

To the knowledge of the Directors and executive officers of the Corporation, other than IMX, which is the holder of 15,813,138 Continental Shares (representing approximately 37% of the issued and outstanding Continental Shares as of the date of this Circular), Geologic Resource Partners LLC (on behalf of its affiliated funds), which is the holder of 6,254,100 Continental Shares (representing approximately 14.6% of the issued and outstanding Continental Shares as of the date of this Circular) and Galena Special Situations Master Fund which is the holder of 4,515,825 Continental Shares (representing approximately 10.6% of the issued and outstanding Continental Shares as of the date of this Circular), as of the date of this Circular, there is no person or company that beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation. See the Section of the Circular entitled, "Voting Securities and Principal Holders of Voting Securities".

How do I vote if my Continental Shares are held in the name of a nominee (a bank, trust company, securities broker, trustee or other nominee or intermediary)?

Only registered Shareholders of Continental Shares, or the persons they appoint as proxies, are permitted to attend and vote at the Meeting. If your Continental Shares are held in an account with a bank, trust company, securities broker, trustee or other nominee or intermediary, they will not be registered in your name and instead will be registered in the name of a nominee. As required by Canadian securities legislation, you will have received from

your nominee either a request for voting instructions or a form of proxy for the number of Continental Shares you hold unless you have instructed the nominee otherwise. The purpose of this procedure is to permit beneficial Shareholders to direct the voting of the Continental Shares they beneficially own. Each nominee has its own signing and return instructions, which you should carefully follow to ensure your Continental Shares will be voted. If you are a beneficial Shareholder and wish to:

- vote in person at the Meeting; or
- change voting instructions given to your nominee; or
- revoke voting instructions given to your nominee and vote in person at the Meeting,

follow the instructions given by your nominee or contact your nominee to discuss what procedure to follow.

If all of the conditions to the Arrangement are satisfied and the Arrangement is consummated, how will I receive the Consideration for my Continental Shares?

In order to receive the Consideration following completion of the Arrangement (assuming all conditions are satisfied or waived in accordance with the terms of the Arrangement Agreement) each registered Shareholder must complete, sign, date and return the enclosed letter of transmittal in accordance with the instructions set out therein. Beneficial Shareholders should contact your bank, trust company, securities broker, trustee or other nominee or intermediary.

Unless a Shareholder wishes settlement of the Consideration to take place in Australia, the Consideration will be issued by means of a Direct Registration System or “DRS” Advice on the Canadian subregister of IMX and not by means of a physical IMX Share certificate or physical IMX Warrant certificate. Shareholders wishing to receive the Consideration on an uncertificated Issuer Sponsored sub-register of IMX in Australia operated by IMX or a CHESSE Sponsored Holding in Australia may make such an election on the Letter of Transmittal.

However, regardless of how the IMX Shares and IMX Warrants will be held following the Arrangement, all IMX Shares and IMX Warrants are held in uncertificated form. This means that certificates will not be issued in respect of any IMX Shares or IMX Warrants.

What if I have other questions?

If you have any questions about the information contained in this Circular or require assistance in completing the form of proxy or letter of transmittal, please contact David Massola, President and Chief Executive Officer, by telephone at (416) 603-8416 Ext: 228 or Gary Hill, Chief Financial Officer, by telephone at (416) 603-8416 Ext: 225.

GLOSSARY OF TERMS

“Acquisition Proposal” means, other than the transactions contemplated by the Arrangement Agreement and other than any transaction involving only a Party and/or one or more of its wholly-owned Subsidiaries, any offer, proposal or inquiry (written or oral) from any Person or group of Persons (other than in the case of CNI, IMX or any affiliate of IMX or any Person acting in concert with IMX or any affiliate of IMX), whether or not delivered to the shareholders of a Party, after the date of the Arrangement Agreement relating to (a) any sale or disposition (or any lease or other arrangement having the same economic effect as a sale or disposition), direct or indirect, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of that Party and its Subsidiaries or of 20% or more of the voting or equity securities of that Party or any of its Subsidiaries (or rights or interests in such voting or equity securities), (b) any take-over bid, exchange offer or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of that Party or any of its Subsidiaries, (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or winding up involving that Party or any of its Subsidiaries, or (d) any other similar transaction or series of transactions involving that Party or any of its Subsidiaries.

“Advance Date” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Covenants of IMX”.

“affiliate” has the meaning specified in National Instrument 45-106 – *Prospectus and Registration Exemptions*.

“allowable capital loss” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations – Consequences of Holding and Disposing of IMX Shares and IMX Warrants – Taxation of Capital Gains and Capital Losses”.

“Arrangement” means the arrangement of CNI under the provisions of section 192 of the CBCA, on the terms and conditions set forth in the Plan of Arrangement, subject to any amendments, variations or supplement thereto made in accordance with the Arrangement Agreement and the provisions of the Plan of Arrangement or made at the direction of the Court in the Final Order.

“Arrangement Agreement” means the arrangement agreement dated May 16, 2012 between CNI and IMX, together with the schedules attached thereto and the CNI Disclosure Letter and IMX Disclosure Letter, as amended by the amendment dated July 24, 2012, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

“Arrangement Resolution” means the special resolution of Shareholders present in person or represented by proxy at the Meeting approving the Arrangement and presented at the Meeting substantially in the form of Appendix A to this Circular.

“Articles of Arrangement” means the articles of arrangement of CNI in respect of the Arrangement, required by the CBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to CNI and IMX, each acting reasonably.

“ASIC” means the Australian Securities and Investments Commission.

“associate” has the meaning specified in the *Securities Act* (Ontario).

“ASX” means the Australian Securities Exchange.

“ASX Listing Rules” means the Listing Rules of the ASX.

“Authorization” means with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

“beneficial Shareholder” or **“beneficial owner”** means a non-registered Shareholder or, more specifically, a Shareholder that holds its/his/her Continental Shares through an intermediary such as a bank, trust company, securities broker, trustee or other nominee or intermediary.

“Broadridge” has the meaning specified in the section of the Circular entitled “General Information Respecting the Meeting – Voting by Non-Registered/Beneficial Shareholders”.

“Business Day” means a day which is not a Saturday, Sunday or a civic or statutory holiday in Toronto, Ontario.

“By-law Resolution” means the ordinary resolution of Shareholders present in person or represented by proxy at the Meeting ratifying, confirming and approving the adoption by the Corporation of an amendment to the Corporation’s by-laws.

“CBCA” means the *Canada Business Corporations Act*.

“CDS” has the meaning specified in the section of the Circular entitled “General Information Respecting the Meeting – Voting by Non-Registered/Beneficial Shareholders”.

“Certificate of Arrangement” means the certificate of arrangement to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

“Change of Control Proposal” means any offer, proposal or inquiry (written or oral) from any Person or group of Persons, whether or not in writing and whether or not delivered to the shareholders of a Party, after the date of the Arrangement Agreement relating to (a) any sale or disposition (or any lease or other arrangement having the same economic effect as a sale or disposition), direct or indirect, of assets representing 50% or more of the consolidated assets or contributing 50% or more of the consolidated revenue of that Party and its Subsidiaries or of 50% or more of the voting or equity securities of that Party or any of its Subsidiaries (or rights or interests in such voting or equity securities), (b) any take-over bid, exchange offer or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 50% or more of any class of voting or equity securities of that Party or any of its Subsidiaries, (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or winding up involving that Party or any of its Subsidiaries, or (d) any other similar transaction or series of transactions involving that Party or any of its Subsidiaries.

“CHESS” means the Australian Clearing House Electronic Subregister System.

“Circular” has the meaning specified in the section of the Circular entitled “Q & A on the Arrangement, Voting Rights and Solicitation of Proxies”.

“CNI” or **“Continental”** or the **“Corporation”** means Continental Nickel Limited.

“CNI Board” means the board of directors of CNI as constituted from time to time.

“CNI Change in Recommendation” occurs when, (a) prior to the Required Approval having been obtained, the CNI Board or any committee of the CNI Board fails to unanimously (subject to applicable conflict rules in the CBCA and other than the nominee directors of IMX who shall recuse themselves) recommend or withdraws, amends, modifies or qualifies, publicly proposes or states its intention to do so, or fails to publicly reaffirm (without qualification), its recommendation with respect to the Arrangement within five Business Days (and in any case prior to the Meeting) after having been reasonably requested in writing by IMX to do so, in a manner adverse to IMX, (b) CNI breaches its non-solicitation covenants in the Arrangement Agreement in any respect or, (c) the CNI Board, or any committee of the CNI Board, resolves or proposes to take any of the foregoing actions.

“CNI Disclosure Letter” means the disclosure letter dated the date of the Arrangement Agreement and delivered by CNI to IMX with the Arrangement Agreement.

“CNI Expense Fee” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Termination of the Arrangement Agreement – Continental Expense Fee”.

“CNI Locked-Up Shareholders” means Macquarie Bank Limited, Geologic Resource Fund Ltd., Geologic Resource Fund L.P., Geologic Resource Opportunities Fund Ltd., Geologic Resource Opportunities Fund L.P. and Galena Special Situations Master Fund who together have agreed to vote a minimum of 12,749,925 Continental Shares in favour of the Arrangement, subject to the terms of the CNI Voting Agreements.

“CNI Options” means the outstanding options to purchase Continental Shares issued pursuant to the CNI Option Plan, as listed in the Disclosure Letter.

“CNI Option Plan” means the option plan of CNI.

“CNI Termination Fee” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Termination of the Arrangement Agreement – CNI Termination Fee”.

“CNI Termination Fee Event” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Termination of the Arrangement Agreement – CNI Termination Fee”.

“CNI Voting Agreements” means the voting agreements (including all amendments thereto) between IMX and each of the CNI Locked-up Shareholders setting forth the terms and conditions upon which they have agreed, among other things, to vote their Continental Shares in favour of the Arrangement Resolution.

“combined company” means IMX following completion of the Arrangement.

“Confidentiality Agreement” means the confidentiality agreement between CNI and IMX dated April 30, 2012 regarding the provision of confidential information from IMX to CNI.

“Consideration” means the consideration to be received by the Shareholders pursuant to the Plan of Arrangement as consideration for their Continental Shares, consisting of 3.7 IMX Shares and 0.5 of an IMX Warrant per Continental Share.

“Constating Documents” means articles of incorporation, amalgamation, or continuation, constitution or similar documents, as applicable by-laws and all amendments thereto, as may be applicable to a Party.

“Continental Shares” means the common shares in the capital of CNI which CNI is authorized to issue as presently constituted.

“Contract” means any legally binding agreement, commitment, engagement, contract, franchise, licence, obligation or undertaking (written or oral) to which a Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

“Court” means the Ontario Superior Court of Justice (Commercial List).

“CRA” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations”.

“Demand Notice” has the meaning specified in the section of the Circular entitled “Rights of Dissenting Shareholders”.

“Depository” means any trust company, bank or other financial institution agreed to in writing by CNI and IMX for the purpose of, among other things, exchanging certificates representing Continental Shares for the Consideration in connection with the Arrangement.

“Director” means the Director appointed pursuant to section 260 of the CBCA.

“Dissent Procedures” means the procedures set forth in section 190 of the CBCA and the Interim Order required to be taken by a Shareholder to exercise the Dissent Right.

“Dissent Rights” means the rights of dissent of Shareholders in respect of the Arrangement Resolution as described in the Plan of Arrangement.

“Dissenting Shareholder” means a Shareholder who validly exercises his, hers or its Dissent Rights in strict compliance with the Dissent Procedures.

“DRS” or **“Direct Registration System”** means the system of registration of IMX Shares and IMX Warrants maintained by the IMX transfer agent.

“DRS Advice” or **“Direct Registration System Advice”** means the statement to be issued by the IMX transfer agent confirming issuance and registration of the IMX Shares and IMX Warrants.

“Effective Date” means the date shown on the Certificate of Arrangement.

“Effective Time” means the time when the Arrangement will be deemed to have been completed, which shall be 12:01 a.m., Toronto time, on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

“Encumbrance” means any mortgage, hypothec, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

“FC Act” has the meaning specified in the section of the Circular entitled “Certain Legal and Regulatory Matters – Tanzanian Regulatory Approvals – Tanzanian Anti-Trust Approval”.

“FC Order” has the meaning specified in the section of the Circular entitled “Certain Legal and Regulatory Matters – Tanzanian Regulatory Approvals – Tanzanian Anti-Trust Approval”.

“FCC” has the meaning specified in the section of the Circular entitled “Certain Legal and Regulatory Matters – Tanzanian Regulatory Approvals – Tanzanian Anti-Trust Approval”.

“FCC Rules” has the meaning specified in the section of the Circular entitled “Certain Legal and Regulatory Matters – Tanzanian Regulatory Approvals – Tanzanian Anti-Trust Approval”.

“Final Order” means the final order of the Court in a form acceptable to CNI and IMX, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of CNI and IMX, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both CNI and IMX, each acting reasonably) on appeal.

“GAAP” means generally accepted accounting principles as set out in the Canadian Institute of Chartered Accountants Handbook – Accounting for an entity that prepares its financial statements in accordance with IFRS, at the relevant time, applied on a consistent basis.

“GMP” means GMP Securities L.P.

“GMP Fairness Opinion” means the opinion of GMP dated May 16, 2012, the financial advisor to the Independent Committee and the CNI Board as to the fairness of the Arrangement to the Shareholders (other than those parties who are “interested parties” within the meaning of applicable law, including IMX and its affiliates) from a financial point of view.

“Governmental Entity” means (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (b) any subdivision or authority of any of the above, (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (d) any stock exchange.

“Holder” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations”.

“IFRS” means International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

“IMX” means IMX Resources Limited.

“IMX Board” means the board of directors of IMX as constituted from time to time.

“IMX Change in Recommendation” occurs when, (a) prior to IMX Shareholder Approval having been obtained (unless approval of the IMX Shareholders is not required pursuant to a waiver of Section 7.1 and/or 10.11 of the ASX Listing Rules by the ASX), the IMX Board or any committee of the IMX Board fails to unanimously (subject to applicable conflict rules in the *Australian Corporations Act*) recommend or withdraws, amends, modifies or qualifies, publicly proposes or states its intention to do so, or fails to publicly reaffirm (without qualification), the recommendation of the IMX Board for the IMX Shareholders to vote in favour of the Arrangement within five Business Days (and in any case prior to the IMX Shareholder meeting) after having been reasonably requested in writing by CNI to do so, in a manner adverse to CNI, (b) IMX breaches the Change of Control Proposal for IMX requirements in the Arrangement Agreement in any respect or, (c) the IMX Board or any committee of the IMX Board resolves or proposes to take any of the foregoing actions.

“IMX Disclosure Letter” means the disclosure letter dated the date of the Arrangement Agreement and delivered by IMX to CNI with the Arrangement Agreement.

“IMX Expense Fee” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Termination of the Arrangement Agreement – IMX Expense Fee”.

“IMX Expense Fee Event” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Termination of the Arrangement Agreement – IMX Expense Fee”.

“IMX Holdings” means IMX Canada Holdings Limited, a wholly-owned Subsidiary of IMX.

“IMX Shareholders” means the registered or beneficial holders of the IMX Shares, as the context requires.

“IMX Shares” means the ordinary shares in the capital of IMX which IMX is authorized to issue as presently constituted.

“IMX Termination Fee” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Termination of the Arrangement Agreement – IMX Termination Fee”.

“IMX Termination Fee Event” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Termination of the Arrangement Agreement – IMX Termination Fee”.

“IMX Warrants” means an ordinary share purchase warrant to acquire an IMX Share, having an expiry date that is three years following the Effective Date and an exercise price of either \$0.62 or A\$0.60 (solely at the election of the holder) per IMX Share, provided that: (a) the IMX Warrants may not be exercised by any holder during the 40-day period following the Effective Date; and (b) the IMX Warrants may not be exercised at any time by any holder who is in the United States (within the meaning of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities Laws is available. The IMX Warrants will be governed by a warrant indenture to be entered into between IMX and Computershare Trust Company of Canada, as warrant agent.

“IMX Warrant Shares” means the IMX Shares issuable on exercise of the IMX Warrants.

“Independent Committee” means the independent committee of the CNI Board.

“Interim Order” means the interim order of the Court in a form acceptable to CNI and IMX, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court (with the consent of CNI and IMX, each acting reasonably).

“Intermediary” has the meaning specified in the section of the Circular entitled “General Information Respecting the Meeting – Voting by Non-Registered/Beneficial Shareholders”.

“Investment Assets” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations – Consequence of Holding and Disposing of IMX Shares and IMX Warrants – Offshore Investment Fund Property Rules”.

“JORC” means the Code for Reporting of Mineral Resources and Ore Reserves as promulgated by the Australasian Joint Ore Reserves Committee.

“JV Information” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Continental Non-Solicitation”.

“Law” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

“Loan” has the meaning specified in the section of the Circular entitled “The Arrangement – Background to the Arrangement”.

“Loan Date” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Covenants – Covenants of IMX”.

“Loan Interest Rate” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Covenants – Covenants of IMX”.

“Matching Period” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Continental Non-Solicitation”.

“Material Adverse Effect” means any one or more changes, events, occurrences, effects or circumstances, either individually or in the aggregate, that is or could reasonably be expected to be material and adverse to the business, financial condition, or results of operations of a Party and its Subsidiaries taken as a whole, other than changes, effects, or circumstances that (a) are the result of economic factors affecting the economy as a whole, or that are the result of factors generally affecting the industry or specific markets in which such Party operates, (b) arise out of or result from matters contemplated by the Parties in connection with the Arrangement Agreement, (c) are attributable to the announcement or performance of the transactions contemplated by the Arrangement Agreement (including changes in the market price of a Party’s securities), (d) are the result of any change in the market price of commodities produced or contemplated as being produced by a Party, (e) any change or proposed change in Laws or in the interpretation thereof by any Governmental Entity, or (f) any change in GAAP or IFRS (it being understood without limiting the applicability of paragraphs (a) to (f), the cause or causes of any such change in the market price of a Party’s securities may constitute, in and of itself, a Material Adverse Effect and may be taken into account in determining whether a Material Adverse Effect has occurred), provided, however, that with respect to clauses (a), (b), (d), (e), and (f), such matter does not relate primarily to a Party and its Subsidiaries, taken as a whole, or does not have a materially disproportionate effect on such Party and its Subsidiaries, taken as a whole, relative to comparable entities operating in such Party’s and its Subsidiaries’ industry, and references in the Arrangement Agreement to dollar amounts are not intended to be and shall not be deemed to be illustrative or interpretative for purposes of determining whether a **“Material Adverse Effect”** has occurred.

“Material Contract” means, in respect of CNI, the Contracts listed in the CNI Disclosure Letter, and in respect of IMX, the Contracts listed in the IMX Disclosure Letter.

“material fact” and **“material change”** have the meanings specified in the Securities Laws.

“Meeting” means the special meeting of Shareholders to be held on September 12, 2012 at 10:00 a.m. Toronto time.

“Meeting Materials” has the meaning specified in the section of the Circular entitled “General Information Respecting the Meeting – Voting by Non-Registered/Beneficial Shareholders”.

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions*.

“Misrepresentation” has the meaning specified in the Securities Laws.

“Nachingwea Committee” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Covenants – Covenants of IMX”.

“Nachingwea DFS” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Covenants – Covenants of IMX”.

“Nachingwea Project” means the joint venture project of CNI and IMX as specifically defined by the term **“Mining Project”** in the Shareholders Agreement.

“Nachingwea Project Plan” means the project plan as approved by the joint venture partners of the Nachingwea Project on March 29, 2012.

“Named Proxyholder” has the meaning specified in the section of the Circular entitled “Q & A on the Arrangement, Voting Rights and Solicitation of Proxies”.

“NI 43-101” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

“Non-Resident Dissenting Shareholder” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Non-Resident Dissenting Shareholders”.

“Non-Resident Holder” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations – Holders Not Resident in Canada”.

“Note” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Covenants – Covenants of IMX”.

“Notice of Meeting” means the Notice of Special Meeting of Shareholders accompanying this Circular.

“Notice of Objection” has the meaning specified in the section of the Circular entitled “Rights of Dissenting Shareholders”.

“Notice of Resolution” has the meaning specified in the section of the Circular entitled “Rights of Dissenting Shareholders”.

“Offer to Pay” has the meaning specified in the section of the Circular entitled “Rights of Dissenting Shareholders”.

“officer” has the meaning specified in the Securities Laws.

“Option Exchange Ratio” means 3.7, plus the amount resulting from the division of the fair market value of 0.5 of an IMX Warrant by the fair market value of an IMX Share at the Effective Time. For this purpose, the fair market value of an IMX Warrant will be determined by IMX and CNI acting reasonably, using “Black-Scholes” or a similar methodology.

“Ordinary Course” means, with respect to an action taken by a Party, that such action is consistent with the past practices of such Party and is taken in the ordinary course of the normal day-to-day operations of the business of such Party.

“Osler” has the meaning specified in the section of the Circular entitled “The Arrangement – Background to the Arrangement”.

“Outside Date” means September 28, 2012 (unless IMX has not received any material documentation from a third party required to complete the mailing of the Circular, including any required NI 43-101-compliant technical reports on the IMX Property by July 30, 2012, in which case the Outside Date may be extended, with the prior written consent of CNI, to October 30, 2012) or such later date as may be agreed to in writing by the Parties.

“Parties” means the CNI and IMX and **“Party”** means any one of them.

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“Plan of Arrangement” means the plan of arrangement, substantially in the form of Appendix B to this Circular.

“Project Metric Changes” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Covenants – Covenants of IMX”.

“Proposed Amendments” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations”.

“Record Date” means the close of business (Toronto time) on July 26, 2012.

“registered Shareholder” means a Shareholder in possession of a physical Continental Share certificate as recorded with the Transfer Agent.

“Regulatory Approval” means, any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case in connection with, resulting from, or required to complete, the Arrangement.

“Replacement Option” has the meaning specified in the section of the Circular entitled “The Arrangement – Overview of the Arrangement”.

“Required Approval” has the meaning specified in the section of the Circular entitled “The Arrangement – Reasons for the Arrangement”.

“Resident Dissenting Shareholder” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations – Holders Resident in Canada – Resident Dissenting Shareholders”.

“Resident Holder” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations – Holders Resident in Canada”.

“Securities Authority” means the Ontario Securities Commission and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada.

“Securities Laws” means the *Securities Act* (Ontario) and any other applicable provincial securities Laws.

“Shareholders Agreement” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Continental Non-Solicitation”.

“Shareholders” means the registered or beneficial holders of the Continental Shares, as the context requires.

“Subsidiary” has the meaning specified in Securities Laws.

“Superior Proposal” means any *bona fide* written Acquisition Proposal from a Person who is an arm’s length third party to acquire not less than all of the outstanding Continental Shares (other than any Continental Shares owned by such Person and any joint actor with such Person and any of their respective affiliates) or all or substantially all of the assets of CNI on a consolidated basis, that complies with Securities Laws and did not result from or involve a breach of the non-solicitation covenants of the Arrangement Agreement and: (a) is reasonably capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal, (b) if any consideration is cash, is not subject to any financing contingency and in respect of which any required financing to complete the Acquisition Proposal has been demonstrated to the satisfaction of the CNI Board acting in good faith, (c) is not subject to any due diligence or access condition, and (d) that the CNI Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by IMX pursuant to its right to match under the Arrangement Agreement).

“Superior Proposal Notice” has the meaning specified in the section of the Circular entitled “The Arrangement Agreement – Continental Non-Solicitation”.

“Tax Act” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations”.

“taxable capital gain” has the meaning specified in the section of the Circular entitled “Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses”.

“Transfer Agent” has the meaning specified in the section of the Circular entitled “Q & A on the Arrangement, Voting Rights and Solicitation of Proxies”.

“TSX” means the Toronto Stock Exchange.

“TSXV” means the TSX Venture Exchange.

“United States” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and

“U.S. Securities Act” means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

“voting instruction form” has the meaning specified in the section of the Circular entitled “General Information Respecting the Meeting – Voting by Non-Registered/Beneficial Shareholders”.

GENERAL INFORMATION RESPECTING THE MEETING

Solicitation of Proxies

The enclosed proxy is being solicited by or on behalf of the management of the Corporation. The mailing to Shareholders of this Circular will be on or about August 20, 2012. The cost of soliciting proxies will be borne by the Corporation. While most proxies will be solicited by mail only, regular employees of the Corporation may also solicit proxies by telephone or in person. Such employees will receive no additional compensation for these services other than their regular salaries, but will be reimbursed for their reasonable expenses.

The Corporation will provide proxy materials to brokers, custodians, nominees and fiduciaries and will request that such materials be promptly forwarded to the beneficial owners of Continental Shares registered in the names of such brokers, custodians, nominees and fiduciaries. The Corporation will reimburse brokers, custodians, nominees and fiduciaries for their reasonable charges and expenses incurred in forwarding proxy materials to beneficial owners of Continental Shares.

Voting Continental Shares

The Board of Directors of Continental has fixed July 26, 2012 as the Record Date for the purpose of determining Shareholders entitled to receive notice of, and vote at, the Meeting.

The Corporation will prepare a list of Shareholders entitled to vote as of the Record Date, showing the number of Continental Shares held by each such Shareholder. Each person named on the list of Shareholders is entitled to one vote for each Continental Share held.

Registered Shareholders

Registered Shareholders are Shareholders whose Continental Shares are held in their own name and they will have received a form of proxy in their own name.

Voting by Non-Registered/Beneficial Shareholders

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are beneficial Shareholders because the Continental Shares they own are not registered in their names but are instead registered in the name of the bank, trust company, securities broker, trustee or other nominee or intermediary through which they purchased the Continental Shares. Continental Shares beneficially owned by a beneficial Shareholder are registered either: (a) in the name of an intermediary ("**Intermediary**") that the beneficial Shareholder deals with in respect of the Continental Shares; or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")) of which the Intermediary is a participant. In accordance with applicable Securities Law requirements, the Corporation will have distributed copies of the Notice, this Circular, the form of proxy and the Letter of Transmittal (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to beneficial Shareholders.

Intermediaries are required to forward the Meeting Materials to beneficial Shareholders unless a beneficial Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to beneficial Shareholders. Generally, beneficial Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the beneficial Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "**voting instruction form**") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to beneficial Shareholders and asks beneficial Shareholders to return the forms to Broadridge or

otherwise communicate voting instructions to Broadridge (by way of the Internet at www.proxyvote.com or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed form of proxy accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the beneficial Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. **A beneficial Shareholder who receives a voting instruction form cannot use that form to vote his or her Continental Shares at the Meeting in person; or**

- (b) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the beneficial Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the beneficial Shareholder when submitting the proxy. In this case, the beneficial Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Capital Transfer Agency Inc., 105 Adelaide Street West, Suite 1101, Toronto, Ontario M5H 1P9.

In either case, the purpose of these procedures is to permit beneficial Shareholders to direct the voting of the Continental Shares they beneficially own. Should a beneficial Shareholder who receives one of the above forms wish to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, (or have another person attend and vote on behalf of the beneficial Shareholder), the beneficial Shareholder should strike out the persons named in the voting instruction form and insert the beneficial Shareholder or such other person's name in the blank space provided. **In either case, beneficial Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered.**

A beneficial Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote, which is not received by the Intermediary at least seven days prior to the Meeting.

Appointment of Proxy Holders

The Named Proxyholders are directors and/or officers of CNI. **A Shareholder has the right to appoint some other person (who need not be a Shareholder) to attend and to act for and on behalf of such Shareholder at the Meeting.** To exercise this right, the Shareholder must either insert the name of the desired person in the blank space provided in the proxy and strike out the other names or submit another proper form of proxy. In either case, to be effective, the enclosed form of proxy must be mailed or faxed so as to reach or be deposited with Capital Transfer Agency Inc., 105 Adelaide Street West, Suite 1101, Toronto, Ontario M5H 1P9, Fax: (416) 350-5008 or Tel: (416) 350-5007 no later than 10:00 a.m. (Toronto time) on August 27, 2012, or on a day (excluding Saturdays, Sundays and holidays) which is at least 48 hours before the time of the Meeting or any adjourned or postponed Meeting.

All Continental Shares represented by a properly executed and deposited proxy will be voted or withheld from voting on the matters identified in the Notice of Meeting in accordance with the instructions of the Shareholder as specified thereon.

If you have appointed a person who was designated by Continental to vote on your behalf as provided in the enclosed form of proxy and you do not provide any instructions concerning any matter identified in the Notice of Meeting, the Continental Shares represented by such proxy will be voted IN FAVOUR of each of the By-law Resolution and the Arrangement Resolution.

The enclosed form of proxy, when properly signed, confers discretionary authority on the person or persons named to vote on any amendment to matters identified in the Notice of Meeting and on any other matter properly coming

before the Meeting. Management is not aware of any such matter; however, if such matter properly comes before the Meeting, the proxies will be voted at the discretion of the person or persons named therein. The persons named in the form of proxy are either officers or directors of CNI.

Revocability of Proxies

A Shareholder who has voted by proxy may revoke it any time prior to its use. To revoke a proxy, a registered Shareholder may deliver a written notice to the registered office of the Corporation at 20 Adelaide Street East, Suite 915, Toronto, ON M5C 2T6, Fax: (416) 603-8760; Attention: Gary Hill, or at the offices of the Capital Transfer Agency Inc., 105 Adelaide St. West, Suite 1101, Toronto, Ontario M5H 1P9 at any time up to 10:00 a.m. (Toronto time) on the last Business Day before the Meeting or any adjournment or postponement of the Meeting. A proxy may also be revoked on the day of the Meeting or any adjournment or postponement of the Meeting by a registered Shareholder by delivering written notice to the chair of the Meeting. In addition, the proxy may be revoked by any other method permitted by Law. The written notice of revocation may be executed by the Shareholder or by an attorney who has the Shareholder's written authorization. If the Shareholder is a corporation, the written notice must be executed by its duly authorized officer or attorney.

Voting Securities and Principal Holders of Voting Securities

The authorized share capital of the Corporation consists of an unlimited number of Continental Shares. As of August 10, 2012, there were 42,793,508 Continental Shares outstanding. Each Continental Share carries the right to one vote on any matter properly coming before the Meeting. A quorum for the meeting of Shareholders is two persons entitled to vote present in person or by proxy.

The following table shows, based on public filings as of the date of this Circular, each person who is known to the Corporation or to its directors and officers, to beneficially own, control or direct, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation entitled to be voted at the meeting.

Name of Shareholder	Continental Shares Owned, Controlled or Directed	Percentage of Class of Outstanding Continental Shares of the Corporation⁽¹⁾
IMX Resources Limited.....	15,813,138	37.0%
Geologic Resource Partners	6,254,100	14.6%
Galena Special Situations Master Limited	4,515,825	10.6%

Notes:

(1) Based on 42,793,508 Continental Shares issued and outstanding as at the date hereof.

AMENDMENT TO THE CORPORATION'S BY-LAWS

Shareholders will be asked to pass the By-law Resolution in order to ratify, confirm and approve an amendment to the Corporation's by-laws. In November 2011, the CNI Board passed a resolution approving an amendment to Continental's by-laws to remove the existing Canadian residency requirements with respect to committees of the CNI Board in order to ensure ongoing compliance with Continental's Constatng Documents.

Pursuant to the terms of CBCA, where the directors of a corporation make, amend or repeal a by-law, they are required under the CBCA to submit the by-law, amendment or repeal to the shareholders of the corporation at the next meeting of shareholders and the shareholders may confirm, reject or amend the by-law, amendment or repeal by an ordinary resolution. If a by-law, amendment or repeal is rejected by the shareholders, then such by-law, amendment or repeal will cease to be effective and no subsequent resolution of the directors to make, amend or repeal a by-law having substantially the same purpose or effect is effective until it is confirmed or confirmed as amended by the shareholders.

The full text of the By-law Resolution is as follows:

“RESOLVED as an ordinary resolution of the Corporation that:

1. The amendment to the by-laws of Continental by the deletion in its entirety of section 4.01 of the by-laws of Continental and replacing section 4.01 with the following provision, is ratified, confirmed and approved:

The directors may from time to time appoint from their number a committee of directors, and allocate to such committee any of the powers of the directors except those which, under the CBCA, a committee of directors has no authority to exercise.

2. Any one or more directors or officers of Continental is hereby authorized, for and on behalf and in the name of Continental, to execute and deliver, whether under corporate seal of Continental or otherwise, all such agreements, forms waivers, notices, certificate, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, including: all actions required to be taken by or on behalf of Continental, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and the signing of the certificates, consents and other documents or declarations required or otherwise to be entered into by Continental, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

3. Any and all resolutions or other actions heretofore taken by any director or officer of Continental with respect to, and in contemplation of, the transactions contemplated by any of the foregoing resolutions are ratified, confirmed and approved.”

Unless otherwise directed in the form of proxy, it is the intention of the Named Proxyholders to vote proxies IN FAVOUR of the By-law Resolution. In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by shareholders present in person or by proxy at the Meeting who vote in respect to the By-law Resolution.

THE ARRANGEMENT

Background to the Arrangement

As joint venture partners of the Nachingwea Project, Continental and IMX engage in discussions from time to time regarding the status of the Nachingwea Project, including with respect to the structure of the joint venture and with respect to discussions with their respective shareholders. Over the last nine months, shareholders of Continental and IMX have expressed their concern regarding the complex structure of ownership of the Nachingwea Project and the lack of liquidity in the trading of both Continental Shares and IMX Shares. Representatives of IMX advised representatives of Continental that IMX was studying all potential alternatives with respect to its interest in CNI.

In early February 2012, Mr. John Nitschke, Chairman of Continental, was appointed Chairman of IMX. Following disclosure of the appointment, representatives of Continental met with the Corporation’s advisors to discuss the relationship between Continental and IMX.

In early April 2012, Mr. David Massola, President and Chief Executive Officer of the Corporation and Messrs. Massola and Stuart Feiner and Bert MacNabb, each directors of the Corporation, met with representatives of Osler, Hoskin & Harcourt LLP (“**Osler**”), counsel to Continental, to discuss potential transactions involving Continental and IMX and potential structuring issues of a transaction. Among other things, the Continental representatives discussed the possible formation of a special committee of the CNI Board, comprised of independent directors.

On April 11, 2012, Mr. Neil Meadows, Managing Director of IMX, presented an indicative proposal to Mr. Massola regarding a transaction pursuant to which IMX would acquire all of the outstanding Continental Shares that it did not already own, at an offer price of 2.9 IMX Shares for each Continental Share. IMX also provided a form of mutual confidentiality agreement and form of exclusivity agreement to Continental. Mr. Massola in turn sent the indicative proposal to Messrs. Feiner and MacNabb for their review, as well as to representatives of Osler.

On April 12, 2012, Messrs. Massola, Feiner and MacNabb met with Mr. Meadows and Mr. Stephen Hunt, a non-executive director of IMX and representatives of IMX's financial advisor, Standard Chartered Bank, to discuss the IMX proposal. During the initial discussion, Messrs. Massola, Feiner and MacNabb indicated that the indicative price would not be one which they would be prepared to support. After further discussions, IMX proposed to increase its offer price to 3.5 IMX Shares plus 0.5 of an IMX Warrant. At the end of the meeting, Messrs. Massola, Feiner and MacNabb indicated that, subject to the completion of a necessary diligence investigation of IMX, review of the transaction from a financial point of view by Continental's financial advisors and consideration of the process and the preparation and negotiation of definitive documentation, including advice from Osler, the proposal could be one that they might be prepared to support.

The next morning, on April 13, 2012, the CNI Board formally approved the appointment of the Independent Committee, consisting of Messrs. Feiner and MacNabb. Later that morning, the Independent Committee met with Osler and Mr. Massola to discuss the proposal and next steps, including the engagement of Corrs Chambers Westgarth as Australian counsel to Continental with respect to a potential transaction and to discuss the form of mutual confidentiality agreement that IMX provided. That afternoon, Osler forwarded a revised draft of the proposed confidentiality agreement to IMX, together with a revised form of exclusivity agreement.

On April 16, 2012, the financial advisor to IMX, Standard Chartered Bank, contacted Mr. Feiner to discuss the confidentiality agreement. Having reviewed the comments of the Independent Committee, IMX had determined it to be preferable to not enter into a mutual exclusivity agreement but to proceed directly to an arrangement agreement. That same day, the Independent Committee met with Mr. Massola and Osler, during which time, the Independent Committee discussed the engagement of a financial advisor. The Independent Committee requested that Mr. Massola discuss the proposed transaction with at least two potential investment banks, including GMP. Later on April 16, Osler, on the instructions of the Independent Committee, provided a form of one-way confidentiality agreement to be entered into regarding IMX's confidential information. In addition, on April 16, 2012, IMX circulated a draft form of Arrangement Agreement.

On April 18, 2012, the Independent Committee met with Mr. Massola and Osler to discuss the draft Arrangement Agreement. Osler reviewed the key provisions of the draft Arrangement Agreement with the Independent Committee and the Independent Committee determined to send an initial response to IMX following review of the agreement.

On April 19, 2012, the Independent Committee formally engaged GMP to act as financial advisor in connection with the proposed Arrangement. In addition to advising with respect to the proposed Arrangement, GMP was directed to complete a "market check" with respect to potential third parties that might be interested in entering into a transaction with Continental. During the course of their engagement, GMP contacted a number of potentially interested parties, including those whom had already entered into a confidentiality agreement with the Corporation prior to February 2012.

Between April 18, 2012 and April 22, 2012, the Independent Committee reviewed the draft Arrangement Agreement with Osler and discussed certain financial aspects of the Arrangement with GMP. The Independent Committee instructed Osler to prepare a revised draft of the Arrangement Agreement. On April 22, 2012, Osler forwarded a revised draft of the Arrangement Agreement to IMX. That same day, the Independent Committee discussed with senior management and Osler the appropriate due diligence investigation to be completed by CNI on IMX and determined that it would be preferable to narrow the scope of commercial issues on the Arrangement Agreement before executing the proposed Confidentiality Agreement.

On April 25, 2012, Mr. Meadows provided a response to the Independent Committee with respect to certain key commercial issues contained in the revised draft Arrangement Agreement. Between April 25, 2012 and April 30, 2012, representatives of Continental and IMX, together with their advisors, engaged in various correspondence and discussions regarding the key commercial terms in the draft Arrangement Agreement that remained outstanding. On April 30, 2012, Continental and IMX entered into the Confidentiality Agreement with respect to IMX confidential information. Shortly thereafter, Continental commenced its legal diligence review of IMX and, with its independent technical advisor, commenced diligence on IMX's material properties.

On May 2, 2012, following discussions with the Independent Committee and GMP in respect of certain financial aspects of the transaction, Osler prepared and circulated a revised draft of the Arrangement Agreement. The

following day Mr. Feiner and Mr. Meadows discussed the status of the transaction and the transaction documentation. Mr. Meadows reiterated that IMX's willingness to proceed with a transaction was conditional on obtaining support of certain Shareholders. Between May 3, 2012 and May 7, 2012, Continental and IMX engaged in several discussions regarding various aspects of the transaction and the transaction documentation, including the draft Arrangement Agreement and form of CNI Voting Agreement.

On May 7, 2012, the Independent Committee received the due diligence reports of Corrs Chambers Westgarth with respect to their legal diligence investigation of IMX and received a summary report from the Corporation's independent technical consultant regarding IMX's material properties.

Later that day, Mr. Massola and Mr. Meadows contacted Continental's three largest Shareholders (other than IMX) to discuss the proposed Arrangement and the proposed form of CNI Voting Agreements, pursuant to which IMX requested that each such Shareholder agree to support the proposed Arrangement.

On May 8, 2012, Messrs. MacNabb and Massola discussed the status of the transaction and outstanding issues with Mr. Meadows and IMX's financial advisor. Later that day, a representative of one of the three Shareholders approached Mr. Massola to confirm that they would be discussing the proposed Consideration with IMX.

On May 10, 2012, Mr. Meadows contacted Mr. Massola to confirm that the material terms of the CNI Voting Agreements had been settled with the three Shareholders and confirmed that, as a result of discussions with such Shareholders and CNI in principle and subject to settling definitive CNI Voting Agreements, IMX had determined to increase the Consideration to be offered by IMX under the Arrangement to 3.7 IMX Shares and 0.5 of an IMX Warrant for each Continental Share. Later that day, the Independent Committee discussed the status of the transaction and the outstanding matters to be settled, including with respect to the timing and terms of a loan from IMX to Continental (the "**Loan**").

The following day, a representative of GMP contacted IMX's financial advisor to discuss certain outstanding matters. Over the course of the weekend, representatives of Continental and representatives of IMX discussed the revised documentation and the outstanding transaction matters.

On May 14, 2012, the Independent Committee met to discuss the revised draft of the Arrangement Agreement that reflected the Independent Committee's position with respect to the provision of an advance and a loan from IMX. The Independent Committee confirmed that Osler should continue to work with IMX's legal counsel to settle the applicable documentation. The following day the Independent Committee met to further discuss the outstanding matters in the Arrangement Agreement and the CNI Voting Agreements.

On May 16, 2012, the Independent Committee met to review the final terms of the draft Arrangement Agreement, to receive an oral fairness opinion from GMP and to consider other factors relevant to the proposed Arrangement. GMP provided an oral fairness opinion addressed to the Independent Committee and the CNI Board and subsequently confirmed in writing, to the effect that, as of May 16, 2012 and subject to the various assumptions, explanations, qualifications and limitations set forth in the GMP Fairness Opinion, the Consideration to be paid by IMX pursuant to the Arrangement was fair, from a financial point of view, to the Shareholders (other than certain "interested parties" under applicable Law, including IMX and its affiliates). Following discussion, the Independent Committee unanimously determined that the Arrangement was in the best interests of the Corporation and fair from the point of view of the Shareholders (other than those parties who are "interested parties" under applicable Law, including IMX and its affiliates). Accordingly, the Independent Committee unanimously recommended that the CNI Board approve the Arrangement and recommended that the CNI Board recommend that the Shareholders vote IN FAVOUR of the Arrangement Resolution.

Following the meeting of the Independent Committee, the CNI Board met to receive the recommendations of the Independent Committee with respect to the proposed Arrangement and, following the receipt of the recommendation of the Independent Committee and a discussion of the merits of the Arrangement, the CNI Board unanimously determined (with Messrs. Nitschke and Haggarty having disclosed an interest in the transaction and not permitted under the CBCA to vote) that the Arrangement was in the best interests of the Corporation and was fair from the point of view of the Shareholders (other than those parties who are "interested parties" under applicable Law, including IMX and its affiliates) and recommended that Shareholders vote IN FAVOUR of the Arrangement. The Arrangement Agreement was subsequently executed and publicly announced by joint news release.

On July 24, 2012, IMX, IMX Holdings and Continental entered into an amendment to the Arrangement Agreement, amending the Plan of Arrangement to provide for the acquisition of the Continental Shares by IMX Holdings. A copy of the amendment to the Arrangement Agreement is available on SEDAR at www.sedar.com under Continental's profile.

On August 2, 2012, the CNI Board determined to reschedule the Meeting from August 29, 2012 until September 12, 2012.

Recommendation of the Independent Committee

The CNI Board established the Independent Committee to, among other things, review and consider the Arrangement. The Independent Committee retained GMP to act as financial advisor to the Independent Committee and the CNI Board and to provide the GMP Fairness Opinion to the Independent Committee and the CNI Board.

GMP has given an opinion to the effect that, as of the date of the opinion and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth in the GMP Fairness Opinion, the Consideration to be paid by IMX pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders (other than certain "interested parties" under applicable Law, including IMX and its affiliates). The Independent Committee, having undertaken a thorough review of, and carefully considered, the proposed Arrangement and the alternatives, including consulting with its legal advisors and having taken into account the GMP Fairness Opinion and such other matters as it considered relevant, unanimously determined that the Arrangement is in the best interests of the Corporation and is fair from the point of view of the Shareholders (other than those parties who are "interested parties" under applicable Law, including IMX and its affiliates). Accordingly, the Independent Committee unanimously recommended that the CNI Board approve the Arrangement and recommended that the CNI Board recommend that the Shareholders vote IN FAVOUR of the Arrangement Resolution.

Recommendation of the CNI Board

After careful consideration, the CNI Board, based in part on the unanimous recommendation of the Independent Committee and the GMP Fairness Opinion, has unanimously determined (with Messrs. Nitschke and Haggarty having disclosed an interest in the transaction and not permitted under the CBCA to vote) that the Arrangement is in the best interests of the Corporation and is fair from the point of view of the Shareholders (other than those parties who are "interested parties" under applicable Law, including IMX and its affiliates) and recommends that Shareholders vote IN FAVOUR of the Arrangement.

Reasons for the Arrangement

In the course of their evaluation of the Arrangement, the Independent Committee and the CNI Board consulted with Continental's senior management, legal counsel and GMP, reviewed a significant amount of information and considered a number of factors including, among others, the following:

Premium to Shareholders. IMX has offered Shareholders a premium to the Continental Share price. The Consideration to be received by Shareholders under the Arrangement represents a premium of approximately 51% to the last closing price of the Continental Shares on the TSXV immediately prior to announcement of the Arrangement Agreement, a 45% premium to the volume-weighted average price of the Continental Shares on the TSXV for the 20 trading day period prior to the announcement of the Arrangement and the closing price of the IMX Shares on the ASX on May 16, 2012 and a 67% premium to the volume-weighted average price of the Continental Shares on the TSXV for the 20 trading day period prior to the announcement of the Arrangement based on the volume-weighted average price of the IMX Shares on the ASX for the 20 trading day period prior to the announcement of the Arrangement.

Enhanced Trading Liquidity. IMX is currently listed on the ASX. In connection with the Arrangement, IMX has agreed to list the IMX Shares and IMX Warrants forming part of the Consideration on the ASX. In addition, IMX has applied to list the IMX Shares and IMX Warrants on the TSX, providing greater opportunity to Shareholders to trade in securities of the combined company.

Consolidation of Nachingwea. The transaction will consolidate ownership of the Nachingwea Project and result in a more direct and simple chain of control of ownership.

Diversification of Assets. If the Arrangement is completed, Shareholders will be able to participate not only in the development of the Nachingwea Project, but also in advancement of IMX's existing operations and projects, including the Cairn Hill project and the Mount Woods development project.

Advice from GMP. The receipt by the Independent Committee and the CNI Board of the GMP Fairness Opinion which provides that, as of the date thereof and subject to the assumptions, explanations, limitations and qualifications contained therein, the Consideration to be received by Shareholders pursuant to the Arrangement is fair from a financial point of view, to the Shareholders (other than certain "interested parties" under applicable Law, including IMX and its affiliates). The GMP Fairness Opinion is attached as Appendix C to this Circular.

The Terms of the Arrangement Agreement. Under the Arrangement Agreement, the CNI Board remains able to respond, in accordance with its fiduciary duties, to unsolicited proposals that are more favourable to Shareholders than the Arrangement.

CNI Voting Agreements. Certain Shareholders have entered into CNI Voting Agreements with IMX pursuant to which they have agreed, among other things, to vote an aggregate of approximately 29.8% of the outstanding Continental Shares in favour of the Arrangement.

Required Shareholder and Court Approvals. The CNI Board considered the following rights and approvals which protect Shareholders:

- (a) the Arrangement Resolution must be approved (the "**Required Approval**") by:
 - (i) not less than two-thirds of the votes cast at the Meeting; and
 - (ii) not less than a majority of the votes cast at the Meeting, excluding any votes cast by certain "interested parties" under applicable Law, including IMX and its affiliates;
- (b) the Arrangement must be approved by the Court, which will consider, among other things, the fairness of the Arrangement to Shareholders; and
- (c) Shareholders have the right to dissent to the Arrangement.

Treatment of CNI Options. Each unexercised CNI Option, whether vested or unvested, will be exchanged for a fully vested Replacement Option. The number of IMX Shares which may be acquired upon the exercise of a Replacement Option, and the exercise price of such Replacement Option, will be adjusted in accordance with the Option Exchange Ratio. The Option Exchange Ratio is defined under the Plan of Arrangement to mean 3.7, plus the amount resulting from the division of the fair market value of 0.5 of an IMX Warrant by the fair market value of an IMX Share at the Effective Time. For the purposes of the Option Exchange Ratio, the fair market value of a IMX Warrant will be determined by IMX and Continental acting reasonably, using the "Black-Scholes" or a similar methodology. All terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the CNI Option for which it was exchanged, and shall be governed by the terms of the CNI Option Plan and any certificate or option agreement previously evidencing the CNI Option shall thereafter evidence and be deemed to evidence such IMX Replacement Option and such Replacement Option shall be designed to meet the requirements of subsection 7(1.4) of the ITA.

Funding from IMX. Under the Arrangement Agreement, IMX agreed to provide funding to the Corporation in order to assist Continental in funding its obligations at the Nachingwea Project for 2012. IMX agreed to provide (a) on or before the Advance Date, US\$3.75 million as an advance against amounts required to be contributed by IMX under the Nachingwea Project Plan, and (b) on or before the Loan Date, US\$3.75 million as a loan to Continental to be evidenced by the Note. In connection with the provision of the Loan, Continental agreed to credit the Loan amount against certain future funding by IMX. This funding will allow the Corporation to proceed with its 2012 drilling program for the Nachingwea Project. (In accordance with the its covenants in the Arrangement Agreement, IMX subsequently provided the advance funding and the Loan to the Corporation.)

In accordance with its covenants in the Arrangement Agreement, IMX has provided the advance funding and Loan to the Corporation. See the section of the Circular entitled “The Arrangement Agreement – Covenants of IMX”.

In the course of its deliberations, the Independent Committee and the CNI Board also identified and considered a variety of risks (as described in greater detail under “Risk Factors” in this Circular) and potentially negative factors in connection with the Arrangement, including, but not limited to:

- The IMX Shares and IMX Warrants issued on closing of the Arrangement may have a market value different than at the time of announcement of the Arrangement.
- The completion of the Arrangement is subject to several conditions that must be satisfied or waived. There can be no certainty that these conditions will be satisfied or waived.
- The Arrangement Agreement may be terminated by Continental or IMX in certain circumstances, in which case the market price for Continental Shares may be adversely affected.
- The issuance of a significant number of IMX Shares pursuant to the Arrangement could adversely affect the market price of IMX Shares.
- If Continental is required to pay the CNI Termination Fee and an alternative transaction is not completed, Continental’s financial condition will be materially adversely affected.
- The combined company may not realize the benefits currently anticipated due to challenges associated with integrating the operations, assets and personnel of Continental and IMX.
- The combined company will be subject to a broad range of environmental Laws and regulations and associated costs and liabilities.
- The combined company may not meet production or cost estimates.
- The cash flow from operations of the combined company may be affected by a change in the production outlook.
- Competition in the mining industry may adversely affect the combined company’s ability to acquire additional properties.
- Significant management time and attention will be diverted from the existing business of Continental in order to undertake the Arrangement, which could have an adverse impact on Continental.

The reasons for the CNI Board recommending the Arrangement include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See the section of this Circular entitled “Cautionary Statement Regarding Forward-Looking Statements” and “Risk Factors” in this Circular and in the Appendices to this Circular.

The foregoing summary of the information and factors considered by the Independent Committee and the CNI Board is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Arrangement, the Independent Committee and the CNI Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The recommendations of the Independent Committee and the CNI Board were made after considering all of the above-noted factors and in light of the Independent Committee’s and the CNI Board’s knowledge of the business, financial condition and prospects of Continental, and was also based on the advice of financial advisors and legal advisors to the CNI Board. In addition, individual members of the Independent Committee and the CNI Board may have assigned different weights to different factors.

CNI Voting Agreements

Certain Shareholders (the “**CNI Locked-Up Shareholders**”) have, subject to the exceptions set out below, each entered into a CNI Voting Agreement with IMX. Pursuant to the terms of the CNI Voting Agreements, the CNI Locked-Up Shareholders have agreed in respect of an aggregate of approximately 29.8% of the outstanding Continental Shares (as of May 15, 2012), subject to the terms and conditions of the CNI Voting Agreements, including termination events described below to, among other things:

- vote all (or some, in the case of one CNI Locked-Up Shareholder) Continental Shares held by them, or over which they have control or direction, as at the date of the Meeting, in favour of the Arrangement Resolution;
- not tender or deposit any Continental Shares held by them to any tender offer or take-over bid made by any Person other than IMX; and
- not dispose of any Continental Shares held by them without IMX’s prior written consent except in the limited circumstances provided in the CNI Voting Agreements.

The obligations under the respective CNI Voting Agreement will terminate automatically upon termination of the Arrangement Agreement in accordance with its terms and conditions, including, if applicable, payment of the CNI Termination Fee. The obligations under each CNI Voting Agreement will also terminate on the earlier of the occurrence of the Effective Date, any amendment of the Arrangement Agreement that results in less Consideration than in the Arrangement, or the Outside Date.

The CNI Locked-Up Shareholders may terminate their CNI Voting Agreements in the event of an IMX breach of covenant or material change in representation or warranty or in the event that Continental receives an Acquisition Proposal which the CNI Locked-Up Shareholder reasonably considers to be more favourable from a financial point of view to the Shareholders than the Arrangement as well as meeting certain other conditions.

In addition, one CNI Locked-Up Shareholder negotiated a revised form of CNI Voting Agreement that provides additional flexibility to the CNI Locked-Up Shareholder to respond to an alternative transaction, including:

- the freedom to vote, dispose of its interest in, encumber or otherwise deal in approximately one half of its Continental Shares in its absolute discretion, which Continental Shares are not subject to the CNI Voting Agreement;
- an outside date of October 31, 2012, after which subject CNI Locked-Up Shareholder is not bound to vote the any of its Continental Shares;
- the need for Parties to seek and obtain prior written approval of one another before making any public announcement or statement with respect to the CNI Voting Agreement; and
- additional termination rights for the subject CNI Locked-Up Shareholder in cases where Continental proposes to enter into an agreement in connection with a Superior Proposal and by mutual agreement of the subject CNI Locked-Up Shareholder and IMX.

Overview of the Arrangement

The purpose of the Arrangement is to effect the combination of Continental and IMX. Upon completion of the Arrangement, IMX Holdings will acquire all of the issued and outstanding Continental Shares and Continental will become wholly-owned by IMX and IMX Holdings. As a result of the Arrangement, each Shareholder (other than a Dissenting Shareholder and IMX) will receive 3.7 IMX Shares and 0.5 of an IMX Warrant for each Continental Share. Each whole IMX Warrant will entitle the holder to acquire one IMX Share at an exercise price of either \$0.62 or A\$0.60 (solely at the election of the holder) for three years following the Effective Date, except that the IMX Warrants may not be exercised by any holder during the 40-day period following the Effective Date, and the warrants may not be exercised at any time by a holder who is in the United States (within the meaning of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act

and applicable state securities Laws is available. The Arrangement is to be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement.

At the Effective Time, the following transactions will occur in the following sequence:

- (a) each Continental Share outstanding at the Effective Time, other than a Continental Share held by (A) a Dissenting Shareholder who has validly exercised his, her or its Dissent Right, and (B) IMX or any of its affiliates (which Continental Shares shall not be exchanged under the Arrangement but shall remain outstanding as a Continental Share held by IMX or such affiliate), shall be deemed to be assigned and transferred by the holder thereof to IMX Holdings (free and clear of all Encumbrances), in exchange for the Consideration for each Continental Share held;
- (b) each Continental Share in respect of which a holder of a Continental Share has validly exercised his, her or its Dissent Right shall be directly assigned and transferred by such Dissenting Shareholder to IMX Holdings (free and clear of all Encumbrances) in consideration for a debt claim against CNI to be paid the fair value of such Continental Shares pursuant to the Dissent Procedures;
- (c) the names of the holders of the Continental Shares transferred to IMX Holdings shall be removed from the applicable registers of holders of Continental Shares, and IMX Holdings shall be recorded as the registered holder of the Continental Shares so transferred and shall be deemed the legal and beneficial owner thereof; and
- (d) each CNI Option which is outstanding and has not been duly exercised prior to the Effective Time, shall be cancelled and replaced by a fully-vested option (each, a **"Replacement Option"**) to purchase from IMX a number of IMX Shares (rounded down to the nearest whole share) equal to: (i) the Option Exchange Ratio multiplied by (ii) the number of Continental Shares subject to such CNI Option immediately prior to the Effective Time. Such Replacement Option shall provide for an exercise price per IMX Share (rounded up to the nearest whole cent) equal to: (A) the exercise price per Continental Share otherwise purchasable pursuant to such CNI Option immediately prior to the Effective Time; divided by (B) the Option Exchange Ratio. All terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the CNI Option for which it was exchanged, and shall be governed by the terms of the CNI Option Plan and any certificate or option agreement previously evidencing the CNI Option shall thereafter evidence and be deemed to evidence such Replacement Option.

One of the IMX Directors, Mr. John Nitschke, is a holder of CNI Options. While the ASX Listing Rules would normally require IMX to obtain IMX Shareholder approval in connection with the issuance of Replacement Options to Mr. Nitschke, IMX has applied for and obtained a waiver of such requirement from the ASX.

As of August 10, 2012, there were 42,793,508 Continental Shares and 4,072,500 CNI Options issued and outstanding. Assuming no issuance of additional Continental Shares, IMX will issue approximately 99,827,369 IMX Shares and 13,490,185 IMX Warrants in exchange for Continental Shares.

Following the completion of the Arrangement, Shareholders will hold approximately 27.5% of the then outstanding IMX Shares. There can be no assurance that IMX will not issue additional IMX Shares or securities convertible into IMX Shares prior to the completion of the Arrangement and as a result the ownership interest in IMX held by the former Shareholders could be diluted.

See the Plan of Arrangement attached as Appendix B for additional information.

GMP Fairness Opinion

The Independent Committee and the CNI Board retained GMP to address the fairness, from a financial point of view, of the Consideration to be received by Shareholders (other than certain "interested parties" under applicable Law, including IMX and its affiliates) pursuant to the Arrangement. In connection with this mandate, GMP provided an opinion to the Independent Committee and the CNI Board to the effect that, as at the date thereof and

subject to the assumptions, explanations, limitations and qualifications contained therein, the Consideration to be paid by IMX pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders (other than certain “interested parties” under applicable Law, including IMX and its affiliates). The GMP Fairness Opinion was rendered on the basis of securities markets, economic and general business and financial conditions prevailing at the date of the GMP Fairness Opinion and the conditions, prospects, financial and otherwise, of Continental and IMX, as applicable, as reflected in the documents reviewed by GMP and as they were presented to GMP. Subsequent developments may affect the GMP Fairness Opinion. GMP has disclaimed any obligation to advise any person of any change that may come to their attention or to update the GMP Fairness Opinion. The full text of the GMP Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the GMP Fairness Opinion, is attached as Appendix C to this Circular. The summary of the GMP Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the GMP Fairness Opinion.

Under its engagement letter with GMP, Continental has agreed to pay a fee to GMP for its services as a financial advisor, including a fee for the delivery of the GMP Fairness Opinion and a fee which is contingent upon the successful completion of the Arrangement. Continental has also agreed to indemnify GMP against certain liabilities in connection with its engagement.

The GMP Fairness Opinion is not a recommendation to any Shareholder as to how to vote or act on any matter relating to the Arrangement. The GMP Fairness Opinion was one of a number of factors taken into consideration by the Independent Committee and the CNI Board in considering the Arrangement. The Independent Committee and the CNI Board urge Shareholders to read the GMP Fairness Opinion carefully and in its entirety.

Shareholder and Court Approvals

Shareholder Approval

The CBCA requires that Shareholders approve the Arrangement by passing the Arrangement Resolution by at least two-thirds of the votes cast by Shareholders, in person or represented by proxy, at the Meeting. In addition, MI 61-101 requires that Shareholders approve the Arrangement by passing the Arrangement Resolution by at least a simple majority of the votes cast by the Shareholders, excluding any Continental Shares held by certain “interested parties” under applicable Law and otherwise, including IMX and IMX Holdings. The complete text of the Arrangement Resolution to be presented to the Meeting is set forth in Appendix A to this Circular.

Court Approval of the Arrangement

The CBCA requires that the Court approve the Arrangement.

On August 10, 2012, Continental obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters, pursuant to Court proceedings commenced in respect of the Arrangement by a Notice of Application dated July 19, 2012. Copies of the Interim Order and the Notice of Application are attached as Appendix D to this Circular.

The Court hearing in respect of the Final Order is expected to take place at 10:00 a.m. (Toronto time), on September 13, 2012, or as soon thereafter as counsel for Continental may be heard, at the courthouse located at 330 University Avenue, Toronto, Ontario, subject to the approval of the Arrangement Resolution at the Meeting. At the hearing, the Court will consider, among other things, the fairness of the terms and conditions of the Arrangement and the rights and interests of the affected parties. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement are approved by the Court, the IMX Shares and IMX Warrants issued pursuant to the Arrangement will not be registered under the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption.

Under the terms of the Interim Order, each Continental securityholder, will have the right to appear and make submissions at the application for the Final Order, subject to compliance with the terms of the Interim Order. Any Person desiring to appear at the hearing of the application for the Final Order is required to indicate his, her or its intention to appear by filing with the Court and serving Continental at the address set out below, on or before 10:00

a.m. (Toronto time) on September 7, 2012, a Notice of Appearance, together with all materials on which he, she or it intends to rely at the application. The Notice of Appearance and supporting materials must be delivered, within the time specified, to Continental at the following address:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6100
Toronto, Ontario
M5X 1B8

Attention: Craig Lockwood

Continental securityholders who wish to participate in or be represented at the Court hearing for the Final Order should consult their legal advisors as to the necessary requirements.

Arrangement Mechanics

Procedure for Exchange of Continental Shares

Following receipt of the Final Order and prior to the Effective Time, IMX shall deposit with the Depositary, for the benefit of the Shareholders, certificates or entitlements to securities representing the aggregate number of IMX Shares and IMX Warrants which the Shareholders are entitled to receive under the Plan of Arrangement (calculated without reference to whether any Shareholders have exercised or may exercise Dissent Rights). IMX will also deposit with the Depositary that amount of cash to enable the Depositary to make requisite payments in respect of fractional IMX Shares. Following the later of the Effective Date and the surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Continental Shares that were exchanged under the Arrangement, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Shareholder of such surrendered certificate will be entitled to receive in exchange therefor, the IMX Shares, IMX Warrants and fractional cash amount (if any) which such Shareholder has the right to receive under the Arrangement for such Continental Shares, less any amounts withheld under applicable Laws and any certificate so surrendered will forthwith be cancelled.

As soon as practicable following the later of the Effective Date and the date of deposit by a former Shareholder with the Depositary of a duly completed Letter of Transmittal and the certificates representing the Continental Shares or other documentation as provided in the Letter of Transmittal, IMX shall cause the Depositary to either:

- (a) if a Shareholder elects for Option 1 under the Letter of Transmittal to receive a DRS Advice issued by IMX's transfer agent, if no election is made or if Option 2 is elected (to provide for the Consideration to settle in Australia) but the Letter of Transmittal is completed incorrectly:
 - (i) forward or cause to be forwarded by first class mail (postage prepaid) to the holder at the address specified in the Letter of Transmittal;
 - (ii) if requested by the holder in the Letter of Transmittal, make available at the offices of the Depositary specified in the Letter of Transmittal for pick-up by the holder; or
 - (iii) if the Letter of Transmittal neither specifies an address as described in (i) above nor contains a request as described in (ii) above, forward or cause to be forwarded by mail (postage prepaid) to the holder at the address of such holder as shown on the share register maintained by Continental as at the Effective Time,
- a DRS Advice representing the number of IMX Shares and IMX Warrants issuable to such Shareholder as determined in accordance with the provisions of the Plan of Arrangement, together with a cheque for any fractional IMX Shares (if any), subject to any withholding obligation under applicable Laws; or

- (b) if a Shareholder validly elects Option 2 under the Letter of Transmittal for settlement in Australia and to receive the Consideration in an uncertificated Issuer Sponsored sub-register of IMX in Australia operated by IMX or a CHESS Sponsored Holding in Australia, forward, or cause to be forwarded, a statement of confirmation of issue and allotment of the IMX Shares and IMX Warrants issuable to such Shareholder as determined in accordance with the provisions of the Plan of Arrangement, together with a cheque for any fractional IMX Shares (if any), subject to any withholding obligation under applicable Laws;

No holder shall be entitled to receive any consideration with respect to the Continental Shares other than the DRS Advice or statement of confirmation of issue and allotment evidencing an uncertificated Issuer Sponsored subregister position in IMX or a CHESS Sponsored Holding in IMX, and a cheque in respect of any fractional IMX Shares that a Shareholder may have been entitled to, if any, that they are entitled to receive in accordance with the Plan of Arrangement. Accordingly, no holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

Letters of Transmittal

Included with this Circular is a Letter of Transmittal. In order to receive the Consideration for their Continental Shares, registered Shareholders must complete and sign the Letter of Transmittal and deliver it, together with certificates representing their Continental Shares and the other required documents, to the Depositary in accordance with the instructions contained in the Letter of Transmittal.

The Letter of Transmittal contains procedural information relating to the Arrangement and should be reviewed carefully. The deposit of Continental Shares pursuant to the procedures in the Letter of Transmittal will constitute a binding agreement among the depositing registered Shareholder and IMX upon the terms and subject to the conditions of the Plan of Arrangement. The Letter of Transmittal also contains information on how a Shareholder may make an election regarding settlement of the IMX Shares and IMX Warrants.

Copies of the Letters of Transmittal may be obtained by contacting the Depositary. The Letter of Transmittal will also be available on SEDAR at www.sedar.com under Continental's profile.

Continental and IMX reserve the right to waive or not to waive any and all errors or other deficiencies in any Letter of Transmittal or other document and any such waiver or non-waiver will be binding upon the affected Shareholder. The granting of a waiver to one or more Shareholders does not constitute a waiver for any other Shareholder. Continental and IMX reserve the right to demand strict compliance with the terms of the Letter of Transmittal and the Arrangement. The method used to deliver the Letter of Transmittal and any accompanying certificates representing Continental Shares is at the option and risk of the holder surrendering them, and delivery will be deemed effective only when such documents are actually received by the Depositary. Continental recommends that the necessary documentation be hand delivered to the Depositary, and a receipt obtained therefor; otherwise the use of registered mail with return receipt requested, and with proper insurance obtained, is recommended.

Shareholders whose Continental Shares are registered in the name of a bank, trust company, securities broker, trustee or other nominee or intermediary should contact that nominee for assistance in depositing their Continental Shares and should follow the instructions of such nominee in order to deposit their Continental Shares. Should the IMX Shares and IMX Warrants not be eligible for depository services by The Depositary Trust Company ("DTC") at the Effective Time, Shareholders whose Continental Shares are currently registered in the name of DTC will receive from DTC a certificate or certificates evidencing the Continental Shares held by them and will be required to transmit such certificate or certificates in accordance with the procedures for registered Shareholders outlined under the heading "The Arrangement - Arrangement Mechanics - Procedure for Exchange of Continental Shares".

Lost Certificates

If any certificate representing Continental Shares has been lost, stolen or destroyed, the registered holder of such Continental Shares should complete the Letter of Transmittal as fully as possible and forward it, together with an affidavit regarding the loss, theft or destruction, to the Depositary. The Depositary will assist in making arrangements for the necessary affidavit (which will include a bonding requirement) for payment of the Consideration in accordance with the Arrangement. Further details are set out in the Letter of Transmittal. As a

condition precedent to the delivery of IMX Shares and IMX Warrants in exchange for Continental Shares represented by certificates which have been lost, stolen or destroyed, the registered holder thereof will be required to give a bond in an amount satisfactory to IMX, IMX Holdings and the Depositary, or otherwise indemnify, IMX, IMX Holdings and the Depositary against any claim that may be made against IMX, IMX Holdings or the Depositary with respect to such lost, stolen or destroyed certificate.

Cancellation of Rights after Six Years

Any certificate which immediately before the Effective Date represented Continental Shares and which has not been duly surrendered, with all other documents required by the Depositary, on or before the sixth anniversary of the Effective Date, will cease to represent any claim against or interest of any kind or nature in Continental, IMX, IMX Holdings or the Depositary. On such date, all IMX Shares, IMX Warrants and fractional cash, if any, to which the former holder of such certificates was entitled shall be deemed to have been surrendered to IMX. **Accordingly, persons who tender certificates for Continental Shares after the sixth anniversary of the Effective Date will not receive IMX Shares, IMX Warrants, will not own any interest in Continental, IMX, IMX Holdings or the combined company, and will not be paid any cash or other compensation.**

Procedure for Exchange of CNI Options

From and after the Effective Date, each option certificate representing CNI Options outstanding immediately prior to the Effective Date will thereafter represent the Replacement Options granted in exchange for such CNI Options upon completion of the Arrangement. Each Replacement Option will entitle the holder thereof to purchase from IMX the number of IMX Shares equal to the Option Exchange Ratio multiplied by the number of Continental Shares subject to such CNI Options held immediately prior to the Effective Time.

Fractional Shares and Warrants

No fractional IMX Shares or IMX Warrants will be issued to Shareholders in exchange for Continental Shares. If the aggregate number of IMX Shares that a Shareholder is entitled to receive upon completion of the Arrangement is not a whole number, the number of IMX Shares to be issued to Shareholders shall be rounded down to the nearest whole IMX Share and the Shareholder will receive a cash payment, in Canadian dollars (rounded down to the nearest cent), determined on the basis of an amount equal to the volume-weighted trading price on the ASX of the IMX Shares over the five Business Days ending one Business Day before the Effective Date, multiplied by the fractional share amount.

The number of the IMX Warrants to be received by Shareholders will be rounded to the nearest whole IMX Warrant.

The foregoing information is a summary only. For further details of procedures, see the Plan of Arrangement attached as Appendix B to this Circular.

THE ARRANGEMENT AGREEMENT

The Arrangement will be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement. The following is a summary of the principal terms of the Arrangement Agreement and Plan of Arrangement. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by Continental on SEDAR at www.sedar.com, and to the Plan of Arrangement, which is attached as Schedule A to the Arrangement Agreement and appended to this Circular as Appendix B.

The Arrangement Agreement contains representations and warranties made by Continental and IMX. These representations and warranties were made by and to the Parties for the purposes of the Arrangement Agreement and are subject to the limitations and qualifications agreed to by the Parties in connection with negotiating and entering into the Arrangement Agreement. In addition, these representations and warranties were made as of specified dates, may be subject to a contractual standard of materiality different from what may be viewed as material to Shareholders or may have been used for the purpose of allocating risk between the Parties rather than for the purpose of establishing facts. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Arrangement Agreement.

On May 16, 2012, Continental and IMX entered into the Arrangement Agreement, pursuant to which Continental and IMX agreed that, subject to the terms and conditions set forth in the Arrangement Agreement, IMX Holdings will acquire all of the issued and outstanding Continental Shares not already owned by IMX. As a result of the Arrangement, each Shareholder (other than Dissenting Shareholders, IMX and IMX Holdings) will receive 3.7 IMX Shares, plus 0.5 of an IMX Warrant for each Continental Share. The terms of the Arrangement Agreement are the result of arm's length negotiation between Continental and IMX and their respective advisors.

On July 24, 2012, Continental, IMX and IMX Holdings entered into an amendment to the Arrangement Agreement to provide for the acquisition of all of the Continental Shares not already held by IMX by a wholly-owned subsidiary of IMX, IMX Holdings.

Representations and Warranties

The Arrangement Agreement contains a number of customary representations and warranties provided by Continental and IMX relating to, among other things: (a) corporate status; (b) the corporate power and authority; (c) the execution and delivery of the Arrangement Agreement, and the performance by it of its obligations thereunder not resulting in a violation, conflict or breach of such Party's constating documents; (d) ownership of Subsidiaries; (e) material compliance with applicable requirements, and certification of truth without misrepresentation or omission, of all documents publicly filed since June 30, 2011; (f) compliance with all Laws in each jurisdiction that each Party operates in; (g) having all authorizations necessary for the ownership, operation, development, maintenance or use of all material assets; (h) capitalization; (i) not being party to shareholder, pooling, voting trust or other similar agreements relating to its shares or those of a Party's Subsidiaries; (j) United States securities law matters; (k) the accuracy of filings with all applicable Governmental Entities; (l) financial statements, internal controls and financial reporting; (m) the absence of undisclosed liabilities; (n) the ownership and good standing of properties and mineral rights; (o) mineral reserves and resources; (p) the timely payment of operational expenses; (q) employment matters; (r) the absence of certain changes or events since June 30, 2011; (s) the absence of any claims or proceedings; (t) the timely payment of all taxes; (u) accuracy of books and records; (v) the maintenance of reasonable and prudent insurance policies; (w) the absence of any non-arm's length transactions; (x) environmental matters; (y) the absence of any judgment or order restricting the business of a Party; (z) the performance of all obligations under Material Contracts; (aa) broker engagements; (bb) reporting issuer status and compliance with all requirements of a Party's stock exchange; and (cc) no property or asset being subject to expropriation.

Conditions Precedent to the Arrangement

Mutual Conditions

The obligations of the parties to complete the Arrangement are subject to the fulfilment of each of the following conditions, each of which may only be waived with the mutual consent of Continental and IMX:

- the Arrangement Resolution shall have been approved and adopted by the Shareholders at the Meeting in accordance with the Interim Order;
- the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement and shall not have been set aside or modified in a manner unacceptable to Continental or IMX, acting reasonably, on appeal or otherwise;
- the approval by the IMX Shareholders shall have been obtained or a waiver in writing of the requirement to obtain such IMX Shareholder approval shall have been obtained from the ASX;
- no Law shall be in effect that makes the Arrangement illegal or otherwise prohibits or enjoins Continental or IMX from consummating the Arrangement;
- any consent or approval required under Law from any Governmental Entity as a result of the Arrangement shall have been obtained by the Effective Time, except for any consent or approval, the failure of which to obtain shall not result in a Material Adverse Effect to Continental or IMX; and
- the Arrangement Agreement shall not have been terminated.

IMX applied for and has obtained a waiver from the ASX Listing Rules for the requirement to obtain approval of the IMX Shareholders. Accordingly, the condition regarding IMX Shareholder approval has been satisfied.

IMX also applied for and has obtained a decision from ASIC in respect of certain technical provisions regarding the *Australian Corporations Act 2001*.

See the sections of the Circular entitled “The Arrangement – Shareholder and Court Approvals” and “Certain Legal and Regulatory Matters – Stock Exchange Approvals”.

Additional Conditions in Favour of IMX

IMX is not required to complete the Arrangement unless each of the following conditions is also satisfied on or before the Effective Time (each of which is for the exclusive benefit of IMX and may only be waived, in whole or in part, by IMX in its sole discretion):

- the representations and warranties of Continental which are qualified by references to materiality or by the expression “Material Adverse Effect” set forth in Section 5.1(3) and Schedule C of the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and shall be true and correct as of the Effective Time, in all respects, and all other representations and warranties of Continental were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time, in all material respects, in each case, except for the representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and Continental shall have delivered a certificate confirming same to IMX, executed by two senior officers or directors of Continental (in each case without personal liability) addressed to IMX and dated the Effective Date;
- Continental shall have fulfilled or complied in all material respects with each of the covenants of Continental contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and Continental shall have delivered a certificate confirming same to IMX, executed by two senior officers or directors of Continental (in each case without personal liability) addressed to IMX and dated the Effective Date;
- there is no action or proceeding pending or threatened by any Person (other than IMX) in any jurisdiction to: (a) cease trade, enjoin, prohibit, or impose any material limitations, damages or conditions on, IMX’s ability to acquire, hold, or exercise full rights of ownership over, all of the Continental Shares, including the right to vote the Continental Shares; (b) prohibit or materially restrict the Arrangement, or the ownership or operation by IMX of the business or assets of IMX, Continental or any of its Subsidiaries, or compel IMX to dispose of or hold separate any material portion of the business or assets of IMX, Continental or any of its Subsidiaries as a result of the Arrangement; or (c) prevent or materially delay the consummation of the Arrangement;
- Dissent Rights shall not have been exercised with respect to more than 5% of the issued and outstanding Continental Shares;
- since the date of the Arrangement Agreement, no Material Adverse Effect shall have occurred with respect to Continental;
- there shall not have been any breach of the CNI Voting Agreements by one or more Persons to any such agreement (other than IMX), who, in the aggregate hold Continental Shares representing at least 20% of the Continental Shares held by the CNI Locked-Up Shareholders; and
- Continental shall have received effective resignations from each of its directors, effective as of the Effective Date, against receipt by such Persons of commercially reasonable releases from Continental and IMX.

Additional Conditions in Favour of Continental

Continental is not required to complete the Arrangement unless each of the following conditions is also satisfied on or before the Effective Time (each of which condition is for the exclusive benefit of Continental and may only be waived, in whole or in part, by Continental in its sole discretion):

- the representations and warranties of IMX which are qualified by references to materiality and the representations and warranties set forth in Schedule D of the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and shall be true and correct as of the Effective Time, in all respects, and all other representations and warranties of IMX were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time, in all material respects, in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and IMX shall have delivered a certificate confirming same to Continental, executed by two senior officers of IMX (in each case without personal liability) addressed to Continental and dated the Effective Date;
- IMX shall have fulfilled or complied in all material respects with each of the covenants of IMX contained in the Arrangement Agreement to be fulfilled or complied with on or prior to the Effective Time, and IMX shall have delivered a certificate confirming same to Continental, executed by two senior officers of IMX (in each case without personal liability) addressed to Continental and dated the Effective Date;
- the ASX shall have issued or provided such consents or approvals as the Parties agree are reasonably necessary to implement the Arrangement, including the approval for official quotation of the IMX Shares (including the IMX Shares forming part of the Consideration, the IMX Shares issuable on exercise of the Replacement Options and the IMX Warrant Shares) and the IMX Warrants;
- the IMX Shares (including the IMX Shares forming part of the Consideration, the IMX Shares issuable on exercise of the Replacement Options and the IMX Warrant Shares) and the IMX Warrants shall have been conditionally listed for trading on the TSX, subject to the satisfaction of customary conditions required by such exchange;
- IMX shall have complied with its obligations under the section of the Arrangement Agreement regarding payment of Consideration and the Depositary shall have confirmed receipt of the Consideration;
- since the date of the Arrangement Agreement, no Material Adverse Effect shall have occurred with respect to IMX; and
- the distribution of the IMX Shares and the IMX Warrants forming the Consideration shall be exempt from the prospectus requirements of Securities Laws and shall either be (a) exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereunder, or (b) registered pursuant to an effective registration statement under the U.S. Securities Act; and the only resale restrictions on the IMX Shares and the IMX Warrants forming the Consideration under Securities Laws shall be as required by section 2.6 of National Instrument 45-102 – *Resale of Securities*, except in respect of those holders who are subject to restrictions on resale as a result of being a “control person” under Securities Laws in Canada.

Covenants

Covenants of Continental

Continental agreed in the Arrangement Agreement to certain customary covenants relating to its conduct from the date of the Arrangement Agreement until the Effective Date:

- to conduct its businesses only in the Ordinary Course, and with respect to the Nachingwea Project, to only conduct activities and business on the Nachingwea Project where such activities or business have been approved by IMX or are activities or business that fall with the Nachingwea Project Plan; provided, however, that nothing in the Arrangement Agreement shall prohibit Continental from making a capital call

or request for shareholder contributions pursuant to the terms of the Shareholders Agreement made in the Ordinary Course;

- to use commercially reasonable efforts to preserve intact the current business organization of Continental, keep available the services of the present employees and agents of Continental, and maintain good relations with, and the goodwill of, suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with Continental;
- not to, and not to permit any of its Subsidiaries to, directly or indirectly:
 - amend its Constatng Documents or, in the case of any Subsidiary which is not a corporation, its similar organizational documents;
 - split, combine or reclassify any Continental Shares or any shares of any of Continental's Subsidiaries or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof);
 - redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any Continental Shares or shares of capital stock of Continental or any of its Subsidiaries;
 - other than (i) the 450,000 CNI Options to be issued on or before August 15, 2012, and (ii) the completion of an offering in the aggregate amount of up to \$15,000,000 if the advance funds contemplated by the Arrangement Agreement are not received by the Advance Date or if the Loan funds contemplated by the Arrangement Agreement are not received by the Loan Date, issue, deliver or sell, or authorize the issuance, delivery or sale of any shares of capital stock, options, warrants or similar rights exercisable or exchangeable for or convertible into Continental Shares, of Continental or any of its Subsidiaries, except for the issuance of Continental Shares issuable upon the exercise of the currently outstanding CNI Options;
 - acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, any material assets, securities, properties, interests or businesses;
 - other than in the Ordinary Course, sell, lease, transfer or otherwise dispose of any of the assets of Continental except for (a) assets which are obsolete and which individually or in the aggregate do not exceed \$1,000,000, or (b) inventory sold in the Ordinary Course;
 - other than in the Ordinary Course, make any payment for any liability or obligation or otherwise, where any individual payment exceeds \$200,000, or where the aggregate of all such payments made between the date of the Arrangement Agreement and the Effective Time, exceeds \$600,000;
 - other than in the Ordinary Course, prepay any long-term indebtedness before its scheduled maturity or increase, create, incur, assume or otherwise become liable for any indebtedness for borrowed money or guarantees thereof;
 - other than in the Ordinary Course to fund the Nachingwea Project, make any loan or advance to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person;
 - enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;
 - make any bonus or profit sharing distribution or similar payment of any kind;
 - make any change in Continental's methods of accounting, except as required under GAAP or IFRS;

- other than in the Ordinary Course, grant any general increase in the rate of wages, salaries, bonuses or other remuneration of any employees;
- (a) increase any severance, change of control or termination pay to (or amend any existing arrangement with) any Continental employee, director or executive officer of Continental or any of its Subsidiaries; (b) increase the benefits payable under any existing severance or termination pay policies with any Continental employee, director or executive officer of Continental or any of its Subsidiaries; (c) increase the benefits payable under any employment agreements with any Continental employee, director or executive officer of Continental or any of its Subsidiaries; (d) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any director or executive officer of Continental; or (e) increase compensation, bonus levels or other benefits payable to any director or executive officer of Continental or to any Continental employee (other than, in the case of a Continental employee who is not a director or executive officer of Continental, in a manner consistent with past practice);
- cancel, waive, release, assign, settle or compromise any material claims or rights;
- compromise or settle any material litigation, proceeding or governmental investigation;
- amend or modify in any material respect or terminate or waive any right under any Material Contract or enter into any contract or agreement that would be a Material Contract if in effect on the date hereof;
- except as contemplated in the Arrangement Agreement, amend, modify or terminate any material insurance policy of Continental or any Subsidiary in effect on the date of the Arrangement Agreement; or
- authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing, except in the context of transactions involving Continental and one or more of its wholly-owned Subsidiaries or between wholly-owned Subsidiaries of Continental or with the prior written consent of IMX (not to be unreasonably withheld or delayed);
- Continental shall use its commercially reasonable efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under Law to consummate the Arrangement as soon as practicable; and
- Continental shall promptly notify IMX of any Material Adverse Effect occurring or reasonably expected to occur in respect of Continental, any communication alleging that a Person's consent is required in connection with the Arrangement or the Arrangement Agreement, any communication from any Governmental Entity in connection with the Arrangement Agreement, or any filings, actions, suits, claims, investigations or proceeding commenced or threatened, to Continental's knowledge, relating to, or involving or otherwise affecting Continental, the Arrangement, or the Arrangement Agreement.

In addition to these operating covenants, Continental made certain covenants regarding the Arrangement and the Meeting, including with respect to calling and holding the Meeting and using commercially reasonable efforts to obtain applicable regulatory consents.

Covenants of IMX

IMX agreed in the Arrangement Agreement that:

- until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as expressly required or permitted by the Arrangement Agreement, required by Law or Governmental Entities or consented to by Continental in writing (not to be unreasonably withheld or delayed), IMX shall conduct business only in the Ordinary Course;
- prior to the Effective Date, unless Continental shall otherwise agree in writing or as otherwise expressly contemplated or permitted by the Arrangement Agreement, IMX shall not, directly or indirectly, enter into

any transaction, agreement, commitment or undertaking, or take any action that would be or could reasonably be expected to result in a material change to IMX or a Material Adverse Effect in respect of IMX, and neither the IMX Board, nor any committee of the IMX Board, shall resolve or propose to take any of the foregoing actions;

- it shall use its commercially reasonable efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under Law to consummate the Arrangement as soon as practicable;
- as soon as reasonably practicable, and in any event not later than 5:00 p.m. (Toronto time) on May 31, 2012 (the “**Advance Date**”), IMX shall deliver the amount of US\$3,750,000 to Continental as an advance against amounts required to be contributed by IMX under the Nachingwea Project Plan; provided that IMX shall have no obligation to make further contributions to the Nachingwea Project Plan unless a capital call under the Shareholders Agreement is made; (In accordance with its covenants in the Arrangement Agreement, IMX subsequently provided the advance funding to the Corporation);
- in addition to the above noted advance, as soon as possible, and in any event not later than 5:00 p.m. (Toronto time) on June 15, 2012 (the “**Loan Date**”), IMX shall provide the Loan to Continental in an amount equal to US\$3,750,000 and Continental agrees that it shall execute and deliver to IMX a promissory note from Continental evidencing the indebtedness to IMX (the “**Note**”); (In accordance with its covenants in the Arrangement Agreement, IMX subsequently provided the Loan to the Corporation);
- from the date of the Arrangement Agreement until the Effective Time, IMX shall continue to work to advance the Nachingwea Project in a manner consistent with the Nachingwea Project Plan. IMX further agreed that it will, in accordance with the Shareholders Agreement, provide its *pro rata* share of any funding required at the Nachingwea Project as part of the Nachingwea Project Plan, to the extent that advanced amounts are not sufficient to meet the expenditures required as part of the Nachingwea Project Plan, including those changes to the Nachingwea Project Plan which Continental has proposed to IMX to take advantage of opportunities to advance the Nachingwea Project in addition to amounts contemplated in the Nachingwea Project Plan as originally presented to IMX;
- it shall promptly notify Continental of:
 - any Material Adverse Effect in respect of IMX or any change, effect, event, development, occurrence, circumstance or state of facts which would reasonably be expected to have a Material Adverse Effect in respect of IMX;
 - any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with the Arrangement Agreement or the Arrangement;
 - any notice or other communication from any Governmental Entity in connection with the Agreement (and contemporaneously provide a copy of any such written notice or communication to Continental); or
 - any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting IMX, the Arrangement Agreement or the Arrangement;
- following the Effective Time, IMX will use commercially reasonable efforts, taking into account any changes in the key assumptions relating to the economic and/or technical feasibility of the Nachingwea Project that could reasonably be expected to have a material adverse effect on the advancement of the Nachingwea Project (the “**Project Metric Changes**”), to advance the Nachingwea Project to meet the currently projected timetable to bring one or more parts of the estimated mineral resource into commercial production by as soon as commercially reasonable. Subject to Project Metric Changes from time to time, the Nachingwea Project will take priority, in terms of the allocation of financial, human resource and other relevant resources (subject to any contractual funding obligations of IMX existing at the time of this

Agreement) of IMX and its Subsidiaries taken as a whole, over all other projects and commercial opportunities that IMX may have as part of its overall portfolio from time to time, including the Mount Woods iron ore prospect in Australia and that it will use commercially reasonable efforts to pursue the preparation and completion by an internationally recognized engineering firm having the requisite experience and dedicated resources of a definitive feasibility study for the Nachingwea Project (the "**Nachingwea DFS**") and use commercially reasonable efforts to secure the necessary financing to develop the Nachingwea Project as soon as reasonably practicable, given global capital markets and other relevant objective conditions at the time;

- the IMX Board shall strike a committee of the IMX Board (the "**Nachingwea Committee**") whose purpose shall be to act as an advisory committee to management of IMX with respect to the development of the Nachingwea Project;

IMX also agreed that, if a waiver was not received from the ASX in respect of the ASX Listing Rule requirements to hold a meeting of IMX Shareholders, it would call and hold a meeting of IMX Shareholders to consider the proposed Arrangement in accordance with the requirements of the ASX Listing Rules. IMX applied for and obtained a waiver of such requirements from the ASX.

Continental Non-Solicitation

Pursuant to the Arrangement Agreement and subject to the exceptions set out therein, Continental agreed, subject to the exceptions below, that it and its Subsidiaries shall not directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise:

- solicit, initiate, encourage or otherwise facilitate any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal in respect of Continental;
- enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than IMX) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
- make a CNI Change in Recommendation;
- accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or publicly take no position or remain neutral for more than five Business Days with respect to, any Acquisition Proposal; or
- enter into or publicly propose to enter into any agreement in respect of an Acquisition Proposal.

Continental represented and warranted that it has not waived any confidentiality, standstill or similar agreement or restriction to which Continental or any Subsidiary is a Party, except to permit submissions of expressions of interest prior to the date of the Arrangement Agreement, and further covenanted and agreed (a) that it shall use commercially reasonable efforts to enforce each confidentiality, standstill or similar agreement or restriction to which Continental or any Subsidiary is a party, and (b) that neither Continental, nor any Subsidiary nor any of their representatives have or will, without the prior written consent of IMX (which may be withheld or delayed in IMX's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting Continental, or any of its Subsidiaries, under any confidentiality, standstill or similar agreement or restriction to which Continental or any Subsidiary is a party.

If after the date of the Arrangement Agreement and prior to obtaining the Required Approval at the Meeting, Continental receives a *bona fide* written Acquisition Proposal that the CNI Board determines, in good faith, could reasonably be expected to result in a Superior Proposal, then Continental may furnish information with respect to Continental and its Subsidiaries to the Person making such Acquisition Proposal for a period of up to 30 days; and/or enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the Person making such Acquisition Proposal, provided that Continental shall not disclose any non-public information with respect to Continental to such person: (a) if such non-public information has not been previously provided to, or is not concurrently provided to, IMX; and (b) without entering into an agreement that contains

confidentiality, standstill and other provisions that are substantially similar to the terms applicable to Continental in the Confidentiality Agreement.

The Parties acknowledged that information concerning the Nachingwea Project joint venture in which IMX and Continental are joint venture partners (“**JV Information**”) is governed by the shareholder agreement dated with effect from 28 February 2007, between the Continental, IMX and Ngwenya Limited (the “**Shareholders Agreement**”). IMX agreed that if Continental is permitted to furnish information to a Person (in respect of whom consent has not been granted prior to the date of the Arrangement Agreement), then IMX shall be deemed to have consented to the disclosure of such JV Information, provided that Continental is in compliance with certain provisions of the Arrangement Agreement.

Continental agreed that it shall immediately provide notice to IMX of any unsolicited *bona fide* written Acquisition Proposal or any written inquiry, proposal or offer that could lead to an Acquisition Proposal or any written request for confidential information relating to Continental or any Subsidiary, including information, access, or disclosure relating to the properties, facilities, books or records of Continental or any Subsidiary.

If Continental receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Shareholders, the CNI Board may enter into a definitive agreement with respect to such Acquisition Proposal that is a Superior Proposal, or make a CNI Change in Recommendation if:

- the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction;
- Continental has been, and continues to be, in compliance with its obligations under the Arrangement Agreement;
- Continental has delivered to IMX a written notice of the determination of the CNI Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the CNI Board to enter into such definitive agreement, together with a written notice from the CNI Board regarding the value and financial terms that the CNI Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the “**Superior Proposal Notice**”);
- Continental has provided IMX a copy of the proposed definitive agreement in respect of the Superior Proposal;
- at least five Business Days (the “**Matching Period**”) have elapsed from the date that is the later of the date on which IMX received the Superior Proposal Notice and a copy of the proposed definitive agreement for the Superior Proposal from Continental;
- during any Matching Period, IMX has had the opportunity (but not the obligation) to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
- if applicable, the CNI Board has determined in good faith, after consultation with Continental’s outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended by IMX;
- such Superior Proposal does not provide for the payment of any break, termination or other fees or expenses to any person in the event that Continental completes the transactions contemplated by the Arrangement Agreement or any other similar transaction with IMX agreed to prior to the termination of the Arrangement Agreement; and
- prior to entering into such definitive agreement Continental terminates the Arrangement Agreement and pays the CNI Termination Fee.

During the Matching Period, or such longer period as Continental may approve in writing for such purpose: (a) the CNI Board shall review any offer made by IMX to amend the terms of the Arrangement Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) Continental shall negotiate in good faith with IMX to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable IMX to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the CNI Board determines that such Acquisition Proposal would cease to be a Superior Proposal, Continental shall promptly so advise IMX, and Continental and IMX shall amend the Arrangement Agreement to reflect such offer made by IMX, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

The CNI Board shall promptly reaffirm its recommendation of the Arrangement by press release after (a) any Acquisition Proposal that the CNI Board determines not to be a Superior Proposal is publicly announced or made, or (b) the CNI Board determines that a proposed amendment to the terms of the Arrangement would result in the Acquisition Proposal, which has been publicly announced or made, not being a Superior Proposal.

Nothing contained in the Arrangement Agreement shall prohibit the CNI Board from making a CNI Change in Recommendation or from making any disclosure to any securityholders of Continental prior to the Meeting regarding such CNI Change in Recommendation, if, in the good faith judgment of the CNI Board, failure to make such CNI Change in Recommendation or make such disclosure would be inconsistent with the CNI Board's exercise of its fiduciary duties or such Change in Recommendation or disclosure is otherwise required under applicable Law (including by responding to an Acquisition Proposal in respect of Continental under a directors' circular or otherwise as required under applicable Securities Laws); provided that, in the event of a CNI Change in Recommendation and a termination of the Arrangement Agreement, Continental shall pay the CNI Termination Fee as required by the Arrangement Agreement.

IMX Non-Solicitation

Change of Control Proposal

Notwithstanding anything in the Arrangement Agreement to the contrary, at any time following the date of the Arrangement Agreement and prior to the Effective Time, the IMX Board may accept or recommend that its shareholders accept and/or enter into a definitive agreement with respect to a Change of Control Proposal without the prior written consent of Continental, provided that: (a) such Change of Control Proposal does not require, as a condition to completion of the Change of Control Proposal, that the Arrangement Agreement be terminated; (b) if the Change of Control Proposal is structured as a take-over bid, the date upon which any securities may be taken up by the offeror shall be after the Effective Date; and (c) if the Change of Control Proposal requires approval by the IMX Shareholders, the record date for voting at any meeting of IMX Shareholders that is required to be held to consider the Change of Control Proposal is after the Effective Date.

Termination of the Arrangement Agreement

The Arrangement Agreement may be terminated prior to the Effective Time:

- by mutual written agreement of Continental and IMX;
- by either Continental or IMX, if (a) the Required Approval is not obtained at the Continental Meeting in accordance with the Interim Order (but not by Continental if the failure to obtain resulted from Continental's failure to hold the Meeting); (b) after the date of the Arrangement Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins Continental or IMX from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to terminate has used its commercially reasonable efforts to appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or (c) the Effective Time does not occur on or prior to the Outside Date, unless failure of the Effective Time to so occur prior to the Outside Date has been caused by a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement;

- by IMX, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Continental in the Arrangement Agreement would cause the conditions precedent in the Arrangement Agreement not to be satisfied and such breach is incapable of being cured by the Outside Date;
- by IMX, if the CNI Board shall have made a CNI Change in Recommendation;
- by IMX, if there shall have occurred a Material Adverse Effect with respect to Continental;
- by Continental, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of IMX in the Arrangement Agreement would cause the conditions precedent in the Arrangement Agreement not to be satisfied and such breach is incapable of being cured by the Outside Date;
- by Continental, if a waiver from the ASX to the holding of the IMX Shareholder meeting is not received and the IMX Board shall have made an IMX Change in Recommendation;
- by Continental, if there shall have occurred a Material Adverse Effect with respect to IMX;
- by Continental, if the CNI Board authorizes Continental to enter into a written agreement with respect to a Superior Proposal, prior to the approval by the Shareholders of the Arrangement Resolution, provided Continental is then in compliance with the Arrangement Agreement and pays the CNI Termination Fee; or
- by Continental, if it does not receive the advance or loan funds by the Advance Date or the Loan Date, respectively, as contemplated in the Arrangement Agreement.

The Arrangement Agreement also included a mutual termination right in certain circumstances where a waiver was not obtained by IMX from the ASX in respect of the ASX Listing Rules. IMX applied for and obtained a waiver of such requirements from the ASX.

CNI Termination Fee

The Arrangement Agreement provides that Continental will pay \$1,500,000 (the “**CNI Termination Fee**”) to IMX if a CNI Termination Fee Event occurs. “**CNI Termination Fee Event**” means the termination of the Arrangement Agreement:

- by CNI in the event that CNI enters into a legally binding agreement with respect to a Superior Proposal, provided that within twelve months following the date of such termination, either (a) the Shareholders have voted in favour of a Superior Proposal (to the level of approval required by such Superior Proposal), or (b) an Acquisition Proposal in respect of CNI has been consummated;
- by IMX if there is a CNI Change in Recommendation; or
- by either party if (a) Shareholder Approval shall not have been obtained at the Meeting (b) the Effective Time shall not have occurred on or before the Outside Date or (c) by IMX if CNI has breached any representation, warranty or covenant in the Arrangement Agreement; but only if, in these termination events, (i) prior to such termination, a *bona fide* Acquisition Proposal for CNI shall have been made, proposed or publicly announced by any Person other than IMX and its affiliates and (ii) within twelve months following the date of such termination, CNI or one or more of its Subsidiaries (A) enters into one or more definitive agreements in respect of one or more Acquisition Proposals or (B) there shall have been consummated one or more Acquisition Proposals. For purposes of the foregoing, the term “**Acquisition Proposal**” shall have the meaning assigned to such term in the Glossary, except that references to “20% or more” shall be deemed to be references to “50% or more”, either individually or in the aggregate.

The CNI Termination Fee shall be paid by CNI to IMX as follows, by wire transfer or immediately available funds, if a CNI Termination Fee Event occurs due to:

- a termination of the Arrangement Agreement by CNI pursuant to the first CNI Termination Fee Event above, promptly (and in any event within two Business Days) following the earlier of (i) the successful Shareholder vote in respect of a Superior Proposal or (ii) the consummation of an Acquisition Proposal in respect of CNI, and any previously paid expense reimbursement paid by CNI shall be credited towards payment of the CNI Termination Fee;
- a termination of the Arrangement Agreement by IMX pursuant to the second CNI Termination Fee Event above, payable within two Business Days following such CNI Termination Event; and
- a termination of the Arrangement Agreement pursuant to the third CNI Termination Fee Event above, the CNI Termination Fee shall be payable concurrently upon the earlier of (a) the entering into of the applicable agreement referred to therein or (b) upon the consummation of the Acquisition Proposal referred to therein, and any previously paid expense reimbursement paid by CNI shall be credited towards payment of the CNI Termination Fee.

Continental Expense Fee

The Arrangement Agreement provides that Continental will pay to IMX an expense reimbursement fee of \$700,000 (the “**CNI Expense Fee**”) by wire transfer of immediately available funds within three Business Days of such termination, if there is no CNI Termination Fee payable and the Arrangement Agreement is terminated:

- by either Continental or IMX, if (i) the Required Approval shall not have been obtained at the Meeting in accordance with the Interim Order (but not by Continental if failure to obtain resulted from Continental’s failure to hold the Meeting); or
- by IMX, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Continental in the Arrangement Agreement would cause certain of the conditions precedent in the Arrangement Agreement not to be satisfied and such a breach or failure is incapable of being cured by the Outside Date and IMX is not then in breach of the Arrangement Agreement so as to cause any conditions precedent to the obligations of Continental not to be satisfied.

IMX Termination Fee

The “**IMX Termination Fee**” is \$1,500,000, except if the Arrangement Agreement terminates on the basis of an IMX Termination Fee Event, and the Arrangement Agreement terminates following the failure to obtain IMX Shareholder approval at an IMX Shareholder meeting, or a waiver from the ASX to the holding of such IMX Shareholder meeting, in which case, the IMX Termination Fee will be the greater of Continental’s actual expense in connection with the transaction and the expense reimbursement fee of \$700,000 contemplated by the Arrangement Agreement in cases where either party terminates or Continental terminates and no IMX Termination Fee is payable, pursuant to certain termination sections of the Arrangement Agreement.

The Arrangement Agreement provides that IMX will pay the IMX Termination Fee to Continental if an IMX Termination Fee Event occurs. “**IMX Termination Fee Event**” means the termination of the Arrangement Agreement by either party if (a) the Effective Time shall not have occurred on or before the Outside Date or (b) by CNI if IMX has breached any representation, warranty or covenant in the Arrangement Agreement, but only if, in these termination events, (i) prior to such termination, a *bona fide* Acquisition Proposal for IMX shall have been made, proposed or publicly announced by any Person other than CNI and its affiliates and (ii) within twelve months following the date of such termination, IMX or one or more of its Subsidiaries (A) enters into one or more definitive agreements in respect of one or more Acquisition Proposals or (B) there shall have been consummated one or more Acquisition Proposals. For purposes of the foregoing, the term “Acquisition Proposal” shall have the meaning assigned to such term in the Glossary, except that references to “20% or more” shall be deemed to be references to “50% or more”, either individually or in the aggregate.

In addition, certain circumstances where a waiver was not obtained by IMX from the ASX in respect of the ASX Listing Rules may have resulted in an IMX Termination Fee Event. However, IMX applied for and has obtained such waiver.

The IMX Termination Fee shall be paid by IMX to CNI by wire transfer or immediately available funds, if an IMX Termination Fee Event occurs due to a termination of the Arrangement Agreement pursuant to the first IMX Termination Fee Event above, in which case the IMX Termination Fee shall be payable concurrently upon the earlier of (a) the entering into of the applicable agreement referred to therein or (b) upon the consummation of the Acquisition Proposal referred to therein, and any previously paid expense reimbursement paid by IMX shall be credited towards payment of the IMX Termination Fee.

IMX Expense Fee

The Arrangement Agreement provides that IMX will pay an expense reimbursement fee of \$700,000 (the “**IMX Expense Fee**”) by wire transfer of immediately available funds within three Business Days of such termination, if there is no IMX Termination Fee payable and the Arrangement Agreement is terminated by Continental, if (a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of IMX in the Arrangement Agreement would cause certain of the conditions precedent in the Arrangement Agreement not to be satisfied and such a breach or failure is incapable of being cured by the Outside Date and CNI is not then in breach of the Arrangement Agreement so as to cause any conditions precedent to the obligations of IMX not to be satisfied; or (b) if it does not receive the advance or Loan funds by the Advance Date or the Loan Date, respectively, as contemplated in the Arrangement Agreement.

In accordance with its covenants in the Arrangement Agreement, IMX has provided the advance funding and Loan to the Corporation.

An additional IMX Expense Fee trigger included certain circumstances where a waiver was not obtained by IMX from the ASX in respect of the ASX Listing Rules. However, IMX applied for and subsequently obtained such waiver.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN THE ARRANGEMENT

In considering the recommendation of the CNI Board, Shareholders should be aware that members of the CNI Board and the executive officers of Continental have interests in the Arrangement or may receive benefits that may differ from, or be in addition to, the interests of Shareholders generally. These interests and benefits are described below.

All benefits received, or to be received, by directors or executive officers of Continental as a result of the Arrangement are, and will be, solely in connection with their services as directors or employees of Continental or the combined company. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for their Continental Shares, nor is it, or will it be, conditional on the individual supporting the Arrangement.

Continental Share Ownership

As of August 10, 2012, the directors and executive officers of Continental and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 274,700 Continental Shares, representing approximately 0.64% of the outstanding Continental Shares and an aggregate of 3,085,000 CNI Options. All Continental Shares held by the directors, officers and other insiders of Continental will be treated identically and in the same manner under the Arrangement as Continental Shares held by any other Shareholders. All CNI Options outstanding as at the Effective Time will be exchanged for Replacement Options in accordance with the Plan of Arrangement.

The following table outlines for each director and officer of Continental, the number of Continental Shares and CNI Options owned, controlled or directed by such director and/or officer:

Director or Officer	Continental Shares		CNI Options	
	#	%	#	%
John Nitschke.....	200,000	0.47	300,000	7.4
Stuart Feiner.....	2,500	0.01	150,000	3.7
Bert MacNabb.....	-	-	150,000	3.7
David Massola	12,000	0.03	1,000,000	24.6

Director or Officer	Continental Shares		CNI Options	
	#	%	#	%
Gary Hill.....	1,000	0.00	535,000	13.1
Patricia Tirschmann.....	23,200	0.05	750,000	18.4
Stewart Watkins	36,000	0.08	200,000	4.9

Director and Officer Insurance

Continental and IMX have agreed that for a period of six years after the Effective Date, Continental, or any surviving entity, shall be entitled to secure policies of directors' and officers' liability insurance providing coverage on a "trailing" or "run-off" basis for all present directors and officers of Continental with respect to claims made prior to or within six years after the Effective Date.

Termination Payments

In connection with the Arrangement, following Effective Date, certain senior officers of the Corporation, being Mr. David Massola, Mr. Gary Hill, Ms. Patricia Tirschmann and Mr. Stewart Watkins, will be entitled to terminate their existing employment or contractor contracts with the Corporation as a result of a change of control of the Corporation. In the event of such termination, such officers will be entitled to receive certain severance payments in connection with the termination of their employment, up to a maximum of \$1,335,959.75 and A\$241,404 in the aggregate for all employees. The full particulars of the change of control payments payable to Messrs. Massola and Hill and Ms. Tirschmann are disclosed elsewhere in this Circular or in a document incorporated by reference in this Circular, since such officers are also "named executive officers" of the Corporation.

Transition Services Agreement

Continental understands that IMX may seek to enter into transition services agreements with certain officers of the Corporation regarding their continued involvement with the Corporation for a period to be negotiated between such officers and IMX. At this time, to the knowledge of CNI, no agreements, commitments or understandings have been negotiated between any officers of the Corporation on the one hand, and IMX on the other, regarding the provision of transition services by such officers to Continental or IMX following consummation of the Arrangement.

IMX Directorship

Mr. Nitschke is the Chairman of the Board of each of Continental and IMX. In connection with the consideration of the Arrangement by the CNI Board, Mr. Nitschke disclosed an interest in the transaction and was not permitted under the *Canada Business Corporations Act* to vote.

IMX Holdings Directorship

In connection with the Arrangement, David Massola has agreed to act as a director of IMX Holdings until a replacement can be found. As a result, IMX and IMX Holdings have agreed to indemnify Mr. Massola for acting as a director, consistent with a standard indemnity provided to a director of a corporation established under the CBCA.

CERTAIN LEGAL AND REGULATORY MATTERS

Securities Law Matters

Application of MI 61-101

As a reporting issuer or the equivalent in certain provinces of Canada, Continental is, among other things, subject to the Securities Laws of Ontario, including MI 61-101.

MI 61-101 regulates certain types of related party transactions to ensure equality of treatment among security holders and may require enhanced disclosure, approval by a majority of security holders (excluding "interested

parties” under applicable Law), independent valuations and, in certain instances, approval and oversight of certain transactions by a special committee of independent directors. The protections afforded by MI 61-101, apply to, among other transactions, “related party transactions” (as defined in MI 61-101), being transactions with a related party, and “business combinations” (as defined in MI 61-101) which may terminate the interests of security holders without their consent.

Pursuant to MI 61-101, the provision of the Loan from IMX to CNI is a “related party transaction” as IMX is a “related party” (as defined in MI 61-101). IMX agreed at the request of the Independent Committee under the Arrangement Agreement to make the Loan to CNI. As a result, the provision of the Loan requires compliance with the requirements of MI 61-101, including, unless an exemption is available, the requirements to obtain a formal valuation for the Loan and minority approval of the Loan.

Pursuant to MI 61-101, the Arrangement is a “business combination” due to the fact that it is an arrangement as a consequence of which the interest of a holder of an equity security of CNI may be terminated without the holder’s consent and pursuant to which a “related party” (as defined in MI 61-101), at the time the transaction was agreed to will, as a consequence of the transaction, directly or indirectly acquire CNI.

Formal Valuation

MI 61-101 requires that an issuer obtain a formal valuation for certain related party transactions and business combinations. However, MI 61-101 provides for certain exceptions from the requirement to obtain a formal valuation. In the case of each of the Loan and the Arrangement, no formal valuation is required if the securities of Continental are not listed on a “specified market” for purposes of MI 61-101. The TSXV is not a “specified market” for purposes of MI 61-101, accordingly a formal valuation is not required for either the Loan or the Arrangement.

Minority Approval

MI 61-101 requires that, in addition to any other required security holder approval, a related party transaction is subject to “minority approval” (as defined in MI 61-101) of every class of “affected securities” (as defined in MI 61-101) of the issuer, in each case voting separately as a class. However, MI 61-101 also provides for certain exemptions from the requirement to obtain minority approval. In relation to the Loan, as neither the fair market value of the Loan or the fair market value of the consideration for the Loan, exceeds 25% of Continental’s market capitalization (calculated in accordance with the requirements of MI 61-101), the Loan is a related party transaction that is exempt from the requirement to obtain minority approval.

MI 61-101 also requires that, in addition to any other required security holder approval, a business combination is subject to “minority approval” (as defined in MI 61-101) of every class of “affected securities” (as defined in MI 61-101) of the issuer, in each case voting separately as a class. In relation to the Arrangement, the approval of the Arrangement Resolution will require the affirmative vote of a simple majority of the votes cast by:

- (a) all Shareholders other than “interested parties under applicable Law”. An “interested party” includes a related party of the issuer at the time transaction is agreed to, if the related party (i) would, as a consequence of the transaction, directly or indirectly acquire Continental or the business of Continental, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors, (ii) is a party to any connected transaction to the business combination, or (iii) is entitled to receive, directly or indirectly, as a consequence of the transaction (A) consideration per affected security that is not identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class, (B) a collateral benefit, or (C) consideration for securities of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless that consideration is not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities,
- (b) a related party of an “interested party”, unless the related party meets that description solely in its capacity as a director or senior officer of one or more persons that are neither “interested parties” nor issuer insiders of the issuer, or

- (c) a joint actor with a person referred to in paragraph (a) or (b) in respect of the transaction.

Accordingly, Continental Shares held by a related party of Continental at the time transaction is agreed to, if the related party would, as a consequence of the transaction, directly or indirectly acquire Continental, or combine with Continental, through an amalgamation, arrangement or otherwise, whether alone or with joint actors would be excluded from the calculation of the “minority” for purposes of minority approval under MI 61-101. As a result, any Continental Shares held by IMX and its affiliates will be excluded from the minority for this purpose. In addition, any Continental Shares held by a “related party” of IMX Holdings or IMX would be excluded from the calculation of the “minority” for purposes of minority approval under MI 61-101. Mr. Nitschke and Massola are each a “related party” of IMX and or IMX Holdings by virtue of their positions as directors of IMX and/or IMX Holdings. Accordingly, any Continental Shares held by Mr. Nitschke or Mr. Massola will be excluded from the calculation of the “minority”.

Further, Continental Shares held by a director or senior officer of Continental who receives a “collateral benefit” must be excluded from the minority approval of the Arrangement Resolution required by MI 61-101. However, MI 61-101 expressly excludes benefits from being “collateral benefits” if such benefits are received solely in connection with such party’s services as an employee, director or consultant under certain circumstances, including that the full particulars of the benefits are disclosed in the disclosure document for the Arrangement and at the time the Arrangement is agreed to, such party and its associated entities (as defined in MI 61-101) beneficially own, or exercise control or direction over, less than 1% of the outstanding equity securities (being, in the case of Continental, the Continental Shares).

In connection with the Arrangement, certain officers of the Corporation, being Mr. David Massola, Mr. Gary Hill, Ms. Patricia Tirschmann and Mr. Stewart Watkins, will receive the change of control payments more particularly described under the heading “The Arrangement – Interests of Certain Persons or Companies in the Arrangement – Termination Payments”. Furthermore, in connection with the Arrangement, all of the outstanding CNI Options will become fully vested and replaced by Replacement Options following the Effective Time. However, each of these individuals owns, or exercises control or direction over, less than 1% of the outstanding Continental Shares. Accordingly, such individuals will not be considered to have received a “collateral benefit” under MI 61-101 as a result of receipt of the foregoing and, as a result, Continental Shares held by them may be counted in determining the minority approval of the Arrangement, absent any other considerations that may result in the exclusion of their Continental Shares from calculation of the “minority”.

As a result, the only Continental Shares that will be excluded from the calculation of the minority for purposes of minority approval of the Arrangement are the 15,813,138 Continental Shares held by IMX, any related party of IMX, including IMX Holdings, and any joint actor with IMX and any Continental Shares held by Mr. Nitschke and Mr. Massola by virtue of their appointments as directors of IMX and/or IMX Holdings.

Resale of Securities

Each Shareholder is urged to consult its professional advisor to determine the conditions and restrictions applicable to such Shareholder in trading IMX Shares and IMX Warrants received pursuant to the Arrangement. The issuance of IMX Shares and IMX Warrants in connection with the Arrangement will be exempt from the prospectus and registration requirements of applicable Canadian Securities Law. The first re-sale of IMX Shares and IMX Warrants received pursuant to the Arrangement will be free from restriction under Canadian Securities Laws (where such Laws are applicable) on the first trade of such IMX Shares and IMX Warrants provided that (a) IMX is and has been a reporting issuer in a jurisdiction of Canada for four months immediately preceding the sale (for this purpose, applicable Securities Law may allow the holder to include the period of time during which CNI was a reporting issuer in a jurisdiction of Canada for the period immediately preceding the Effective Date), (b) such sale is not a control distribution, (c) no unusual effort is made to prepare the market or to create a demand for the IMX Shares or IMX Warrants, (d) no extraordinary commission or consideration is paid to a person or company in respect of such sale and (e) if the selling security holder is an insider or officer of IMX, the selling security holder has no reasonable grounds to believe that IMX is in default under Canadian securities legislation.

Holders of IMX Warrants are advised that the IMX Warrants may not be exercised by any holder during the 40-day period following the Effective Date. In addition, the IMX Warrants may not be exercised at any time by any holder who is in the United States (within the meaning of Regulation S under the U.S. Securities Act) unless an exemption

from the registration requirements of the U.S. Securities Act and applicable state securities Laws is available. Holders of IMX Warrants are encouraged to consult their advisors with respect to the IMX Warrants.

Judicial Developments

The Plan of Arrangement will be implemented pursuant to Section 192 of the CBCA which provides that, where it is impractical for a corporation to effect an arrangement under any other provisions of the CBCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the CBCA, such an application will be made by Continental and IMX for approval of the Arrangement. See the section of this Circular entitled “Certain Legal and Regulatory Matters — Court Approval and Completion of the Arrangement”. Although there have been a number of judicial decisions considering this section and applications to various arrangements, there have not been, to the knowledge of Continental and IMX, any recent significant decisions which would apply in this instance. Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.

Stock Exchange Delisting and Reporting Issuer Status

The Corporation expects that the Continental Shares will be delisted from the TSXV immediately following the acquisition of the Continental Shares by IMX Holdings pursuant to the Plan of Arrangement. IMX also intends to seek to have Continental to be deemed to have ceased to be a reporting issuer following the closing of the Arrangement under the Securities Laws of each of the provinces in Canada under which it is currently a reporting issuer (or the equivalent).

Stock Exchange Approvals

It is a condition of the Arrangement that the IMX Shares (including the IMX Shares forming part of the Consideration, the IMX Shares issuable on exercise of the Replacement Options and the IMX Warrant Shares) and the IMX Warrants be approved for official quotation by the ASX and be conditionally listed for trading on the TSX, subject to the satisfaction of customary conditions required by each such exchange.

Continental understands that IMX has made, or in the case of the ASX, will make, an application to each of the ASX and the TSX to list the IMX Shares and IMX Warrants.

Pursuant to ASX Listing Rules 7.1 and 10.11, IMX must obtain the approval of the IMX Shareholders should it issue more than 15% of the number of its outstanding fully paid ordinary securities in any given 12 month period. In connection with the Arrangement, IMX applied for and obtained a waiver from the ASX from the requirement to obtain IMX Shareholder approval for the issuance of the Consideration to Shareholders under the Arrangement. Accordingly, the conditions relating to the IMX Shareholder meeting including obtaining the requisite IMX Shareholder approval, have been satisfied by IMX.

One of the IMX Directors, Mr. John Nitschke, is a holder of CNI Options. While the ASX Listing Rules would normally require IMX to obtain IMX Shareholder approval in connection with the issuance of Replacement Options to Mr. Nitschke, IMX has applied for and has obtained a waiver of such requirement from the ASX.

Other Regulatory Approvals

IMX has also applied for and obtained relief from ASIC from certain technical requirements of the Australian *Corporations Act 2001* in order to have the Arrangement treated on a basis consistent with schemes of arrangement under Australian law.

Tanzanian Regulatory Approvals

Tanzanian Anti-Trust Approval

Competition Law in the United Republic of Tanzania is regulated in terms of the Fair Competition Act, 2003 (the “**FC Act**”), the Fair Competition (Threshold for Notification of a Merger) Order, 2006 (the “**FC Order**”) and the Fair Competition Commission Procedure Rules, 2010 (the “**FCC Rules**”). Merger notifications must be submitted to

the Fair Competition Commission (the “**FCC**”). A merger is defined as the “*acquisition of shares, a business or other assets, whether inside or outside Tanzania, resulting in the change of control of a business, part of a business or an asset of a business in Tanzania*”. The tests for “control” are: (a) the right to appoint a majority of the directors of the local Tanzania company; (b) ownership or control of a majority of the shares of the local Tanzania company; and (c) the power to make decisions in respect of the conduct or affairs of the local Tanzania company. According to these tests, the Arrangement may be considered a merger and would thus be notifiable under the FC Act if it meets the merger notification threshold.

A merger is notifiable if it involves turnover or assets above threshold amounts specified from time to time in the Government Gazette. The current threshold for notification of a merger is Tanzanian Shillings 800 million (approximately US\$500,000 based upon prevailing exchange rates as of the date of this Circular), based on the combined market value of the assets of the merging entities.

The FCC must be notified of a merger at least 14 days before the effective date of the merger. Within five working days of a filing being made, the FCC will confirm whether or not the filing is complete. Within 14 working days of a complete filing, the FCC will advise whether the merger should be examined or not. If it needs to be examined by the FCC, the review process may take 90 to 120 days or longer. During this review process the merger is prohibited.

Continental understands that the Arrangement constitutes a notifiable transaction for purposes of the FC Act and FC Order and has provided the FCC with such notification. Continental does not anticipate that the Arrangement will be examined by the FCC.

Tanzanian Mining Authority Approval

Under the Mining Act, 2010 (Tanzania) (the “**Mining Act**”), if the shareholding structure of the Nachingwea Project is to be changed so as to lead to a change of control, the entity holding the rights to the Nachingwea Project must obtain the prior written consent of the Commissioner for Minerals. Whether the Arrangement will constitute a change of control for purposes of the Mining Act is a factual determination made, taking into account all relevant factors. On the basis of the current structure contemplated by the Plan of Arrangement, Continental believes that no such consent is required prior to closing of the Arrangement.

RISK FACTORS

In assessing the Arrangement, Shareholders should carefully consider the risks described in Continental’s most recent management discussion and analysis and in IMX’s disclosure documents, including, in particular, the disclosure contained in Appendix G to this Circular. Additional risks and uncertainties, including those currently unknown to or considered to be not material by Continental, may also adversely affect the business of the combined company or any one or more of IMX, Continental and the combined company. The Arrangement and the operations of the combined company are subject to certain risks including the following:

Risks Related to the Arrangement

The IMX Shares and IMX Warrants issued in connection with the Arrangement may have a market value that is different than expected.

Pursuant to the Arrangement, each Shareholder will be entitled to receive 3.7 IMX Shares plus 0.5 of an IMX Warrant for each Continental Share held. The market value of the IMX Shares at the Effective Time may vary significantly from the market value of the IMX Shares and IMX Warrants immediately prior to the announcement of the Arrangement and at the date of this Circular. If the market value of the IMX Shares declines, the value of the Consideration received by Shareholders will decline as well. Variations may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of IMX, IMX Holdings, Continental and the combined company, regulatory considerations, general market and economic conditions, changes in metal prices and other factors over which neither Continental nor IMX has control.

Completion of the Arrangement is subject to several conditions that must be satisfied or waived.

Completion of the Arrangement is subject to a number of conditions. There can be no certainty, nor can Continental provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. In addition, there are a number of other conditions precedent to the Arrangement which are outside the control of Continental or IMX, including, but not limited to, Shareholder Approval, approval of the Court, and required regulatory and third party approvals and consents, which include the approvals of the TSXV and approvals from the TSX and ASX to list the IMX Shares (including the IMX Shares forming part of the Consideration, the IMX Shares issuable on exercise of the Replacement Options and the IMX Warrant Shares) and IMX Warrants. See the section of the Circular entitled “The Arrangement Agreement – Conditions Precedent to the Arrangement”.

If for any reason the conditions to the Arrangement are not satisfied or waived and the Arrangement is not completed, the market price of Continental Shares may be adversely affected.

The Arrangement Agreement may be terminated by Continental or IMX in certain circumstances, in which case Continental may not be able to solicit an alternative transaction.

Each of Continental and IMX has the right to terminate the Arrangement Agreement in certain limited circumstances. Accordingly, there is no certainty that the Arrangement Agreement will not be terminated by either Continental or IMX before the completion of the Arrangement.

If the Arrangement Agreement is terminated, there is no assurance that the CNI Board will be able to find a party willing to pay an equivalent or greater price for Continental Shares than the price to be paid pursuant to the terms of the Arrangement Agreement. See the section in this Circular entitled “The Arrangement Agreement – Termination of the Arrangement Agreement”.

The issuance of a significant number of IMX Shares and IMX Warrants could adversely affect the market price of IMX Shares.

If the Arrangement is completed, a significant number of additional IMX Shares and IMX Warrants will be available for trading in the public market. The increase in the number of IMX Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, IMX Shares and IMX Warrants.

Risks Related to the Operations of the Combined Company

The combined company may not realize the benefits currently anticipated due to challenges associated with integrating the operations, assets and personnel of Continental and IMX.

The success of the combined company will depend in large part on the success of management of the combined company in integrating the operations, assets and personnel of Continental with those of IMX after the Effective Date. The failure of the combined company to achieve such integration could result in the failure of the combined company to realize the anticipated benefits of the Arrangement and could impair the results of operations, profitability and financial results of the combined company.

The overall integration of the operations, assets and personnel of Continental into the combined company may also result in unanticipated operational problems, expenses, liabilities and diversion of management’s time and attention.

The combined company may not meet production or cost estimates.

The level of production and capital and operating costs estimates relating to development projects and operating mines, which are used in establishing mineral resource and reserve estimates for obtaining financing and other purposes, are based on certain assumptions and are inherently subject to significant uncertainty. Actual results for the combined company’s projects could differ from current estimates and assumptions, and these differences may be material. In addition, development activities or processing operations may identify new or unexpected conditions which could reduce production below, increase capital or operating costs above, current estimates and impact

timing. If actual results are less favourable than currently estimated, the results of operations, profitability and financial results of the combined company could be materially adversely affected.

The cash flow from operations of the combined company may be affected by a change in the production outlook.

A change in the amount, or timing of the production outlook of the combined company, or a change in metal prices, will directly affect the amount and timing of the combined company's cash flow from operations. Any change in the timing of these projected cash flows could result in delays in receipt of such cash flows and may require additional borrowings to fund capital expenditures, including capital for the combined company's development projects. Any such financing requirements could adversely affect the combined company's ability to access capital markets in the future to meet any external financing requirements or increase its debt financing costs.

The combined company's projects are highly sensitive to commodity prices

The ability of the combined company to develop its projects and continue operations and the future profitability of the combined company is directly related to the market price of nickel, iron ore, copper and other commodities. These commodities are primarily sold in an active global market and traded on commodity exchanges, such as the LME and the New York Mercantile Exchange. Commodity prices are subject to significant fluctuations and are affected by many factors beyond the control of the combined company, including supply and demand fluctuations for minerals, the availability and costs of substitutes, inventory levels, technological advancements, forward selling activities and other macroeconomic and political factors. Commodity prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of the combined company's exploration and development projects and existing operations cannot be accurately predicted and may be adversely affected by fluctuations in commodity prices.

Recent fluctuations in commodity prices can be seen in the following table, indicating historical commodity prices:

Month	Nickel (US\$ / lb)¹	Copper (US\$ / lb)²	Iron Ore (US\$ / t)³
August 2011	\$9.92	\$4.08	\$177.45
September 2011	\$9.24	\$3.76	\$177.23
October 2011	\$8.64	\$3.35	\$150.43
November 2011	\$8.11	\$3.44	\$135.54
December 2011.....	\$8.28	\$3.43	\$136.46
January 2012.....	\$9.03	\$3.66	\$140.35
February 2012.....	\$9.25	\$3.83	\$140.40
March 2012.....	\$8.46	\$3.84	\$144.66
April 2012	\$8.12	\$3.76	\$147.65
May 2012	\$7.70	\$3.58	\$136.27
June 2012	\$7.53	\$3.37	\$134.62
July 2012	\$7.32	\$3.44	\$127.94

Notes:

- 1) LME Nickel Price
- 2) LME Copper Price
- 3) Bloomberg TSI (The Steel Index Ltd.) China Iron Ore 62% Fines Prices

The combined company will be reliant on a number of joint ventures

The combined company will be a participant in a number of joint ventures and, as a result, could be subject to material and adverse consequences, including to the combined company's results of operation or financial condition, if any of its joint venture partners were to breach any of the provisions of their respective joint venture agreements, including their respective funding commitments.

Competition in the mining industry may adversely affect the combined company's ability to acquire additional properties

The international mining industry is highly competitive. Competition for new mining properties may prevent the combined company from acquiring interests in additional properties or mining operations. Accordingly, there can be no assurance that the combined company will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

RIGHTS OF DISSENTING SHAREHOLDERS

Registered Shareholders who wish to dissent should take note that strict compliance with the Dissent Procedures is required.

The following description of the Dissent Rights is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Continental Shares and is qualified in its entirety by the reference to the full text of the Interim Order and Section 190 of the CBCA which are attached to this Information Circular as Appendices D and F, respectively. A Dissenting Shareholder who intends to exercise the Dissent Rights should carefully consider and comply with the provisions of Section 190 of the CBCA, as modified by the Interim Order. Failure to comply strictly with the provisions of the CBCA, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, each registered Shareholder may exercise Dissent Rights under Section 190 of the CBCA as modified by the Interim Order or the Final Order in respect of the Arrangement. Shareholders who duly exercise such Dissent Rights and who:

- (a) are ultimately determined to be entitled to be paid fair value for the Continental Shares in respect of which they have exercised Dissent Rights will be deemed to have irrevocably transferred such Continental Shares to IMX for cancellation immediately prior to the Effective Time, and Continental shall fund such payment using its own assets; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for the Continental Shares in respect of which they have exercised Dissent Rights will be deemed to have participated in the Arrangement on the same basis as a Shareholder that has not exercised Dissent Rights, and shall only be entitled to receive the Consideration,

but in no case will IMX, Continental or any other person be required to recognize such Dissenting Shareholders as Shareholders after the cancellation of the Dissenting Shares, which cancellation is to occur at the Effective Time, and each Dissenting Shareholder will cease to be entitled to the rights of a Shareholder in respect of the Continental Shares in relation to which such Dissenting Shareholder has exercised Dissent Rights and the central securities register will be amended to reflect that such former holder is no longer the holder of such Continental Shares as and from the Effective Time.

Persons who are beneficial Shareholders who wish to dissent with respect to their Continental Shares should be aware that only registered Shareholders are entitled to dissent with respect to them. A registered Shareholder such as an intermediary who holds Continental Shares as nominee for beneficial Shareholders, must exercise Dissent Rights

on behalf of beneficial Shareholders with respect to the Continental Shares held for such beneficial Shareholders. In such case, the Notice of Objection should set forth the number of Continental Shares it covers.

A registered Shareholder who wishes to dissent must send a written objection notice (the “Notice of Objection”) objecting to the Arrangement Resolution to Continental, 20 Adelaide Street East, Suite 915 Toronto, Ontario, M5C 2T6 by 5:00 p.m. (Toronto time) on September 10, 2012, Attention: David Massola. The Notice of Objection must set out the number of Continental Shares held by the Dissenting Shareholder.

The delivery of a Notice of Objection does not deprive such Dissenting Shareholder of its right to vote at the Meeting, however, a vote in favour of the Arrangement Resolution may result in a loss of its Dissent Right. A vote against the Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Objection, but a Shareholder need not vote its Continental Shares against the Arrangement Resolution in order to object. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Arrangement Resolution does not constitute a Notice of Objection in respect of the Arrangement Resolution, but any such proxy granted by a Shareholder who intends to dissent should be validly revoked (see the section of this Circular entitled “General Proxy Information – Appointment and Revocation of Proxies”) in order to prevent the proxy holder from voting such Continental Shares in favour of the Arrangement Resolution. A vote in favour of the Arrangement Resolution, whether in person or by proxy, may constitute a loss of a Shareholder’s right to dissent. However, a Shareholder may vote as a proxy holder for another Shareholder whose proxy required an affirmative vote, without affecting the right of the proxy holder to exercise Dissent Rights.

If the Arrangement Resolution is passed at the Meeting or at an adjournment or postponement thereof, Continental is required to deliver to each Dissenting Shareholder, within 10 days after the approval of the Arrangement Resolution, a notice stating that the Arrangement Resolution has been adopted (the “**Notice of Resolution**”). A Notice of Resolution is not required to be sent to any Dissenting Shareholder who voted in favour of the Arrangement Resolution or who has withdrawn their Notice of Objection. A Dissenting Shareholder then has 20 days after receipt of the Notice of Resolution or, if the Dissenting Shareholder does not receive a Notice of Resolution, within 20 days after learning that the Arrangement Resolution has been adopted, to send to the Corporation a written notice (a “**Demand Notice**”) containing the Dissenting Shareholder’s name and address, the number of Continental Shares in respect of which it dissents and a demand for payment of the fair value of such Continental Shares. A Dissenting Shareholder must within 30 days after sending the Demand Notice, send the certificates representing the Continental Shares in respect of which it is dissenting to Continental or its transfer agent or else the Dissenting Shareholder will lose its right to make a claim for the fair value of such Continental Shares. If a Dissent Right is being exercised by someone other than the beneficial owner of Continental Shares, this Demand Notice must be signed by such beneficial owner.

At the Effective Time, any CNI Shares held by a Shareholder who has sent a Demand Notice and validly exercised his, her or its Dissent Right shall be directly assigned and transferred by such Dissenting Shareholder to IMX Holdings (free and clear of all Encumbrances) in consideration for a debt claim against CNI to be paid the fair value of such CNI Shares pursuant to the Dissent Procedures.

Continental shall, not later than seven days after the later of the date on which the Arrangement becomes effective or the date Continental receives a Demand Notice, send to each Dissenting Shareholder a written offer (the “**Offer to Pay**”) to pay for the Dissenting Shares in an amount considered by the CNI Board to be the fair value, accompanied by a statement and showing how the fair value was determined. Every Offer to Pay shall be on the same terms. Dissenting Shareholders who accept the Offer to Pay will, unless such payments are prohibited by the CBCA, be paid within ten days of acceptance, but any Offer to Pay lapses if Continental does not receive an acceptance thereof within 30 days after the date on which the Offer to Pay was made.

If Continental fails to make the Offer to Pay, or a Dissenting Shareholder fails to accept the Offer to Pay, Continental may, within 50 days after the Effective Date or within such further period as the Court may allow, apply to the Court to fix a fair value for the Dissenting Shares of any Dissenting Shareholder. Upon any such application by Continental, Continental shall notify each affected Dissenting Shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel. If Continental fails to make such an application, a Dissenting Shareholder has the right to so apply within a further period of 20 days or within such further period as the Court may allow. All Dissenting Shareholders whose Dissenting Shares have not been purchased by Continental will be joined as parties to the application and will be bound by the decision of the Court.

The Court may determine whether any other person is a Dissenting Shareholder who should be joined as a party and the Court will fix a fair value for the Dissenting Shares of all Dissenting Shareholders.

If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in the Interim Order, it will lose its Dissent Rights, the Corporation will return to the Dissenting Shareholder the certificates representing the Dissenting Shares that were delivered to Continental, if any, and if the Arrangement is completed, that Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as a Shareholder.

If a Dissenting Shareholder strictly complies with the foregoing requirements of the Dissent Rights, but the Arrangement is not completed, Continental will return to the Dissenting Shareholder the certificates delivered to Continental by the Dissenting Shareholder, if any.

Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement and the Dissent Rights.

All Notices of Objection to the Arrangement pursuant to Section 190 of the CBCA, as modified by the terms of the Interim Order, should be sent to Continental at:

20 Adelaide Street East, Suite 915
Toronto, Ontario
M5C 2T6
Attention: David Massola

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations generally applicable in respect of the Arrangement to a beneficial owner of Continental Shares who, at all relevant times, for purposes of the *Income Tax Act* (Canada) and the Income Tax Regulations (collectively, the “**Tax Act**”), (a) deals at arm’s length with CNI, IMX and IMX Holdings; (b) is not affiliated with CNI, IMX or IMX Holdings; and (c) holds the Continental Shares, the IMX Shares and IMX Warrants to be received under the Arrangement, and the IMX Shares received on the exercise of the IMX Warrants as capital property (a “**Holder**”). The Continental Shares, IMX Shares and IMX Warrants will generally be capital property to a Holder provided the Holder does not hold such securities in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is not applicable to (a) a Shareholder who had acquired or will acquire Continental Shares or IMX Shares on the exercise of an employee stock option received in respect of, in the course of, or by virtue of, employment, (b) a Shareholder that is a “specified financial institution”, (c) a Shareholder an interest in which is a “tax shelter investment”, (d) a Shareholder that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a “financial institution”, (e) a Shareholder that reports its “Canadian tax results” in a currency other than Canadian currency, or (f) a Shareholder in respect of whom IMX is or will be a “foreign affiliate”, each as defined in the Tax Act. Any such Shareholders should consult its own tax advisors.

This summary is based on the current provisions of the Tax Act, and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”) published in writing prior to the date of this Circular. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in Law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular shareholder. This summary is not exhaustive of all Canadian federal income tax considerations applicable in

respect of the Arrangement. Accordingly, shareholders should consult their own tax advisors in respect of the consequences to them of the Arrangement, having regard to their own particular circumstances.

Currency Conversion

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the Continental Shares, IMX Shares and IMX Warrants which are not denominated in Canadian dollars must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act. The amount of any dividend required to be included in the income of, and of any capital gains or capital losses realized by, a Holder may be affected by fluctuations in the relevant exchange rate.

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention, is, or is deemed to be, resident in Canada (a “**Resident Holder**”). Certain Resident Holders whose Continental Shares might not otherwise qualify as capital property may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Continental Shares (and all other “Canadian securities”, as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders whose Continental Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election. The election under subsection 39(4) of the Tax Act is not available in respect of IMX Shares and IMX Warrants.

This portion of the summary assumes that IMX, at all relevant times, for purposes of the Tax Act (a) is not, and will not be deemed to be, resident in Canada, and (b) does not carry on business in Canada through a permanent establishment.

Exchange of Continental Shares for IMX Shares and IMX Warrants

A Resident Holder who exchanges Continental Shares for IMX Shares and IMX Warrants under the Arrangement will generally be considered to have disposed of such Continental Shares for proceeds of disposition equal to the aggregate fair market value, at the time of the exchange, of the IMX Shares and IMX Warrants (and any cash received in lieu of a fractional IMX Share) so acquired by the Resident Holder. As a result, the Resident Holder will generally realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Continental Shares immediately before the disposition. See “Taxation of Capital Gains and Capital Losses” below for a general discussion of the treatment of capital gains and capital losses under the Tax Act.

The cost to the Resident Holder of the IMX Shares and the IMX Warrants acquired on the exchange will equal the fair market value of such IMX Shares and IMX Warrants, respectively, as at the time of the exchange. For the purpose of determining the adjusted cost base at any time to a Resident Holder of IMX Shares or IMX Warrants acquired under the Arrangement, the adjusted cost base of such shares or warrants, as the case may be, will generally be determined by averaging the cost of such shares or warrants with the adjusted cost base (determined immediately before the acquisition of such shares or warrants) of all other IMX Shares or IMX Warrants, as the case may be, held by the Resident Holder as capital property at that time.

Dividends Received on IMX Shares

A Resident Holder will be required to include in computing its income for a taxation year any dividends received on the IMX Shares. In the case of a Resident Holder that is an individual, such dividends will not be subject to the gross up and dividend tax credit rules in the Tax Act that apply to taxable dividends received from corporations resident in Canada (as defined in the Tax Act). A Resident Holder that is a corporation will not be entitled to deduct the amount of such dividends in computing its taxable income.

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% of its “aggregate investment income” for the year, including dividends received or deemed to be received in respect of the IMX Shares.

If a government of a country other than Canada imposes a withholding tax on dividends paid by IMX on an IMX Share held by a Resident holder, the amount of such tax will generally be eligible for foreign tax credit or deduction treatment, subject to the detailed rules and limitations specified in the Tax Act. Resident Holders are advised to consult their own tax advisors with respect to the availability of a credit or deduction to them having regard to their own particular circumstances.

Exercise or Expiration of IMX Warrants

No gain or loss will be realized by a Resident Holder upon the exercise of an IMX Warrant to acquire an IMX Share. When an IMX Warrant is exercised, the Resident Holder's cost of the IMX Share acquired thereby will be equal to the aggregate of the Resident Holder's adjusted cost base of such IMX Warrant and the exercise price paid for the IMX Share. The Resident Holder's adjusted cost base of the IMX Share so acquired will be determined by averaging the cost of the IMX Shares so acquired with the adjusted cost base (determined immediately before the exercise of the IMX Warrant and acquisition of IMX Share related thereto) to the Resident Holder of all other IMX Shares held by the Resident Holder as capital property at that time. The expiry of an unexercised IMX Warrant will generally result in a capital loss to the Resident Holder equal to the adjusted cost base of the IMX Warrant to the Resident Holder immediately before its expiry. See "Taxation of Capital Gains and Capital Losses".

Disposition of IMX Shares and IMX Warrants

Generally, a Resident Holder who disposes of, or is deemed to have disposed of, an IMX Share or an IMX Warrant will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of such IMX Share or IMX Warrant, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of each such IMX Share or IMX Warrant. See the discussion below under the heading "Taxation of Capital Gains and Capital Losses".

The Resident Holder may be entitled to claim a foreign tax credit or deduction in respect of any foreign tax payable by the Resident Holder on any gain realized on such disposition or deemed disposition to the extent and under the circumstances provided in the Tax Act.

Offshore Investment Fund Property Rules

The Tax Act contains proposed rules which, in certain circumstances, may require a Resident Holder to include an amount in income in each taxation year in respect of the acquisition and holding of an IMX Share if the value of such IMX Share may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (a) shares of the capital stock of one or more corporations; (b) indebtedness or annuities; (c) interests in one or more corporations, trusts, partnerships, organizations, funds or entities; (d) commodities; (e) real estate; (f) Canadian or foreign resource properties; (g) currency of a country other than Canada; (h) rights or options to acquire or dispose of any of the foregoing; or (i) any combination of the foregoing ("**Investment Assets**").

In order for these rules to apply to a Resident Holder, it must be reasonable to conclude that one of the main reasons for the Resident Holder acquiring or holding an IMX Share was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Resident Holder. In making this determination, the Tax Act provides that regard must be had to all of the circumstances, including: (a) the nature, organization and operation of IMX and the terms and conditions of the IMX Share; (b) the extent to which any income, profit and gains that may reasonably be considered to be earned or accrued, whether directly or indirectly, for the benefit of IMX are subject to an income or profits tax that is significantly less than the income tax that would be applicable to such income, profits and gains if they were earned directly by the Resident Holder; and (c) the extent to which any income, profits and gains of IMX for any fiscal period are distributed in that or the immediately following fiscal period.

Where these rules apply, a Resident Holder generally will be required to include in income for each taxation year in which the Resident Holder owns an IMX Share the amount, if any, by which: (a) an imputed return for the taxation year computed on a monthly basis and calculated as the product obtained when the Resident Holder's "designated cost" (within the meaning of the Tax Act) in the IMX Share at the end of the month, is multiplied by one-twelfth of

the applicable prescribed rate for the period that includes such month, exceeds (b) any dividends or other amounts included in computing the Resident Holder's income for the year (other than a capital gain) in respect of the IMX Share determined without reference to these rules. For these purposes, the designated cost to a Resident Holder of an IMX Share at any particular time in a taxation year will generally include, among other things, the adjusted cost base of the IMX Share to the Resident Holder and the total of all amounts required to be included in computing the Resident Holder's income as imputed income in respect of the IMX Share under these rules for a preceding taxation year. The prescribed rate for purposes of these computations is the sum of: (i) the amount determined under the Regulations on a quarterly basis as the average equivalent yield of Government of Canada 90-day treasury bills (rounded to the next highest whole percentage) sold during the first month of the immediately preceding quarter, and (ii) two per cent.

Any amount required to be included in computing a Resident Holder's income under these provisions will be added to the adjusted cost base to the Resident Holder of its IMX Shares. A Resident Holder who realizes a capital loss on the disposition of an IMX Share will not, however, be entitled to claim any deduction in respect of any portion of such capital loss in computing the Resident Holder's income, even in circumstances where the Resident Holder was required to include an amount in computing its income under these rules in connection with holding an IMX Share.

These rules will apply to the holding of IMX Warrants in the same manner as described above in respect of IMX Shares.

These rules are complex and their application depends, to a large extent, on the reasons for a Resident Holder acquiring or holding an IMX Share or an IMX Warrant. Resident Holders are urged to consult their own tax advisors regarding the application and consequences of these rules, having regard to in their own particular circumstances.

Foreign Property Information Reporting

A Resident Holder that is a "specified Canadian entity" for a taxation year or a fiscal period and whose total "cost amount" of "specified foreign property" (as such terms are defined in the Tax Act), including IMX Shares and IMX Warrants, at any time in the year or fiscal period exceeds \$100,000 will be required to file an information return with the CRA for the year or period disclosing prescribed information in respect of such property. Subject to certain exceptions, a taxpayer that is resident in Canada during a taxation year will generally be a specified Canadian entity and the share of a corporation that is not resident in Canada for the purposes of the Tax Act (and a right to acquire such a share) will generally be a specified foreign property.

The foreign reporting rules in the Tax Act are complex and this summary does not purport to explain all circumstances in which reporting may be required. Resident Holders should consult their own tax advisors regarding whether they must comply with these reporting requirements in connection with the holding of IMX Shares and IMX Warrants.

Taxation of Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% of its "aggregate investment income" for the year, including any taxable capital gain.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Continental Share or an IMX Share may be reduced by the amount of any dividends received (or deemed to be received) by the Resident Holder on such share (or another share where the CNI Share or IMX Share, as applicable, has been acquired in exchange for such other share) to the extent and under the circumstances prescribed by the Tax Act.

Similar rules may apply where a Continental Share or an IMX Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant should consult their own advisors.

Resident Dissenting Shareholders

A Resident Holder who is also a Dissenting Shareholder (a “**Resident Dissenting Shareholder**”) may be entitled, if the Arrangement becomes effective, to receive the fair value of the Continental Shares held by the Resident Dissenting Shareholder. The Resident Dissenting Shareholder will be considered to have disposed of its Continental Shares for proceeds of disposition equal to the amount paid to such Resident Dissenting Shareholder less an amount in respect of interest, if any, awarded by the Court. Resident Dissenting Shareholder may realize a capital gain (or sustain a capital loss) in respect of such disposition to the extent such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares (see “Taxation of Capital Gains and Capital Losses” above).

Any interest awarded to a Resident Dissenting Shareholder by the Court will be included in the Resident Dissenting Shareholder’s income for the purposes of the Tax Act and, where the Resident Dissenting Shareholder is a “Canadian-controlled private corporation” (as defined in the Tax Act) the Resident Dissenting Shareholder may be liable for an additional refundable tax of 6½% in respect of any such interest.

Eligibility for Investment

Provided the IMX Shares and IMX Warrants are listed on a designed stock exchange (which includes the TSX-V and ASX) at the time of issuance pursuant to the Arrangement, such IMX Shares and IMX Warrants will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (RRSP), registered retirement income funds (RRIF), registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (TFSA) and, in the case of an RRSP, an RRIF or a TFSA, provided the annuitant of the RRSP or RRIF or the holder of the TFSA, as the case may be, does not have a “significant interest” (within the meaning of the Tax Act) in IMX or in a corporation, partnership or trust that does not deal at arm’s length with IMX, will not be a prohibited investment under the Tax Act for such RRSP, RRIF or TFSA.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, the Continental Shares, the IMX Shares and IMX Warrants to be received under the Arrangement, and the IMX Shares received on the exercise of the IMX Warrants, in a business carried on in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to certain holders that are insurers carrying on an insurance business in Canada and elsewhere.

Exchange of Continental Shares for IMX Shares and IMX Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of Continental Shares pursuant to the Arrangement, unless the Continental Shares are “taxable Canadian property” to the Non-Resident Holder for purposes of the Tax Act and the Continental Shares are not “treaty-protected property” of the Non-Resident Holder for purposes of the Tax Act.

Generally, a share of a corporation owned by a Non-Resident Holder will not constitute taxable Canadian property to the Non-Resident Holder at the time of disposition provided that the share is listed at that time on a designated stock exchange (which includes the TSXV and ASX), unless at any particular time during the 60-month period that ends at that time (a) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm’s length, or the Non-Resident Holder together with all such persons, has owned 25% or more of the issued shares of any class or series of the capital stock of the particular corporation and (b) more than 50% of the fair market value of the particular share was derived directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) “Canadian resource properties” (as defined in the Tax Act), (iii) “timber resource properties” (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil Law rights in,

property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, shares could be deemed to be taxable Canadian property.

Even if the shares of a particular corporation are taxable Canadian property to a Non-Resident Holder, a taxable capital gain resulting from the disposition of such shares will not be included in computing the Non-Resident Holder's taxable income earned in Canada for the purposes of the Tax Act if, at the time of the disposition, such shares constitute "treaty-protected property" of the Non-Resident Holder for purposes of the Tax Act. Shares will generally be considered "treaty-protected property" of a Non-Resident Holder for purposes of the Tax Act at the time of the disposition if the gain from their disposition would, because of an applicable income tax treaty between Canada and the country in which the Non-Resident Holder is resident for purposes of such treaty, be exempt from tax under the Tax Act.

Non-Resident Holders whose Continental Shares may constitute taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances, including whether their Continental Shares constitute treaty-protected property.

Dividends on IMX Shares

Dividends received by a Non-Resident Holder on an IMX Share will not be subject to withholding tax under the Tax Act.

Exercise of IMX Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act upon the exercise of an IMX Warrant to acquire an IMX Share.

Disposition of IMX Shares or IMX Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition or deemed disposition of IMX Shares or IMX Warrants provided that such securities are not and are not deemed to be "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder. Whether shares of a corporation constitute taxable Canadian property is discussed above (see "Holders Not Resident in Canada – Exchange of Continental Shares for IMX Shares and IMX Warrants"). IMX Warrants will not constitute taxable Canadian property of a Non-Resident Holder provided the IMX Shares are not taxable Canadian property of such Non-Resident Holder. Non-Resident Holders who will or may hold IMX Shares or IMX Warrants that constitute taxable Canadian property should consult their own tax advisors.

Non-Resident Dissenting Shareholders

A Non-Resident Holder who is also a Dissenting Shareholder (a "**Non-Resident Dissenting Shareholder**") may be entitled, if the Arrangement becomes effective, to receive the fair value of the Continental Shares held by the Non-Resident Dissenting Holder. A Non-Resident Dissenting Holder who receives interest, if any, awarded by the Court consequent upon the exercise of Dissent Rights will not be subject to Canadian withholding tax thereon provided that such interest is not "participating debt interest" as defined in the Tax Act.

The Non-Resident Dissenting Holder will also be considered to have disposed of its Continental Shares for proceeds of disposition equal to the amount paid to such Non-Resident Dissenting Holder less an amount in respect of interest, if any, awarded by the Court.

The Non-Resident Dissenting Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of Continental Shares provided, however, that such shares are not and are not deemed to be "taxable Canadian property" as defined in the Tax Act of the Non-Resident Dissenting Holder. Whether shares of a corporation constitute taxable Canadian property is discussed above (see "Holders Not Resident in Canada – Exchange of Continental Shares for IMX Shares and IMX Warrants"). Non-Resident Dissenting Holders who will or may hold Continental Shares as taxable Canadian property should consult their own tax advisors.

INFORMATION CONCERNING CONTINENTAL

Additional information concerning Continental and its business operations may be found in Appendix F.

INFORMATION CONCERNING IMX

Additional information concerning IMX and its business operations may be found in Appendix G. The historical consolidated financial statements of IMX may be found in Appendix H. *Pro forma* consolidated financial statements of IMX that take into account completion of the Arrangement may be found in Appendix I.

INTERESTS OF EXPERTS OF CONTINENTAL AND IMX

McGovern Hurley Cunningham LLP is the auditor of Continental and is independent of Continental within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

BDO Audit (WA) Pty Ltd is the auditor of IMX and is independent of IMX within the meaning of the Australian *Corporations Act 2001*.

Scientific and technical information relating to Continental contained in this Circular was prepared under the supervision of, or approved by, Ms. Patricia Tirschmann, Vice President, Exploration and Mr. Stewart Watkins, Vice President, Projects, each of whom is a “qualified person” within the meaning of NI 43-101. Scientific and technical information relating to the Nachingwea Project was prepared under the supervision of Mr. Chester M. Moore, P.Eng., and Mr. Bruce C. Churchill, P.Geo., each of Roscoe Postle Associates Inc. Each of Mr. Moore and Mr. Churchill is a “qualified person” within the meaning of NI 43-101. As of the date hereof, each of the foregoing persons beneficially owns, directly or indirectly, less than 1% of the issued and outstanding Continental Shares or IMX Shares.

Scientific and technical information relating to IMX contained in this Circular was prepared under the supervision of, or approved by, Bianca Manzi, General Manager Exploration, IMX, and a “qualified person” within the meaning of NI 43-101. Scientific and technical information relating to the Cairn Hill Phase I Project was prepared under the supervision of Jeames McKibben, General Manager, and Trevor McIlwaine, Manager Mining and Projects, Xstract Mining Consultants Pty Ltd, both “qualified persons” within the meaning of NI 43-101. Scientific and technical information relating to the Cairn Hill Phase II Project and to the Snaefell Project was prepared under the supervision of Alastair Trevor Reddie Stevenson, Executive Consultant, Runge Limited, and a “qualified person” within the meaning of NI 43-101. As of the date hereof, each of the foregoing persons beneficially owns, directly or indirectly, less than 1% of the issued and outstanding Continental Shares or IMX Shares.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the Corporation’s website at www.continentalnickel.com and under the Corporation’s profile on SEDAR at www.sedar.com. Financial information about the Corporation may be found in the Corporation’s consolidated financial statements and management’s discussion and analysis for its most recently completed financial period. Copies of the Corporation’s consolidated financial statements and management’s discussion and analysis may be obtained on request without charge from David Massola, President and Chief Executive Officer of Continental at 20 Adelaide Street East, Suite 915 Toronto, Ontario, M5C 2T6 (telephone: (416) 603-8416 Ext: 228).

OTHER BUSINESS

The form of proxy accompanying this Circular confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of the Meeting or other matters which may properly come before the Meeting. Management of the Corporation knows of no matter to come before the Meeting or of any amendment or variation to matters identified in the Notice of the Meeting, other than the matters referred to in the Notice of the Meeting. However, if matters not now known to management should properly come before the Meeting, Continental Shares represented by proxies solicited by management will be voted on each such matter in accordance with the best judgment of the person voting such Continental Shares.

BOARD OF DIRECTORS APPROVAL

The contents and the sending of the Notice of Meeting and this Circular to each Shareholder entitled thereto, each director of the Corporation, the auditors of the Corporation and, where required, all Securities Authorities have been approved by the Board.

DATED this 10th day of August, 2012.

DAVID MASSOLA
President, Chief Executive Officer and Director

CONSENT OF MCGOVERN HURLEY CUNNINGHAM LLP

To the Board of Directors of Continental Nickel Limited

We have read the Notice of Special Meeting and Information Circular (the “**Circular**”) of Continental Nickel Limited (“**Continental**”) dated August 10, 2012 relating to the special meeting of the shareholders of Continental to approve the proposed arrangement between Continental, IMX Resources Limited and IMX Canada Holdings Limited. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference, in the above-mentioned Circular of our auditors’ report to the shareholders of Continental on the consolidated balance sheets of Continental as at June 30, 2011 and 2010 and the consolidated statements of operations and comprehensive loss and deficit and consolidated statements of cash flows for the years then ended. Our report is dated September 14, 2011.

(signed) “**McGovern Hurley Cunningham LLP**”
Chartered Accountants, Licensed Public Accountants

Toronto, Canada

August 10, 2012

CONSENT OF BDO AUDIT (WA) PTY LTD

To the Board of Directors of Continental Nickel Limited

We have read the information circular of Continental Nickel Limited (“**Continental**”) dated August 10, 2012 relating to the special meeting of the shareholders of Continental to approve the proposed arrangement between Continental, IMX Resources Limited (“**IMX**”) and IMX Canada Holdings Limited. We have complied with Australian accounting standards for an auditor’s involvement with offering documents.

We consent to the incorporation, in the above mentioned information circular of our report to the members of IMX on the audited consolidated statement of financial position of IMX as at June 30, 2011 and 2010 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended. Our report is dated September 30, 2011.

(signed) “**BDO Audit (WA) Pty Ltd**”

Chartered Accountants

Perth, Western Australia
August 10, 2012

CONSENT OF STANTONS INTERNATIONAL

To the Board of Directors of Continental Nickel Limited

We refer to the information circular dated August 10, 2012 relating to the special meeting of the shareholders of Continental Nickel Limited.

We consent to the use in the information circular of:

- The Financial Report of IMX Resources Limited for the year ended 30 June 2009, as comprised of the balance sheet as at that date, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.
- Our Report to the members of IMX Resources Limited, dated 24 September 2009, on the Financial Report of IMX Resources Limited as referred to above.

This consent should not be regarded as in any way updating the Audit Report or representing that we performed any procedures subsequent to the date of the Audit Report. We were not involved in the preparation of the remainder of the offer document, and absolve ourselves from all responsibility for content other than that consented to above.

(signed) **"Stantons International"**

Chartered Accountants

West Perth, Western Australia
August 10, 2012

CONSENT OF GMP SECURITIES L.P.

To: The Board of Directors of Continental Nickel Limited

We refer to the opinion of our firm dated May 16, 2012, which we prepared for the Board of Directors and the Independent Committee of the Board of Directors of Continental Nickel Limited in connection with the arrangement agreement entered into between Continental Nickel Limited and IMX Resources Limited (the “**Opinion**”).

We hereby consent to the inclusion of the Opinion in the Circular and reference to our name under the headings “The Arrangement – Background to the Arrangement”, “The Arrangement – Recommendation of the Independent Committee”, “The Arrangement – Reasons for the Arrangement” and “The Arrangement – GMP Fairness Opinion”.

In providing such consent, we do not intend or permit that any person other than the Board of Directors and the Independent Committee rely upon such opinion which remains subject to the assumptions, qualifications, explanations and limitations contained therein.

“GMP SECURITIES L.P.”

Toronto, Canada
August 10, 2012

**APPENDIX A
ARRANGEMENT RESOLUTION**

**RESOLUTION OF THE HOLDERS OF CONTINENTAL SHARES
OF CONTINENTAL NICKEL LIMITED**

BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under Section 192 of the Canada Business Corporations Act (the “**CBCA**”) involving Continental Nickel Limited (“**Continental**”), all as more particularly described and set forth in the Management Information Circular (the “**Circular**”) of Continental dated August 10, 2012, accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
2. The plan of arrangement (the “**Plan of Arrangement**”), involving Continental and implementing the Arrangement, the full text of which is set out in Appendix B to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
3. The arrangement agreement (the “**Arrangement Agreement**”) between Continental and IMX Resources Limited, dated May 16, 2012, and all the transactions contemplated therein, the actions of the directors of Continental in approving the Arrangement and the actions of the directors and officers of Continental in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.
4. The Corporation is authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of Continental or that the Arrangement has been approved by the Ontario Superior Court of Justice (Commercial List), the board of directors of Continental are hereby authorized and empowered, without further notice to, or approval of, the securityholders of Continental:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
6. Any director or officer of Continental is hereby authorized and directed for and on behalf of Continental to execute, whether under corporate seal of Continental or otherwise, and to deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the CBCA in accordance with the Arrangement Agreement for filing.
7. Any one or more directors or officers of Continental is hereby authorized, for and on behalf and in the name of Continental, to execute and deliver, whether under corporate seal of Continental or otherwise, all such agreements, forms waivers, notices, certificate, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of Continental, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

- (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Continental,

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**APPENDIX B
PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT UNDER SECTION 192
OF THE CANADA BUSINESS CORPORATIONS ACT**

1. INTERPRETATION

- (a) **Definitions:** In this Plan of Arrangement, unless there is something in the subject matter or the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:

“Arrangement” means the arrangement under the provisions of section 192 of the CBCA, on the terms and conditions set forth in this Plan of Arrangement, subject to any amendment, variation or supplement hereto made in accordance with the Arrangement Agreement and the provisions of Section 6 hereof or made at the direction of the Court in the Final Order (providing that any such amendment, variation or supplement is acceptable to both CNI and IMX, each acting reasonably);

“Arrangement Agreement” means the Arrangement Agreement between CNI and IMX dated May 16, 2012;

“Arrangement Resolution” means the Special Resolution of CNI Shareholders approving the Arrangement and presented at the CNI Shareholder Meeting;

“Articles of Arrangement” means the articles of arrangement of CNI in respect of the Arrangement, required by the CBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement as amended by the Final Order and otherwise be in a form and content satisfactory to CNI and IMX, each acting reasonably;

“Business Day” means a day which is not a Saturday, Sunday or a civic or statutory holiday in Toronto, Ontario;

“CBCA” means the Canada Business Corporations Act;

“Certificate of Arrangement” means the certificate of arrangement issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement;

“Consideration” means the consideration to be received by the CNI Shareholders pursuant to this Plan of Arrangement as consideration for their CNI Shares, consisting of 3.7 IMX Shares and 0.5 of an IMX Warrant per CNI Share;

“CNI” means Continental Nickel Limited;

“CNI Option Plan” means the option plan of CNI;

“CNI Options” means the outstanding options to purchase CNI Shares issued pursuant to the CNI Option Plan;

“CNI Shareholder Meeting” means the special meeting of CNI Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for such other purposes as may be set out in the CNI management information circular sent in connection with such special meeting;

“CNI Shareholders” means the registered or beneficial holders of the CNI Shares, as the context requires;

“CNI Shares” means the common shares in the capital of CNI which CNI is authorized to issue as presently constituted;

“Court” means the Ontario Superior Court of Justice (Commercial List);

“Depositary” means any trust company, bank or financial institution agreed to in writing between IMX, IMX Holdings and CNI for the purpose of, among other things, exchanging certificates representing CNI Shares for IMX Shares in connection with the Arrangement;

“Director” means the Director appointed pursuant to section 260 of the CBCA;

“Dissent Procedures” means the procedures set forth in section 190 of the CBCA and the Interim Order required to be taken by a CNI Shareholder to exercise the Dissent Right;

“Dissent Rights” means the rights of dissent of CNI Shareholders in respect of the Arrangement Resolution as defined in Section 4 hereof;

“Dissenting CNI Shareholder” means a CNI Shareholder who has duly exercised a Dissent Right in strict compliance with the Dissent Procedures;

“Effective Date” means the date shown in the Certificate of Arrangement;

“Effective Time” means the time when the Arrangement will be deemed to have been completed, which shall be 12:01 a.m., Toronto time, on the Effective Date, or such other time as the Parties agree to in writing prior to the Effective Date;

“Encumbrance” means any mortgage, hypothec, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

“Final Order” means the final order of the Court in a form acceptable to CNI and IMX, each acting reasonably, approving the Arrangement, as such order may be amended, supplemented or varied by the Court (with the consent of IMX and CNI, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal (provided that such amendment is acceptable to both CNI and IMX, each acting reasonably);

“Governmental Entity” means (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (b) any subdivision or authority of any of the above, (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (d) any stock exchange;

“IMX” means IMX Resources Limited;

“IMX Holdings” means IMX Canada Holdings Limited, a wholly-owned subsidiary of IMX existing under the laws of Canada;

“IMX Shares” means the ordinary shares in the capital of IMX which IMX is authorized to issue as presently constituted;

“IMX Warrant” means a warrant to acquire an IMX Share, having an expiry date that is three years following the Effective Date and an exercise price of either \$0.62 or A\$0.60 (solely at the election of the holder) per IMX Share, provided that: (a) the IMX Warrants may not be exercised by any holder during the 40-day period following the Effective Date; and (b) the IMX Warrants may not be exercised at any time by any holder who is in the United States (within the meaning of Regulation S under the U.S. Securities Act)

unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available;

“Interim Order” means the interim order of the Court in a form acceptable to CNI and IMX, each acting reasonably, providing for, among other things, the calling and holding of the CNI Shareholder Meeting, as such order may be amended, supplemented or varied by the Court with the consent of CNI and IMX, each acting reasonably;

“Letter of Transmittal” means the letter of transmittal to be delivered by CNI to the CNI Shareholders providing for the delivery of the CNI Shares to the Depositary;

“Option Exchange Ratio” means 3.7 plus the amount resulting from the division of the fair market value of 0.5 of an IMX Warrant by the fair market value of an IMX Share at the Effective Time. For this purpose, the fair market value of an IMX Warrant will be determined by IMX and CNI acting reasonably, using “Black-Scholes” or a similar analysis;

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status;

“Replacement Option” has the meaning ascribed thereto in Subsection 3(a)(iv) hereof;

“Special Resolution” has the meaning ascribed to such term in the CBCA;

“Tax Act” means the Income Tax Act (Canada);

“United States” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and

“U.S. Securities Act” means the United States Securities Act of 1933.

- (b) **Interpretation Not Affected by Headings.** The headings contained in this Plan of Arrangement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or Subsection hereof and include any agreement or instrument supplementary or ancillary hereto.
- (c) **Date for any Action.** If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.
- (d) **Number and Gender.** In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders and neuter.
- (e) **References to Persons and Statutes.** A reference to a Person includes any successor to that Person. Any reference to a statute or to a rule of a self regulatory organization, including any stock exchange, refers to such statute or rule, and all rules and regulations, administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (f) **Currency.** Unless otherwise stated in this Plan of Arrangement, all references herein to amounts of money are expressed in lawful money of Canada.
- (g) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 5:00 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 5:00 p.m. on the next Business Day if the last day of the period is not a Business Day.

- (h) **Time References.** Time shall be of the essence in every matter or action contemplated hereunder. References to time are to local time, Toronto, Ontario.

2. **ARRANGEMENT AGREEMENT**

This Plan of Arrangement and the Arrangement are made pursuant to and subject to the provisions of the Arrangement Agreement. At the Effective Time, the Arrangement shall be binding upon IMX, IMX Holdings, CNI, CNI Shareholders (including Dissenting CNI Shareholders), holders of CNI Options, the Depositary and the registrar and transfer agent of CNI, without any further act or formality required on the part of any Person.

3. **THE ARRANGEMENT**

- (a) **The Arrangement.** At the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

- (i) each CNI Share outstanding at the Effective Time, other than a CNI Shares held by (A) a Dissenting CNI Shareholder who has validly exercised his, her or its Dissent Right, and (B) IMX, IMX Holdings or any of their affiliates (which CNI Shares shall not be exchanged under the Arrangement but shall remain outstanding as a CNI Share held by IMX, IMX Holdings or their respective affiliates), shall be deemed to be assigned and transferred by the holder thereof to IMX Holdings (free and clear of all Encumbrances), in exchange for the Consideration for each CNI Share held;
- (ii) each CNI Share in respect of which a holder of a CNI Share has validly exercised his, her or its Dissent Right shall be directly assigned and transferred by such Dissenting CNI Shareholder to IMX Holdings (free and clear of all Encumbrances) in consideration for a debt claim against CNI to be paid the fair value of such CNI Shares pursuant to the Dissent Procedures;
- (iii) the names of the holders of the CNI Shares transferred to IMX Holdings shall be removed from the applicable registers of holders of CNI Shares, and IMX Holdings shall be recorded as the registered holder of the CNI Shares so transferred and shall be deemed the legal and beneficial owner thereof; and
- (iv) each CNI Option which is outstanding and has not been duly exercised prior to the Effective Time, shall be cancelled and replaced by a fully-vested option (each, a “**Replacement Option**”) to purchase from IMX a number of IMX Shares (rounded down to the nearest whole share) equal to: (A) the Option Exchange Ratio multiplied by (B) the number of CNI Shares subject to such CNI Option immediately prior to the Effective Time. Such Replacement Option shall provide for an exercise price per IMX Share (rounded up to the nearest whole cent) equal to: (x) the exercise price per CNI Share otherwise purchasable pursuant to such CNI Option immediately prior to the Effective Time; divided by (y) the Option Exchange Ratio. All terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the CNI Option for which it was exchanged, and shall be governed by the terms of the CNI Option Plan and any certificate or option agreement previously evidencing the CNI Option shall thereafter evidence and be deemed to evidence such Replacement Option;

provided that none of the foregoing will occur or be deemed to occur unless all of the foregoing occurs.

- (b) **No Fractional Shares.** In no event shall any holder of CNI Shares be entitled to a fractional IMX Share or a fractional IMX Warrant. Where: (i) the aggregate number of IMX Shares to be issued to a CNI Shareholder as Consideration would result in a fraction of an IMX Share being issuable, the number of IMX Shares to be received by such CNI Shareholder shall be rounded down to the nearest whole IMX Share and in lieu of a fractional IMX Share, the CNI Shareholder will receive a cash payment in Canadian dollars (rounded down to the nearest cent) determined on the basis of an amount equal to (A) the volume weighted average trading price on the Australian Securities Exchange of the IMX Shares over the five trading days ending one trading day before the Effective Date, multiplied by the (B) fractional IMX Share amount; and (ii) the aggregate number of IMX Warrants to be issued to any CNI Shareholder as Consideration would result in a fraction of an IMX Warrant being issuable, the number of IMX Warrants to be received by such CNI Shareholder will be rounded to the nearest whole IMX Warrant. All cash payable in lieu of fractional IMX Shares will be denominated in Canadian dollars.

4. RIGHTS OF DISSENT

CNI Shareholders shall be entitled to exercise dissent rights (“**Dissent Rights**”) with respect to the CNI Shares pursuant to and in the manner set forth in section 190 of the CBCA as modified by the Interim Order, the Final Order and this Section 4, but provided that notwithstanding subsection 190(5) of the CBCA, such Dissenting CNI Shareholder delivers to CNI written objection to the Arrangement by 5:00 p.m. (Toronto time) on the Business Day immediately prior to the date of the CNI Shareholder Meeting and otherwise complies with section 190 of the CBCA (the “**Dissent Procedures**”).

If the Arrangement is concluded, a CNI Shareholder who exercises Dissent Rights in strict compliance with the Dissent Procedures shall be entitled to be paid by CNI the fair value of the CNI Shares held by such Dissenting CNI Shareholder in respect of which such Dissenting CNI Shareholder dissents, determined as provided for in the CBCA, as modified by the Interim Order and this Section 4, provided that any such Dissenting CNI Shareholder who exercises such right to dissent and who:

- (a) is ultimately entitled to be paid fair value for its CNI Shares shall be deemed to have transferred its CNI Shares to IMX Holdings in consideration for a debt claim against CNI to be paid fair value of such shares pursuant to the Dissent Procedures, and shall not be entitled to any other payment or consideration, including any payment under the Arrangement had such holders not exercised their Dissent Rights; or
- (b) is for any reason ultimately not entitled to be paid for fair value for its CNI Shares, shall be deemed to have participated in the Arrangement as of the Effective Time at the same terms and at the same time as a non-dissenting CNI Shareholder and shall be issued only the same consideration which an CNI Shareholder is entitled to receive under the Arrangement as if such Dissenting CNI Shareholder would not have exercised Dissent Rights.

In no case shall IMX, IMX Holdings or CNI be required to recognize Dissenting CNI Shareholders or a CNI Shareholder at and after the Effective Time, and the names of such CNI Shareholders shall be removed from the share register of CNI at the Effective Time in accordance with Section 3.

5. DELIVERY OF CONSIDERATION

- (a) **Letter of Transmittal.** The Depositary will forward to each registered CNI Shareholder, at the address of such CNI Shareholder as it appears on the register for CNI Shares, a Letter of Transmittal and instructions for obtaining delivery of the certificates or other evidence of ownership representing the Consideration allotted and issued to such CNI Shareholder pursuant to the Arrangement.
- (b) **Entitlement to Consideration.**
 - (i) Following the receipt of the Final Order and prior to the Effective Date, IMX Holdings and IMX shall deliver or arrange to be delivered to the Depositary certificates or other evidence of ownership representing the IMX Shares and IMX Warrants required to be issued to former CNI Shareholders in accordance with the provisions of Section 3 hereof, which IMX Shares and IMX Warrants shall be held by the Depositary as agent and nominee for such former CNI Shareholders for distribution to such former CNI Shareholders in accordance with the provisions of this Section 5.
 - (ii) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented one or more CNI Shares which were exchanged for the Consideration in accordance with Section 3 hereof, together with a completed Letter of Transmittal and such other documents and instruments as would have been required to effect the transfer of the CNI Shares formerly represented by such certificate under the CBCA and the by-laws of CNI and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such CNI Shareholder following the Effective Time, certificates or other evidence of ownership representing the Consideration to which such CNI Shareholder is entitled to receive in accordance with Section 3 hereof.

- (iii) After the Effective Time and until surrendered for cancellation as contemplated by Subsection 5(b)(i) hereof, each certificate which immediately prior to the Effective Time represented one or more CNI Shares shall be deemed at all times thereafter to represent only the right to receive in exchange therefor certificates or other evidence of ownership representing the Consideration to which the holder of such certificate is entitled to receive in accordance with Subsection 5(b)(i) hereof.
- (c) **Lost Certificates.** In the event that any certificate which immediately prior to the Effective Time represented one or more CNI Shares which were exchanged for Consideration in accordance with Section 3 hereof shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, certificates or other evidence of ownership representing the Consideration which such CNI Shareholder is entitled to receive in accordance with Section 3 hereof. When authorizing such delivery of certificates or other evidence of ownership representing the Consideration which such CNI Shareholder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the CNI Shareholder to whom certificates or other evidence of ownership representing such Consideration are to be delivered shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to IMX, IMX Holdings and the Depositary in such amount as IMX, IMX Holdings and the Depositary may direct, or otherwise indemnify IMX, IMX Holdings and the Depositary in a manner satisfactory to IMX, IMX Holdings and the Depositary, against any claim that may be made against IMX, IMX Holdings or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the by-laws of CNI.
- (d) **Termination of Rights.** Any certificate formerly representing CNI Shares that is not deposited, with all other documents as provided in this Section 5 on or before the sixth anniversary of the Effective Date, shall thereafter cease to represent any claim or interest of any kind or nature against IMX, IMX Holdings, CNI, or the Depositary.
- (e) **Dividends or other Distributions.** No dividends or distributions declared or made after the Effective Date with respect to IMX Shares with a record date after the Effective Date will be payable or paid to the holder of any unsurrendered certificate or certificates which, immediately prior to the Effective Date, represented outstanding CNI Shares unless and until the holder of such certificate shall have complied with the provisions of this Section 5. Subject to law and to Section 5 hereof, at the time of such compliance, there shall, in addition to the delivery of certificates or other evidence of ownership representing the Consideration to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect such Consideration.
- (f) **Withholding Rights.** IMX, IMX Holdings, CNI, and the Depositary shall be entitled to deduct and withhold from all dividends or other distributions otherwise payable to any CNI Shareholder such amounts as IMX, IMX Holdings, CNI, or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended from time to time. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the CNI Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

6. AMENDMENT

- (a) IMX and CNI reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the CNI Shareholder Meeting, then: (i) approved by the Court, and (ii) if the Court directs, approved by the CNI Shareholders and in any event communicated to them, and in either case in the manner required by the Court.

- (b) Any amendment, modification or supplement to this Plan of Arrangement, if agreed to by CNI and IMX, may be made at any time prior to or at the CNI Shareholder Meeting, with or without any other prior notice or communication and, if so proposed and accepted by Persons voting at the CNI Shareholder Meeting (other than as may be required under the Interim Order) shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the CNI Shareholder Meeting will be effective only if it is consented to by CNI and IMX and, if required by the Court, by the CNI Shareholders.
- (d) Notwithstanding the foregoing provisions of this Section 6, no amendment, modification or supplement of this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

7. FURTHER ASSURANCES

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

APPENDIX C
FAIRNESS OPINION OF GMP

(See attached)

May 16, 2012

The Independent Committee of the Board of Directors and Board of Directors
of Continental Nickel Limited
20 Adelaide Street East, Suite 915
Toronto, ON
M5C 2T6

Dear Sirs:

GMP Securities L.P. ("**GMP**") understands that IMX Resources Limited ("**IMX**") intends to acquire all of the issued and outstanding common shares of Continental Nickel Limited ("**Continental Nickel**") in exchange for common shares and warrants of IMX by way of a plan of arrangement under the *Canada Business Corporations Act* ("**Arrangement**" or the "**Transaction**").

The Arrangement

Pursuant to the Arrangement, the holders of common shares of Continental Nickel will receive per common share of Continental Nickel (i) 3.7 ordinary shares (the "**Exchange Ratio**") of IMX and (ii) one half of one IMX share purchase warrant (each whole warrant, a "**Warrant**") exercisable for a period of three years from the date of their issuance at an exercise price per ordinary share of either AUD\$0.60 or CAD\$0.62, at the election of the holder, pursuant to the Arrangement. Each outstanding option of Continental Nickel shall be exchanged for options of IMX that will entitle the holder to receive, upon the exercise thereof, IMX shares based upon the Exchange Ratio, adjusted to reflect the value per one half of one Warrant, and otherwise on the same terms and conditions as in the original option.

The Arrangement is subject to certain conditions, including, without limitation, approval by at least 66⅔% of the votes cast by all shareholders and the majority of the disinterested shareholder in person or by proxy at a meeting of Continental Nickel shareholders, approval by a majority of votes cast by the shareholders of IMX at a meeting of IMX shareholders or a waiver by the Australian Stock Exchange of such requirement, court approval, regulatory approval, stock exchange approval and obtaining certain third party consents.

GMP's Engagement

The independent committee (the "**Independent Committee**") of the board of directors of Continental Nickel (the "**Board**") formally retained GMP to act as its financial advisor in respect of the Arrangement pursuant to an engagement letter ("**Engagement Letter**") dated April 19, 2012 to, among other things, deliver at the request of the Independent Committee, an opinion

(the “**Opinion**”) to the Independent Committee and the Board as to the fairness of the consideration to be paid by IMX pursuant to the Arrangement, from a financial point of view, to the shareholders of Continental Nickel, other than IMX. The Engagement Letter provides for GMP to receive from Continental Nickel, for the services provided thereunder, a fee, a portion of which is not contingent on the successful outcome of the Arrangement, for the provision of the Opinion (which is not dependant upon the conclusions reached by GMP herein) as well as reimbursement of all reasonable legal and out-of-pocket expenses. The fee received by GMP in connection with the Engagement Letter is not material to GMP. In addition, GMP and its affiliates and their respective directors, officers, employees, agents and controlling persons are to be indemnified by Continental Nickel under certain circumstances from and against certain potential liabilities arising out of the performance of professional services rendered to Continental Nickel. GMP may in the future in the ordinary course of business seek to perform financial advisory services or corporate finance services for Continental Nickel and its associates from time to time. GMP has not been engaged to prepare, and has not prepared, a valuation or appraisal of IMX or Continental Nickel, or any of their respective assets, securities or liabilities (whether on a stand-alone basis or as a combined entity), and the Opinion should not be construed as such. Furthermore, the Opinion is not and should not be construed as advice as to the price of which the shares of IMX or Continental Nickel may trade at any future date. GMP was similarly not engaged to review any legal, tax or accounting aspects of the Arrangement and accordingly express no view thereon. We have not been advised by Continental Nickel, that the Arrangement is exempt from the requirement to obtain a formal valuation pursuant to Multilateral Instrument 61-101 (“**MI 61-101**”) as no securities of Continental Nickel are listed on a specified exchange.

Credentials of GMP

GMP is a wholly-owned subsidiary of GMP Capital Inc., which is a publicly traded investment banking firm listed on the Toronto Stock Exchange with offices in Canada, the United States, United Kingdom and Australia. GMP is a leading independent Canadian investment dealer focused on investment banking and institutional equities for corporate clients and institutional investors. As part of our investment banking activities, we are regularly engaged in the valuation of securities in connection with mergers and acquisitions, public offerings and private placements of listed and unlisted securities and regularly engage in market making, underwriting and secondary trading of securities in connection with a variety of transactions. GMP is not in the business of providing auditing services and is not controlled by a financial institution.

The Opinion expressed herein represents the opinion of GMP and the form and content hereof have been approved for release by a group of professionals of GMP, each of whom is experienced in merger, acquisition, divestiture, restructurings, valuation and fairness opinion matters.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (“IIROC”) but IIROC has not been involved in the preparation or review of this Opinion.

Independence of GMP

None of GMP, its affiliates or associates, is an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Ontario)) (the “**Act**”) of IMX or Continental Nickel or of any of their respective associates or affiliates. GMP has been retained by Continental Nickel to provide the Opinion to the Independent Committee and Board in respect to the Arrangement. GMP has acted from time to time as a financial advisor, underwriter or otherwise, to Continental Nickel and its respective associates or affiliates in connection with other transactions.

In the ordinary course of its business, GMP acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have, today, or in the future, positions in the securities of IMX and Continental Nickel and, from time to time, may have executed or may execute transactions on behalf of IMX and Continental Nickel or other clients for which it received or may receive compensation. In addition, as an investment dealer, GMP conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including research with respect to IMX and Continental Nickel.

Scope of Review

GMP has acted as financial advisor to the Independent Committee and Board in respect of the Arrangement and certain related matters. In this context, and for the purpose of preparing the Opinion, we have analyzed financial, operational and other information relating to IMX and Continental Nickel, including information derived from meetings and discussions with the management of Continental Nickel and IMX. Except as expressly described herein, GMP has not conducted any independent investigations to verify the accuracy and completeness thereof.

In connection with rendering the Opinion, we have reviewed and relied upon, or carried out, among other things, the following:

- a) reviewed the Arrangement Agreement between IMX and Continental Nickel dated May 16, 2012;
- b) reviewed and analyzed certain publicly available financial statements, technical reports, continuous disclosure documents and other information of IMX and Continental Nickel;
- c) performed a comparison of the multiples implied under the terms of the Arrangement to an analysis of recent comparable precedent transactions involving companies we deemed relevant and the consideration paid for such companies;
- d) performed a comparison of the multiples implied under the terms of the Arrangement to an analysis of the trading levels of similar companies we deemed relevant under the circumstances;

- e) performed a comparison of the premiums implied under the terms of the Arrangement to an analysis of the premiums from comparable precedent transactions involving companies we deemed relevant under the circumstances;
- f) performed a comparison of the consideration to be paid to the shareholders of Continental Nickel to the recent trading levels of securities of Continental Nickel;
- g) reviewed certain internal financial models, analyses, forecasts and projections prepared by the managements of IMX and Continental Nickel relating to their businesses;
- h) reviewed certain technical information and analysis prepared by the managements of IMX and Continental Nickel relating to their assets;
- i) discussed with the management of Continental Nickel issues concerning Continental Nickel's current business plan, its financial condition and its future business prospects;
- j) reviewed an officer's certificate addressed to GMP by each of the Chief Executive Officer and Chief Financial Officer of Continental Nickel dated the date hereof and setting out representations as to certain factual matters and the completeness and accuracy of the information upon which the Opinion is based;
- k) reviewed various equity research reports and industry sources regarding IMX, Continental Nickel and the mining industry;
- l) reviewed historical metal commodity prices and considered the impact of various commodity pricing assumptions on the business, prospects and financial forecasts of IMX and Continental Nickel;
- m) performed a comparison of the relative contribution of assets, revenues, cash flows, net asset value, production and reserves/resources by IMX and Continental Nickel to the relative *pro forma* ownership of IMX and Continental Nickel if the Arrangement is completed; and
- n) such other corporate, industry and financial market information, investigations and analyses as GMP considered necessary or appropriate in the circumstances.

In its assessment, GMP looked at several methodologies, analyses and techniques and used a blended approach to determine its opinion on the Arrangement. GMP based the Opinion upon a number of quantitative and qualitative factors.

As part of its analysis, GMP utilized a discounted cash flow approach combined with certain balance sheet items to produce a net asset value approach in combination with other conventional financial methodologies that included a historical trading analysis and market comparable analysis as well as precedent transaction analysis.

GMP has not, to the best of its knowledge, been denied access by Continental Nickel to any information requested. GMP did not meet with the auditors of either IMX or Continental Nickel and has assumed the accuracy and fair presentation of the audited comparative consolidated financial statements and technical reports of IMX and Continental Nickel, and the reports of the auditors and qualified persons.

Assumptions and Limitations

With Continental Nickel's approval and as provided for in the Engagement Letter, GMP has relied upon and has assumed the completeness, accuracy and fair representation of all financial and other information, data, advice, opinions and representations obtained by GMP from public sources, including information relating to IMX and Continental Nickel, or provided to GMP by Continental Nickel, and its affiliates or advisors or otherwise pursuant to our engagement (verbal and written) and the Opinion is conditional upon such completeness, accuracy and fairness of the information. Subject to the exercise of professional judgment and except as expressly described herein, GMP has not attempted to verify independently the accuracy or completeness of any such information, data, advice, opinions and representations.

The Chief Executive Officer and Chief Financial Officer of Continental Nickel have represented to GMP in certificates as at the date hereof, among other things, that (i) the financial information, business plans, forecasts and other information, data, advice, opinions and representations and other materials (verbal or written) (collectively referred to as the "**Information**") provided to GMP relating to Continental Nickel, IMX or the Transaction for the purpose of preparing this Opinion was, at the date the Information was provided to GMP, and is, except as has been disclosed in writing to GMP, (a) in respect of the Company and the Transaction, and (b) to the knowledge of the Company in respect of IMX complete, true and correct, and did not and does not contain any untrue statement of a material fact (as such term is defined in the Act) or omit to state a material fact, necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; (ii) since the dates on which the Information was disclosed or provided to GMP, there has been no material change (as such term is defined in the Act), or new material fact, financial or otherwise, relating to the business or affairs of the Company or any of its subsidiaries, associates or affiliates or, to the knowledge of the Company relating to IMX, or any change in any material fact or in any material portion of any of the Information relating to the Company or the Transaction or to the knowledge of the Company to IMX, or new material fact, which is of a nature as to render any portion of the Information untrue or misleading in any material adverse respect or which would reasonably be expected to have a material effect on the Opinion; and (iii) with respect to any portions of the Information prepared by the Company that constitute budgets, strategic plans, financial forecasts, projections, models or estimates, such portions of the Information were reasonably prepared on bases reflecting the best currently available estimates and judgment of the Company; were prepared using the assumptions identified therein or otherwise disclosed to GMP, which in the reasonable belief of the management of the Company are (or were at the time of preparation) reasonable in the circumstances; and are not, in the reasonable belief of the management of the Company, misleading in any material respect in light of the assumptions used or in light of any developments since the time of their preparation which were disclosed to GMP. To the knowledge of the Company, with respect to any portions of such Information prepared by IMX, such Information was prepared on a similar basis. GMP has not assumed any responsibility for

any independent evaluation or appraisal of any of the assets or liabilities of IMX or Continental Nickel.

The Arrangement is subject to a number of conditions outside the control of IMX and Continental Nickel and GMP has assumed any and all conditions precedent, contractual or otherwise, to the completion of the Arrangement can be satisfied in due course and all consents, permissions, exemptions or orders of relevant regulatory authorities will be obtained, without adverse conditions or qualification and that the Arrangement can proceed (legally and otherwise) as currently planned and scheduled and without material additional cost to Continental Nickel or IMX or liability of Continental Nickel or IMX to third parties. GMP has further assumed that neither Continental Nickel nor IMX will incur any material liability or obligation, or lose any material rights, as a result of the completion of the Arrangement and that the procedures being followed to implement the Arrangement are valid and effective, and in accordance with applicable laws and that the disclosure of Continental Nickel, IMX and/or the Arrangement in any disclosure documents will be accurate and complete and will comply with the requirements of applicable laws. In rendering the Opinion, GMP expresses no view as to the likelihood that any conditions respecting the Arrangement will be satisfied or waived or that the Arrangement will be completed on a timely basis.

The Opinion is rendered as of May 16, 2012 on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof, and the condition and prospects, financial and otherwise, of IMX and Continental Nickel as they were reflected in the Information and as they were represented to GMP in discussions with the management and directors of IMX or Continental Nickel. In rendering the Opinion, GMP has assumed that there are no undisclosed material facts or misrepresentations relating to IMX or Continental Nickel, or their respective businesses, operations, capital or future prospects. Any changes therein may affect the Opinion and, although GMP reserves the right to change or withdraw the Opinion in such event, we disclaim any obligation to advise any person of any change that may come to our attention or to update the Opinion after today. Any other reference to the Opinion or the engagement of GMP by the Independent Committee, the Board or Continental Nickel is expressly prohibited without the express written consent of GMP.

The Opinion has been provided solely for the use of the Independent Committee and the Board for the purposes of considering the Arrangement and may not be used by any other person or relied upon by any other person or for any other purpose. The Opinion does not constitute a recommendation to the Board or to any shareholder of Continental Nickel as to whether shareholders of Continental Nickel should vote in favour of the Arrangement. The Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without the express written consent of GMP, except that we consent to the inclusion in any information circular of the Opinion in its entirety and to any accompanying disclosure that we approve in advance in accordance with the terms of the Engagement Letter. GMP considered the Arrangement from a financial point of view of Continental Nickel and did not consider any other circumstances or views.

GMP believes that the analyses and factors considered in arriving at the Opinion must be considered as a whole and is not amenable to partial analyses or summary description and that

selecting portions of the analyses and the factors considered, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. In arriving at the Opinion, GMP has not attributed any particular weight to any specific analyses or factor but rather based the Opinion on a number of qualitative and quantitative factors deemed appropriate by GMP based on GMP's experience in rendering such opinions.

In our analyses and in connection with the preparation of the Opinion, GMP has made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the Arrangement. While in the opinion of GMP, the assumptions used in preparing the Opinion are reasonable in the current circumstances, some or all of these assumptions may prove to be incorrect.

Conclusion and Fairness Opinion

Based upon our analysis and subject to all of the foregoing and such other matters as we have considered relevant, GMP is of the opinion that, as of the date hereof, the consideration to be paid by IMX pursuant to the Arrangement is fair, from a financial point of view, to the shareholders of Continental Nickel, other than IMX. The Opinion has been provided solely for the use of the Independent Committee and Board for the purposes of considering the Arrangement, except as expressly permitted herein, may not be used or relied upon by any other person or for any other purpose without the express prior written consent of GMP.

Yours very truly,

GMP SECURITIES L.P.

APPENDIX D
INTERIM ORDER AND NOTICE OF APPLICATION

(See attached)

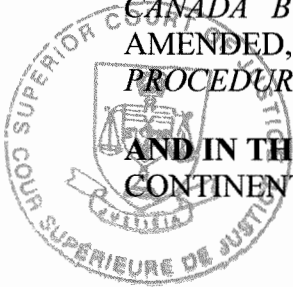
ONTARIO

**SUPERIOR COURT OF JUSTICE
(Commercial List)**

**THE HONOURABLE)
JUSTICE PATTILLO) FRIDAY THE 10th
) DAY OF AUGUST, 2012**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE
CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL
PROCEDURE**

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF
CONTINENTAL NICKEL LIMITED**



INTERIM ORDER

THIS MOTION made by the Applicant, Continental Nickel Limited (“Continental”), for an interim order for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the “CBCA”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on July 19, 2012, and the affidavits of David Massola, President, Chief Executive Officer and a Director of Continental, sworn July 24, 2012, (the “Massola Affidavit”) and August 8, 2012 (the “Supplementary Massola Affidavit”) including the Plan of Arrangement, which is attached as Appendix B to the draft management proxy circular of Continental (the “Information Circular”), attached as Exhibit “A” to the Massola Affidavit, and on hearing the submissions of the lawyers for Continental and the lawyers for IMX Resources Limited (“IMX”) and IMX

Canada Holdings Limited (“IMX Holdings”) and on being advised that the Director appointed under the CBCA (the “Director”) does not consider it necessary to appear,

Definitions

1. **THIS COURT ORDERS** that all capitalized terms in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that Continental is permitted to call, hold and conduct a special meeting (the “Meeting”) of the holders (collectively, the “Shareholders”) of the common shares in the capital of Continental (the “Continental Shares”) to be held at Osler, Hoskin & Harcourt LLP, Floor 63, 1 First Canadian Place, 100 King Street West, Toronto, Ontario on September 12, 2012 at 10:00 a.m. (Toronto time) or such later date as determined by the CNI Board in order for the Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the “Arrangement Resolution”).

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the CBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the “Notice of Meeting”) and the articles and by-laws of Continental, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the “Record Date”) for determination of the shareholders entitled to notice of, and to vote at, the Meeting shall be July 26, 2012.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective proxyholders;
- b) the officers, directors, auditors and advisors of Continental;
- c) representatives and advisors of IMX and IMX Holdings;
- d) the Director or a representative of the Director; and
- e) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that Continental may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by Continental and that the quorum at the Meeting shall be not less than two persons present in person at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that Continental is authorized to make, subject to the terms of the arrangement agreement between Continental, IMX and IMX Holdings dated May 16, 2012, as amended by an amending agreement dated July 24, 2012 (the “Amending Agreement”) and as may be further amended, supplemented or otherwise modified from time to

time (collectively the “Arrangement Agreement”), a copy of which is available on Continental’s SEDAR profile and is also attached as Exhibits “B” and “C” to the Massola Affidavit, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder’s decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Continental may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that Continental is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemented, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that Continental, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Continental may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, Continental shall send the Information Circular (including the Notice of Application, as amended, and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as Continental may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “Meeting Materials”), to the following:

- a) the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Continental, or its registrar and transfer agent, at the close of business on the Record

Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Continental;

- ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Continental, who requests such transmission in writing and, if required by Continental, who is prepared to pay the charges for such transmission;
- b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- c) the respective directors and auditors of Continental, and to the Director appointed under the CBCA, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that, in the event that Continental elects to distribute the Meeting Materials, Continental is hereby directed to distribute the Information Circular

(including the Notice of Application, as amended, and this Interim Order), and any other communications or documents determined by Continental to be necessary or desirable (collectively, the “Court Materials”) to the holders of options to purchase Continental Shares (“CNI Options”) by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of Continental or its registrar and transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by Continental to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Continental, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Continental, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that Continental is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as Continental may determine in accordance with the terms of the Arrangement Agreement (“Additional Information”), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary

mail, or by the method most reasonably practicable in the circumstances, as Continental may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that Continental is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as Continental may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. Continental is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Continental may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if Continental deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 148(4) of the CBCA (except as the procedures of that section are

varied by this paragraph) provided that any instruments in writing delivered pursuant to s.148(4)(a)(i) of the CBCA: (a) may be deposited at the registered office of Continental or with the transfer agent of Continental as set out in the Information Circular; and (b) any such instruments must be received by Capital Transfer Agency Inc., 105 Adelaide Street West, Suite 1101, Toronto, Ontario M5H 1P9, Fax: (416) 350-5008 or Tel: (416) 350-5007 not later than the last Business Day before the Meeting or any adjournments or postponements.

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders registered in Continental's register who hold Continental Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Continental Share and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

- a) an affirmative vote of at least two-thirds ($66\frac{2}{3}\%$) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders; and

- b) not less than a majority of the votes cast at the Meeting, excluding any votes cast by certain “interested parties” under applicable Law, including IMX and its affiliates;

Such votes shall be sufficient to authorize Continental to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting Continental (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each Continental Share held.

Dissent Rights

22. **THIS COURT ORDERS** that each registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 190 of the CBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 190(5) of the CBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Continental in the form required by section 190 of the CBCA and the Arrangement Agreement, which written objection must be received by Continental, c/o Mr. David Massola, President and Chief Executive Officer at 20 Adelaide Street East, Suite 915 Toronto, Ontario, M5C 2T6 not later than 5:00 p.m. (Toronto time) on

September 10, 2012, or two Business Days immediately prior to the date of any adjourned or postponed Meeting, and must otherwise strictly comply with the requirements of the CBCA. For purposes of these proceedings, the “court” referred to in section 190 of the CBCA means this Honourable Court.

23. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

- i) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its Continental Shares, shall be deemed to have transferred those Continental Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to IMX Holdings for cancellation in consideration for a payment of cash from Continental equal to such fair value; or
- ii) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its Continental Shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall Continental, IMX, IMX Holdings or any other person be required to recognize such Shareholders as holders of Continental Shares at or after the date upon which the Arrangement becomes effective and the names of such Shareholders shall be deleted from Continental’s register of holders of Continental Shares at that time.

Hearing of Application for Approval of the Arrangement

24. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Continental may apply to this Honourable Court for final approval of the Arrangement.

25. **THIS COURT ORDERS** that distribution of the Notice of Application, as amended, and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application, as amended, and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 27.

26. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application, as amended, shall be served on the solicitors for Continental, with a copy to counsel for IMX and IMX Holdings, as soon as reasonably practicable, and, in any event, no less than five days before the hearing of this Application at the following addresses:

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place
Suite 6100, P.O. Box 50
Toronto, ON M5X 1K8

Attn: Craig T. Lockwood
Lawyers for Continental Nickel Limited

STIKEMAN ELLIOTT LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attn: Ellen Snow
Lawyers for IMX Resources Limited and
IMX Canada Holdings Limited

27. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) Continental;
- ii) IMX and IMX Holdings;
- iii) the Director; and
- iv) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, as amended, this Interim Order and the *Rules of Civil Procedure*.

28. **THIS COURT ORDERS** that any materials to be filed by Continental in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

29. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, as amended, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 27 shall be entitled to be given notice of the adjourned date.

Precedence

30. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Continental Shares or the CNI Options, or the articles or by-laws of Continental, this Interim Order shall govern.

Extra-Territorial Assistance

31. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

32. **THIS COURT ORDERS** that Continental shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

ENTERED AT / INS. AT / ATOMOMU
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

AUG 10 2012

PER/PAR:



A. Anissimova
Registrar

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF
THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF
CIVIL PROCEDURE

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
OF CONTINENTAL NICKEL LIMITED

CONTINENTAL
NICKEL LIMITED

Applicant

Court File No: CV-12-9790-00CL

Ontario
SUPERIOR COURT OF JUSTICE
(Commercial List)

INTERIM ORDER

OSLER, HOSKIN & HARCOURT LLP
Barristers & Solicitors
Box 50, 1 First Canadian Place
Toronto, Canada M5X 1B8

Craig T. Lockwood (LSUC#: 46668M)
Geoffrey Grove (LSUC#: 56787B)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers for the Applicant,
Continental Nickel Limited

F. 1133612

AMENDED THIS Aug 10-12 PURSUANT TO
MODIFIED CONFORMÉMENT À

☐ RUI

☒ THE Justice Pathilo
L'OP

DATED/FAIT LE Aug 10-12 ABrown

LOCAL REGISTRAR IN THE MATTER OF AN GREFIER LOCAL
SUPERIOR COURT OF JUSTICE COURTS SUPERIEURES DE JUSTICE

Court File No. CV-12-9790-00CL

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**APPLICATION UNDER SECTION 192 OF THE
CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL
PROCEDURE**

**AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF
CONTINENTAL NICKEL LIMITED**

CONTINENTAL NICKEL LIMITED

Applicant



FRESH AS AMENDED NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on Thursday, September 13, 2012, at 10:00 a.m., or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES,

LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date **August 10, 2012** *July 19, 2012* ^{MB} Issued by A. Anissimova
Registrar
Local registrar

Address of court office 330 University Avenue
Toronto, Ontario M5G 1R7

TO: ALL HOLDERS OF COMMON SHARES IN THE CAPITAL OF CONTINENTAL NICKEL LIMITED

AND TO: ALL HOLDERS OF OPTIONS EXERCISABLE FOR COMMON SHARES IN THE CAPITAL OF CONTINENTAL NICKEL LIMITED

AND TO: DIRECTORS OF CONTINENTAL NICKEL LIMITED

AND TO: CAPITAL TRANSFER AGENCY INC.

105 Adelaide St. West, Suite 1101
Toronto, Ontario, M5H 1P9

Registrar and Transfer Agent of Continental Nickel Limited

AND TO: MCGOVERN HURLEY CUNNINGHAM LLP

2005 Sheppard Avenue East
Suite 300
Toronto, Ontario, M2J 5B4

Auditors of Continental Nickel Limited

AND TO: THE DIRECTOR

Compliance and Policy Directorate
Corporations Canada, Industry Canada
9th Floor, Jean Edmonds Tower South
365 Laurier Avenue West
Ottawa, Ontario, K1A 0C8

AND TO: STIKEMAN ELLIOTT LLP

5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Ellen M. Snow

Tel: (416) 869-5500

Fax: (416) 947-0866

Lawyers for IMX Resources Limited and IMX Canada Holdings Limited

APPLICATION

1. THE APPLICANT MAKES APPLICATION FOR:

- (a) an interim order for advice and directions under section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the “CBCA”) with respect to the proposed plan of arrangement (the “Arrangement”) of Continental Nickel Limited (“Continental”), involving the acquisition by IMX Canada Holdings Limited, a wholly-owned subsidiary of IMX Resources Limited (“IMX”), of all the issued and outstanding common shares in the capital of Continental;
- (b) an order under sections 192(3) and 192(4) of the CBCA approving the Arrangement; and
- (c) such further and other relief as this Honourable Court may deem just.

2. THE GROUNDS FOR THE APPLICATION ARE:

- (a) Continental is a corporation governed by the CBCA, with its head office in Toronto and with its common shares listed and traded on the TSX Venture Exchange;
- (b) the Arrangement is an “arrangement” as defined in section 192(1) of the CBCA;
- (c) all statutory procedures under the CBCA have been met or will be met by the date of the return of this Application;
- (d) Continental is not insolvent;
- (e) it is not practicable for Continental to effect the Arrangement under any other provision of the CBCA;
- (f) the Arrangement is put forward in good faith;
- (g) the Arrangement is fair and reasonable;

- (h) the directions set out and shareholder approvals required pursuant to any interim order this Honourable Court may grant have been followed and obtained, or will be followed and obtained, by the date of the return of this Application;
- (i) certain of the holders of common shares in the capital of Continental are resident outside of Ontario and will be served at their addresses as they appear on the books and records of Continental pursuant to rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure* and the terms of any interim order for advice and directions granted by this Honourable Court;
- (j) section 192 of the CBCA;
- (k) rules 14.05(2), 14.05(3) and 38 of the *Rules of Civil Procedure*;
- (l) National Instrument No. 54-101 of the Canadian Securities Administrators; and
- (m) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. Section 3(a)(10) of the United States *Securities Act of 1933*, as amended (the “U.S. Securities Act”), exempts from the U.S. Securities Act those securities which are issued in exchange for *bona fide* outstanding securities where the terms and conditions of such issuance and exchange are approved after a hearing by a court upon the fairness of such terms and conditions, at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear. IMX intends to rely upon this provision to issue IMX Shares and IMX Warrants to holders of Continental Shares resident in the United States in exchange for their Continental Shares, based on this Honourable Court’s approval of the Arrangement.

4. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

- (a) this Notice of Application, as issued;
- (b) such interim order as may be granted by this Honourable Court;

- (c) an Affidavit of a Continental representative, to be sworn on behalf of Continental, with exhibits thereto, outlining the basis for an interim order for advice and directions;
- (d) a further Affidavit(s), to be sworn on behalf of Continental, with exhibits thereto, including an Affidavit outlining the basis for the final order approving the Arrangement, and reporting as to compliance with any interim order and the results of any meeting conducted pursuant to such interim order; and
- (e) such further and other material as counsel may advise and this Honourable Court may permit.

July 19-¹⁶
August 10, 2012

OSLER, HOSKIN & HARCOURT LLP

Box 50, 1 First Canadian Place
Toronto, Canada M5X 1B8

Craig T. Lockwood (LSUC#: 46668M)
Geoffrey Grove (LSUC#: 56787B)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers for the Applicant,
Continental Nickel Limited

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF
THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF
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AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
OF CONTINENTAL NICKEL LIMITED

CONTINENTAL
NICKEL LIMITED

Applicant

Court File No: CV-12-9790-00CL

Ontario
SUPERIOR COURT OF JUSTICE
(Commercial List)

**FRESH AS AMENDED NOTICE OF
APPLICATION**

OSLER, HOSKIN & HARCOURT LLP

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Lawyers for the Applicant,
Continental Nickel Limited

F. 1133612

APPENDIX E DISSENT PROVISIONS

Pursuant to the Interim Order, registered Shareholders have the right to dissent in respect of the Arrangement. Such right of dissent is described in the Information Circular. The full text of section 190 of the CBCA is set forth below. Note that certain provisions of such section have been modified by the Interim Order, a copy which is attached as Appendix D to the Information Circular.

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

190. (1) Right to dissent. — Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

(2) Further right. — A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(2.1) If one class of shares. — The right to dissent described in subsection (2) applies even if there is only one class of shares.

(3) Payment for shares. — In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

(4) No partial dissent. — A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) Objection. — A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

(6) Notice of resolution. — The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

(7) Demand for payment. — A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

(8) Share certificate. — A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

(9) **Forfeiture.** — A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

(10) **Endorsing certificate.** — A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

(11) **Suspension of rights.** — On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

(12) **Offers to pay.** — A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(13) **Same terms.** — Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

(14) **Payment.** — Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(15) **Corporation may apply to court.** — Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

(16) **Shareholder application to court.** — If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

(17) **Venue.** — An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

(18) **No security for costs.** — A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

(19) **Parties.** — On an application to a court under subsection (15) or (16),

- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
- (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

(20) **Powers of court.** — On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

(21) **Appraisers.** — A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

(22) **Final order.** — The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

(23) **Interest.** — A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

(24) **Notice that subsection (26) applies.** — If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(25) **Effect where subsection (26) applies.** — If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(26) **Limitation.** — A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

APPENDIX F INFORMATION CONCERNING CONTINENTAL

Unless the context indicates otherwise, capitalized terms which are used in this Appendix E and not otherwise defined in this Appendix E have the meanings given to such terms under the heading "Glossary of Terms" in the Information Circular.

DESCRIPTION OF THE BUSINESS

Continental is a Canadian mineral exploration company focused on the discovery and development of nickel-copper sulphide deposits in geologically prospective but relatively underexplored regions globally. Continental has rights to, and is the operator of, certain exploration properties in the United Republic of Tanzania ("**Tanzania**") and in New Brunswick, Canada. The Corporation's material property is the Nachingwea Project. The Corporation also holds an interest in the St. Stephen Project in New Brunswick.

Continental's registered and head office is located at 20 Adelaide Street East, Suite 915, Toronto, Ontario, M5C 2T6.

On February 28, 2007, Continental acquired a 70% interest in Ngwena Limited ("**Ngwena**"), the holder/applicant of the Nachingwea Project, which is comprised of prospecting licenses and applications for prospecting licenses currently totaling 7,555 square kilometres ("**km²**") located near Nachingwea in the Lindi and Mtwara Regions of Tanzania. The Nachingwea Project is currently a 75% / 25% joint venture with IMX, Continental's 37% shareholder. Continental's interest in the Nachingwea Project increased from 70% to 75% during the year ended June 30, 2011 upon completion of cumulative exploration expenditures exceeding a threshold of \$15 million. The key areas of the Nachingwea Project where the Corporation has located material nickel-copper sulphide discoveries is the Ntaka Hill area ("**Ntaka Hill**" or the "**Ntaka Hill Project**"). A NI 43-101-compliant technical report has been completed in regard to the Ntaka Hill Project entitled "Technical Report on the Ntaka Hill Project, Lindi and Mtwara Regions, Tanzania, Africa" authored by Chester M. Moore, P.Eng., and Bruce C. Churchill, P.Geo., of Roscoe Postle Associates Inc. ("**RPA**"), dated April 13, 2012 (the "**Ntaka Hill 2012 Technical Report**").

The St. Stephen project is located immediately northwest of the town of St. Stephen in south-western New Brunswick and comprises 189 mining claims covering an area of 4,287 hectares (the "**St. Stephen Project**"). Continental can earn up to a 75% interest in the St. Stephen Project under the terms of an option agreement with Abitex Resources of Val d'Or, Quebec.

CORPORATE STRUCTURE

Name and Incorporation

Continental was incorporated under the CBCA on November 23, 2006. By articles of amendment dated July 23, 2007, the single Continental Share issued and outstanding at that time was split on a 1:14,283,000 basis in accordance with the terms of a share subscription and retention agreement dated February 28, 2007.

The registered and principal offices of Continental are located at 20 Adelaide Street East, Suite 915, Toronto, Ontario, M5C 2T6.

Intercorporate Relationship

Continental has two subsidiaries, Ngwena and Anga Resources Limited ("**Anga**"), of which Continental currently holds a 75% interest in each. Ngwena and Anga were incorporated pursuant to the Laws of Tanzania on December 8, 2006 and December 12, 2008, respectively, and are the holders/applicants of the Nachingwea Project.

RECENT DEVELOPMENTS

On June 4, 2012, Continental announced that the CNI Board had received the resignation of Mr. Anthony J. (Tony) Haggarty. Mr. Haggarty was appointed to the Board on August 23, 2011 and resigned due to his increasing responsibilities as Managing Director of Whitehaven Coal Limited.

NACHINGWEA PROJECT

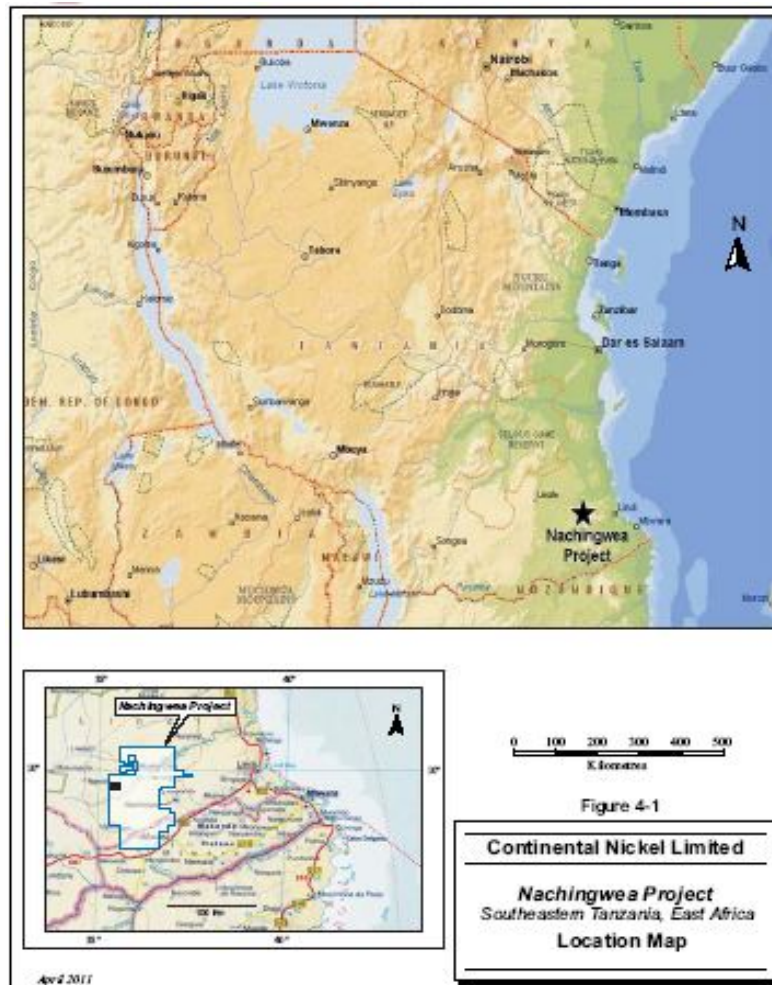
The following disclosure relating to the Ntaka Hill Project has been derived from the Ntaka Hill 2012 Technical Report. Accordingly, all such information is current to the date of the Ntaka Hill 2012 Technical Report (being April 13, 2012), which is available for inspection during regular business hours at the corporate head office of Continental and may also be reviewed under Continental's SEDAR profile at www.sedar.com.

The authors of the Ntaka Hill 2012 Technical Report are each a "qualified persons" within the meaning of NI 43-101 and are independent of Continental.

Project Description and Location

The Nachingwea Project is located in southeastern Tanzania, 100 kilometres north of the border with Mozambique, approximately 180 kilometres west of the coastal port city of Mtwara on the Indian Ocean and 400 kilometres south of Tanzania's largest city, Dar es Salaam (see Figure 1 below). The Nachingwea Project is located in the Nachingwea, Liwali, Lindi, and Kilwa districts in Lindi Region, and the Masasi District in Mtwara Region. The Ntaka Hill Project, where the nickel-copper sulphide discoveries are located, is situated in the north central portion of the Nachingwea Project, at approximately 10°06'S Latitude and 38°33'E Longitude, 47 kilometres northwest of the town of Nachingwea and 12 kilometres northwest of Mnero village. The geology of the Ntaka Hill area is dominated by the ultramafic rocks comprising the Ntaka Hill intrusion (the "**Ntaka Intrusion**") and the heterogeneous country rocks into which it intruded.

Figure 1



The Ntaka Hill Project consists of 42 granted prospecting licenses totaling 4,611 km² in area and 37 applications for prospecting licenses covering 2,622 km² in area, the latter largely comprising applications for areas that were relinquished as part of the licence renewal process.

The original applications for the prospecting licenses relating to the Nachingwea Project area were submitted by Warthog Resources (Tanzania) Limited (“**Warthog**”), a wholly owned subsidiary of IMX. Warthog subsequently entered into an agreement, effective February 28, 2007, to transfer and assign all granted licences to Ngwena. Anga was incorporated to help manage license renewals and re-applications.

Tanzanian prospecting and mining licences are governed by the Mining Act of 1998, which was revised in 2010, and are issued and administered by the Ministry of Energy and Minerals (the Ministry) headquartered in Dar es Salaam. It is believed that licences and applications existing prior to the November 2010 revisions will be administered under the provisions of the 1998 Act and that subsequent licences will be administered under the provisions of the 2010 Act.

A PL can be applied for directly on open ground. A PL has a maximum size of 200 km² and may be granted for an initial period up to three years (four years in the 2010 Act). An application for a PL must include a proposed work program and details of training and employment opportunities to be offered to Tanzanian citizens. Once a PL is granted, holders must submit quarterly work and expenditure updates and notify the Ministry in the event of any discovery that may have possible commercial value.

A PL may be renewed for up to two subsequent renewal periods of two years each (three and two years each – 2010 Act), which can be applied for not later than one month before the expiry of the PL. Each renewal is subject to a 50% relinquishment of the PL area, with the retained renewal area to be a contiguous block. A further renewal may be applied for and approved only if a Feasibility Study is underway. The PL period can total up to nine years under the 1998 Mining Act and up to 11 years under the 2010 Mining Act, prior to a Feasibility Study.

Under the new 2010 Mining Act, the cumulative total number of prospecting licenses which can be held by one body corporate is twenty, unless the cumulative areas of such prospecting licenses do not exceed 2,000 km².

In the event that a PL holder has found a deposit that is deemed uneconomic but which may be potentially of commercial significance in the future, there is provision for a five-year Mineral Retention License, which may be renewed for one five-year period. If the Retention License is granted, it is only over that part of the PL which the Minister anticipates is required to mine the deposit identified by the holder.

A Special Mining License (SML) is necessary for mining operations where the capital investment is greater than US\$100 million and is granted for the estimated life of the deposit indicated in the feasibility study report, or such period as the applicant may request, whichever period is shorter. Maximum size is limited to what is reasonably required for the operation up to a maximum size of 35 km². The SML must have pegged and demarcated perimeters. An application for an SML must be accompanied by a statement for the period for which the license is sought and the details of the mineral deposits, the proposed program for mining operations including a forecast of capital investment, a proposed plan for relocation, resettlement and compensation of people within the mining area, the applicant’s environmental certificate, details of infrastructure requirements, a procurement plan for in-country goods and services, and the proposed employment and training plan.

The total number of prospecting licenses held by Warthog, Ngwena, and Anga exceeds the maximum of 20 licenses and the maximum cumulative area of 2,000 km² allowable per company under the new 2010 Mining Act. The majority of these licenses were granted under the 1998 Mining Act and there is no indication that the government will retroactively apply the new license or license area quotas. However, Continental intends to continue to rationalize its property holdings in order to minimize the risk of either license forfeiture or rejection of new applications.

The tenure data of Continental licences are summarized below:

Prospecting Licences Summary (April 2012)

Type/Number	Name	Holder	Area (km ²)	Annual Commitment (\$)	Work Annual Licence Fee (\$)	First Renewal Date	Second Renewal Date	Third Renewal Date
PL 4306/2006	Mbuti	Ngwena	48.27	289,620	2,896.20	13-Dec-08	13-Dec-10	13-Dec-12
PL 4307/2007	Namatutwa	Ngwena	47.89	287,340	2,873.40	06-Apr-09	06-Apr-11	06-Apr-13
PL 4414/2007	Lipuyu	Ngwena	48.78	292,680	2,926.80	23-May-09	23-May-11	23-May-13
PL 4415/2007	Nachihangi	Warthog	48.37	290,220	2,902.20	06-Apr-09	06-Apr-11	06-Apr-13
PL 4416/2007	Mjembe	Ngwena	42.52	255,120	2,551.20	23-May-09	23-May-11	23-May-13
PL 4417/2007	Nangano	Ngwena	48.16	288,960	2,889.60	06-Apr-09	06-Apr-11	06-Apr-13
PL 4418/2007	Noli	Ngwena	48.78	292,680	2,926.80	23-May-09	23-May-11	23-May-13
PL 4419/2007	Namatumbusi	Ngwena	48.50	291,000	2,910.00	23-May-09	23-May-11	23-May-13
PL 4421/2007	Lionja	Ngwena	48.70	292,200	2,922.00	06-Apr-09	06-Apr-11	06-Apr-13
PL 4422/2007	Ntaka	Ngwena	48.68	292,080	2,920.80	06-Apr-09	06-Apr-11	06-Apr-13
PL 4423/2007	Mnero	Ngwena	48.73	292,380	2,923.80	07-Apr-09	07-Apr-11	07-Apr-13
PL 4424/2007	Mtua	Ngwena	48.51	291,060	2,910.60	06-Apr-09	06-Apr-11	06-Apr-13
PL 4464/2007	Namajani	Ngwena	48.25	289,500	2,895.00	12-Jun-09	12-Jun-11	12-Jun-13
PL 4465/2007	Nambu	Ngwena	48.23	289,380	2,893.80	12-Jun-09	12-Jun-11	12-Jun-13
PL 4466/2007	Nambu	Ngwena	17.27	103,620	1,036.20	12-Jun-09	12-Jun-11	12-Jun-13
PL 4468/2007	Mtpula	Warthog	47.86	287,160	2,871.60	03-Jul-09	03-Jul-11	03-Jul-13
PL 4485/2007	Lukuledi	Ngwena	48.73	292,380	2,923.80	12-Jun-09	12-Jun-11	12-Jun-13
PL 4486/2007	Nanyindwa	Warthog	41.86	251,160	2,511.60	11-Jun-09	11-Jun-11	11-Jun-13
PL 4917/2008	Mbangala	Ngwena	86.01	172,020	4,300.50	27-Feb-11	27-Feb-14	27-Feb-16
PL 4918/2008	Lukumbi	Ngwena	95.80	191,600	4,790.00	27-Feb-11	27-Feb-14	27-Feb-16
PL 5447/2008	Noli SE	Warthog	87.05	43,525	3,482.00	30-Dec-11	30-Dec-14	30-Dec-16
PL5971/2009	Matambare	Warthog	198.66	99,330	7,946.40	03-Dec-12	03-Dec-15	03-Dec-17
PL5977/2009	Naujombo	Warthog	198.11	99,055	7,924.40	03-Dec-12	03-Dec-15	03-Dec-17
PL5978/2009	Kihangara N	Warthog	198.83	99,415	7,953.20	03-Dec-12	03-Dec-15	03-Dec-17
PL6073/2009	Chilalo	Warthog	198.73	99,365	7,949.20	30-Dec-12	30-Dec-15	30-Dec-17
PL6148/2009	Mbwemburu N	Warthog	199.12	99,560	7,964.80	30-Dec-12	30-Dec-15	30-Dec-17
PL6149/2009	Chilalo West	Warthog	186.25	93,125	7,450.00	30-Dec-12	30-Dec-15	30-Dec-17
PL6153/2009	Mbwemburu	Warthog	197.64	98,820	7,905.60	30-Dec-12	30-Dec-15	30-Dec-17
PL6154/2009	Nachingwea SW	Warthog	195.51	97,755	7,820.40	30-Dec-12	30-Dec-15	30-Dec-17
PL6156/2009	Noli SW	Warthog	188.75	94,375	7,550.00	30-Dec-12	30-Dec-15	30-Dec-17
PL6158/2009	Kiperere E	Warthog	195.58	97,790	7,823.20	30-Dec-12	30-Dec-15	30-Dec-17
PL6161/2009	Mtimbo	Warthog	198.67	99,335	7,946.80	30-Dec-12	30-Dec-15	30-Dec-17
PL6181/2009	Mujira NW	Warthog	190.15	95,075	7,606.00	30-Dec-12	30-Dec-15	30-Dec-17
PL6397/2010	Kiperere W	Warthog	198.96	99,480	7,958.40	04-May-13	04-May-16	04-May-18
PL6409/2010	Rappa	Ngwena	197.20	98,600	7,888.00	04-May-13	04-May-16	04-May-18
PL6412/2010	Mujira	Warthog	171.21	85,605	6,848.40	04-May-13	04-May-16	04-May-18
PL6414/2010	Kihangara	Warthog	101.39	50,695	4,055.60	04-May-13	04-May-16	04-May-18
PL6467/2010	Nepanga	Ngwena	70.59	35,295	2,823.60	20-Jun-13	20-Jun-16	20-Jun-18
PL6634/2010	Mihumo	Warthog	110.42	55,210	4,416.80	20-Sep-13	20-Sep-16	20-Sep-18
PL6635/2010	Nachingwea NW	Warthog	168.26	84,130	6,730.40	20-Sep-13	20-Sep-16	20-Sep-18
PL7095/2011	Nditi	Anga	100.43	50,215	4,017.20	14-Dec-15	14-Dec-18	14-Dec-20
PL7226/2011	Ntaka South	Anga	49.71	24,855	1,988.40	26-Oct-15	26-Oct-18	26-Oct-20
Total			4,611.12	7,132,770	202,824.70			

Since Continental became operator of the Nachingwea Project, it has commissioned four separate due diligence reports by Tanzanian legal counsel on the mineral rights held by the joint venture in support of equity financings and for annual audit purposes. All reports concluded that the granted licenses were validly held and in good standing at the time of the reviews by Rex Attorneys in 2007 and 2008 and Mkono & Co. in 2010 and 2011.

In order to maintain a license in good standing, a license holder must pay the currently prescribed annual land rents and satisfy expenditure commitments. The currently prescribed land rents and expenditure commitments by licence type are:

Annual Rents and Expenditures		
License Type	Annual Rent	Annual Expenditures
PL	\$40/km ²	\$500/km ² – Initial Grant Period
	\$50/km ²	\$2,000/km ² – 1 st Renewal Period
	\$60/km ²	\$6,000/km ² – 2 nd Renewal Period
SML	\$2,000/km ²	NA

The currently granted mineral interests held by Continental are subject to a royalty payable to the Government of Tanzania royalty based on the gross value of the minerals produced.

Apart from some minor artisanal mining, Continental is not aware of any significant past mining or mineral processing activities which have occurred on the Nachingwea Project and there are no known tailings impoundment areas on the Nachingwea Project. Continental is not aware of any environmental liabilities or registered liens on the Nachingwea Project and no actions have been notified to Continental or Ngwena.

At the exploration stage, no specific permits are required to undertake exploration work on the ground. Letters of introduction which introduce Continental and outline the planned exploration program for a field season are typically submitted to the Regional Commissioners based in Lindi and Mtwara. The Commissioners then issue letters of introduction and permission which are then shown to the various local government and village officials in advance of the commencement of work. However, airborne geophysical surveys do require permission to be obtained from the Ministry of Lands and Surveys and the Ministry of Defense and also a landing permission from the Tanzania Civil Aviation Authority. A permit application typically details the proposed timing of the survey, the area to be surveyed, and the identity of the aircraft and pilots to be used in the survey. Airborne surveys must also accommodate a military observer to be present for the duration of the survey.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility

The Nachingwea Project can be accessed via a 300 kilometre road network west from the port city of Mtwara located in southeast Tanzania. The road network comprises 200 kilometres of sealed highway extending west from Mtwara, which then degrades to an all-weather dirt road from the town of Masasi, north to Nachingwea, and ultimately to the Mnero village/mission. From Mnero, poorly maintained tracks passable with four wheel drive extend 20 kilometres to the Ntaka Hill area in the north central portion of the Nachingwea Project. During the rainy season, portions of these roads may be temporarily cut off due to rising rivers and road washouts.

The port city of Mtwara can be reached by road travelling 560 kilometres south along the coastal B2 highway (mostly paved) from the city of Dar es Salaam, which serves as Tanzania's business centre and informal capital city. Dar es Salaam is serviced by daily scheduled commercial flights from several Western global air carriers out of various centers including London, Amsterdam, Zurich, Dubai, and Johannesburg. The drive from Dar es Salaam to the Nachingwea Project, a total distance 810 kilometres, takes approximately two days. Daily scheduled commercial flights to Mtwara operated by national and regional carriers out of Dar es Salaam are also available.

Alternatively, the Nachingwea Project can be accessed via commercial charter flights arranged from Dar es Salaam, directly to an all-weather, 1.4 kilometres hard-packed dirt airstrip with airport facility at the town of Nachingwea.

Climate

The Nachingwea Project area has a dry to sub-humid climate as a result of prevailing southeasterly winds which bring rainfall to the southern highlands of Tanzania during the rainy season. Annual rainfall ranges from 750 to 1,200 millimetres, occurring mainly between mid-November and mid-May. This is followed by six months of generally cooler and very dry weather from June to October. Annual minimum and maximum temperatures range between 17°C and 40°C, but may rise even higher.

Physiography, Vegetation and Fauna

Elevations on the property range from 200 metres above sea level to 915 metres above sea level. The main exploration activity at the Ntaka Hill Project has been centred near the 300 metre elevation and overall the property is quite flat, with the occasional high hill rising abruptly from the planar areas. General outcrop exposure is generally poor at 5% to 10%, often obscured after the rainy season by thick grasses. Relative exposure improves as the seasonal fires of the dry season remove the vegetation cover.

The Nachingwea Project is essentially woodland characterized by dry deciduous forest, scrub forest and thicket, and secondary grasslands and is generally considered to have poor agricultural potential. The area is generally underlain by weathered residual soils with a thin oxidized clay veneer. The weathering profile as intersected in drilling at the Ntaka Hill Project has been observed to extend to depths of 20 metres to 30 metres. Most of the river and creek systems are ephemeral, and thus remain dry in the dry season for about six months and become charged during the rainy season and immediately thereafter until residual pools finally evaporate.

The dominant natural vegetation type consists of deciduous miombo woodland. Other vegetation types include areas of rocky acacia clad hills, gallery and groundwater forests characterized by wild date palm, associated with seasonally flooded sand rivers and small swamps.

In protected areas of the region, there remains a moderate richness of species with respect to vertebrates, particularly for mammals (up to 160 mammals and 87 reptile species) as well as avian populations of up to 400 species.

Local Resources and Infrastructure

A seasonal exploration camp has been established in the Ntaka Hill area from which the exploration programs have been conducted. The camp area is fenced with a manned gate and consists of a containerized office, covered and enclosed technician office, kitchen, mess, storage, entertainment and ablution facilities with tented accommodations for up to 50 field personnel and support staff. A core logging and sampling facility with core saws has also been established. Electrical power is generated on site via diesel generators and Internet access is provided by satellite.

There are several villages and towns located on and near the property. The largest centres are Nachingwea with a population of approximately 20,000 and providing basic services; Masasi with a population of approximately 34,000 also with basic services; and Mnero with a population of approximately 8,000, but no services apart from a missionary hospital. The closest police are stationed at Nachingwea. The closest village to the Ntaka Hill area is the Nditi village located some three kilometres to the east.

In the immediate area, there are some commercial farm cooperatives growing cashew nut and a large amount of subsistence farming. There is no significant industrial activity and there is ample and suitable room available on the property for the establishment of mining and processing operations, waste piles and a tailings storage facility. There is a plentiful supply of unskilled labour in the area; however, extensive training programs would be required to equip potential employees of a mining operation with required skills.

Currently, there is no grid power in the immediate Ntaka Hill Project area. Electricity in the larger towns of Masasi and Nachingwea is supplied by transmission line from the port town of Mtwara where electricity is generated from a natural gas fired power station.

Should a mine and concentrator facility be developed on the property, mineral concentrate could be shipped from the deep-water port at Mtwara. The port has an import/export capacity of 400,000 tpa (upgradable to 750,000 tpa) and suitable concentrate storage buildings. At present, this port operates at approximately 25% to 50% of its capacity. The port also currently serves as a base of supply for offshore gas exploration activities.

History

Prior to Continental's activities, exploration in the area of the current Nachingwea Project was carried on intermittently between 1950 and 2006 by Inco Limited/Selection Trust, Broken Hill Proprietary ("BHP"), and IMX.

Between 1950 and 1953, Inco Limited (“**Inco**”), in joint venture with Selection Trust, carried out a nickel exploration program on the north central portion of the Nachingwea Project. This work included mapping, trenching, and diamond drilling (6 holes, 1,306.7 metres) for the purpose of testing an outcropping nickel-copper gossan at Ntaka Hill. The most significant result was a drill intersection of sulphide mineralization which graded 1.60% Ni and 0.56% Cu over 3.7 metres.

Between 1996 and 1998, BHP conducted regional airborne magnetic and radiometric surveys over an extensive area, which included the present Nachingwea Project. BHP abandoned the Nachingwea Project in 1999 without drill testing any of the targets.

IMX initially carried out data compilation, processing and interpretation of the BHP stream sediment data and acquired Ikonos and Landsat Thematic Mapper scenes for the Nachingwea Project. In 2004, a surface sampling program to follow up anomalous areas identified from the BHP data was completed. A total of 390 composite soil samples, 54 stream sediment samples and 68 rock chip samples were collected and subjected to multi-element analysis. Anomalous nickel and copper values were obtained from soil samples in the Ntaka Hill area and an additional area to the south called the “Lionja” area (“**Lionja**”).

In 2005, more detailed soil geochemical surveys were completed over anomalous areas identified from previous sampling. A 450 line-kilometre versatile time domain electromagnetic (“**VTEM**”) helicopter-borne survey, flown by Geotech Ltd. of Aurora, Ontario, Canada, was also completed. The VTEM survey covered two areas with the main survey block (86 km²) covering the general Ntaka Hill area. A smaller (7.5 km²), separate block was also flown approximately eight kilometres to the southwest of the main block over two magnetic anomalies in the Lionja area. Most of the survey was flown using 200 metre line spacing. In the vicinity of the Ntaka Hill, where there was known nickel and copper mineralization, in-fill lines were completed at 100 metre line spacing.

In 2006, a basic field camp was established at Ntaka Hill and a ground time-domain electromagnetic (“**TDEM**”) geophysical survey was completed to confirm the various VTEM anomalies identified for follow-up. This work involved the collection of data from nine small, fixed ground grids and four moving loops.

Seventeen diamond drill holes (2,153 metres) were completed to test various airborne and ground electromagnetic conductors often associated with nickel-in-soil anomalies. Fourteen drill holes were drilled at Ntaka Hill and three were completed in an area eight kilometres to the southwest. At Ntaka Hill, 12 of 14 drill holes intersected nickel-bearing sulphide mineralization including a significant new nickel sulphide discovery from drill hole NAD013 (11.23% Ni, 1.74% Cu, 0.15% Co over 3.0 metres) now referred to as the NAD013 Zone.

In 2007, the Nachingwea Project was joint-ventured to Continental. Since that time, Continental has implemented a multi-disciplinary exploration program leading to the discovery and drill delineation of seven separate magmatic nickel-copper sulphide deposits for which mineral resources have been estimated.

Geological Setting

Regional Geology

The geology of Tanzania is dominated by the Archean-aged Tanzanian Craton which is surrounded by early to late Proterozoic mobile belts, including the Kibaran Belt to the northwest, the Usagaran-Ubendian Belt to the southwest, and the Mozambique Belt to the east and southeast. These mobile belts are becoming increasingly recognized for their potential to host Ni-Cu-PGE deposits. The Kabanga nickel deposits are situated in the mid-Proterozoic Kibaran Belt near the Tanzanian-Burundi border. Layered mafic-ultramafic intrusions hosting PGE mineralization (e.g., Kapalagulu and Nkenja) are hosted in the early Proterozoic Usagaran-Ubendian Belt east of lakes Tanganyika and Nyasa. The new Nachingwea nickel sulphide discoveries lie within the late Proterozoic Mozambique Belt in southeastern Tanzania.

Local and Property Geology

There is little in the way of regional geological mapping information available for the southeastern portion of Tanzania and the Nachingwea area. The following description is based on material developed by Continental and IMX and documented in various internal reports prepared since 2004.

In the Nachingwea area, Mozambique Belt lithologic units consist of a mixed assemblage of mafic to felsic granulites, gneisses, and migmatites that are interlayered with amphibolites and metasedimentary rocks, including quartzites, banded magnetic quartzites, pelites, graphitic schists, and marbles. These lithologic units are crosscut by poorly documented mafic to ultramafic intrusions of unknown age and include the Ntaka ultramafic intrusion. All units are complexly deformed and metamorphosed to amphibolite and granulite grades of metamorphism and occur in blocks bounded by major northwest-, east-, and northeast striking fault zones. The high degree of deformation in this area is best illustrated by aeromagnetic data that reveal a complex pattern of folding, which is further disrupted by faulting.

The regional geologic and structural setting of the Ntaka Hill nickel sulphide deposits bears a marked resemblance to that of the nickel deposits in the Thompson Nickel Belt, Canada, where boudinaged and dismembered ultramafic bodies are hosted within high grade gneissic and schistose metasedimentary rocks of the Ospwagan Group in an Early Proterozoic continental margin setting.

The Ntaka Hill sulphide deposits are hosted within the dismembered remnants of a package of deformed ultramafic rocks referred to as the Ntaka intrusion. The country rocks of the Ntaka intrusion consist of felsic to mafic gneisses and amphibolites, which are interpreted to represent, at least in part, metasedimentary and metavolcanic supracrustal rocks. All lithologic units have undergone polyphase deformation and high grade metamorphism and are extensively recrystallized. Drilling has shown that the mineralized zones uniformly plunge to the south. The age of the Ntaka intrusion is not definitively known and could be as old as 1.8 Ga or, alternatively, could be related to the 1000 to 700 Ma magmatic activity that occurred early in the development of the Mozambique Belt.

Exploration

From August 2007 to December 2011, Continental carried out an extensive exploration and drilling program on the Nachingwea Project in the search for nickel-copper sulphide deposits. Program expenditures totaled \$24.7 million to December 31, 2011. The exploration program was designed to follow up the nickel-copper sulphide mineralization discovered at Ntaka Hill and explore for additional nickel-copper sulphide zones both at Ntaka Hill and within the regionally extensive land holdings. Copper-silver-zinc mineralization is emerging as a new target type on the regional land holdings.

In 2007, exploration at Ntaka Hill discovered five new sulphide zones in addition to the original IMX “NAD013” discovery. In 2008, drilling was focused on the delineation of the various sulphide zones, the success of which led to the commissioning of a resource estimation study for the Ntaka Hill Project. In 2009, new nickel sulphide mineralization was discovered at C target at Ntaka Hill and at Lionja. In 2010, drilling intersected a wide zone of largely disseminated to net-textured sulphide mineralization west of Ntaka Hill representing a new discovery referred to as the sleeping giant zone (the “**Sleeping Giant Zone**”). This discovery and additional step-out drilling at existing sulphide zones led to the completion of an updated mineral resource estimate in April 2011. Subsequent step-out drilling in 2011 resulted in the expansion of the Sleeping Giant Zone and the preparation of the Ntaka Hill 2012 Technical Report. In addition, the drilling of conceptual geological targets at Ntaka Hill resulted in the discovery of new nickel mineralization south and east of H Zone.

Regional exploration in 2011 resulted in the delineation of a 1.8 kilometres long copper-in-soil anomaly on the Chilalo licence located 23 kilometres north-northeast of Ntaka Hill. Drill testing of this geochemical anomaly intersected sulphide mineralization which returned elevated copper-silver $\pm$ zinc values in several drill holes.

Ntaka Hill

Continental focused initial exploration efforts in the Ntaka Hill area to follow up the high grade Ni-Cu sulphide discovery made by IMX in 2006. Drill hole NAD013 returned a sulphide intersection grading 11.23% Ni, 1.74% Cu over 3.0 metres starting at 71.6 metres downhole.

After review and compilation of the IMX work, Continental initiated a systematic ground TDEM survey in 2007 over the Ntaka Intrusion and immediate area. The survey work and initial data processing and interpretation were completed by Crone Geophysics & Exploration Ltd. of Mississauga, Ontario. The survey covered a roughly seven by three kilometre area and utilized large fixed loops to maximize area of coverage and depth of penetration.

This work outlined 11 new, high priority EM anomalies modelled with moderate to high conductance, as well as one target corresponding to the NAD013 sulphide discovery.

A total of 53 drill holes for 10,547 metres were completed in 2007 to test the NAD013 Zone as well as the newly identified EM targets. The drill program intersected sulphide mineralization at 10 of the 12 targets including the discovery of five new, high grade nickel-copper sulphide zones (G, H, J, L and M zones). In addition to the discovery of the sulphide zones mentioned above, several other targets tested also yielded sulphide intersections which subsequently lead to the discovery of the Sleeping Giant Zone in 2010.

From 2008 to 2011, a systematic drill program involving a further 210 drill holes and one wedged hole totalling 37,125 metres was completed to delineate the zones and to test other identified targets in the Ntaka Hill area.

In 2011, a total of 906 soil samples were collected in the Ntaka Hill area in order to help identify areas of potential near surface disseminated mineralization similar to the Sleeping Giant Zone. Compilation of this data is in progress and will be used to help identify future drill targets.

Regional Exploration

Although much of the focus to date has been detailed exploration of the Ntaka Intrusion, Continental has also conducted a regional exploration program with an objective to discover additional zones of nickel sulphide mineralization which may be associated with ultramafic intrusions similar to the Ntaka Intrusion. In 2011, some emphasis was also placed on exploration for metasediment-hosted copper-silver ± zinc mineralization.

In 2007–2008, Continental completed two, large airborne magnetic/VTEM surveys totalling 11,800 line kilometres which cover a combined area of 2,060 km² surrounding the Ntaka Intrusion. The surveys were flown by Geotech Airborne Limited of South Africa. The surveys detected numerous anomalies which display similarities to the Ntaka Intrusion. In order to expand the area of airborne geophysical coverage to identify targets over the entire property cost effectively, a 33,504 line kilometres high resolution airborne magnetic/radiometric survey was flown by UTS-Aeroquest of Australia in 2010. The purpose of the survey was to identify radiometric “lows” with magnetic signatures similar to the Ntaka Intrusion on which to target further exploration. The survey detected numerous radiometric “lows” which had the potential to correlate with unknown ultramafic intrusions. These radiometric lows as well as unexplained VTEM anomalies were the focus of regional exploration in 2010 and 2011. Follow-up typically included geological traverses and soil sampling.

Since 2008, selected target areas have been evaluated with geological ground mapping and prospecting traverses, soil and stream geochemical sampling, and ground TDEM surveys. To date, a total of 26 diamond drill holes and one hole extension (5,256 metres) and 24 reverse circulated drill holes (2,257 metres) have been drilled to test various priority targets. The best nickel results were obtained from the Lionja area and the best copper results were obtained from the Chilalo 6 area.

Lionja

The Lionja target area is located approximately eight kilometres south-southwest of the Ntaka Intrusion. IMX identified a strong coincident Ni-Cu soil anomaly in this area in 2004 and subsequently carried out an airborne VTEM survey, ground EM surveys, and drilling (3 holes, 416 metres) in 2005 and 2006. From 2008 to 2011, Continental completed additional soil sampling, TDEM surveying, and drilling. Ten diamond drill holes and one deepened drill hole totalling 2,600 metres were completed to test several ground EM geophysical targets delineated within a five by two kilometre area. In addition, four reverse circulated drill holes totalling 314 metres were completed to drill test a 1,000 metres by 1,000 metres area of anomalous Ni-Cu soil geochemistry located to the north of the diamond drilling. The interpretation of the EM targets was complicated by the presence of multiple, overlapping, highly conductive graphitic zones located at various depths.

Ultramafic rocks were intersected in 12 of the 14 diamond drill holes completed by Continental at Lionja. Drill holes in the southern portion of the area are locally mineralized with disseminated to net-textured pyrrhotite (± pentlandite) sulphides near the base of a south dipping sill-like ultramafic body. Assay results have confirmed anomalous nickel concentrations of up to 2.03% Ni and 0.41% Cu from the mineralized intervals. Graphitic metasedimentary rocks, similar to those observed at the Ntaka Intrusion, were also intersected in the drill holes. The

intersection of pentlandite-bearing nickel sulphide mineralization in a number of drill holes similar to that observed at Ntaka Hill suggests that further drilling is warranted in the area.

Chilalo

Regional exploration in 2011 identified prospective geochemical and geophysical anomalies and surface gossans at two high priority areas, Chilalo 6 and Chilao 7, on Continental's Chilalo licence. Based on limited data, the mineralization is viewed as having similarities to various stratiform sedimentary-hosted and sedimentary exhalative (SEDEX) copper deposits including copper-silver deposits of the African copper belts and the Broken Hill deposit in Australia. The new Chilalo mineralization represents the fourth occurrence of drill intersected copper-silver-zinc mineralization hosted in paragneisses on the regional licences as three other occurrences were obtained in reverse circulated drill holes (NRD10-037, 040, and 041) completed in 2010.

Mineralization

The ultramafic rocks in the Ntaka Hill area contain widespread sulphide mineralization and host all of the significant nickel sulphide zones discovered to date on the property. Three main styles of nickel sulphide mineralization have been identified from the drilling to date, as discussed below.

Intrusion-Hosted Magmatic Sulphides

The intrusion-hosted magmatic sulphide mineralization consists of disseminated, blebby, to net-textured with local semi-massive to massive sulphides hosted within pyroxenites and, more rarely, peridotites. Zones J, M, and the Sleeping Giant Zone located on the eastern, northern and western edges of the intrusion, respectively, are typical of this style of mineralization.

The sulphide mineralization consists of fine-to-coarse grained pyrrhotite and pentlandite, with lesser amounts of chalcopyrite and pyrite. Pentlandite typically occurs as readily visible discrete grains and aggregates up to several millimetres in width. In the semimassive to massive sulphide mineralization, pentlandite has been observed as coarse "eyes" and irregularly shaped patches ranging from less than 0.5 centimetres to 5.0 centimetres in size.

Nickel grades typically range from 1.5% to 3.5% in heavily disseminated to net-textured sulphides and up to 9.0% in semi-massive and massive sulphides. The magmatic mineralization also contains subordinate amounts of copper and cobalt, with copper values ranging from 0.1% to 1.0% and cobalt ranging from 0.01% to 0.10%. Precious metals (gold, platinum, palladium) exhibit quite low values, generally less than 1 parts per million ("ppm") on a combined basis.

Remobilized Massive Sulphide

The term remobilized is used as a local term to describe a form of mineralization consisting of massive sulphide veins and stringers that are typically displaced from, or are in sharp contact with, ultramafic rocks and magmatic mineralization in the intrusion. The veins and stringers are commonly in contact with intervals of country rock occurring within or near the margins of the intrusion.

Remobilized mineralization has been observed in three zones (NAD013, H, and L), all located near the western edge of the intrusion. Mineralization occurs in vein systems that consist of single to multiple veins and stringers of coarse-grained massive sulphide mineralization. Individual veins pinch and swell from 10 cm to up to four metres, generally hosted within pyroxenite or along the contacts of ultramafic and intervals of amphibolite and felsic gneiss. Where several veins occur, the vein system can attain thicknesses of up to 8.3 metres. Local zones of disseminated to net-textured magmatic sulphide mineralization carrying lower but significant Ni-Cu grades occur in hangingwall and footwall positions up to tens of metres away from the veins. Magmatic mineralization has also been observed both up and down plunge from veins at Zones H and L. The veins are thought to have been remobilized from magmatic mineralization.

The sulphide vein mineralization consists of coarse pyrrhotite, pentlandite, pyrite and chalcopyrite. Pentlandite occurs as coarse "eyes" and aggregates ranging from one centimetre to three centimetres. Individual

sulphide veins may return exceptionally high grades of nickel exceeding 15% Ni, often with 1% to 3% Cu. Despite the high grades, precious metal contents remain low (<1 ppm Au+Pt+Pd).

Intrusion-Hosted Magmatic Sulphide – Graphite “Contamination Zones”

Sulphide zones intermixed with graphite and rafts of metasedimentary rocks have been intersected in drilling within the intrusion. These zones are interpreted to have resulted from the contamination of the intrusion through assimilation of the graphitic metasediments. This process is thought to have contributed to the segregation and accumulation of extensive sulphide zones of which the G Zone represents the most significant delineated to date. Inclusions of graphitic metasediments are also observed locally at the J Zone.

Mineralization consists of intermixed graphite and sulphides, the latter varying from disseminated to net textured to nearly massive sulphides in contact with graphite rich metasediment. The sulphide mineralization is dominated by pyrrhotite with lesser amounts of finer grained pentlandite and chalcopyrite, which occur as inclusions and interstitial grains, as well as narrow 0.5 to 2.0 millimetres wide fracture fillings crosscutting pyrrhotite.

Such zones of mineralization may be widespread and have the potential to be quite large. However, this mineralization is characteristically much lower in grade than the previous types described above and generally exhibits grades of less than 1% Ni + Cu, but locally up to 3.7% Ni and 0.9% Cu in massive sulphides.

Drilling

Continental has completed 274 diamond drill core holes, one wedge, 15 metallurgical holes, and 24 reverse circulated holes totalling 55,185 metres on the Nachingwea Project. Of that, 248 drill holes, 15 holes for recovery of metallurgical test work samples and one wedge (totalling 47,672 metres) were completed in the Ntaka Hill area. A summary of all known drill holes completed on the property is given below.

DRILLING SUMMARY

Continental Nickel Limited – Nachingwea Project

Company	Date	Type	No. of Holes	Length (metres)	% of Total
INCO	1953	Surface/Core	6	1,307	2.2
IMX	2006	Surface/Core	17	2,153	3.7
Continental	2007-2011	Surface/Core/Reverse Circulated	314	55,185*	94.1
			337	58,645	100.0

* Includes one wedge and 15 metallurgical holes; includes hole deepenings completed by Continental.

No physical record of the Inco drilling is known to exist and, as a result, no review of this work has been completed. All of the Inco holes were drilled in the Ntaka Hill area in proximity to the J Zone. Although drill collars are not evident in the field, cemented water sumps have been located and have been used to locate these holes relative to the recent drilling. None of the holes are material to the current resource estimation.

IMX completed 17 diamond drill holes (NQ sized core, 47.6 millimetres core diameter) totalling 2,153 metres on the Nachingwea Project. Of these, 14 were completed in the Ntaka Hill area. Four drill holes (NAD002, NAD009, NAD011, and NAD013) are material to the current resource estimate. The drill core from the intersection in hole NAD013 is located at Continental’s office in Toronto, Ontario, while the intersections in NAD002, NAD003, NAD004, and NAD009 are stored at Continental’s core storage facility at Ntaka Hill. The rest of the IMX drill core is currently stored at the Mnero Mission on the property.

Core from the 15 metallurgical drill holes is no longer on site as it has been sent for metallurgical testing in Canada.

Drilling and Logging Procedures

Continental's 2007 to 2011 drill programs were contracted to Tandrill Limited, a Tanzanian subsidiary of Geosearch International Drilling Ltd. of South Africa. Over the course of the drill campaigns, variously configured skid to truck mounted wireline drill rigs have been used including a Longyear 38, a Boyles 56, and a Smith Capital 14R6H. Reverse circulated drill holes were completed with a truck mounted DR250 rig.

The drill rigs were positioned on prepared drill pads over a surveyed and pegged collar location and oriented by alignment by positioned front sights. The drill head was then set to the desired inclination. In addition to site levelling, drill pad preparation also involved the completion of hand dug, typically lined, sumps to store and recapture water recovered from the hole and anchor pits to secure the drill.

Holes were cased with HW casing through overburden or cored with PQ (85.0 millimetres). Once the core barrel was through the overburden, a reduction to recover HQ or HQ-3 sized core was completed (63.5 millimetres and 61.1 millimetres diameter respectively) through the weathered zone until seated in competent rock. Depth of weathering typically ranged from 20 to 30 metres. Upon reaching the base of weathering and passing into fresh rock, the rod string was reduced to pass through the HQ/HQ-3 rods and drilled to target depth recovering NQ-3 core (45.0 millimetres diameter) in 2007 and NQ core (47.6 millimetres diameter) in 2008 to 2011.

Upon completion of the hole, the steel casing was extracted and PVC casing was inserted downhole over the full length of the HQ size drilling (beyond the base of weathering) in order to keep the hole open for possible borehole surveys or re-entry. Wooden plugs were installed at the top of all cased drill holes which were then marked with concrete monuments inscribed with the drill hole number, orientation, and length of hole.

Drill collar locations have been surveyed by either a qualified surveyor or in-house trained technician using total station and/or differential GPS survey instruments. Downhole orientation surveys for each drill hole were collected at 25 to 30 metre intervals during drilling using a Flexit MultiSmart survey tool (2007-2009) ("**Flexit**") and a Reflex EZTRAK (2010-2011) ("**Reflex**"). Both tools are a solid state, electronic, magnetic-based instrument with multishot capability which measures the earth's magnetic field strength using a triaxial fluxgate magnetometre and dip direction through a triaxial servo accelerometre. Azimuth and dip readings are accurate to within ± 0.35 to 0.5° and ± 0.2 to 0.25° , respectively. Because the instrument measures the total magnetic field, any influence from the presence of magnetic rocks downhole is known. If an azimuth reading was suspect due to magnetic interference recorded by the instrument, then the reading was discarded and replaced with the average value of an accepted reading above and below the suspect reading.

A total of 124 drill holes were surveyed with Crone downhole pulse EM at Ntaka Hill. In order to determine the rotational position of the XY survey probe used in the EM surveys, a tool is lowered downhole, which provides location data that can be used as an independent check on the Flexit and Reflex survey data for those holes surveyed. A comparison of the end of hole positions using the Flexit/Reflex survey data relative to the tool data showed good correlation of position, with plotted end of hole positions differing generally less than 1% to 5% as a percentage relative to total hole length.

Upon completion of the drilling, the drill site is reclaimed. Any refuse or surplus material is removed and all water sumps and anchor trenches are filled in and the site levelled. The site is then inspected by a geologist/technician and the drill foreman. A detailed environmental inspection checklist is completed with a photo taken to provide a record of reclamation of the site.

Drill core (HQ3, HQ, NQ3, or NQ size) is placed in metal core trays at the drill site by the drill helper. Plastic or wooden core blocks inscribed with depths and recovery intervals are placed after each three-metre run of core (or more frequently for short runs in intervals of structural disturbance or weathering). The filled core trays are transported to the core logging area at the Ntaka Hill camp at the end of each drill shift by core technicians.

Technicians orientate and align the core in the core trays and mark one metre intervals on the core over the entire length of the hole. Rock Quality Designation (RQD) measurements are completed for each three metre core run and the total core recovered over the interval is also recorded, so that core recoveries can be calculated and verified against the drill records. The recorded data are entered into the digital drill hole database. Overall, core

recoveries at Ntaka were found to average 96%. Lower core recoveries were occasionally noted in the upper weathered portions of the drill holes or in localized areas of faulted and broken core.

The drill core is logged by Continental's geologists who record geological observations including major and minor lithologies, alteration, mineralization, ore mineral estimates, and structural features. Structural measurements include mineral foliations, banding, lithologic contacts, dykes, and veins.

Prior to core sampling, digital core photos are taken of each core tray for future reference. The digital photos are stored by Continental as part of the project database.

RPA has confirmed that they are of the opinion that the logging and recording procedures are comparable with industry standards.

In 2011, the Reflex ACT II Tool was used in order to collect oriented core measurements at the Sleeping Giant Zone. Wherever possible, alpha and beta angles for structural fabrics and lineaments were recorded. Dips of structures were then calculated and plotted on sections in the field to assist in geological and structural interpretations.

Drill core from the 2007 to 2011 drill programs (313 drill holes, 55,185 metres) is currently stored at the Ntaka exploration camp in a covered core storage shed within a fenced enclosure. The camp is secured and manned with watchman on a full time basis.

Summary of Results

Drilling conducted from 2006 to 2011 has discovered and delineated seven significant zones of nickel-copper sulphide mineralization. Numerous other intervals of sulphide mineralization have been intersected in drill holes throughout the intrusion, but these require more drilling to define specific zones.

G Zone

G Zone is located some 200 metres west of J Zone at a depth of 50 to 130 metres and has been delineated by 29 drill holes totalling 4,577.6 metres. The holes are drilled on 50 to 100 metre spaced sections over a strike length of 550 metres. The zone strikes at a 150° azimuth, and dips 15° to 20° to the southwest with a shallow plunge to the southeast.

The initial delineation drilling was carried out in 2007 (16 drill holes totalling 3,074.1 metres). Additional drilling (12 drill holes, totalling 1,403.3 metres) was completed in 2010 to extend the zone up plunge to the north targeting a high conductance EM anomaly, test for the presence of a zone shallow mineralization above and to the west of the zone based on a historical drill intersection from drill hole NAD009 (referred to as the G9 area) and test a high conductance EM anomaly above the south extension of the zone. The additional drilling successfully confirmed mineralization in all areas targeted. In 2011, two metallurgical holes (MED11-002 and 008) totalling 296.55 metres were completed.

Mineralization consists of stacked zones of disseminated, net-textured to locally massive sulphides, commonly intermixed with graphite disseminations, lenses, clots, and bands. Mineralization varies from two to 22 metres in thickness, averaging seven metres. Drill intersections have returned assays ranging from 0.4% Ni to 3.7% Ni and 0.15% Cu to 1.4% Cu.

H Zone

H Zone was discovered in 2007 approximately 300 metres southeast of the NAD013 Zone and consists of remobilized massive sulphide veins similar to the NAD013 Zone, associated with zones of disseminated to net-textured magmatic sulphides in both the hangingwall and footwall to the vein system. The zone has been tested by a total of 32 drill holes totalling 4,955.3 metres largely on 25 metre spaced sections. In 2011, two metallurgical holes (MED11-004 and 006) totalling 286.6 metres were also completed on this zone.

The zone has been delineated by drilling over a 200 metre strike length and approximately 200 metre down dip. The zone strikes roughly north-south and has a shallow to moderate west to southwest 35° dip, with a shallow plunge to the south. The north edge of the zone outcrops in a small creek bed as oxidized gossan material with malachite mineralization. Grab samples there have returned assay values up 10.45% Ni and 29.9% Cu.

Mineralization consists of remobilized massive sulphide veins that pinch and swell from less than one metre to several metres thick. The vein system consists of single to multiple closely spaced veins and stringers, the latter occurring over widths of up to eight metres, averaging 4.8 metres. Nickel grades ranging from 10-18% are common in the massive sulphide veins.

J Zone

Forty-four drill holes totalling 5,116.9 metres have been completed (2007-2010) to delineate the J Zone on 25 metres spaced sections over a strike length of 325 metres. In 2011, two metallurgical holes (MED11-001 and 013) totalling 150.3 metres were completed. The zone strikes north-south and has a shallow 17° west dip with a gentle southerly plunge. It consists of a sulphide zone at depth below the base of weathering and an overlying copper-nickel enriched oxide zone with an intervening “transition” zone consisting of partially weathered and oxidized sulphide mineralization. The sulphide portion of the zone extends down dip for 50 to 75 metres.

Mineralization consists of heavily disseminated to net-textured and locally semi-massive to massive sulphides hosted in pyroxenite. Intersections through the central portion of the zone attain thicknesses of up to 25 metres and assays typically range from 1.0% to greater 3% nickel and 0.2% to 0.5% copper.

L Zone

L Zone is located 500 metres northwest of the NAD013 Zone and has been delineated by 22 drill holes (2007-2010) totalling 3,065.4 metres on 25 metres spaced drill sections. In 2011, one metallurgical hole (MED11-007) totalling 90.1 metres was completed. The zone strikes at approximately 175° azimuth, dips 68° to the west, and has been delineated over a strike length of approximately 200 metres and down dip for approximately 75 metres. The zone subcrops at its northern end and plunges moderately to the south.

Mineralization includes both remobilized massive sulphide veins and stringers as well as disseminated to net-textured magmatic sulphides. The overall zone ranges from three to 12 metres in thickness and individual high grade massive sulphide veins are up to three metres in true thickness. Nickel grades in the massive sulphide veins typically range from 10-14%.

M Zone

The M zone is located approximately 1.1 kilometres west of J Zone, on the interpreted western edge of the Ntaka Intrusion. Thirty drill holes totalling 4,034.3 metres, completed from 2007 to 2010 on 25 metre spaced drill sections, have traced the M Zone over a strike length of 250 metres. In 2011, two metallurgical holes (MED11-003 and 010) totalling 155.1 metres were completed. Mineralization extends down dip for 75 to 100 metres. The zone strikes at a 15° azimuth and dips 70° to the southeast. It subcrops near its northern end, plunging moderately to the south along strike. The zone varies from 1.5 to 10 metres thick, averaging 7.5 metres.

Mineralization consists of disseminated, net-textured and semi-massive sulphides hosted in altered pyroxenite and peridotite. Assays range from 1% to 8% nickel, but typically average 2%.

NAD013 Zone

The NAD013 Zone was discovered in 2006 and represented a significant new discovery of nickel-copper sulphide mineralization associated with the Ntaka Intrusion at the time. In 2007–2008, Continental completed detailed drilling of the zone on 25 metre spaced sections. No additional drilling was undertaken in 2009-2010, although additional core sampling and assaying was completed in light of a potential connection with the newly discovered Sleeping Giant Zone mineralization down dip the zone. As of 2010, a total of 25 drill holes totalling 4,394.6 metres have been completed on the zone (including the IMX drill hole NAD013). In 2011, one metallurgical hole (MED11-005) totalling 124.6 metres was completed.

The zone strikes at a general 155° azimuth and has been traced by drilling along strike for 225 metres. A minor kink fold is apparent about mid-way along its defined strike. The vein system extends down dip for 50 to 100 metres where it pinches out and displays an average dip of 44° to the southwest. Mineralization has been intersected at shallow depths (less than 50 metres vertical) in the north and gently plunges to the southeast along strike where it has been intersected at a vertical depth of 140 metres. Depending on the number of veins and stringers present, the zone varies from less than one metre to seven metres in thickness, averaging 2.75 metres.

Mineralization consists primarily of narrow, remobilized, massive sulphide veins with associated sulphide stringers and disseminations. Veins consist of near massive, coarse-grained pyrrhotite, pentlandite, pyrite, and chalcopyrite and typically return exceptionally high grades up to 17% Ni and up to 5% Cu. The veins appear to become copper rich near the down dip termination and in some cases consist of almost entirely chalcopyrite. Approximately 10 metres below the remobilized vein system, a variably developed footwall zone of disseminated magmatic mineralization averages close to 1% Ni + Cu.

Sleeping Giant Zone

The Sleeping Giant Zone is an ultramafic-hosted nickel sulphide zone located on the western side of the Ntaka Intrusion and is situated immediately west of the NAD013 and H zones. In 2007, drill hole NAD07-024 intersected disseminated to locally semi-massive sulphides which returned grades of 0.73% Ni and 0.15% Cu over 31.8 metres including 3.09% Ni and 2.08% Cu over 0.8 metres. Additional sampling of this drill hole in 2009 expanded the mineralized interval to 62.8 metres grading 0.61% Ni and 0.13% Cu. In 2010, drill hole NAD07-023 EXT, located approximately 75 metres to the northeast, was deepened and confirmed continuity of the disseminated zone, returning similar grades and widths (0.74% Ni and 0.15% Cu over 53.1 metres). Nine additional drill holes were completed in 2010 to test for the extent of the Sleeping Giant Zone. Drilling to the end of 2010 resulted in an Inferred mineral resource estimate of 15.4 Mt grading 0.77% Ni and 0.17% Cu at a \$17/tonne NSR cut-off (Moore, 2011). In 2011, a large step-out drilling program was carried out to more fully define the extent of the Sleeping Giant Zone.

To the end of 2011, 45 holes plus one extension (NAD08-127) and one wedge hole, totalling 15,576 metres, were completed primarily on 100 metre centres, with several holes completed on 50 metre centres. In 2011, five metallurgical holes (MED11-009, 011, 012, 014, and 015) totalling 1,270.75 metres were also completed.

Drilling has tested the Sleeping Giant Zone over a strike length of 900 metres and dip extent of 75 to 450 metres. The zone comprises a higher grade core consisting of heavily disseminated to semi-massive and massive sulphides surrounded by lower grade disseminated mineralization. In addition, a large volume of disseminated sulphide mineralization occurs in the hanging wall overlying the Sleeping Giant Zone. The higher grade core of the zone has a dip extent of 60 to 100 metres and has been traced over a strike length of 650 metres. The higher grade core remains open down plunge to the south and will require more drilling to define the full extent.

The zone strikes at a 165° azimuth, plunges 19° the south-southeast, and dips west at an average of 42°. Dips range from 35° to 65° in the central part of the zone, to less than 25° in the north and 35° in the south. Drill intersections typically range from 2.4 m to 53.1 m. Near the northern end of the zone, the up-dip portions of the Sleeping Giant Zone are interpreted to be contiguous with down-dip extent of the NAD013 Zone remobilized and magmatic mineralization. Near the southern end of the zone, the up-dip portions of Sleeping Giant may also be contiguous with the down-dip extent of the H footwall magmatic zone.

Disseminated nickel sulphides have been intersected in the hanging wall of the Sleeping Giant Zone on all drill sections and represent mineralization identified as being potentially economic in a 2011 preliminary economic assessment report. Hanging wall intersections typically return values ranging from 0.2% Ni to 0.6% Ni over widths of 5 to 55 metres and lie within the pit shell used to define the 2011 mineral resource estimate.

Ntaka Hill Exploration Drilling

In 2011, two conceptual geology targets in the Ntaka Intrusion were drill tested by four diamond drill holes in order to look for additional Sleeping Giant Zone-type mineralization. Holes NAD08-171EXT and NAD11-252 were drilled immediately to the south of H Zone and holes NAD11-263 and NAD11-264 were drilled approximately 400 metres west of H Zone.

In 2008, NAD08-171 intersected 0.63% Ni over 4.0 metres in mineralized peridotite at the end of the hole. In 2011, this hole was deepened by 74.5 metres from 212 metres to 286.5 metres in order to determine if a wider mineralized zone was present. The disseminated mineralization did not extend from the point of hole deepening, however, the hole did intersect 2.85 metres of disseminated, net-textured and stringer sulphide from 259.40 metres to 262.25 metres, which graded 1.57% Ni and 0.27% Cu. NAD11-252 was drilled to test a borehole EM anomaly located beyond the end of the NAD08-171EXT and intersected 0.4% Ni, 0.11% Cu over 14.7 metres from 398.0 metres to 412.7 metres, including 1.41% Ni and 0.35% Cu over 2.5 metres from 399.5 metres to 402 metres. Borehole EM anomalies detected during a survey of this hole were interpreted to correlate with this mineralization as well as a new off-hole target.

In 2011, additional drill core sampling was carried out in historic IMX holes NAD003 and NAD004 and identified wide intersections of disseminated nickel sulphide mineralization (NAD003: 0.67% Ni and 0.14% Cu over 10.25 metres; NAD004: 0.44% Ni and 0.09% Cu over 23.0 metres). A similar intersection was noted in an I Target hole (NAD07-029: 0.60% Ni and 0.17% Cu over 16.0 metres). These intersections indicated the potential for a new disseminated sulphide zone and this target was tested by two new holes totalling 316 metres. Hole NAD11-263 did not intersect any significant mineralization. However, hole NAD11-264 intersected two intervals of disseminated sulphide mineralization which returned grades of 0.63% Ni over 7.0 metres and 0.52% Ni over 20 metres.

Additional drilling is planned to more fully test the new mineralization and borehole electromagnetic anomalies identified south and west of H Zone.

Sample Preparation, Analyses and Security

Sampling

Once core logging is complete, the geologist sets out the intervals to be sampled for assay, specifically targeting sulphide mineralized intervals, plus the adjacent hangingwall and footwall areas. Sample intervals were marked directly on the core with a grease pencil and the core trays labelled with a permanent paint marker. A reference line marking the perpendicular to foliation was drawn along the core to assist in accurate core cutting. Unique numbered assay tags are inserted in the core trays, with a copy stub retained in a tag book for reference. The tag books are kept in the office in Dar es Salaam, Tanzania.

Core samples are sawn in half by technicians on-site using a diamond blade rock saw. One half of the core relating to a given interval is placed in a labelled plastic sample bag along with its sample tag and sent for analysis. The other half of the core is retained in the core box for future reference. Sample intervals range from 0.20 metres to 1.5 metres, averaging 1.0 metres in length.

Continental is not aware of any drilling, sampling, or recovery factors that would impact on the accuracy and reliability of the results. As stated in the Ntaka Hill 2012 Technical Report, RPA is of the opinion that the samples should provide an unbiased reflection of the mineralization at the Nachingwea Project.

Specific Gravity Measurements

Specific Gravity measurements were collected on-site for a number of individual assay samples sent for analysis from the 2008, 2009, 2010 and 2011 drill programs. A total of 3,579 measurements were collected. The water immersion method was used and involved weighing a dry 15 cm to 20 cm portion of core in air, selected by the geologist or technician as representative of the interval, and then weighing the core suspended in water. A Snowrex electronic scale (model NHV-3) accurate to 0.1 gram with a maximum capacity of 3.0 kilogram was used for the measurements.

The immersion method is deemed appropriate due to the generally non-porous nature of the sulphide mineralization. However, it is less appropriate for any weathered and oxidized portions of mineralization due to the presence of open fractures, vugs and cavities in the weathering profile. Only the J Zone has significant weathering of a portion of the mineralization.

In order to monitor quality control of the on-site specific gravity measurements and to ensure that the samples selected were representative of the entire assay interval, the specific gravities of selected samples submitted for assay were determined by the assay laboratory on the analytical pulps. A pycnometer methodology was employed by ALS Chemex Laboratory (“**ALS Chemex**”) in Vancouver, Canada (assay procedure: OA-GRA08b), which involved placing 3.0 grams of the pulp sample into an empty pycnometer which is then filled with a solvent (methanol) of a known specific gravity. A total of 570 pulp samples were determined of which 198 had comparative core measured data for specific gravity comparison. The comparison of the specific gravity values determined on-site to those determined at the laboratory show acceptable correlation, with most of the samples repeating to within 10% of each other.

Sample Preparation and Analyses

From 2007-2011, Continental completed 55,185 metres of diamond and reverse circulated drilling and submitted 21,712 (excluding quality control samples) core samples for assay from the Nachingwea Project. Drill core samples (HQ, HQ3, NQ, and NQ3 core) were routinely assayed to contract analytical specifications for nickel, copper, cobalt, gold, platinum, palladium and sulphur at ALS Minerals (formerly ALS Chemex) (“**ALS Minerals**”) in Vancouver, Canada. During the second half of 2010, magnesium was added to the Inductively Coupled Plasma (“**ICP**”), ICP81, analysis and, during 2011, the ICP analysis was expanded to include arsenic, iron and silicon. The ALS Minerals facility is listed as ISO 9001:2000 registered and is accredited to ISO 17025 by the Standards Council of Canada for a number of specific analytical procedures. Continental instituted a comprehensive Quality Assurance/Quality Control (“**QA/QC**”) program employing blanks, certified reference materials, lab replicate analyses, and check assays to monitor assay results on an ongoing basis and identify instances where inquiries were needed or corrective measures needed to be implemented. In 2011, duplicate pulps prepared from the coarse reject samples (“**prep duplicates**”) were added to the QA/QC program in order to detect errors in the crushing process. The check assay program on duplicate pulp samples was completed at SGS Mineral Services (“**SGS**”) of Lakefield, Ontario, Canada. This facility is accredited to ISO 17025 by the Standards Council of Canada.

Continental personnel deliver the drill core to the secure compound where it is logged and sampled. Sample batches were placed in sealed rice bags and transported by Continental personnel from the Nachingwea Project site to the coastal town of Mtwara. From there, the samples were couriered by air freight to a sample preparation facility operated by ALS Minerals in Mwanza, northwest Tanzania. The last few sample batches from each of the 2008, 2009, and 2010 drilling programs and most of the sample batches from the 2011 drilling program were shipped to ALS Minerals in Mwanza via contracted truck transport. In RPA’s opinion, sample security meets industry standards.

It was noted by Continental that during the course of the program in 2007-2008, a total of 47 control samples were found to be misidentified in the QA/QC database and the resultant data reported to the wrong control sample data spreadsheet. These samples had to be individually reviewed and identified in order for the corrections to be made to the sample identification number. Steps were taken to improve oversight at the core sampling stage in subsequent programs in order to minimize mistakes concerning the identification of the nominated control samples inserted as part of the assay QA/QC monitoring program.

RPA reviewed the QA/QC results for samples completed between 2007 and 2011 at the Nachingwea Project. The Continental QA/QC program involved the use of pulp and rock blanks, six certified reference materials or standards at a range of nickel concentrations, prep duplicates from coarse reject samples, pulp duplicates for external assay checks, and lab replicates. In general, a sample blank and a certified reference material sample were inserted at 1 in 20 intervals in sample batches. Prep duplicates were selected across a wide range of estimated nickel grades and sulphide percentages. A program of check assays on pulp duplicates was undertaken at a secondary laboratory at the completion of all drill programs. The QC samples monitored in the program represent 14.7% of the total samples submitted for analysis.

QA/QC data relating to individual assay batches were copied to a separate spreadsheet database where data were monitored on an ongoing basis to ensure quality of the assay data. Digital data files and final digital and/or hard copy assay certificates were received directly from the laboratory and are maintained at the Continental office in Toronto.

In addition to the various control samples inserted as part of Continental's QA/QC program, ALS Minerals inserts various in-house blanks and standards in all analytical batches for which data are reported to the client. Although these data are not monitored in detail, they are reviewed as part of the follow-up if any of the inserted QA/QC samples reported anomalous results. The ALS Minerals preparation laboratory in Mwanza also provided, in a spreadsheet form, all the crushing and pulverization check tests that were completed for the various sample batches.

Results from the various control samples are compared to set performance tolerances to determine whether the assay data are of acceptable quality or if review of the assay data may be required. Blank samples must return nickel and/or copper values less than 500 ppm. Standards and lab replicates must return values within $\pm$ two standard deviations or within $\pm 10\%$ of the expected values, except at values near the detection limit. Duplicate pulp assays from a second laboratory must return values within $\pm 10\%$ of the mean value of the two assays (except at very low concentrations). Prep duplicates should also return values of within $\pm 10\%$ of the mean value of the two assays (except at very low concentrations).

If a control sample was found to report outside a set tolerance, then the sample batch was flagged for review to determine if an inquiry to the laboratory should be initiated. The review would include an examination of all data relating to control sample in question (i.e., review of other elements), as well as data relating to any other inserted control samples and internal laboratory standards, consideration of the metal concentrations involved for the sample out of tolerance (i.e., whether they are significant), as well a review of assay results from samples surrounding the flagged control sample.

If after review of all the data an inquiry to the laboratory was justified, then contact would be initiated to discuss the sample batch in question and possible corrective actions. If re-analysis was required, and subsequently reported to an acceptable standard, the new data would be accepted for use and this would be recorded in the drill assay database.

Prior to 2011, only one inquiry relating to a control standard was made which led to a reanalysis of a standard sample and adjacent samples. In 2011, a total of 27 inconsistencies relating to the control samples were noted, particularly with respect to the prep duplicate samples. This precipitated inquiries and extensive follow-up with both the preparation laboratory in Mwanza and the analytical laboratory in Vancouver. A number of the issues were resolved by a) sorting out sample mix-ups and b) re-analysis of either new splits from the coarse rejects or re-sampling of quartered drill core. Some inconsistencies were not able to be resolved but significant effort was made to develop new prep laboratory procedures to eliminate future human error and potential sample homogeneity issues. The number of problematic control samples represented 2.6% of the total 2011 control samples comprising blanks, certified reference materials and prep duplicates. The remaining outstanding problematic samples are not considered to materially impact on the integrity of the overall drill intersections or the mineral resource estimates.

A check assay program of selected analytical pulps from the 2007 to 2011 drill programs was conducted at the facilities of SGS in Lakefield, Ontario. A total of 467 samples were selected and analytical pulps requested from the primary laboratory. Samples were selected to cover a range of assay values and mineralization types. Nickel-copper certified reference materials were inserted and the samples were then forwarded to SGS for analysis.

Analyses for nickel, copper, and cobalt were completed using a sodium peroxide fusion preparation and ICP-Optical Emission Spectroscopy (ICP-OES) finish. Analyses for platinum, palladium, and gold were determined by fire assay with an ICP-OES finish using a 30 gram charge. The results for nickel show good analytical precision, falling within the desired precision envelopes. A small bias was observed, with the ALS Minerals results almost always reporting below the SGS results especially at Ni values above 2%. In 2011, the underreporting bias is observed across the entire spectrum of nickel grades. Historically, similar results were obtained for copper, but in 2011 copper values exhibited little or no bias. One check assay from 2011 returned a significantly out of tolerance result, but on inspection this was attributed to the duplicate pulp being prepared from the wrong sample. The check assay data indicate (barring some chatter at grades of under 1% Ni and 0.5% Cu) that the underreporting in Ni and Cu is generally less than 10% of the assay grade and therefore is considered to fall within an acceptable analytical variance.

In the Ntaka Hill 2012 Technical Report, RPA was of the opinion that the sample preparation, assay procedures, and QA/QC results at the Nachingwea Project are in keeping with current industry practice.

Mineral Resource and Mineral Reserve Estimates

Mineral Resources

In the Ntaka Hill 2012 Technical Report, RPA prepared updated mineral resource estimates for the NAD013 and the Sleeping Giant Zones using drilling completed in 2011 and digital drill hole data provided by Continental. Three dimensional solids were prepared by RPA and reviewed by Continental geologists to ensure interpretational validity. Pertinent statistics and variograms were determined for the two deposits and grades were interpolated into the blocks using Ordinary Kriging methodology. Mineral resources containing nickel, copper, cobalt, platinum, palladium, and gold at various cut-off grades were estimated and reported within updated preliminary pit shells (Table 3).

The block models for the remaining zones at Ntaka Hill (G, H, J, L, and M) have not been updated since no new drilling was completed, but are reported at the same percentage nickel (“%Ni”) cut-off grades inside the updated preliminary pit shells.

MINERAL RESOURCES – MARCH 2012 Continental Nickel Limited – Ntaka Hill Project

Resource Class	Tonnes (000)	% Ni	% Cu	% Cu	g/t Pt	g/t Pd	g/t Au
0.15% Ni Cut-off Grade							
Measured	1,662	1.71	0.29	0.046	0.032	0.038	0.020
Indicated	11,147	1.13	0.25	0.028	0.035	0.045	0.028
Total M+I	12,809	1.21	0.25	0.030	0.035	0.044	0.028
Inferred	58,800	0.27	0.06	0.01	0.01	0.02	0.01
0.20% Ni Cut-off Grade							
Measured	1,662	1.71	0.29	0.046	0.032	0.038	0.020
Indicated	11,125	1.14	0.25	0.028	0.034	0.043	0.030
Total M+I	12,786	1.21	0.25	0.031	0.033	0.042	0.029
Inferred	45,000	0.30	0.07	0.01	0.01	0.01	0.01
0.25% Ni Cut-off Grade							
Measured	1,659	1.71	0.29	0.046	0.032	0.038	0.020
Indicated	11,105	1.14	0.25	0.028	0.034	0.043	0.030
Total M+I	12,764	1.21	0.25	0.031	0.033	0.042	0.029
Inferred	28,500	0.34	0.08	0.01	0.01	0.01	0.01
0.30% Ni Cut-off Grade							
Measured	1,633	1.74	0.29	0.047	0.032	0.039	0.021
Indicated	11,034	1.14	0.25	0.028	0.034	0.043	0.030
Total M+I	12,667	1.22	0.26	0.031	0.033	0.042	0.029
Inferred	15,400	0.40	0.09	0.01	0.01	0.02	0.02

Notes:

1. Canadian Institute of Mining, Metallurgy and Petroleum definitions were followed for mineral resources.

2. Mineral resources are estimated at various %Ni cut-off grades for open pit mining.
3. Mineral resources are estimated using an average long-term nickel, copper, and cobalt prices of \$10.00/lb, \$3.50/lb, and \$20.00/lb, respectively.
4. RPA recommends the use of the mineral resources at the 0.20% Ni cut-off grade for economic analysis.
5. No minimum width was used.
6. Numbers may not add correctly due to rounding.

The Ntaka Hill deposits consist of magmatic sulphides, remobilized magmatic sulphides and/or magmatic graphite contamination sulphides located within the Ntaka ultramafic intrusion. The most common magmatic sulphide minerals are pyrrhotite, pentlandite, chalcopyrite and pyrite, with pentlandite and pyrrhotite being the nickel-bearing phases.

The methodology used by RPA in the Ntaka Hill 2012 Technical Report on the Sleeping Giant Zones and NAD013 resource estimates includes:

- Statistical analysis of all metals and variography of the nickel metal values in the assay database.
- Construction of block models using Datamine Studio 3 software.
- Grade interpolation using ordinary kriging methods.
- Several validations of the models.
- Classification using drill hole spacing and geological continuity.
- Lerchs-Grossmann technique to determine potential economic viability.

Resource Database and Validation

RPA received header, survey, assay and lithology digital data from Continental in connection with the Ntaka Hill 2012 Technical Report. This data comprised 273 diamond drill holes totalling 48,760.49 metres, for an average drill hole length of 178.6 metres. For NAD013 and the Sleeping Giant Zone, the two zones estimated, 64 drill holes intersected the 3D solids, containing 5,121 samples. NAD013 was intersected by 20 drill holes with 363 samples, while the Sleeping Giant Zone was intersected by 49 drill holes with 4,758 samples, with five holes intersecting both zones.

All drill core, survey, geological, and assay information used for resource estimation was verified and approved by Continental geological staff and maintained as an on-site database. A variety of validation queries and routines were run in Gemcom software to help identify data entry errors. The database was found to be in good shape and no significant problems were noted. RPA also verified a number of data records with original assay certificates and drill logs. No significant discrepancies were identified.

Geological Interpretation and 3D Solids

Drill hole data, on cross-sections at 25 to 100 metre intervals and including all assay data, provided the basis for the geological interpretation and estimation of grades of resource blocks. Strings were constructed, at 12.5 metre spaced west-east cross sections, around mineralization grouping assay data from 0.10 % Ni to 0.50 % Ni (low grade); 0.50% Ni to 1.00 % Ni (medium grade), and greater than 1.00% Ni (high grade). These strings were then swept together to create 3D solids using Datamine software. Length weighted specific gravity compositing of %Ni was employed to determine inclusion of assay intervals in the various grade groupings.

Data Analysis

RPA reviewed and revised the solids for each zone as necessary.

Grade Capping

The grade distribution of nickel in each deposit was reviewed and found to be log normal. The coefficient of variation was calculated and if it was from 1.0 to 1.2, then top-cutting was considered. Next, the Sichel's mean was calculated. If the Sichel's mean was greater than the mean of the composited drill hole file, then no action was taken. If the Sichel's mean was less than the mean of the composited drill hole file, iterations were run whereby top values were replaced by a top-cut number. When the replacement of the top values by the chosen top-cut number

produced a mean that was equal to the Sichel's mean, the appropriate top-cut number was identified for that element.

Based on this methodology, no top-cutting is required for Ni in any of the Sleeping Giant Zone or NAD013 indicated resource areas.

Composite Length Analysis

In connection with the Ntaka Hill 2012 Technical Report, RPA completed an analysis of sample length statistics for all grade domains. The 95th percentile sample length was identified and was used as the composite length for all domains of both zones. This length exceeds most sample lengths and does not create many composites which are splits of primary sample lengths. Residual lengths less than 0.3 metres were deleted from the database.

Bulk Density

The rocks hosting the unoxidized sulphide deposits are essentially impervious, so that unwaxed water immersion measurements provide satisfactory bulk density determinations. Since the metal values in the Ntaka Hill nickel deposits are contained in sulphide bodies, RPA examined the relationship between nickel and sulphur in the various zones and determined that there is a high degree of correlation between nickel and sulphur. There are 547 assays in the database, with both specific gravity pulp and sulphur analysis available, which were used to calculate the correlation between specific gravity and sulphur. The resulting linear regression of specific gravity versus sulphur produced an R^2 of 0.8158. This regression generated specific gravity values for any missing analytical data.

Variography, Interpolation Parametres and Block Models

Insufficient data prevented the generation of meaningful variograms. As a result, a directionless variogram was produced, which provided a nugget and a sill and the ellipsoid was modified to accommodate the geometry of the zones. This variogram ellipsoid was used for both the NAD013 and the Sleeping Giant Zones.

Individual block models, with blocks measuring 10 x 10 x 10 metres, with level 3 subcelling (8 x 8), were created for each solid. Each solid had unique assay data and composite length. These individual block models were then combined to produce a combined block model for each of NAD013 and the Sleeping Giant Zone. This approach ensured that there were no cross-contamination of grades and allowed review and validation of the geometry of the grade groupings.

The interpolation of variables into the blocks in all zones was completed using ordinary kriging.

The estimation strategy at the Sleeping Giant Zone and NAD013 zones consisted of three passes, with the orientation of the search ellipsoid generally fit to the wireframes. In the first pass, a minimum of three composites and a maximum of 15 composites were required within the search ellipsoid in all passes to estimate a grade. If the required composites were not found, the block was not estimated in Pass 1. The second pass used 1.5 times the search distances to estimate grades. If the minimum number of composites was not found, then no grades were estimated for the block. The third pass used 15 times the ranges of the first pass. No octant search or maximum number of composites per drill hole was used.

Classification of the Mineral Resources

The Sleeping Giant Zone has been drilled at a nominal spacing of 100 metres. The NAD013 Zone, being closer to surface with some fan drilling, is more densely drilled. The NAD013 indicated areas are drilled at an average spacing of approximately 30 metres. The Sleeping Giant Zone indicated resource (27 drill holes and 569 samples) is classified as such primarily due to the consistency of geometric shape with repeated similar intersections on plunge and dip. The inferred areas of Sleeping Giant Zone (49 drill holes and 4,193 samples) have erratically distributed low-grade sulphides which make geometric interpretation difficult.

The NAD013 indicated resource (18 drill holes and 149 samples) classification is a result of the relatively dense drilling and the exhibited repeatability of intersections. The NAD013 Inferred resource (15 drill holes and 214 samples) exhibits erratic low-grade sulphides, contributing to lack of confidence in geometry.

Mineral Resource Estimate

Based on the assumption that there could be potential to establish a mining operation using a centralized mill receiving feed from multiple open pit operations, reasonable parameters were used to fit preliminary pits to the appropriate Ntaka Hill deposits. Generally due to small remnant tonnages, the mineralization in all zones continuing below the potential pit bottoms was determined not to be of economic interest assuming reasonable underground mining costs. Thus, only near-surface resources potentially mined by open pit methods are reported. The following open pit parameters were used:

- Open pit mining costs of \$2.10/t moved
- Milling costs of \$16.00/t milled based on a production rate of 5,000 tpd.
- General and Administration costs of \$5.00/t milled.
- Metal prices of \$10.00/lb nickel, \$3.50/lb copper, and \$20.00/lb cobalt.

The mineral resources for the remaining zones at Ntaka Hill have not been re-estimated, but are reported at the same %Ni cut-off grades.

Mineral Resource Validation

Validation of the mineral resources was completed using the following methods:

- Comparison with ID² and Nearest Neighbour interpolation methods.
- Visual verification of block grades and drill hole assays and composites, on cross-sections.
- Q-Q Plots comparing the regularized block model nickel grades to the composited drill hole nickel grades for the indicated resources.
- Comparing histograms of nickel grades for the regularized block model with the composited drill hole file.
- Construction of swath plots for the indicated and inferred resources.

Mineral Reserves

There are no Mineral Reserves estimated at the Nachingwea Project at this time.

Exploration and Development

An exploration and project evaluation program totalling \$15.35 million is planned for 2012. In the Ntaka Hill area, the program will involve the completion of technical, economic, and environmental studies to evaluate and advance the current deposits as well as completion of a diamond drill program comprising in-fill/step-out drilling at the Sleeping Giant Zone, geotechnical and condemnation drilling, and drill testing of exploration targets elsewhere in the Ntaka intrusion. Regional exploration will evaluate current targets and continue to develop new targets, which will be evaluated using geological mapping, airborne and ground electromagnetic geophysical surveys, and surface geochemistry to prioritize targets for drill testing.

RPA has recommended the following work program at Ntaka Hill for 2012:

- An in-fill diamond drill program at 50 metre centres over the northern portion of the Sleeping Giant Zone targeted at upgrading additional mineral resources from inferred and indicated to indicated and measured categories. This drilling will also test for additional linkages with the NAD013 Zone located immediately updip of Sleeping Giant.
- Step-out drilling to test for the down plunge extension of the higher grade core of the Sleeping Giant Zone which remains open to the south.
- Soil sampling and ground geophysical surveys over the Ntaka Intrusion in order to identify targets with the potential for bulk tonnage, disseminated sulphide mineralization similar to the Sleeping Giant Zone, followed by drill testing of these targets.
- Geotechnical and condemnation drilling.
- Continuation of advanced metallurgical testing.

- Continuation of other advanced project studies (environmental and social impact, water and power supply, tailings dam, access road, engineering, and mining options).

Regional exploration in 2012 will continue to evaluate the numerous targets currently identified as well as generate new regional targets. This program will involve:

- Ground follow-up and drill testing of existing targets.
- Airborne magnetic and EM surveying over selected high priority areas to identify geophysical anomalies for ground follow-up including soil sampling, prospecting, mapping, ground geophysical surveys and, if merited, drill testing.

EXPLORATION PROJECTS

St. Stephen

The St. Stephen Project is located in south western New Brunswick, Canada immediately north of the town of St. Stephen and 120 kilometres west by road of the port city of Saint John. The St. Stephen property currently consists of two claim groups centered on the St. Stephen mafic/ultramafic intrusion located within the magmatic province of the broader northern Appalachian range. The two claim groups comprise 189 claim units covering an area of 4287 hectares (approximately 42.9 sq km). The project area is exceptionally well positioned with respect to infrastructure such as power and road transportation links with the bulk shipping port facilities at Saint John. Continental has the option to acquire up to a 75% interest in the St. Stephen Project under the terms of an agreement with Abitex Resources Inc. of Val d'Or, Quebec.

The Stephen intrusion hosts magmatic Ni-Cu-Co sulphide mineralization consisting of massive, semi-massive, net-textured and disseminated sulphides in at least sixteen historic mineral prospects. Historic, non NI43-101 compliant mineral resource estimates for three of these prospects are outlined in the technical report noted below. Exploration has been carried on by various companies since the 1870's and most recently by Abitex Resources Inc. during the period 2004-2006.

In 2009, Continental conducted a \$125,000 exploration program on the St. Stephen Project, commencing with the compilation of historical exploration data and the completion of a NI 43-101 technical report. This led to the identification of several target areas for evaluation with a ground geophysical EM survey which was completed in late 2009. The geophysical survey identified several high conductance targets which were recommended for drilling in calendar 2010. The technical report is entitled "Technical Report on the Continental Nickel Limited Ni-Cu-Co Prospects on the St. Stephen Property, New Brunswick, Canada" authored by Peter C. Webster, James F. Barr and Stewart R.D. Yule of Mercator Geological Services Limited, dated April 14, 2009 (the "**St. Stephen Technical Report**"). Peter C. Webster, the lead author of the report, is a "qualified person" within the meaning of National Instrument 43-101 and is independent of Continental. The St. Stephen Technical Report is available for inspection during regular business hours at the corporate head office of Continental. The St. Stephen Technical Report may also be reviewed under Continental's SEDAR profile at www.sedar.com.

In 2010, Continental completed a \$310,000 exploration program consisting of ten diamond drill holes totalling 1,356 metres and borehole electromagnetic surveys to test anomalies defined in the 2009 ground EM survey. This drilling resulted in the discovery of three new mineral occurrences, G zone, Triple J and Billy's Brook. Significant drill intersections included 1.0% nickel and 0.29% copper over 9.3 metres in hole SSD10-003 at G zone and 0.63% nickel and 0.22% copper over 21.4 metres in hole SSD10-004 at Triple J.

In 2011, Continental completed a \$313,000 exploration program consisting of a 325 line km airborne HELITEM magnetic and electromagnetic survey, 772m of diamond drilling in five holes and borehole electromagnetic surveys. New Ni-Cu sulphide mineralization was intersected at the Hanson Brook target and additional mineralization was intersected at G zone. Significant drill intersection included 0.68% nickel and 0.41% copper over 58.2 metres including 0.85% nickel and 0.48% copper over 20.8 metres in hole SSD11-011 at G zone and 2.35% nickel and 1.06% copper over 5.45 metres in hole SSD11-013 at Hanson Brook.

Drilling continued in early 2012 and an additional 893.5 metres were completed, along with borehole electromagnetic surveys, in seven diamond drill holes. Best intersections included 1.17% nickel and 0.44% copper

over 28.10 metres, including 2.50% nickel and 0.55% copper over 3.50 metres and 3.02% nickel and 0.56% copper over 3.65 metres in hole SSD12-018 at G zone and 2.19% nickel and 1.12% copper over 1.30 metres and 2.28% nickel, 0.69% copper over 1.90 metres in hole SSD12-020 at Hanson Brook.

Continental has spent just over \$1,000,000 in cumulative exploration expenditures on the St Stephen property to March 31, 2012 and has met the work commitment portion of the requirements necessary to earn a 50% interest in the St. Stephen property.

DESCRIPTION OF CAPITAL STRUCTURE

The corporation is authorized to issue an unlimited number of Continental Shares. Each Continental Share entitles the Shareholder to receive notice of any meetings of Shareholders, to attend and to cast one vote per Continental Share at all such meetings. Shareholders do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Continental Shares entitled to vote in any election of directors may elect all directors standing for election. Shareholders are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the board of directors at its discretion from funds legally available therefore and, upon the liquidation, dissolution or winding up of the corporation, are entitled to receive on a pro-rata basis the net assets of the corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking in priority to, or equally with, the holders of Continental Shares with respect to liquidation, dissolution or winding up. The Continental Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

DIVIDENDS

There are no restrictions in Continental's constating documents that would restrict or prevent Continental from paying dividends. However, it is not contemplated that any dividends will be paid on Continental Shares in the foreseeable future, as it is anticipated that all available funds will be reinvested in Continental to finance the growth of its business. Any decision to pay dividends on Continental Shares in the future will be made by the board of directors on the basis of the earnings, financial requirements and other conditions existing at such time and will be subject to any restrictions imposed by the terms of any debt facilities or other contractual obligations of Continental.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Continental as at March 31, 2012 and on a *pro forma* basis as adjusted to give effect to the Arrangement as at August 10, 2012.

Description of Securities	As at March 31, 2012	As at August 10, 2012
Share Capital.....	33,961,450	33,993,730
Continental Shares (unlimited).....	42,753,508	42,793,508

As at March 31, 2012, Continental also had a total of 4,072,500 options and 4,300,906 warrants (since expired) outstanding.

PRIOR SALES

Continental issued the following non-trading securities during the 12 months prior to the date of this Circular:

Date of issue	Type of Security Issued	Number of Securities Issued	Exercise Price	Expiry Date
March 12, 2012	CNI Options	882,500	\$0.878	March 12, 2017
November 4, 2011	CNI Options	350,000	\$0.97	November 4, 2016

TRADING PRICE AND VOLUME

The Continental Shares are listed and posted for trading on the TSXV, under the symbol “CNI”. The table below shows the monthly price ranges and trading volume for each month in the 12 month period preceding the date of this Circular.

Month	Volume (#)	High (\$)	Low (\$)
August 2011	34,188	1.25	1.00
September 2011	114,100	1.12	0.92
October 2011	115,400	1.00	0.78
November 2011	87,189	1.00	0.71
December 2011.....	17,100	0.81	0.75
January 2012.....	84,830	0.95	0.80
February 2012.....	95,960	1.03	0.86
March 2012.....	195,360	1.00	0.80
April 2012	37,200	0.84	0.61
May 2012	609,137	0.79	0.68
June 2012	211,216	0.72	0.48
July 2012	429,000	0.75	0.52
August 1 to August 10, 2012	5,000	0.74	0.74

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Continental is not a party to, and none of its property is the subject of, any legal proceedings as at the date of this Circular and Continental knows of no such legal proceedings currently contemplated.

Continental is not the subject of any penalties or sanctions imposed against it by a court relating to provincial and territorial Securities Laws or by a Securities Authority as at the date of this Circular. Continental is not the subject of any other penalties or sanctions imposed by a court or regulatory body against it that would likely be considered important to a reasonable investor in making an investment decision. Continental has not entered into any settlement agreements before a court relating to provincial or territorial Securities Laws or with a Securities Authority as at the date of this Circular.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than the interests of certain directors, officers and shareholders of Continental as described elsewhere in this Circular, none of the (a) directors or officers of Continental, or (b) any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class of outstanding voting securities of Continental, nor (c) any associate or affiliate thereof, has had a direct or indirect material interest in any transaction within the three most recently completed financial years or the current financial year, that has materially affected or is reasonably expected to materially affect Continental.

TRANSFER AGENTS AND REGISTRARS

Continental retains Capital Transfer Agency, Inc., in Toronto, Ontario to act as registrar and Transfer Agent for the Continental Shares.

MATERIAL CONTRACTS

The following are the material contracts of Continental, other than contracts entered into in the ordinary course of business, that were entered into within the most recently completed fiscal year or those which are still in effect:

1. the Nachingwea Shareholders Agreement dated February 28, 2007 among Continental, IMX and Ngwena; and
2. the Interrelationship Agreement dated February 28, 2007 among Continental and IMX, being Appendix II of the Share Subscription and Retention Agreement.

APPENDIX G
INFORMATION CONCERNING IMX

APPENDIX “G”

INFORMATION RELATING TO IMX RESOURCES LIMITED

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ADDENDA

- Exhibit 1.1 – Management’s Discussion and Analysis for the Nine Months Ended March 31, 2012
- Exhibit 1.2 – Management’s Discussion and Analysis for the Year Ended June 30, 2011
- Exhibit 1.3 – Management’s Discussion and Analysis for the Year Ended June 30, 2010
- Exhibit 2 – Audit and Risk Management Committee Charter
- Exhibit 3 – Board Charter

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Appendix “G” contains “forward-looking” statements, which reflect the current expectations of IMX’s management regarding IMX’s future growth, results of operations, performance and business prospects and opportunities. Whenever the possible, words such as “may”, “would”, “could”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “likely”, “estimate”, “aim”, “endeavour” and similar expressions have been used to identify these forward-looking statements. These statements reflect IMX’s current beliefs with respect to future events and are based on information currently available to IMX. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause IMX’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including those listed in the “Risk Factors” section of the Circular and this Appendix “G”. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Appendix “G”. These factors should be considered carefully and readers should not rely on these forward-looking statements. The information contained in this Appendix G relating to IMX’s financial statements has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* (Australia) (the “**Corporations Act**”). Accordingly, they comply with International Financial Reporting Standards (“**IFRS**”). Actual results could differ materially from those estimates. See the section of this Appendix “G” titled “Risk Factors” and “Management’s Discussion and Analysis.” Investors and others should carefully consider these risk factors, other uncertainties, and potential events when making an investment decision. IMX does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf except as required by law. Forward-looking information in this document is based on IMX’s views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing the information in this Appendix “G”.

INTERPRETATION

In this Appendix “G” to the Circular, all references to dollars or to \$ are references to Canadian dollars. All references to A\$ are to Australian dollars. All references to US\$ are to United States dollars. For further information please see “Reporting Currencies and Accounting Principles” and “Exchange Rates” in the Circular.

GLOSSARY OF TERMS

In addition to the terms defined under the heading “Glossary of Technical Terms” on page 7 of the Circular, the following capitalized terms have the meanings set out below:

“**ABIMS**” means ABIM Solutions Pty Ltd of Kalgoorlie.

“**AMC**” means AMC Consultants Pty Ltd.

“**Amdel**” means the Amdel Laboratory in Adelaide.

“**Anglo**” means Anglo American Investments (Australia) Limited.

“**Anglo JV**” means the joint venture between IMX and Anglo entered into in 2002.

“**Audit and Risk Committee**” means the audit and risk management committee of IMX.

“**ASX**” means Australian Securities Exchange.

“**Barrett Exploration**” means Barrett Exploration Pty Limited.

“**BHP**” means BHP Minerals Limited.

“**Cairn Hill Mining Operation**” means the Cairn Hill phase 1 project, a mining operation located in South Australia.

“**Cairn Hill Mining Services Contract**” means a contract between IMX and Exact Mining Services.

“**Cairn Hill Phase 2**” is an exploration project that will produce a magnetite only ore at Cairn Hill in South Australia.

“**Cairn Hill Project**” means the Cairn Hill Mining Operation, together with Cairn Hill Phase 2.

“**CHP1 Technical Report**” means the technical report prepared by Jeames McKibben and Trevor McIlwaine of Xstract dated July 25, 2012.

“**CHP2 Technical Report**” means the technical report prepared by Trevor Stevenson of RUL and dated July 25, 2012.

“**CIM Definitions**” means the CIM Definition Standards prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on November 27, 2010.

“**Constitution**” means the constitution of IMX.

“**Corporations Act**” means Australia’s *Corporations Act 2001* (Cth).

“**CRAE**” means CRA Exploration Pty Ltd.

“**Development Plan**” means the Land Not Within a Council Area – Eyre, Far North, Riverland and Whyalla Development Plan, consolidated August 16, 2007.

“**DMITRE**” means the Department for Manufacturing, Innovation, Trade, Resources and Energy, formerly the Department of Primary Industries South Australia.

“**DWLBC**” means the Department of Water, and Biodiversity Conservation of the government of Australia.

“**Dingo Well Gold Project**” means a shear zone-hosted gold mineralization target adjacent to, or within, the Keith-Kilkenny Tectonic Zone.

“**DoD**” means the Australian Government’s Department of Defence

“**DWLBC**” means the Department of Water, and Biodiversity Conservation.

“**EGM**” means Executive General Manager.

“**Eligible Employees**” means employees (including any IMX Director or officer employed in an executive capacity), non-executive directors of IMX and its subsidiaries and any consultant of IMX nominated by the IMX Board for the purposes of the Option Plan.

“**EL**” means an exploration licence granted under the Mining Act.

“**EML**” means extractive mineral licence.

“**EMS**” means Exact Mining Services, a company that provides mining, drill and blast, crushing, road haulage and train loading services for the Cairn Hill Mining Operation.

“**EPA**” means the Environment Protection Authority of the government of Australia.

“**EP Act**” means the *Environmental Protection Act 1993*, which provides for the protection of the environment and is administered by the EPA.

“**Exactmix**” means Exactmix Pty Ltd.

“**Exploration Licence 4649**” means the Kangaroo Dam exploration licence 4649, which covers an aggregate area of 484km².

“**Feasibility Study**” means the Cairn Hill Phase 2 feasibility study.

“**FNPPWA**” means the Far North Prescribed Wells Area.

“**GAB**” means the Great Artesian Basin.

“**GDM**” means Goldstream Mining NL, a predecessor of IMX.

“**Genalysis**” means Genalysis Laboratory Services Pty Ltd.

“**Green Zone**” means a zone within the WPA, which has been denoted by the DoD as an area of infrequent defence use.

“**Group**” means IMX and its subsidiaries.

“**Haines**” means Haines Geophysics Pty Ltd.

“**ICPMS**” means Inductively Coupled Plasma Mass Spectrometry.

“**ICPOES**” means Couple Plasma Optical (Atomic) Emission Spectrometry.

“**IFRS**” means International Financial Reporting Standards.

“**IMX Board**” means the board of directors of IMX as constituted from time to time.

“**IMX Directors**” means the directors of IMX and “**IMX Director**” means a director of IMX, as the context requires.

“**IOCG**” means iron ore-copper-gold mineralization.

“**JORC**” means the Code for Reporting of Mineral Resources and Ore Reserves (2004) edition as promulgated by the Australasian Joint Ore Reserves Committee.

“**LME**” means the London Metal Exchange.

“**LOM**” means life of mine.

“**Lomin**” means Lonmin Plc.

“**MARP**” means an approved Mining and Rehabilitation Program.

“**Mibango Project**” means a nickel project located approximately 10 km east of Lake Tanganyika in western Tanzania.

“**Milange Project**” means the greenfields project in northern Mozambique comprising four granted licences.

“**Mining Act**” means the *Mining Act 1971 of South Australia*.

“**ML**” means a mining lease granted under the Mining Act.

“**ML6303**” means the ML held by Termite and granted by the Minister for Mineral Resource Development on April 17, 2008.

“**MPL**” means Miscellaneous Purposes Licences, which are required for construction not within the ML area of infrastructure associated with a mining development.

“**Mt Woods Copper-Gold JV**” means the Mt Woods (Cu-Au) joint venture, which is 49% owned by IMX.

“**Mt Woods Iron Project**” means the Mt Woods iron (Fe) project, which is 100% owned by IMX.

“**Mt Woods Project**” means the area covered over which IMX holds seven exploration licences southeast of Coober Pedy at Mt Woods in South Australia.

“**Nachingwea Project**” means the joint venture project of CNI and IMX as specifically defined by the term “**Mining Project**” in the Shareholders Agreement.

“**NATA**” means National Association of Testing Authorities Australia.

“**NEO**” has the meaning given to that term in Form 51-102F6 – *Statement of Executive Compensation*.

“**Nomination and Remuneration Committee**” means the nomination and remuneration committee of IMX.

“**NPV**” means net present value.

“**NPW Act**” means the *National Parks and Wildlife Act 1972*.

“**NRM Act**” means *Natural Resources Management Act 2004*.

“**NV Act**” means the *Native Vegetation Act*.

“**NW Nickel JV**” means a joint venture between IMX and Barrett Exploration that operates in northwest Tasmania.

“**Option Plan**” means the IMX Resources NL Share and Option Incentive Plan.

“**Options**” means the options offered under the Option Plan to purchase Ordinary Shares.

“**Ordinary Shareholders**” means the holders of Ordinary Shares.

“**Ordinary Shares**” means the ordinary fully paid shares in the capital of IMX.

“**Outback**” means Outback Iron Pty Ltd, the parent entity of Termite.

“**Outback Board**” means the board of directors of Outback.

“**Outback JV**” means the Outback Iron joint venture, a joint venture company, Outback Iron Pty Ltd, set up by IMX and Taifeng to operate the Cairn Hill Mining Operation.

“**OZ Minerals**” means OZ Minerals Limited.

“**PEPR**” means a Program for Environmental Protection and Rehabilitation.

“**PSF**” means the Coober Pedy Precious Stones Field.

“**PwC**” means Pricewaterhouse Coopers.

“**QAQC**” means quality assurance and quality control.

“**RUL**” means Runge Limited.

“**SA Property**” means SA Property Pty Ltd.

“**Snaefell**” means the Snaefell magnetite deposit, which is located wholly within the Kangaroo Dam exploration licence 4649.

“**Snaefell Project Technical Report**” means the technical report prepared by Trevor Stevenson of Runge Limited and dated June 26, 2012.

“**Snowden**” means Snowden Mining Industry Consultants Pty Ltd.

“**Taifeng**” means the Taifeng Yuanchuang International Development Co. Ltd., a Chinese company.

“**Taifeng Life of Mine Sales Contract**” means the life of mine sales contract for 100% of the production from the Cairn Hill Mining Operation with Jilin Tonghua Iron & Steel Group (Mining) Co Ltd which was novated to Taifeng during the 2010 financial year on the same terms and conditions as the original sales contract.

“**Termite**” means Termite Resources NL.

“**Tonghua**” means Tonghua Iron & Steel Group Import & Export Co Ltd.

“**UltraTrace**” means Ultra Trace Pty Ltd.

“**Uranex**” means Uranex Limited (previously Uranex NL), an entity incorporated in Australia and listed on the ASX under the symbol ‘UNX’.

“**Vingo**” means Vingo Resources Limited.

“**WMC**” means WMC Resources Limited.

“**WPA**” means Woomera Prohibited Area, which has been gazetted by the Australian Government’s DoD for defence purposes.

“**Xstract**” means Xstract Mining Consultants Pty Ltd.

GLOSSARY OF TECHNICAL TERMS

In addition to the terms defined under the heading “Glossary of Terms” on page 3 of the Circular and the “Glossary of Terms” section of this Appendix “G”, the following capitalized terms have the meanings set out in this Appendix “G”:

“**AAS**” means Atomic Absorption Spectrometry.

“**Al**” means aluminium.

“**Al₂O₃**” means aluminium oxide.

“**Au**” means gold.

“**BIF**” means Banded Iron Formation.

“**Cu**” means copper.

“**DD**” means diamond drill.

“**DDH**” means Diamond Drill Hole.

“**DDH_MET**” means Diamond Drill Hole Metallurgy.

“**DEM**” means Semi-Global Matching Digital Elevation Model.

“**DSO**” means direct shipping ore.

“**DTR**” means Davis Tube Recovery.

“**EDMS**” means Exploration Data Management System.

“**EM**” means electromagnetic.

“**Fe**” means iron.

“**FeO**” means iron oxide.

“**FOB**” means freight on board.

“**GPS**” means global positioning system.

“**g/t**” means grams per tonne.

“**Gyro**” means Gyroscopic.

“**ha**” means hectare.

“**HCL**” means hydrochloric acid.

“**HF**” means hydrofluoric.

“**Indicated Mineral Resource**” has the meaning given to that term in the CIM Definitions.

“**Inferred Mineral Resource**” has the meaning given to that term in the CIM Definitions.

“**IP**” means induced polarization.

“**KLI**” means Kapalagulu Layered Intrusive.

“**km**” means kilometre.

“**kt**” means one thousand metric tonnes.

“**lb**” means pound.

“**Leco**” means analysis using a Leco sulphur analyzer.

“**m**” means metre.

“**Ma**” means millions of years.

“**Mineral Reserve**” has the meaning given to that term in the CIM Definitions.

“**Mineral Resource**” has the meaning given to that term in the CIM Definitions.

“**µm**” means micrometre.

“**mm**” means millimetre.

“**Mt**” means metric tonnes.

“**Mtpa**” means million tonnes per annum.

“**NAF**” means Non-Acid Forming.

“**Ni**” means nickel.

“**NQ**” means core diameter of 47.6 mm (inside).

“**OK**” means ordinary kriging.

“**oz**” means ounces.

“**P**” means phosphorus.

“**PAF**” means Potentially Acid Forming.

“**Pb**” means lead.

“**Pd**” means palladium.

“**PGE**” means platinum group elements.

“**ppb**” means parts per billion.

“**ppm**” means parts per million.

“**POW**” means programme of works.

“**Pt**” means platinum.

“**PSF**” means the Coober Pedy Precious Stones Field.

“**QAQC**” means quality assurance and quality control procedures.

“**RC**” means reverse circulation.

“**S**” means sulphur.

“**Si**” means silicon.

“**SiO₂**” means silicon dioxide.

“**t**” means tonne.

“**TDEM**” means Time Domain Electromagnetic.

“**VTEM**” means Versatile Time Domain Electromagnetic.

“**WAC**” means Work Area Clearances.

“**wmt**” means wet metric tonne.

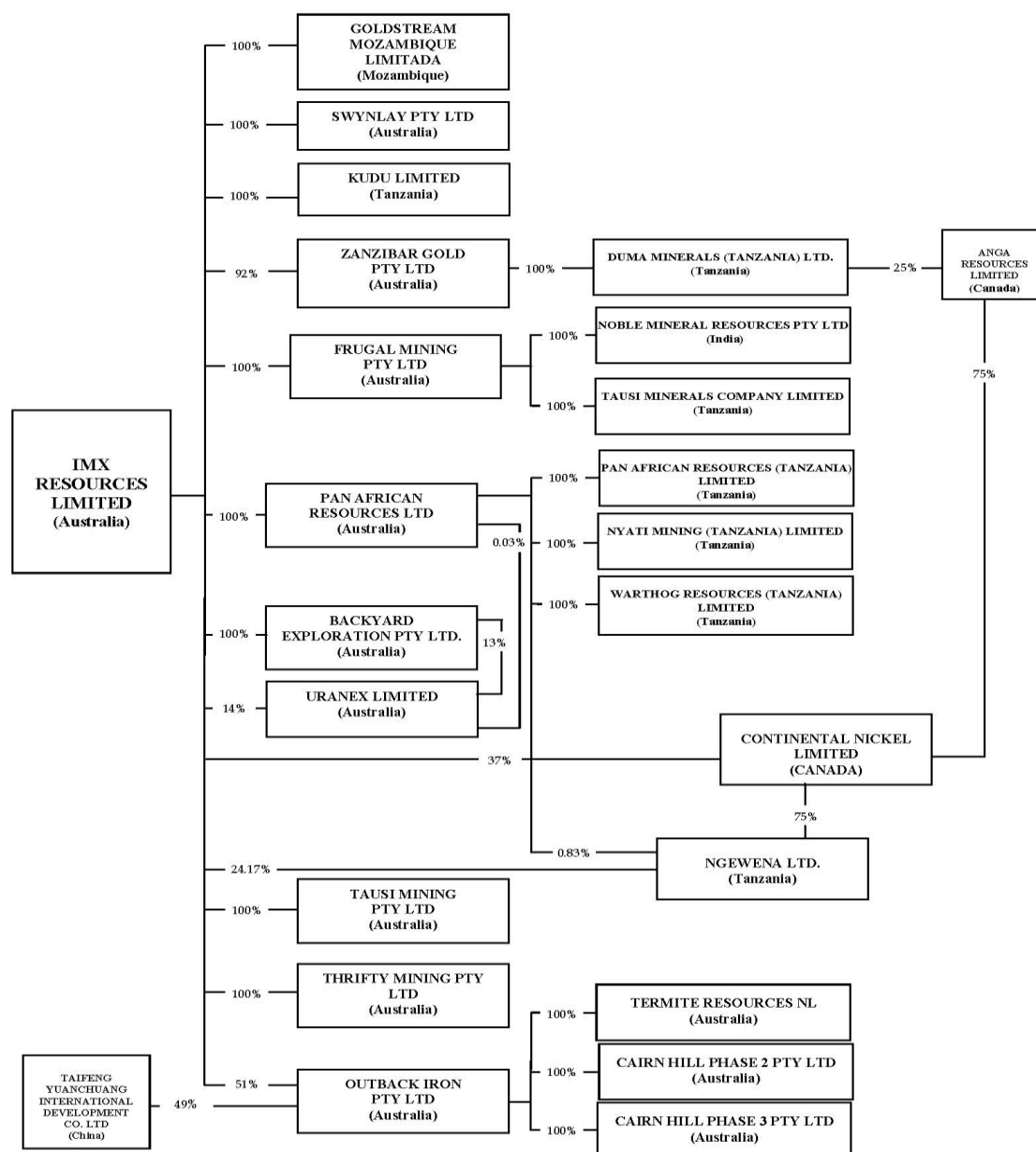
“**XRF**” means X-ray fluorescence.

“**Zn**” means zinc.

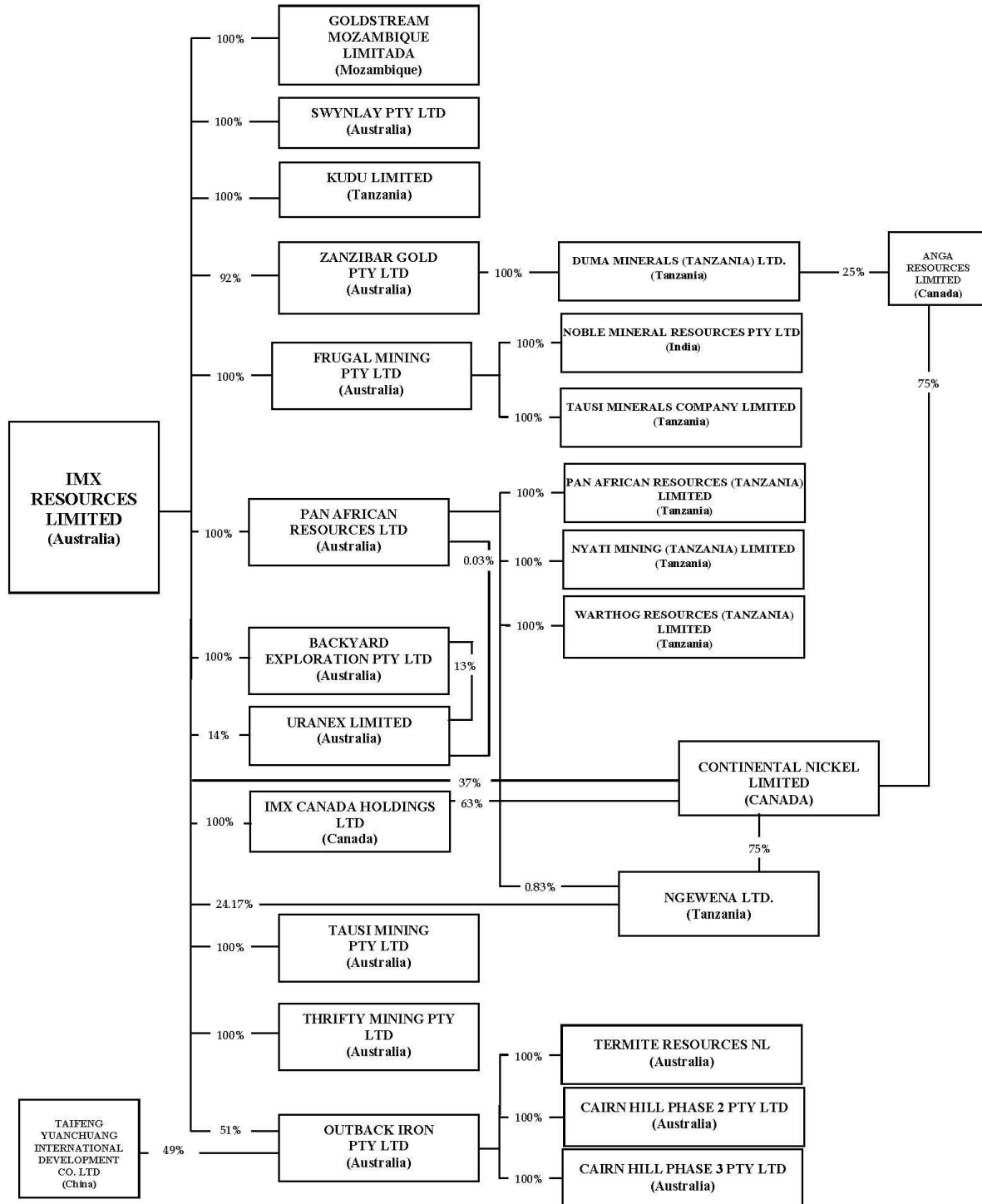
CORPORATE INFORMATION

IMX Resources Limited (“**IMX**”) is a company incorporated in Australia under the Corporations Act and limited by shares. Based in Perth, Western Australia, the principal activities of IMX and its subsidiaries are iron ore mining and the exploration of iron ore, nickel and copper. IMX’s shares are publicly traded on the Australian Securities Exchange (“**ASX**”) under the symbol ‘IXR’ and its public disclosure documents are available on the ASX website or IMX’s website, which is located online at www.imxresources.com.au or upon request from IMX’s head and registered office, which is located at Level 2, 41 Colin Street, Perth WA 6005.

The following chart sets out the material subsidiaries of IMX prior to completion of the Arrangement:



The following chart sets out the material subsidiaries of IMX after completion of the Arrangement:



BUSINESS OF IMX

Overview

IMX and its subsidiaries (together, the “**Group**”) operate in the resources industry. The Group’s business consists of prospecting and exploration for minerals, and mineral extraction and production. In addition, the Group also holds investments in other listed mining entities that are in the business of prospecting and exploration for minerals. In addition to its South Australian iron ore operations, IMX retains a number of strategic investments and a portfolio of base metal exploration assets in Australia and Africa.

The Group carries out mining activities on the Cairn Hill phase 1 project (the “**Cairn Hill Mining Operation**”). It is the first of the Group’s South Australian iron projects and is now operating at capacity to produce a coarse-grained magnetite-copper-gold direct shipping ore (“**DSO**”) product. The Cairn Hill Mining Operation is the Group’s only operating asset. In addition to the mining operations at Cairn Hill, the Group’s other value-driving segment is Exploration, which encompasses the Group’s exploration assets in Australia, Tanzania and Mozambique. In addition to the mining operation and exploration assets, the Group has a strategic shareholding in two listed companies, Uranex and CNI.

Subsequent to completion of the Arrangement, IMX intends to seek to develop the Ntaka Hill Nickel-Copper Project as soon as possible. IMX also expects the company to grow through exploration and development of the Mt Woods Magnetite Project, the Mt Woods Copper-Gold Project, its other exploration interests in Africa and exposure to exploration on Uranex’s tenements. See “**General Development of the Business**”.

IMX had 36 employees as at June 30, 2012.

Mining Operations

IMX presents its Mineral Resources and Mineral Reserves in accordance with JORC, including all the resources and reserves disclosed in this Appendix “G”. If the Mineral Resources and Mineral Reserves herein were presented in accordance with the CIM Definitions classifications, there would be no material reconciling differences.

Australia

Cairn Hill Mining Operation (IMX - 51%)

The Cairn Hill Mining Operation is part of the Outback Iron joint venture (the “**Outback JV**”), of which IMX owns 51% and Chinese company Sichuan Taifeng Group (“**Taifeng**”) owns 49%. IMX is the operator and manager of the Cairn Hill Mining Operation.

Located 55 km south east of Coober Pedy in South Australia, the Cairn Hill Mining Operation was commissioned in May 2010 and commenced shipping in December 2010. Its product is mined and crushed at site before being trucked and railed to Port Adelaide, from which it is then shipped to China.

At full capacity, the Cairn Hill Mining Operation produces 1.8 Mtpa of a magnetite-copper-gold DSO product. The Cairn Hill Mining Operation has a JORC probable mineral reserve of 6.9Mt @ 51.2% Fe and 0.43% Cu estimated in 2008 which is being mined in two pits. As a result of a cutback of the western wall of pit 1 during mining in 2010, IMX management has an estimated increase in the JORC probable mineable tonnage to 7.9Mt @ 50.5% Fe, and 0.39% Cu which at the current mining rate of 1.8 Mtpa equates to an approximate mine life of five (5) years from commencement.

Key features

- The Cairn Hill Mining Operation ore is relatively soft and easy to crush and grind;
- Customers produce a coarse grained 71% Fe magnetite concentrate product;
- Overall a five (5) year mine life based on current production of 1.8 Mtpa from the first shipment in December 2010; and

- Contract Mining Operations.

From the Cairn Hill Mining Operation, ore is trucked 58 km to the Rankin Dam rail siding, where it is loaded into specially designed open-top containers on a train for the 879 km journey to Port Adelaide. At Port Adelaide, the containers are stacked in a holding yard prior to being loaded directly onto the ship through use of a crane mounted rotating tippler that discharges the contents of each container into the holds of a bulk carrier. The Cairn Hill Mining Operation supplies enough ore for the export to China of two full shipments per month of approximately 75,000 tonnes.

Mining, drill and blast, crushing, road haulage and train loading services for the Cairn Hill Mining Operation are provided by Exact Mining Services (“EMS”). EMS operations at the Cairn Hill Mining Operation are operating at capacity.

IMX subsidiary Termite Resources NL (“**Termite**”) was party to a life of mine sales contract for 100% of the production from the Cairn Hill Mining Operation with Jilin Tonghua Iron & Steel Group (Mining) Co Ltd (the “**Taifeng Life of Mine Sales Contract**”). The Taifeng Life of Mine Sales Contract was novated to Taifeng during the 2010 financial year on the same terms and conditions as the original sales contract. A majority share of The Jilin Tonghua Iron & Steel group’s processing plant was also purchased by Taifeng at the time. Under the Taifeng Life of Mine Sales Contract, the pricing mechanism for the magnetite-copper-gold ore is index-based and adjusted for freight to provide an FOB (free on board) equivalent price. The pricing received under the mechanism is driven by the Platts 62% Fe (iron ore) index and the London Metal Exchange price for copper. Taifeng became 49% owner of the Outback JV after purchasing 49% of the shares in Outback which in turn owns 100% of the shares in Termite. The pricing mechanism under the Taifeng Life of Mine Sales Contract resulted in the Outback JV receiving payment for both the contained iron and copper.

The Outback JV was informed during July 2011 that Taifeng’s Bayuquan processing plant had experienced delays and, subsequent to taking delivery of the first six shipments from the Cairn Hill Mining Operation, would be unable to purchase ore under the Taifeng Life of Mine Sales Contract until shipment 19 in December 2011. The Outback JV took this opportunity to sell shipments 7 to 18 to new customers with the view to diversifying its customer base. These new trial and spot shipments were at prices up to 30% below the pricing contracted from Taifeng under the Taifeng Life of Mine Sales Contract.

In addition to the lower prices received as a result of the new trial and spot shipments, the results of the half year ended December 31, 2011 were negatively impacted by the sale of two cargoes of weathered or transitional ore. Due to these two cargoes of ore having lower Fe, FeO and Cu grades, the pricing achieved was well below that contracted under the Taifeng Life of Mine Sales Contract. Weathered ore comes from the weathered zone at the top of the ore body. This zone is relatively thin and consists of iron mineralization which still has a grade of around 50% Fe but contains non-magnetic iron mineralization which cannot be captured in a magnetic separation plant. Now that the operation is through the weathered zone, it is not anticipated that there will be a material amount of weathered ore required to be sold in the future.

The Outback JV made cash calls to its JV partners, IMX and Taifeng, in late 2011 and early 2012. Both parties contributed towards the Outback JV’s cash calls in December 2011. IMX solely funded the Outback JV by way of a loan during the quarter ended March 31, 2012. The loan from IMX to the Outback JV remained in place until late May 2012. On May 30, 2012 the Outback JV secured a A\$15 million revolving line of credit with LinQ Resources Fund to repay amounts loaned by IMX.

During the quarter ending March 31, 2012, the Outback JV signed new sales agreements with alternative customers at pricing within 10% of the pricing contracted in the Taifeng Life of Mine Sales Contract. These sales agreements included spot sales contracts as well as an agreement for one trial shipment specifically intended to support the possibility of a new long term contract. These sales were required to be made after Taifeng indicated to the Outback JV that while they were in a position to take receipt of more shipments upon successful commissioning of the Yingkou processing plant, they would pay the established market price at the time and purchase the shipments one contract at a time rather than purchase ore pursuant to the terms in the Taifeng Life of Mine Sales Contract.

During the quarter ending June 30, 2012, the Outback JV finalized a life of mine sales contract with Vingo Resources Limited (“**Vingo**”), a private Chinese company. The contract commits 12 shipments per annum being approximately 50% of all ore produced by the Cairn Hill Mining Operation per year. The pricing for the contract is based on the Platts 62% Fe (iron ore) index and the London Metal Exchange price for copper and is comparable to the pricing contracted in the Taifeng Life of Mine Sales Contract. These sales were required to be made after Taifeng indicated to the Outback JV that they were not in a position to take receipt of the full production rate from the Cairn Hill Mining Operation after the successful commissioning and subsequent evaluation of the Yingkou processing plant. Taifeng continue to pay the established market price via the Vingo

contract and continue to purchase the shipments one contract at a time rather than purchase ore pursuant to the terms in the Taifeng Life of Mine Sales Contract.

The initial funding of the Cairn Hill Project was finalised by the purchase by Taifeng of 49% of the Outback JV, which is the parent entity of Termite, the owner of ML6303. The development of the Cairn Hill Mining Operation had previously been funded 100% by IMX, however due to the use of mining, rail and port contractors and the leasing of equipment, the initial capital expenditure was minimal. A portion of Taifeng's project equity was paid to IMX to ensure each party's loan with the Outback JV was proportionate to their 51%/49% shareholdings. This transaction was finalised during the financial year ended on June 30, 2011, and accordingly, Taifeng has appointed two directors to the board of directors of the Outback JV (the "**Outback Board**"), which has four members. IMX's Managing Director, Mr Neil Meadows has been appointed as Chairman of the Outback Board, a position that is to be held by an IMX representative and that has the casting vote.

Development Projects

Mt Woods – South Australia

In South Australia, IMX holds seven exploration licences southeast of Coober Pedy at Mt Woods (the "**Mt Woods Project**"). The Mt Woods Project covers the northern half of the Mt Wood Inlier and is considered by IMX management to be highly prospective for magnetite and base metals mineralization. The Mt Woods Inlier hosts the Cairn Hill Mining Operation and OZ Minerals Limited's ("**OZ Minerals**") Prominent Hill and Antaka copper-gold mines.

The licences are the basis of two exploration projects;

- the Mt Woods Iron Project, which is 100% owned by IMX; and
- the Mt Woods Copper - Gold JV, which is currently 100% owned but will become 49% owned by IMX if OZ Minerals if it spends A\$20,000,000 to earn-in on the project.

IMX is currently evaluating the potential to develop a substantial magnetite mining business in South Australia based on the resources it has identified within the Mt Woods Iron Project area. Where possible, IMX would seek to utilize its existing mining and transport infrastructure in the region to support the development of an expanded magnetite mining business.

To date significant magnetite mineral resources have been identified by IMX at the Snaefell deposit, located 12 km from the Cairn Hill Mining Operation. In addition, recent drilling by IMX has identified a new zone of magnetite mineralization at the Tomahawk prospect, which is discussed further below. IMX has also identified a number of other iron ore prospects and potential new targets, including Fitzgerald Dam, Bumblebee and Penrhyn that are currently undergoing further exploration.

Mt Woods - Magnetite Project

Snaefell Magnetite Deposit

The Snaefell magnetite deposit ("**Snaefell**") is part of IMX's Mt Woods Magnetite Project in South Australia. The deposit is located 12 km southwest of the Cairn Hill Mining Operation and only 3 km east of the sealed Stuart Highway.

A JORC classified Inferred Mineral Resource of 569 Mt @ 27% Fe (using 18% Fe cut-off) has been estimated for Snaefell, making it the largest single resource in IMX's current iron portfolio. It is defined over a 2.7 km strike length which remains open along strike and at depth. The actual size of the resource is primarily limited by the extent to which drilling has been completed to date.

Snaefell is a magnetite-quartz hosted iron deposit characterised by a coarse grain size that makes it amenable to upgrading through magnetic processes. Results of metallurgical test-work to date are positive. Davis Tube Recovery ("**DTR**") tests produced magnetic concentrates of 66% Fe at a coarse grind size of 180-200 µm with very low levels of impurities of phosphorus (P) and sulphur (S). This coarse, high grade concentrate is expected to be suitable as direct feed to iron making sinter plants negating the need to pelletise this material.

Test-work has indicated that Snaefell ore can first be processed producing a first stage dry magnetic concentrate at coarse crushing sizes to upgrade the Ore prior to commencing wet processing. These results indicate the potential to exploit this

resource utilising a smaller than typical processing facility requiring significantly lower overall water and power inputs relative to other existing magnetite processing flowsheets.

A 3,074m diamond core metallurgical drilling programme was completed at Snaefell in June 2012. The metallurgical drilling program at Snaefell will be designed to optimize magnetite and hematite recoveries and define the processing and mining parameters.

Nachingwea Nickel – Copper JV Project, Tanzania (25% JV Interest, 37% CNI Equity)

The Nachingwea Project is a nickel and copper exploration project in south eastern Tanzania.

The Nachingwea Project is operated as a joint venture between IMX and CNI, with CNI as manager and operator of the project.

IMX currently holds a 25% indirect interest in the Nachingwea Project, through its Tanzanian-owned subsidiary, Ngweni Limited, and subsequent to the initial \$15,000,000 contribution by CNI to the Nachingwea Project, has funded its joint venture interests on a pro-rata basis with CNI. IMX also holds a direct 37% investment in CNI, resulting in IMX holding a beneficial interest of 53% in the Nachingwea Project.

As a result of the Arrangement, IMX will obtain 100% ownership of CNI and therefore 100% of the Nachingwea Nickel Copper Project.

Cairn Hill Phase 2 (IMX - 51%)

Cairn Hill Phase 2 (“**Cairn Hill Phase 2**”) is a magnetite only project that has the potential to become a low capital cost operation due to the minimal level of processing required and its proximity adjacent to the Cairn Hill Mining Operation. Following the release of an increased mineral resource estimate of 3.77Mt @ 47.8% Fe Indicated, and 4.6Mt @ 45.8% Fe Inferred (at a 35% Fe cut-off grade) in August 2011, activities have continued to focus on preliminary design work for resource optimisation, pit designs and mining schedule. The Outback JV undertook metallurgical testwork on Cairn Hill Phase 2 ore to determine the quality of the final product. The modified Program for Environmental Protections and Rehabilitation (“**PEPR**”) was submitted in December 2011.

During the quarter ended March 31, 2012, ongoing metallurgical test-work occurred in both China and Australia. This work was primarily focused on undertaking dry magnetic separation test-work to determine the final grade of product to be derived from Cairn Hill Phase 2. Feedback was received from the South Australian department of mines concerning the modified environmental plan highlighting a number of areas which require further clarification. Work continued during the final quarter of the 2012 financial year to obtain necessary permits and assess a surface water modelling report.

Exploration Pipeline

Tomahawk magnetite prospect (IMX-100%)

The Tomahawk magnetite formation may become the second largest body of magnetite drilled after Snaefell in the Mt Woods tenements to date, and is part of IMX’s 100% owned Mt Woods Magnetite Project. The mineralization is likely to perform similarly to the Snaefell mineralization described previously.

The 3.4 km Tomahawk magnetic target was identified from a detailed airborne geophysical survey completed in 2011. Reverse circulation (“**RC**”) drilling testing of the most intensely magnetic part of the target in late 2011 successfully intersected wide intervals of magnetite mineralization in all 6 holes drilled. A best result of 164 m @ 31.44% Fe from 31 m recorded in hole THRC001.

The Tomahawk magnetite iron formation occurs as a steeply dipping coarse-grained magnetite zone within a quartz-rich sedimentary host package that includes limestone and marble units. The magnetite zone ranges from 60 to 100 m in true thickness and occurs below about 30 m of unconsolidated sedimentary overburden. The mineralization remains open along strike and at depth.

As part of IMX's strategy to focus on quality iron projects with the potential for development, preliminary metallurgical test-work was conducted on the RC drill samples from Tomahawk in early 2012.

Results from initial DTR test-work are encouraging. Preliminary metallurgical assessment indicates that a concentrate grading up to 65% Fe can be achieved at a coarse grind size of 250 microns using a simple magnetic separation process. Indicative mass yields averaged 32% meaning that a significant amount of waste material can potentially be removed early in processing, which in turn will reduce anticipated capital and processing costs.

Further drilling and metallurgical test-work is planned to advance the prospective Tomahawk project during 2012.

Mt Woods Magnetite Regional Targets (IMX – 100%)

In addition to the Snaefell resource and Tomahawk prospect, there are numerous as yet untested magnetic anomalies within the ~ 3,400 km² Mt Woods project licences.

Initial exploration drilling at some of these targets including Fitzgerald Dam, Bumblebee and Penrhyn have returned intersections of >25% Fe mineralization that require further exploration drilling to define prospects and resources. An exploration target tonnage of 50-150 Mt @ 25-35% Fe has been estimated for two of the smaller magnetic anomalies, Bumblebee and Fitzgerald Dam. Exploration target tonnage estimates are conceptual only. The figures are not resource estimates as defined by JORC or 43-101, as insufficient exploration has been conducted to define a Mineral Resource.

IMX is planning a number of drill campaigns to test these and other targets with a view to adding them to the Mt Woods Magnetite Project global exploration target resource base.

Mt Woods Copper – Gold Project, South Australia (IMX - 49%)

In April 2010, IMX Resources and OZ Minerals entered into a joint venture (the “**Mt Woods Copper-Gold JV**”), which gave OZ Minerals the right to explore the Mt Woods Project licences for all non-ferrous minerals.

Under the terms of the Mt Woods Copper-Gold JV, OZ Minerals owns 51% of the non-iron ore rights (while IMX retains 100% of the iron ore rights and 49% of the non-iron ore rights). OZ Minerals are earning in on the project by spending a minimum of A\$20,000,000 on exploration at the Mt Woods project area within five (5) years of the establishment of the Mt Woods Copper-Gold JV at a cumulative average expenditure of at least A\$4,000,000 per year.

The primary focus of the Mt Woods Copper-Gold JV is to explore for copper and gold (Cu-Au) with OZ Minerals appointed manager and operator of the project.

Exploration to date has comprised deep diamond drilling of Cu-Au targets generated from airborne and ground geophysical surveys as well as targets generated by IMX. OZ Minerals have been diamond drilling at the Black Hills copper-gold prospect within Mt Woods with results expected shortly.

Tasmania – NW Nickel Project (IMX – 96%)

IMX is exploring for Ni-Cu-PGE's in the relatively underexplored Rocky Cape region on the northwest coast of Tasmania. The project comprises five granted exploration licences covering 569.7 km². The project is held by way of a joint venture (the “**NW Nickel JV**”) with Barrett Exploration Pty Limited (“**Barrett Exploration**”). Under the terms of the NW Nickel JV, Barrett Exploration holds a 4% free carried interest with IMX having no obligation to fund exploration, but instead solely funding exploration at its option through to a completion of a bankable feasibility or similar study. IMX is manager and operator of the NW Nickel JV.

In 2011, low level anomalous geochemistry consistently demonstrated the potential for Ni, Cu, and Platinum Group Elements (“**PGE**”) mineralization across the project area. This geochemistry was supported by petrography from drillcore testing electromagnetic (“**EM**”) geophysical targets and confirmed the widespread presence of poorly outcropping and highly altered ultramafic rocks within project tenements.

The results of the geochemical sampling program are very encouraging as they consistently demonstrate the potential for Ni-Cu-PGE mineralization across different sampling mediums and techniques. This is particularly significant as the project areas

have historically been underexplored due to the highly leached nature of the soils, where conventional geochemistry is ineffective. Further systematic Mobile Metal Ion (MMI) soil sampling was conducted in December 2011 to identify new targets and to fully define drill targets in the existing anomalies. A drill program is scheduled for the second half of 2012 once results are received and assessed.

Mibango Nickel Project, Tanzania (IMX – 100%)

The Mibango nickel project (the “**Mibango Project**”) is located approximately 10 km east of Lake Tanganyika in western Tanzania, and covers an area of approximately 788 km². The Mibango Project lies within the prospective East African Nickel Belt and is thought to be part of the Kabanga-Musongati intrusive belt in Tanzania and Burundi where large nickel sulphide and nickel laterite resources have been identified. These deposits include the Kabanga nickel sulphide resource of 58Mt @ 2.6% Ni (Measured and Indicated; owned by Xstrata Nickel and Barrick Gold) approximately 340 km northeast of Mibango, and the 266 Mt @ 1.35% Ni (Historical Inferred; Argosy Minerals) Musongati lateritic nickel deposit located 230 km away in Burundi.

Historically, the main exploration focus at Mibango has been the extensively mineralized Kapalagulu Layered Intrusive (“**KLI**”) in the north of the project area where three distinct styles of mineralization have been identified:

- Massive nickel sulphide with PGE, Copper and Cobalt credits
- Lateritic nickel with PGE, Copper and Cobalt credits
- Primary PGE mineralization associated with chromite and disseminated sulphide

Initial IMX exploration at Mibango focused on the PGE and Ni potential of the KLI where, in 2005 IMX defined a JORC inferred laterite nickel resource comprising 113 Mt @ 0.82% Ni, 0.05% Co (0.5% Ni cut-off grade). Metallurgical test-work and development studies were initiated however the project is not considered economic under current market conditions.

During the last three years, IMX has refocused exploration on the wider unexplored regional licence potential for high-tenor massive Ni-Cu sulphides outside the KLI. This involved a back to basics exploration program heavily focused on field geology which returned immediate success with new magmatic Ni-Cu sulphides identified. These new sulphide bearing intrusions occur in what are interpreted to be potential Kapalagulu-age equivalent rocks and were mapped within the southern tenement area. All these new areas are particularly significant as they occur outside the known mineralized KLI and highlight the Ni-Cu-PGE potential of the regional licences. Drill ready targets have been defined with a number of other geochemical and geophysical targets expected to become drill targets with some additional field validation during the next field season.

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

IMX is exploring the Proterozoic Mozambique Belt for Ni-Cu-PGE’s at the greenfields Milange project (the “**Milange Project**”) in northern Mozambique. The project comprises four granted licences.

Geochemical sampling at the Milange Project has indicated that the area is prospective for Ni-Cu-PGE mineralization and warrants further exploration. As prospective rocks are likely to be present under cover sequences, an airborne magnetic and radiometric survey was completed in 2011 to identify new targets for the 2012 field season.

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

The Dingo Well project (the “**Dingo Well Gold Project**”) is a shear zone-hosted gold mineralization target adjacent to, or within, the Keith-Kilkenny Tectonic Zone. The area is also prospective for nickel with the Murrin Murrin Nickel deposit located approximately 20km to the east.

India

In 2005 IMX applied for 16 reconnaissance permits in four states in central and southern India. These long standing applications are yet to be granted and therefore, no exploration activities in India have been conducted.

GENERAL DEVELOPMENT OF THE BUSINESS

General overview

IMX is an ASX-listed iron ore mining and minerals exploration company based in Perth, Western Australia (ASX: IXR). It was incorporated on April 19, 1985 in Australia under the Corporations Act as Goldstream Mining N.L. and began trading on the ASX in April of 1999. IMX is also traded publicly in Germany (GDM: BER). On December 4, 2007, IMX changed its name to IMX Resources N.L. On December 11, 2008, IMX converted from a No Liability status to a limited liability company and further changed its name to IMX Resources Limited.

The following provides a summary of the development of the business of IMX during the financial years ended June 30, 2009, June 30, 2010, June 30, 2011 and June 30, 2012.

Year ended June 30, 2009

At the beginning of the 2009 financial year, IMX was an emerging minerals producer. Its business strategy was to become a mid-tier miner through the development of a portfolio of assets based on multiple commodities coupled with geographical diversity. The principal activities of the Group during the year were prospecting and exploration for minerals. Following the granting of a mineral lease over its South Australian iron ore interests on April 18, 2008, IMX entered a mine development phase of the Cairn Hill Mining Operation. The development was suspended following the impact of the global financial crisis and the inability to access debt financing. However, development could recommence once final approvals were obtained, the economic viability of the project was revalidated, and requisite appropriate financing had been secured.

IMX progressed in its exploration efforts on a number of fronts including in Australia, Tanzania and Mozambique, as well as continuing development of the Cairn Hill Mining Operation.

Australia

At the Cairn Hill Project, IMX continued to seek appropriate funding for development of its magnetite-copper-gold resource/reserve. It also completed feasibility work and moved towards mining the mineral deposit. At the end of the financial year, all site permits had been received, with the shipping licence the last approval required. In light of the challenging economic climate, IMX instigated a review process for the Cairn Hill Mining Operation to investigate alternative options to optimize the project. One of the outcomes was a decision to ship ore through Adelaide rather than Darwin, which reduced capital costs and increased shipping capacity.

IMX engaged in RC drilling of the Cairn Hill Phase 2 and 3 areas to the east of the proposed mine. Unlike Phase 1, no copper or gold mineralization was associated with Phase 2 and 3 magnetite mineralization. Further optimization test-work was planned as a part of the feasibility study for Phase 2.

The potential of the Mt. Woods project was enhanced during the year with additional anomalous RC intersections recorded at the Iron Ore Copper Gold (“**IOCG**”) discovery at Black Hills. In addition, a number of new IOCG and Tennant Creek Style Cu-Au targets were delineated by ground surveys for which a regional RC drilling programme testing these targets were initiated.

Tanzania

At the Nachingwea Project, IMX (30% at the time) and project partner/manager CNI (70% at the time), completed a \$7,000,000 exploration programme. In addition, new high priority EM targets from the 2007 VTEM electromagnetic survey and new regional nickel-copper sulphide exploration targets were also explored and developed.

A total of 15,573 m of exploration and resource diamond drilling was completed along with a regional 5,691 line km helicopter-borne b-field VTEM survey and ground TDEM surveys, yielding successful results with high grade massive-nickel sulphides intersected from multiple areas from Ntaka. Various other surveys detected EM and VTEM anomalies which were to be tested and evaluated during the 2009 field season.

At the Mibango Project in Western Tanzania, project manager and joint venture partner Lonmin Plc (“**Lonmin**”) conducted a massive sulphide Ni-PGE exploration program comprising a US\$4,900,000 core drilling and ground geophysical survey

focused on testing highly conductive basement EM anomalies defined in the 2007 airborne VTEM survey. A total of 6,215 metres of diamond drilling was completed at Maswe, Mwese, Busonawe and Kapalagulu. The prospectivity of the region was highlighted by the intersection of PGE, Ni and Cu mineralization. Exploration at the Kapalagulu Layered Intrusion focused on following up previously-identified VTEM anomalies, with targets, while narrow, providing encouragement for the mineral potential of the district.

In February 2009, Lonmin withdrew from the Mibango joint venture on completion of the 2008 field season. Management and 100% ownership of the Mibango Project was returned to IMX. Following the withdrawal, IMX completed a detailed review of the project data to evaluate the prospectivity of the licenses for Ni, Cu and PGEs. Based on the positive results of the review, IMX made the decision to fund and manage exploration at the Mibango Project for the 2009/2010 field season. The area was believed to contain significant untested nickel potential and IMX initiated a regional exploration program focused on evaluating and ground truthing the numerous regional targets identified.

Exploration at the Luwumbu Ni-PGE joint venture in Tanzania, IMX (91%) and Albidon (9%), comprised regional geographic mapping, relogging of diamond core and a detailed review of the existing project data. Results of the review and fieldwork downgraded the prospectivity of the project, and IMX took the decision to cease exploration operations. No further work was to be conducted in that region and tenements entered the process of being relinquished.

Other

Nickel exploration was active during the year with reconnaissance sampling and geophysical surveying underway at two prospects in Mozambique and RC drilling in Tasmania. No progress was made during the year in advancing the 16 Reconnaissance Permit Applications to new Ni-PGE prospective areas in India.

After a 12-year hiatus, the Dingo Well gold project in Western Australia was reactivated in late June with the granting of one exploration, and seven prospecting licences. Joint venture manager Regis Resources Limited elected to withdraw from the joint venture agreement and the licences were returned 100% to IMX management. IMX initiated a reassessment of mineral potential of the area in order to develop a strategy for exploration.

IMX experienced several significant changes in its financial state of affairs during the financial year. First, an increase in contributed capital of A\$137,250, as a result of the issue of ordinary shares as consideration for entering into Mining Native Title Agreements for the use of native people's land for mining activities and the cancellation of forfeited partly paid shares. In addition, on August 10, 2008, Termite entered into a "Long Term Purchase and Sales Contract for Iron and Copper Ore" with the Tonghua Mining Group of China, committing the ore from the first three (3) years of production from the Cairn Hill Mining Operation.

On March 20, 2009, IMX entered into a Royalty Sale Agreement whereby it sold its 1% royalty interest in the Four Mile Uranium Project (exploration licence EL2874) for A\$6,000,000 before costs, which enabled IMX to continue an active exploration program and progress the development of Cairn Hill without seeking more funds from shareholders. The Group also acquired mining tenements in Australia and India from Anglo American Group. Anglo received as consideration a once only right to acquire a 70% interest in any prospect or prospects on any of the tenements, subject to certain conditions. Finally, on July 29, 2009, IMX cancelled 360,000 expired options, and issued 500,000 new options to employees as a term of their employment.

Year ended June 30, 2010

The principal activities of the Group during the year consisted of prospecting and exploration for minerals, as well as mineral extraction and production. The Group heavily focused on its Australian-based activities during the year, with particular emphasis on the Cairn Hill Mining Operation and the Mt Woods Copper-Gold JV with OZ Minerals.

Australia

The main focus in the Cairn Hill Project was obtaining financing to bring the Cairn Hill Mining Operation into production. IMX signed a Heads of Agreement with Taifeng, a private Chinese company, through which it raised A\$24.4 million in equity across the 2010 and 2011 financial years through the issue of 51,771,000 Ordinary Shares and secured the sale of 49% of the project equity in the Cairn Hill Mining Operation for A\$24.4 million. During the year and subsequently, Termite, the owner of ML6303 and subsidiary of the Outback JV, made significant progress with pre-stripping and infrastructure development, and

the first ore blast was successfully completed in early June 2010. IMX expected shipping to commence towards the end of the 2010 calendar year, resulting in the first ore revenues for the Group. IMX awarded a contract for the provision of mining, drill and blast, and crushing services to Exact Mining Services (“EMS”). EMS mobilized sufficient equipment in addition to equipment previously mobilized so as to allow the mine schedule to be achieved. On February 12, 2010, the sales contract with Tonghua was amended to extend the term from three (3) years to the economic life of the mine.

IMX made progress from a logistics standpoint. Road haulage and train loading services were also settled to be provided under contract by EMS. Specialised Bulk Rail, a subsidiary of SCT Logistics, was contracted to provide rail haulage and maintenance of rail wagons. A leasing agreement for the provision of custom-built 20-foot shipping containers was signed with Cronos, and contracts were finalized with Wilhemsen for shipping services and AMDEL for analytical services.

In parallel with the Cairn Hill Mining Operation, IMX continued to work towards the development of additional magnetite resources at Phase 2.

At the Mt Woods Iron Project, significant widths of iron ore mineralization were intersected from RC drilling at four regional iron ore targets and integrated with survey data and density measurements on core samples to estimate possible exploration target tonnages for the Mt Woods area. At the Mt Woods Project, IMX finalized the Mt Woods Copper-Gold Joint Venture Agreement and the Minerals and Iron Ore Sharing Agreement that was agreed to under the Heads of Agreement signed with OZ Minerals in November 2009.

Tanzania

In Tanzania, a budget of \$4,000,000 was approved for the Nachingwea Project. Highlights of the diamond drilling program in the project in the year were the intersection of high grade massive nickel sulphide mineralization at H Zone, and the discovery at Sleeping Giant Zone (formerly F Zone) of wide disseminated mineralization.

Other

In India, due to the slow speed of the processing of the applications IMX acquired under the 2004 Sale, Purchase and Clawback Agreement with various Anglo American companies, IMX gave notice to Anglo American that it wished to relinquish its rights to acquire tenements from Anglo American when they would be granted. IMX planned to review its other Indian licence applications, which had also been delayed for a long period of time, to determine its business strategy.

Combined equity in IMX increased by approximately A\$24,223,708 as the result of a number of private placements and the exercise of options granted under IMX’s Option Plan, the proceeds of which were used to fund prospecting and exploration activities and allowed the Group to commence mining activities at the Cairn Hill Mining Operation, including development and capital works.

Mr Kimberley France ceased his position as CFO and Company Secretary effective February 12, 2010, and was subsequently replaced by Mr Andrew Steers.

Year ended June 30, 2011

The principal activities of the Group during the year consisted of prospecting and exploration for minerals, and mineral extraction, production and shipment of the iron ore. The group focused on its Australian-based activities during the year, with particular emphasis on the Cairn Hill Mining Operation which continued to ramp up its production activities to capacity, as well as advancement of exploration activities in both South Australia and Tanzania.

Australia

The Cairn Hill Mining Operation was brought to full operational capacity to produce an iron/copper ore due to completed funding and mobilized equipment, and resulted in the first shipment of iron ore in December 2010. The final agreement with Flinders Ports for the provision of port services at Outer Harbour at Port Adelaide was finalized, and the necessary infrastructure was put in place so as to enable loading of vessels. The sales contract with Tonghua was novated to Taifeng during the year on the same terms and conditions as the original sales contract. Subsequent to the end of the financial year, IMX developed sales relationships with three additional Chinese customers as a result of delays in the construction and

commissioning of the Bayuquan processing plant. A logistics service contract was also signed with Flinders Ports during the 2011 financial year.

In December 2010, the Outback JV also entered into hedge positions with Credit Suisse. The hedge was an iron ore swap of 30,000 tonnes per quarter for calendar years 2011 and 2012 at a price of A\$124 per tonne for 62% Fe on a WA FOB basis.

Despite the majority of attention placed on the Cairn Hill Mining Operation, IMX undertook and completed a drilling programme in Cairn Hill Phase 2 of 10,683 m in 99 holes during the year. Continued efforts were made to ensure Phase 2 could be brought into production either concurrently with, or subsequent to, Phase 1.

At Mt Woods, iron ore exploration predominantly focused on RC drilling to define a JORC compliant mineral resource at the Snaefell magnetite and specular hematite prospect. In the Mt Woods Copper-Gold JV between IMX and OZ Minerals, OZ Minerals expenditures exceeded first year joint venture obligations, and a second year program commenced with an approved A\$8 million budget. In 2010, the first phase of joint venture exploration commenced with aerial geophysical activity and magnetics surveys over the core Mt Woods tenements, as a result of which a follow-up 12 hole drilling program was planned.

At the Dingo Well Gold Project, the proposed 2011 aircore drilling programme was delayed due to landholder issues, which have since been resolved.

Tanzania

As a result of CNI completing an aggregate expenditure of \$15,000,000 on the Nachingwea Project, CNI's interest in the joint venture increased to 75% and IMX's interest decreased to 25%. Under the terms of the joint venture agreement between CNI and IMX, IMX elected to fully fund its 25% interest in the project in order to continue its participation in it.

Exploration during 2010 focused on expanding mineral resources at Ntaka Hill as well as regional exploration of over 5,000 km² of the Nachingwea Project's project licences.

The 2011 Nachingwea Project budget comprised \$8,775,000 and was designed to expand the mineral resource at Sleeping Giant, advance the Ntaka Hill Ni-Cu sulphide deposits toward mine development, and generate and explore priority regional exploration targets.

In May 2011, a new regional copper discovery was made 23 km northeast of Ntaka Hill on Nachingwea Project exploration licences. The Nachingwea Project planned to evaluate the prospect with geochemical sampling, ground EM and drill testing.

At Mibango, IMX focused exploration on the full project tenure targeting the relatively underexplored regional potential for high-tenor Ni-Cu sulphides and PGEs. In 2010, three drill targets were defined with a number of geochemical and geophysical targets expected to become drill targets with some additional validation.

Other

The 2010/2011 field season in Mozambique focused on regional exploration programmes at Cabo Delgado and Milange. In India, no progress was made in granting licence applications.

IMX remained active in issuing shares and options, as well as cancelling expired options. It requested a shareholders' meeting of Uranex to vote on the removal of directors, which resulted in Johann Jooste-Jacobs (then the IMX Chairman) and Stephen Hunt (non-executive IMX Director) joining the Uranex board. In June 2011, the Group participated in a private placement to maintain its 37% interest in CNI.

During the year, Taifeng acquired a 49% non-controlling interest in the Outback JV, the parent entity of Termite, owner of ML6303. Contributed equity increased by A\$14.9 million as a result of private placements and the exercise of options granted under IMX's Option Plan. The net cash received from the increase in contributed equity was used to continue to fund prospecting and exploration activities and allowed the Group to progress its sole mining activity at the Cairn Hill Mining Operation, including development and increases in capital.

Song Yuan Gang was appointed as an IMX Director and Chen Yu was appointed as alternate IMX Director for Song Yuan Gang both on July 29, 2010.

Year ended June 30, 2012 and 2013 Financial Year to Date

The Group recorded a net loss after tax for the half-year ended December 31, 2011, primarily due to increased exploration expenditures as well as lower revenues from the sale of weathered or transitional ore from the Cairn Hill Mining Operation. IMX commenced the shipment of ore to new customers, laying the foundation for new long term sales agreements.

Australia

In the quarter ended March 31, 2012, the Outback JV had positive cash flow, and IMX experienced positive developments including the finalization of a new Life of Mine sales contract with Vingo subsequent to quarter end for 12 shipments per year of Cairn Hill ore. The Outback JV also secured a number of trial shipments to potential long term customers at improved prices during the quarter ended March 31, 2012, and saw the reduction of operating costs as a result of executing a reduced mining activity plan and other cost-cutting measures without impact to export ore volumes.

At Cairn Hill Phase 2, activities continued to focus on preliminary design work for resource optimization, pit designs and mining schedule. Iron ore exploration at Mt Woods was primarily focused on the Snaefell magnetite and specular hematite prospect. Multiple new iron targets were identified throughout the Mt Woods tenement package. Further drilling and ground gravity surveys were conducted on the Mt Woods Copper – Gold Project, with both activities to continue throughout 2012.

Tanzania

The Nachingwea Project's team finalized a number of key milestones during the half-year period, including the completion of a Scoping Study, defining additional mineralization at Sleeping Giant and completing preliminary metallurgical test-work. At Mibango, IMX continued exploration on the regional potential for high-tenor massive Ni-Cu sulphides and PGEs utilizing a staged exploration program comprising geological mapping, geochemistry, and geophysics to define drill targets for testing. Operational delays were experienced during the short field season resulting in incomplete surveys, and the inability of IMX to lock in a suitable drilling contractor for the remote project.

Other

In India, no progress was made in granting licence applications so IMX continued to evaluate the future direction of the projects given the long delays.

During the nine months ended March 31, 2012, IMX participated in the Uranex share purchase plan and a private placement, purchasing 6,378,571 shares at a total cost of A\$2,045,000. Subsequent to the quarter end, IMX contributed A\$500,000 for a further 1,562,500 shares in Uranex under the second tranche of the private placement.

In February 2012, the IMX Board appointed Mr John Nitschke as non-executive Chairman, following the resignation of Mr Johann Jooste-Jacobs on February 10, 2012. In March 2012, IMX announced that it had closed out its remaining iron ore hedge positions and as a result, terminated its hedging facility with Credit Suisse. It also announced a substantial increase in mineral resources at Ntaka Hill Ni-Cu deposits at the Nachingwea Project. Finally, it announced a substantially increased Inferred Mineral Resource estimate of 569 Mt @ 27.1% Fe using a 18% Fe cut-off grade at Snaefell in South Australia, which represented a 184% increase on the maiden Inferred Mineral Resource of 200 Mt @ 27.65% Fe.

Duncan McBain resigned as Managing Director on August 17, 2011 and was replaced by Neil Meadows. Phil Hoskins was appointed to the role of Chief Financial Officer on January 17, 2012. Additionally, Anthony Haggarty resigned as director on May 23, 2012 and Cao Xiangkui resigned as director on June 19, 2012. Chen Yu resigned as an alternate director for Song Yuan Gang on March 15, 2012 and Robert (Wei) Sun was appointed as alternate director in his place.

On May 30, 2012, IMX announced that the Outback JV had secured a A\$15,000,000 revolving line of credit. The line of credit was used to repay amounts IMX had loaned the Outback JV and to establish a minimum working capital account for the Outback JV.

Since the beginning of the 2013 financial year, IMX has announced the appointment of two non-executive directors to the IMX Board. Ms. Kellie Benda joined the IMX Board on August 1, 2012 and Mr. David Constable joined the IMX Board on August 2, 2012.

Future Expectations

During the 2013 financial year, the Outback JV is forecast to decrease operating costs and to continue ore sales at benchmark linked pricing to Vingo and other customers based on consensus pricing forecasts. The Outback JV expects to repay the revolving line of credit in the first half of the financial year at which time distributions to Outback JV shareholders will commence subject to benchmark pricing.

The Arrangement with CNI is expected to be completed in September 2012 after which IMX will hold a 100% interest in the Nachingwea project.

Work on Nachingwea Exploration is expected to progress in three distinct areas during the 2013 financial year, being Ntaka Hill in-fill drilling, drill testing potential new mineralized zones in the Ntaka Hill area and regional exploration to identify new mineralized areas across the Nachingwea prospecting lease area. High priority target areas will include the Chilalo copper prospect and the HOG gossan.

The evaluation and development work on the Ntaka Hill Nickel Project is expected to continue during the 2013 financial year. Work is anticipated to focus on completing definitive metallurgical test-work, completing options studies for the mining, power supply, water supply, access road and tailings storage facility, updating of the preliminary economic assessment and completing and submitting an environmental and social impact assessments.

In the 2013 financial year, exploration activities on the Mt Woods Iron project in South Australia are aimed at building the project global iron resource base. This is expected to be achieved with the addition of classified resources at the Tomahawk magnetite prospect, and also drill testing multiple regional iron targets with significant tonnage potential. The company expects that the additional resources will positively impact the Snaefell Magnetite project where further technical studies into areas such as the metallurgy of the iron mineralization, power, water and logistics, will be completed in support of a scoping level study.

In the 2013 financial year, joint venture partner OZ Minerals (as 51% owner and operator of the Mt Woods Copper-Gold JV) will continue to manage and fund copper-gold exploration activities at Mt Woods with an agreed upon A\$5,000,000 exploration budget. Drilling and exploration activities including drilling and geophysics are expected to continue to focus on sedimentary and Prominent Hill style copper-gold targets along the southern domain of the Mt Woods inlier.

RECENT DEVELOPMENTS

On July 31, 2012, IMX announced its quarterly operational update in accordance with the requirements of the ASX, for the quarter and year ended June 30, 2012. The quarterly update is not a management's discussion and analysis.

Project Developments

Cairn Hill Mining Operation (IMX – 51%)

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

	June 2012 Quarter	March 2012 Quarter	2012 Financial Year to Date	Production Comparison From Previous Quarter
Waste removed (BCM)	679,755	1,122,850	4,830,907	(39.5%)
Waste and Ore (BCM)	792,784	1,232,223	5,197,719	(35.7%)
Ore Mined (tonnes)	471,329	456,086	1,529,604	+3.3%

Ore Crushed (tonnes)	452,486	407,144	1,639,628	+11.1%
Road Haulage (tonnes)	447,318	404,427	1,555,646	+10.6%
Rail Haulage (tonnes)	432,132	405,074	1,655,945	+6.7%
Shipped (tonnes)	463,046	436,264	1,725,342	+6.1%

The table above shows that for the year ended 30 June 2012, the Cairn Hill Mining Operation operated at above nameplate capacity of 1.7 Mtpa by shipping 1,725,342 tonnes of ore during that period. This is a significant achievement considering the operation was impacted by rainfall events and third party actions and issues during the period. Likewise, the records achieved in the June quarter convert to an annualized shipping quantity of 1.85 Mtpa demonstrating the sustainability of the 1.8 Mtpa targeted production rate.

Operations. Frequency rates for injuries continued to maintain a downward trend during the quarter with the total recordable injury frequency rate at the end of the quarter being 6.70.

During the quarter, the Cairn Hill Mining Operation achieved records for ore tonnes mined, crushed, hauled by road and shipped. Volumes mined were significantly less than the previous quarter with the implementation of the new mine plan. As forecast, cash operating costs reduced to approximately \$100/tonne CIF (as such term is defined in the International Commercial terms 2012 of the International Chamber of Commerce) from June 2012.

A total of six vessels were loaded during the quarter as per schedule. Average cargo size for the quarter was 77,171 wmt exceeding the target of 75,000 wmt. Achieving six vessels per quarter at an average of 75,000 wmt per vessel (or greater) will see annual export rates of in excess of 1.8 Mtpa, 6% above the 1.7 Mtpa nameplate capacity of the operation.

Stockpiles. At the end of the quarter the ore stockpiles carried a total value of approximately A\$11.1 million and were as follows:

	Pre-Crusher	Post Crusher	Rankin Dam	Port Adelaide
Stockpile (tonnes)	115,606	62,885	81,253	26,362

Sales and Marketing. During the quarter, IMX finalized a LOM sales contact with Vingo for 12 shipments per annum of ore produced from the Cairn Hill Mining Operation. See “Mineral Properties of IMX – The Cairn Hill Mining Operation - Mining Operations”. Vingo has purchased 521,739 tonnes of Cairn Hill ore to date.

The Taifeng processing plant located at Yingkou, also in Liaoning province, is now fully commissioned and has demonstrated the capacity to treat the remainder of the planned production from the Cairn Hill Mining Operation. While Taifeng have not taken shipments under the Taifeng Life of Mine Contract, they have taken shipments, from time to time, on the same commercial terms as Vingo and have indicated that they will continue to do so.

The Cairn Hill Mining Operation continued to explore potential contingent sale opportunities with customers other than Vingo and Taifeng during the quarter. These discussions will continue to ensure the customer base is diversified, sufficient capacity for ore receipts is maintained and credit risk is minimized.

2012/13 Work Plan and Budget. The Outback JV partners have approved a work plan and budget for 2012/13. Based on the above sales contracts and using pricing for the relevant iron ore and copper indices for 2012/13 compiled from a review of consensus data available at the time it has been forecast that a post-tax free cash flow from the operation in the range of A\$35 million to A\$40 million should be achievable. The consensus pricing assumed in the budget is US\$143 per tonne for the Platts 62% Fe Index and an LME price of US\$8,682 per tonne for copper. The exchange rate was forecast at A\$/US\$ of 1.02.

Cash Flow sensitivities. In the context of declining commodity prices subsequent to the end of the quarter, the following data shows the sensitivity of the annualized post-tax free cash flow to changes in inputs, holding all other inputs constant.

- A A\$10/t movement in the Platts 62% iron price changes post-tax cash flow by A\$11.4 million
- A A\$100/t movement in the LME copper price changes post-tax cash flow by A\$0.5 million
- A 1 cent movement in the A\$/US\$ exchange rate changes post-tax cash flow by A\$2.2 million

Mt Woods Magnetite Project, South Australia (IMX – 100%)

During the quarter a diamond core drilling program comprising 12 holes for 3,075.1 m was completed at Snaefell. The program was designed to provide samples for metallurgical test work to confirm the performance indicated by the previous DTR test work for the expanded resource area. In addition the test work will focus on optimising grind size and the potential to produce a product suitable as a direct feed to iron sintering.

Previous test work has been positive with DTR tests producing magnetic concentrates of 65% Fe at a coarse grind size of 180-200 µm with low levels of impurities. The coarse liberation size means that a significant amount of waste material can potentially be removed early in processing which may reduce capital and processing costs compared to other Australian magnetite deposits.

A concept level study was initiated for the project during the quarter to establish potential future development parameters for the project. The concept study was also completed in the quarter and will be considered by the IMX Board in August 2012.

Nachingwea Nickel – Copper JV Project, Tanzania (25% JV Interest, 37% CNI Equity)

The Ntaka Hill project is held within the overall Nachingwea Project, which is a 25:75 joint venture between IMX and CNI.

In mid-May, the Nachingwea Project field season commenced with three diamond drill rigs operating at the project. A total of 35 holes for 7,553m were completed to the end of the period.

The 2012 exploration budget is US\$10.2 million, which will include the completion of 20,000 – 25,000 metres of diamond and RC drilling. The main objectives of the program are to

- i) upgrade the estimated Inferred Mineral Resources and Indicated Mineral Resources to indicated and measured categories through infill drilling at the Sleeping Giant zone;
- ii) test for potential extensions of the down-plunge portion of the high grade core of the Sleeping Giant zone which remains open to the south; and
- iii) drill test high priority exploration targets associated with the nickel-bearing Ntaka and Lionja ultramafic intrusions.

Cairn Hill Phase 2 (IMX – 51%)

During the quarter, work continued with the South Australian Department of Mines on approval processes. A surface water flow study was also carried out which is required to obtain the PEPR revision. A final production decision is expected in the first quarter of 2013.

Mt Woods Project - Regional Targets (IMX – 100%)

Regional magnetite exploration activities continued at the Mt Woods Project during the period with work focussed on geophysical data evaluation and magnetite targeting for future drilling programs. Any future drill campaign will target new magnetic iron targets with a view to expanding the global exploration target resource base of the Mt Woods Project.

The program is designed to target;

- i) high grade magnetite for DSO; and
- ii) additional coarse grained magnetite occurrences with tonnage potential.

Nachingwea Project – Regional Targets (25% JV Interest, 37% CNI Equity)

During the quarter, discovery of the new Hog Gossan gold target located approximately 20km northeast of Ntaka Hill was announced. The target was identified from 2011 sampling and forms part of a 1,150m long gossan which is 25-180 m wide, and remains open to the north and south. A total of 34 gossan grab samples collected over a 900 m strike length were analysed, with a number returning anomalous gold values, including 4 samples which reported values of greater than 1 g/t Au ranging from 1.86 to 4.96 g/t Au. Nine additional samples returned values between 0.4 and 1.0 g/t Au. The gold-bearing samples were collected at sample spacing of 30 to 180m over a strike length of 500 m. A number of the grab samples also returned elevated silver values (1 - 18 g/t) and copper values (0.11 – 0.64%). Additional mapping, prospecting and sampling is planned over the Hog showing to more fully define its extents and significance. The identification of new gold mineralisation in the Nachingwea Project licences further enhances the regional prospectivity of the evolving new mineral province at Nachingwea, which now includes nickel, copper, gold, silver and zinc.

An extensive regional exploration program is also planned which will comprise a 2,500 line km airborne VTEM survey, ground geophysical surveys, 2,500 m diamond and RC drilling, geochemical sampling, mapping and prospecting. Exploration targets on the regional land position have the potential to include nickel, copper and gold mineralization.

A number of drill ready regional targets have already been outlined, including the Chilalo 7 area where a coincident copper in soil and ground EM anomaly was identified in 2011. Airborne and ground geophysical surveys as well as geochemical sampling, prospecting and mapping will be employed to identify additional priority targets for drill testing later in the year.

Mt Woods Copper – Gold JV Project, South Australia (IMX 49%)

The Mt Woods Copper – Gold JV Project is a 49:51 joint-venture between IMX and OZ Minerals. OZ Minerals must spend A\$20 million over five years at a minimum cumulative average of A\$4 million per annum to earn their 51% interest.

During the quarter, OZ Minerals completed two diamond core holes for a total of 880 m at the Brumby prospect, testing geophysical targets. This drilling completes the second exploration year of the joint venture. A full assessment of the available data is in progress with assays awaited for several holes. Drilling activities ceased in late April and will recommence in late 2012.

Ground gravity surveys to assist with future drill targeting were ongoing across the Southern Domain area during the period, with the survey completed during July.

Tasmania - NW Nickel Project (IMX – 96%)

During the quarter, activities focused on drill planning and permitting in order to test potential Ni-Cu-PGE targets defined from geochemical sampling. A drilling contract was signed with drilling expected to commence in the next quarter, weather permitting.

Mibango Nickel Project, Tanzania (IMX – 100%)

No exploration conducted during the period.

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

During the quarter planning continued for a soil sampling and field validation program based on targets interpreted from the Milange aeromagnetic and radiometric survey. Field activities commenced in early July.

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

No exploration conducted during the period. Discussions were held with a number of companies regarding divestment of the project.

Company Investments

The value of IMX's major listed investments stood at A\$14.4 million at the end of the quarter, with the 52.7 million Uranex shares held by IMX valued at A\$6.5 million (UNX: ASX price A\$0.12 per share), and the 15.8 million CNI shares held by IMX valued at A\$7.9 million (CNI: TSXV price \$0.52 per share).

Cash Flow

As at June 30, 2012, the IMX group had cash at bank of A\$17.5 million. The Cairn Hill Mining Operation generated operating cash flow of A\$4.0 million as a result of the reduction in cash operating costs towards the end of the quarter and the negotiation of new long term off take contracts.

MINERAL PROPERTIES OF IMX

Mining Act 1971

The *Mining Act 1971* (“**Mining Act**”) regulates all activities associated with mining in South Australia (e.g. exploration, lease requirements, licences etc). The Mining Act is administered by the Department for Manufacturing, Innovation, Trade, Resources and Energy (“**DMITRE**”). Under the Mining Act, an exploration licence (“**EL**”) may be granted for a term (including any renewals) of up to five years. An EL allows for large-scale exploration to be conducted and generally has a maximum area of 1,000 km².

Under the Mining Act, a Mining Lease (“**ML**”) confers the exclusive right upon the holder to conduct mining operations and recover and sell the minerals specified in the lease area. The maximum term for which a ML may be granted is 21 years, but it may be renewed. The construction and operation of a mining operation can only be undertaken with an approved ML. All MLs require that the mining operation be carried out in accordance with an approved Mining and Rehabilitation Program (“**MARP**”) and appropriate bond in place.

A mining proposal and a PEPR must accompany any ML application. The PEPR sets out an intended approach to managing all the stages in the life cycle of the mine, including its closure and completion.

A Miscellaneous Purposes Licence (“**MPL**”) may be granted for purposes relating to the carrying on of any business in support of the effective conduct of mining operations, including establishing and operating a plant for the treatment of ore, disposing of overburden or waste produced from mining operations and for any other purpose ancillary to mining operations. These may be granted for a term of 21 years and may be renewed for a further term of 21 years. The owner of land over which a MPL is granted is entitled to compensation for the loss of use of the land caused by the grant.

The Snaefell Iron Deposit

Technical information in this section of a scientific or technical nature is derived from, and based upon, and in some instances is an extract from, the Snaefell Project Technical Report. Reference should be made to the full text of the Snaefell Project Technical Report which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under CNI's profile on SEDAR at www.sedar.com. Trevor Stevenson of Runge Limited (“**RUL**”) prepared the Snaefell Project Technical Report.

Property Description and Location

The Snaefell iron deposit (“**Snaefell**”) is located wholly within the Kangaroo Dam EL4649 (“**Exploration Licence 4649**”) which covers an aggregate area of 484 km² as shown in Figure 1. Exploration Licence 4649 has been held by IMX since it was granted on January 25, 2011. Exploration Licence 4649 is bounded as follows:

“Commencing at a point being the intersection of latitude 29°18’S and longitude 134°54’E, thence east to longitude 135°04’E, south to latitude 29°27’S, west to longitude 134°45’E, north to latitude 29°19’, east to longitude 134°54’, and north to the point of commencement, but excluding the surface stratum of the Coober Pedy Precious Stones Field, all the latitudes and longitudes being geodetic and expressed in terms of the Australian Geodetic Datum (AGD66).”

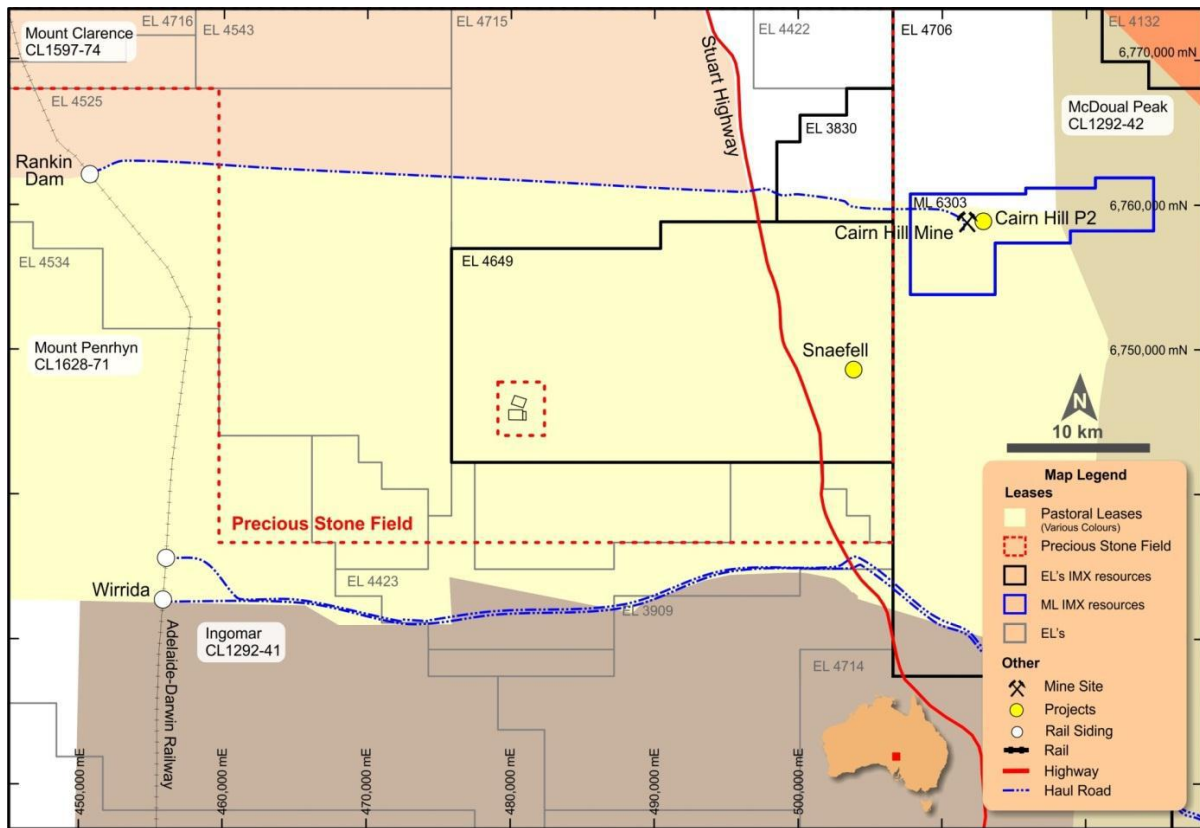


Figure 1: Location of the Snaefell Project Area, Kangaroo Dam EL4649
(Source: IMX Resources Limited, June 2012)

Snaefell extends over a strike length of 2,850 m, centred at 6,749,250 mN and 504,000 mW in the central portion of South Australia.

Exploration Licence 4649 is located within a single Crown Lease which was granted for pastoral activities such as sheep and cattle grazing.

The closest settlement to Snaefell is Windy Valley Village located 24 km by road to the south-west. The Windy Valley Village was established in 2011 to provide accommodation for workers at the Peculiar Knob mine operated by Arrium Limited (formerly OneSteel Limited), 40 km southeast of Snaefell.

IMX has 100% ownership of Snaefell. Caveats are lodged by OZ Minerals as they hold 51% of the non-iron ore rights on IMX’s Mt Woods licences subject to joint venture conditions that require them to spend A\$20,000,000 in five (5) years on exploration to retain the rights. If they fail to do so they will forfeit their 51% interest. IMX retains 49% of non-iron ore rights and 100% of the iron rights.

Mining in South Australia is primarily governed by the Mining Act. In addition to the primary approval and regulation of mining projects via the Mining Act, there are a number of additional South Australian and Commonwealth acts and regulatory processes that affect exploration work and operational activities associated with the project.

SA Property Pty Ltd (“**SA Property**”) purchased Mount Penrhyn Station in May 2011. SA Property is owned by South Australian Coal Ltd which is a wholly owned subsidiary of White Energy Ltd. Under section 61 of the Mining Act, the owner of the land (including a pastoral lease holder) may have the right to receive compensation for any economic loss, hardship and inconvenience suffered as a result of mining operations. IMX currently has landowner agreements in place with SA Property and a good working relationship for exploration activities. Should Snaefell progress to a mining development, an agreement would need to be negotiated with SA Property for the project.

Table 1: Land Tenure Details

Project Area	Exploration Licence	Crown Lease	Pastoral #	Station Name	Owner
Snaefell	EL 4649	CL 1628/71	2527	Mount Penrhyn Station	SA Property Pty Ltd

IMX has continuously held Snaefell since October 2000 (formerly as Goldstream Mining NL (“**GDM**”)) under a number of licence numbers which are subsequently replaced every five (5) years as the maximum term of the licence is reached. As the current holder IMX always has the first right to the licence area at the end of the licence term. On each renewal a new licence number is granted and the minimum expenditure requirements are doubled. Gaps in licence renewal grant dates are due to DMITRE processing delays. Licence tenure is considered continuous during the renewal period. Exploration Licence 4649 is set to expire on January 24, 2013.

Exploration Licence 4649 lies entirely within the Coober Pedy Precious Stones Field (“**PSF**”). Notably, there is an exclusion area in the PSF on the western side of the licence where three extractive mineral licences (“**EMLs**”) have been granted as part of the Coober Pedy council’s Fitzgerald Dam quarry. Furthermore, there are special provisions within the *Opal Mining Act 1995*, designed to regulate prospecting and mining for opals and other precious stones, which apply to the proclaimed PSF. The proclaimed PSF include Andamooka, Mintabie, Coober Pedy and Stuart Creek.

The location of Snaefell falls within a remote areas zone as detailed in the Eyre and Far North sections of the Land Not Within a Council Area – Eyre, Far North, Riverland and Whyalla Development Plan (the “**Development Plan**”) consolidated August 16, 2007. In accordance with the *Development Act (SA) 1993*, the Development Plan anticipates and encourages significant growth and sustainable development in the mining industry, particularly in the remote Far North regions of the state.

The project area is subject to native title claims by the Antakarinja Matu-Yankunytjatjara and Arabunna native title claimants as shown in Figure 2. The Antakarinja people received consent determination over the area on May 11, 2011. IMX (through Termite) currently has a native title agreement in place with the Antakarinja people (for the Cairn Hill Mining Operation and ancillary infrastructure). IMX will need to enter into another native title agreement prior to developing Snaefell beyond the exploration phase. Work area clearances have been undertaken within the Exploration Licence 4649 area.

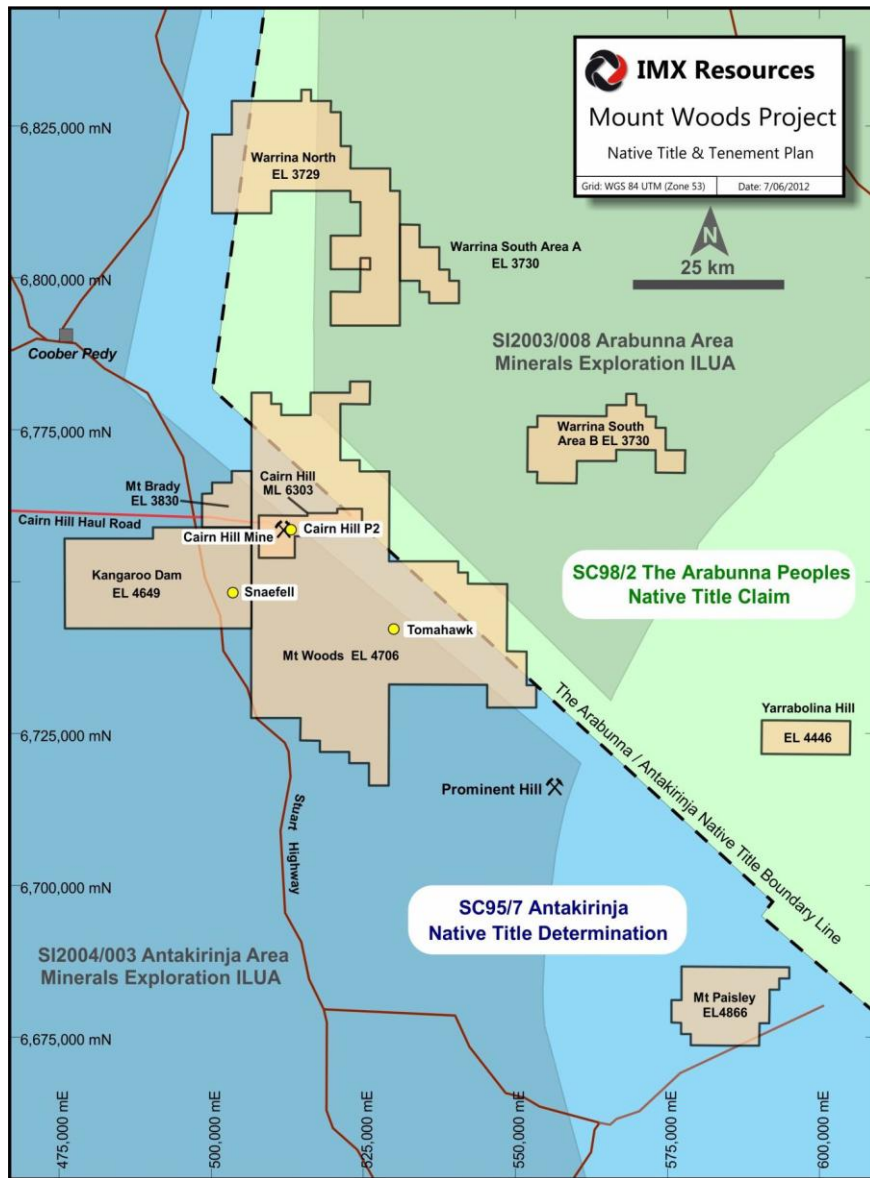


Figure 2: Native Title and Tenement Plan
(Source: IMX Resources Limited, June 2012)

Snafell (including all ancillary infrastructure) is located within the Woomera Prohibited Area (“**WPA**”), which has been gazetted by the Australian Government’s Department of Defence (“**DoD**”) for defence purposes. Under Regulation 35(4) of the *Defence Force Act*, an authorization (from the DoD) is required by IMX to enter the WPA. IMX have negotiated with the DoD regarding secure access to the WPA for exploration and mining purposes and access to the WPA has been granted via a deed of access. IMX currently have two standing deeds of access, one for the purposes of mining at the Cairn Hill Mining Operation and the second for exploring on IMX’s tenements within the WPA.

The WPA is divided into green, amber and red access zones, each offering different levels of access or time-share to non-defence users. Snafell is located within the “Green Zone” denoting infrequent defence use (the “**Green Zone**”). Further restrictions placed on non-defence users of the Green Zone are listed below.

- non-defence users may not need to be evacuated during the course of the year, depending on the frequency and type of testing being conducted in the Green Zone;
- non-defence users in the Green Zone may be required to evacuate for up to 56 days per year;

- non-defence users who have a permanent presence in the WPA will be given six months' notice of any evacuation periods; and
- non-defence users who do not have a permanent presence will be given 14 days' notice of any evaluation periods.

IMX will need to negotiate a new deed of access with the DoD to secure access to the WPA for mining operations potentially at Snaefell.

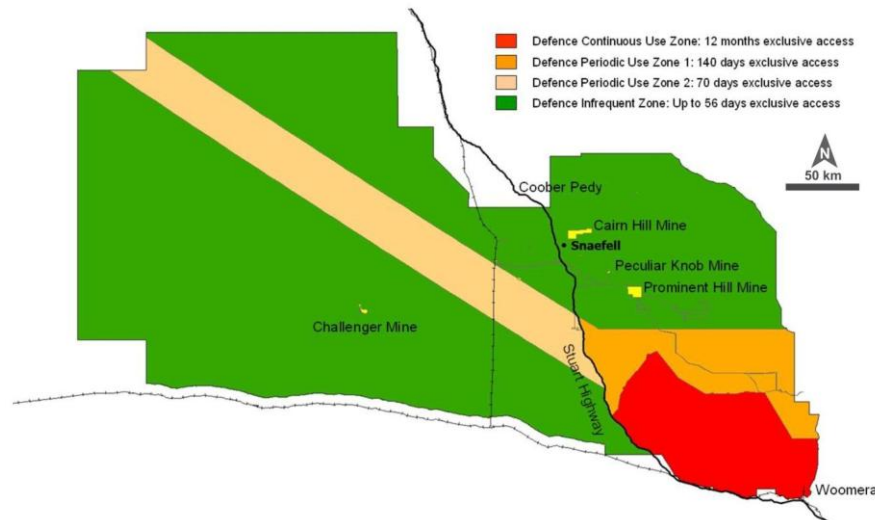


Figure 3: Woomera Prohibited Area
(Source: IMX Resources Limited, June 2012)

Environmental Liabilities

In addition to the various conditions of lease that have been applied to Snaefell, IMX also has a 'general environmental duty' under the *Environment Protection Act 1993* ("**EP Act**"), which provides for the protection of the environment and is administered by the Environment Protection Authority ("**EPA**"). This general duty specifies that a person must not undertake an activity that pollutes, or might pollute, the environment unless the person takes all reasonable and practicable measures to prevent or minimize any resulting environmental harm. Approvals, which are administered by the EPA, are required for activities which are classified as a prescribed activity of environmental significance under Schedule 1 of the EP Act. Authorizations for prescribed activities under the EP Act take the form of a works approval, licence or exemptions.

The extraction and use of groundwater and the diversion of any watercourses for Snaefell will be governed by the *Natural Resources Management Act 2004* ("**NRM Act**"), which promotes sustainable and integrated management of the state's natural resources and provides for their protection. The NRM Act brings together three acts, the *Animal and Plant Control (Agricultural Protection and Other Purposes) Act 1986*, *Soil Conservation and Land Care Act 1989* and *Water Resources Act 1997* and is administered by the Department of Water, Land and Biodiversity Conservation ("**DWLBC**"). Approval (in the form of a licence and water allocation) is required for extraction and use of groundwater for the project. While surface water in the area of Snaefell is not prescribed, permits under the NRM Act would normally be required for 'water affecting activities', such as the diversion of water courses.

The *Native Vegetation Act* ("**NV Act**") regulates the clearance of, and provides for the management of, native vegetation throughout the state. It also ensures that areas of high conservation value are protected and that minor vegetation clearance is subject to a thorough assessment process. Under the NV Act, the clearance of native vegetation requires the consent of the Native Vegetation Council, which is advised by the Native Vegetation Branch of the DWLBC. Heritage agreements are also covered and protected by the NV Act.

The *National Parks and Wildlife Act 1972* ("**NPW Act**") was designed to allow for the establishment and maintenance of a system of reserves, as well as the protection of threatened species of flora and fauna. The NPW Act identifies and protects

certain species located within conservation parks and reserves, as well as any species listed under Schedules 7, 8 and 9 of the NPW Act.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The site of Snaefell is very remote with the nearest towns being Coober Pedy (approximately 55 km to the northwest), Roxby Downs (approximately 210 km southeast) and Port Augusta (approximately 400 km southeast). The Stuart Highway is the major interstate road closest to the project area. This highway connects Adelaide and Darwin and is maintained by the Department of Planning Transport and Infrastructure. Current access to Snaefell is along a minor pastoral road to the east off the Stuart Highway.

The site is 60 km by road from Coober Pedy and 380 km by road from Roxby Downs. A network of minor sealed and unsealed roads service the pastoralists, community and mining operations. The minor roads are occasionally disrupted by heavy rainfall.

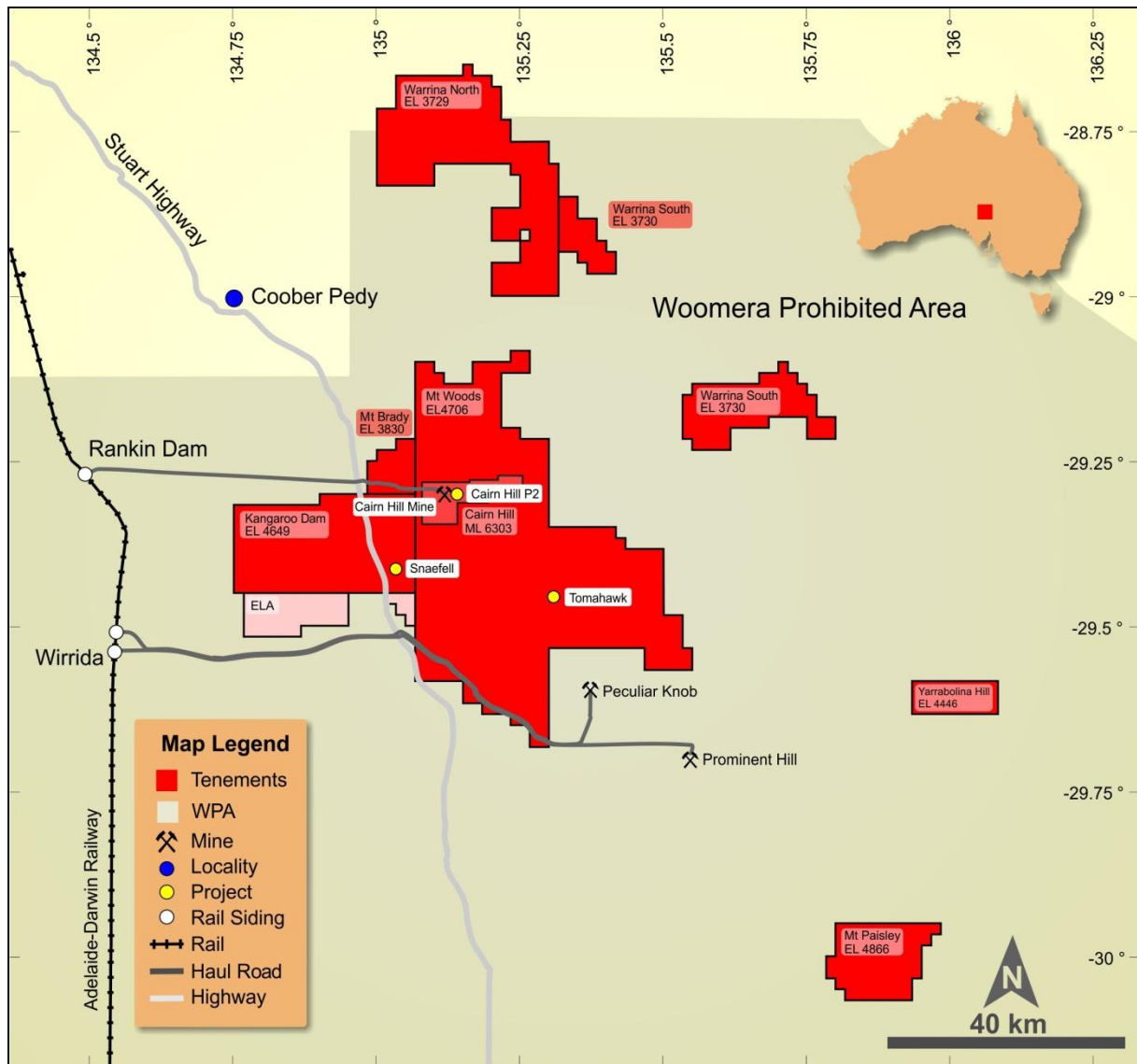


Figure 4: General location of the Mt Woods Project
(Source: IMX Resources Limited, June 2012)

Snaefell experiences a typical desert climate, with mild to hot sunny days year round with cold nights from April to October and warmer nights from November to March. Summer temperatures range from 35°C to 48°C in the shade with annual rainfall in the area being minimal at around 150 mm per annum. The average rainfall for Coober Pedy is 159.1 mm. January and July

are the hottest and coldest months respectively for the area with summer temperatures typically above 34°C and minimum winter temperatures below 10°C. Annual rainfall for the area ranges from 117.5-157.7 mm. January, February and December are the wettest months and are also the only months to exceed 20 mm; this can be associated with the northern monsoon occasionally drifting far enough south to cause rainfall. Rainfall in the region is unpredictable. The predominant summer wind direction is from the south and south-east. In winter the wind direction is generally from the north to north-east.

There are no camp facilities located at Snaefell. Facilities within Coober Pedy are utilized for accommodation for IMX's nearby Cairn Hill Mining Operation and would be expected to be used for any future development for Snaefell. The project area is not connected to the state power grid. Electricity at Coober Pedy is generated from diesel generators and a wind turbine, with the District Council of Coober Pedy being responsible for the distribution and retailing. Pastoralists operating in and around the project area utilize underground water resources are the only water supplies available in the area.

Snaefell occurs in the Stony Plains Bioregion, characterized by a dissected silcrete tableland and mesas on deeply weathered shales. The area is largely flat with very little topographic relief and sparse vegetation. The project contains sufficient areas which could be suitable for potential infrastructure including tailings storage, waste disposal, leach pads and processing plant sites.

History

Exploration for iron ore in the Coober Pedy region was undertaken by Delhi Australia Petroleum Limited (1962 to 1965), with more extensive base and precious metal exploration, and minor uranium and diamond exploration, being carried out by Newmont Ltd (1970 to 1977), CRA Exploration Pty Ltd ("**CRAE**") (1981 to 1988), BHP Minerals Limited ("**BHP**") (1991 to 1995) and WMC Resources ("**WMC**") (1995 to 2000, in joint venture with BHP). As there is no basement outcrop within the tenement area, all previous exploration has been strongly reliant on geophysical techniques. Some drilling (principally rotary mud or percussion) of geophysical basement targets under cover was completed. Extensive regional RC drilling was also completed by DMITRE as part of the South Australian Steel and Energy Project on the Phillipson and Coober Pedy 1:100,000 map sheets (1995).

In the 1980s, CRAE explored the area under a series of ELs in search of stratiform base metals, diamonds and iron ore-copper-gold ("**IOCG**") mineralization. This program was the first systematic and detailed exploration over the area. The bulk of the work over the current area was carried out over their EL1330 'Leonard Rise'. CRAE initially flew an aeromagnetic and radiometric survey at 500 m line-spacing.

In the 1990s, BHP selected a number of targets over the Coober Pedy Ridge project area. Ground-based magnetic surveys confirmed the anomalies and twenty of these were drill-tested. BHP ranked three of these targets as 'economically interesting', however none are within the area of Exploration Licence 4649. From 1995, WMC managed a joint venture with BHP. WMC carried out geochemical orientation surveys, and regional aeromagnetic and gravity interpretations. Detailed exploration over selected magnetic and gravity targets consisted of detailed gravity and IP over the Cetus, Snaefell and Aquila targets in the east of what is now the Exploration Licence 4649 area. No mineralization was located and the ELs were relinquished by the joint venture.

GDM acquired the lease in 2000. Between 2001 and 2003, as part of a joint venture with Anglo American Investments (Australia) Limited ("**Anglo**"), Anglo managed the exploration, targeting nickel and iron oxide copper-gold mineralization. Work included ground electromagnetics, magnetics and gravity surveys as well as soil sampling, RC drilling (14 holes ARC015-028) and petrography. Anomalous platinum ("**Pt**"), palladium ("**Pd**") and gold ("**Au**") mineralization and nickel/copper mineralization was noted in the basal portion of ARC025 associated with pyrrhotite veinlets. At this point the locality was named the 'Kangaroo Dam prospect'.

In 2004 management of the licence returned to GDM. A single RC drillhole KDRC001 at the Kangaroo Dam prospect intersected 2 m @ 1.78g/t Pd+Pt+Au PGE within an 18 m interval from 202 m assaying 0.53g/t PGE. The intersection is associated with a geophysical feature extending approximately twenty kilometres in length that is interpreted to be a meta-gabbro unit.

During 2005, exploration included ground magnetic surveying and the drilling of KDRC002. Samples from Anglo holes ARC001 to ARC029 were analysed for PGE but only weakly anomalous values were obtained. Previous WMC IP data over the Cetus, Snaefell and Aquila targets were acquired in digital format from DMITRE and reprocessed by Zonge International, Inc.

Exploration in 2006 consisted of diamond drilling, RC drilling and analysis including petrology and water sampling. Five diamond drill holes were completed at the Kangaroo Dam prospect. Results for most holes were low, with the exception of KDD003, which intersected 22 m @ 0.91g/t PGE from 148 m, including 2 m @ 1.94g/t PGE from 151 m and 6 m @ 1.15g/t PGE from 160 m.

Of the six RC holes drilled in 2006, two were abandoned, two tested ground magnetic features at Snaefell, one hole tested for an anomaly (Anomaly 9) and another for a uranium target. At Snaefell, MWRC010 returned a 92 m intersection averaging 29.6% Fe. MWRC011 returned an 80 m intersection of 32.4% Fe. Both holes ended in magnetite mineralization. At Anomaly 9, MWRC012 intersected 4 m @ 0.74g/t PGE from 56 m. MWRC014 was abandoned at 52 m and failed to reach its target depth. MWRC009 intersected slightly elevated gold values. Groundwater samples returned no anomalous uranium values. MWRC013 failed to penetrate the Cadna-Owie formation and was abandoned at 48 m.

Exploration in 2007 included a helicopter-borne magnetics survey, four rotary mud holes, three water bore holes, and rehabilitation activities. No anomalous uranium or signatures indicative of proximal uranium mineralization were detected. However, the drilling confirmed the presence of palaeochannels, and significant thicknesses of potential sedimentary host packages. Three water-monitoring bores were drilled adjacent to the four rotary mud uranium exploration holes as part of a regional groundwater monitoring program associated with the Cairn Hill Mining Operation groundwater supply investigation.

In late 2007 GDM changed its name to IMX Resources NL, which subsequently changed its name to IMX Resources Limited in late 2008. During 2008, exploration by IMX was directed largely at developing the Cairn Hill Project magnetite deposit on the adjoining EL3518. On the Exploration Licence 4649, two 160 m RC holes, MW015 and MW016, were drilled at Anomaly 9. Both intersected magnetite-bearing amphibolite rocks beneath more than 50 m of cover and a clay-rich saprolitic layer, but neither intersected anomalous PGE or base metal geochemistry.

In 2009, ground gravity surveys were undertaken over Snaefell identifying coincident mag-gravity anomalies. The previously acquired regional helicopter-borne magnetic data and the more recently acquired gravity data were modelled as an aid to drill hole planning. Twelve RC holes were completed at Snaefell. Drilling tested the centre of the coincident magnetic and gravity anomaly and part of the eastern end of the feature, successfully locating significant width zones of greater than 30% Fe.

A 394.6 m diamond drill hole (SFD001) tested the 'Core Zone' centre of the magnetite-mineralized zone of Snaefell. Metallurgical testing of the diamond core samples demonstrated that magnetite gneiss reporting at 34-40% Fe could be upgraded to 68-70% Fe. Logging of the diamond drill hole confirmed the presence of good magnetite mineralization and the occurrence of mixed iron ore varieties, as listed below:

- Earthy hematite + magnetite in the upper weathered zone to 114 m;
- Earthy hematite + specular hematite + magnetite;
- Specular hematite + magnetite.

The identification of the mixed iron ore mineralization, in addition to magnetite-only mineralization, prompted detailed beneficiation test work metallurgy on the mixed ore varieties to be conducted.

The initial 5 RC drill holes of the 2010 drill program east and west of previous drilling confirmed continuous mineralization. The drilling intersected intervals of 72 to 103 m containing magnetite mineralization averaging between 27 and 33% Fe.

Geological Setting and Mineralization

Snaefell is located in central South Australia in the Mt Woods Inlier of the Precambrian Gawler Craton. The Mt Woods Inlier is poorly exposed. Regionally there are limited outcrops of gneisses and granites to the southeast of the Exploration Licence 4649 area, and outcrops of Gawler Range volcanics and Archaean gneisses further to the south and southwest of the area. Basement outcrop within Exploration Licence 4649 is restricted to one small granite gneiss outcrop in the southwest of the tenement. Within the area of Exploration Licence 4649, the basement is blanketed by variable thicknesses of tertiary and holocene sediments and significant thicknesses of permian sediments. Most of the Exploration Licence 4649 area is underlain by dark grey shales and interbedded, friable sandstone units.

The Exploration Licence 4649 covers part of the Mt Woods Inlier, a tectonic block of variable magnetic intensity lying to the east and southeast of the Coober Pedy Ridge and the Mabel Creek Inlier.

Snaefell lies on a major magnetic linear, which comprises Paleoproterozoic metasedimentary rocks and syn to post-tectonic granitoids. The host to the iron formation is a north dipping, magnetite rich metasedimentary package. The rock package has also been geologically thickened by structural folding and faulting. Iron grades, averaging 27% Fe, are attributed to recrystallization in high grade metamorphic granulite facies. The rocks at Snaefell were originally iron rich semi pelitic sediments and have gone through 2 main phases of metamorphism. The first stage of metamorphism formed annite (an iron rich mica) and the second stage of metamorphism resulted in the oxidation of annite to form magnetite and K-feldspar.

Snaefell's main magnetite units comprise a hanging wall gneiss and a footwall gneiss separated by a steeply dipping diopside marble and quartzite unit. A diopside olivine marble lies within the footwall gneiss and pinches out towards the unconformity. The hanging wall gneiss is separated from overlying felsic rock by a north dipping, Ni anomalous clay rich shear zone. This shear zone is the northern boundary of the prospect and, like the footwall magnetite southern boundary, dips between -60° and -75° to the north. Generally the dip of rock units steepens with depth. A subordinate unit of magnetite + specular hematite also occurs but this is not considered to be part of the main mineralization at Snaefell.

The prospect is covered by 35 m –45 m (vertical depth) of Mesozoic, tertiary and holocene cover sediments comprising clays and unconsolidated sand. Immediately below the unconformity is a 3–4 m thick layer of highly weathered ferruginous and/or felsic saprock. The magnetite has usually undergone a degree of weathering to hematite and clay minerals to about 100 m from the surface.

Exploration

Snaefell is a key exploration focus for IMX and the initial scope of work included initial compilation of available current and historic exploration data (geophysics, drilling, and surface geochemical sampling); establishing an auditable and robust Exploration Data Management System (“**EDMS**”); and validation of critical historical exploration data.

IMX is using geophysics and drilling as the primary exploration methods for discovery of extensions and new deposits, with geological mapping representing a support methodology. Other work includes regional field reconnaissance, mapping and geophysical analysis.

IMX is primarily targeting a moderate to large tonnage, coarse-grained magnetite DSO product. Magnetic highs define the location of the magnetite rich mineralization which has been targeted by drilling so far. The majority of Snaefell remains open at depth but further exploration, targeting depth extensions, may be limited by the economic viability of mining magnetite at depth.

Results of metallurgical testwork to date are extremely positive. DTR tests produced magnetic concentrates of 65% Fe at a coarse grind size of 200 µm with very low levels of impurities. This coarse, high grade concentrate may be suitable as direct feed to iron-making sinter plants negating the need to pelletize this material.

High mass yields to a first stage dry magnetic concentrate at coarse crushing sizes are also achievable. The results indicate the potential to exploit this resource utilising a smaller than typical processing facility requiring significantly lower overall water and power inputs relative to other existing magnetite processing flowsheets.

Drilling

The majority of exploration work undertaken by IMX to date has consisted of RC drilling. IMX are currently drilling further holes at Snaefell to support the resource estimates reported by RUL in September 2011 and February 2012 and to further investigate the metallurgical properties of the deposit. The current drilling program is a 3,100 m diamond core campaign.

Initial drilling into the deposit commenced in 1987, when CRAE drilled a single diamond core hole (DD87LR001). After a cessation of drilling, Anglo drilled three RC holes in 2003. Involvement by IMX started in 2006 when GDM, which later became IMX, drilled two holes MWRC010 and MWRC011.

In 2009, MWRC010, 011, 042, 043, 045, 063–068 and SFRC001–003 were drilled by IMX. Diamond hole SFD001 was also drilled in late 2009 in an attempt to characterize the prospect with respect to the geological and structural characteristics of the deposit.

16 holes (SFRC004–019) were drilled in IMX’s October–November 2010 drill program with the aim to obtain an Inferred Mineral Resource. A further four holes in April 2011 (SFRC020–023) were drilled to gain more confidence. These 20 holes were drilled to the south at -60°. All were stopped at a nominal down hole depth of 230–232 m to give a vertical depth of 200 m. Drill line spacing was generally 180 m with collars 90 m apart along those lines.

Two metallurgical PQ diamond holes (SFD002 & SFD003) targeting different mineralization styles were also drilled in April 2011.

Table 2 summarizes the drilling within the project area since drilling began in 1987.

Table 2: Drill Hole Metres at Snaefell to 2011

Hole Type	In Project		In Resource		
	Drill holes		Drill holes		Intersection
	Number	Metres	Number	Metres	Metres
RC	67	15,399	63	14,757	7,895
DDH	2	637	2	637	497
DDH_Met	2	310	2	310	214
Total	71	16,346	67	15,704	8,606

Figure 5 displays all drilling at Snaefell.

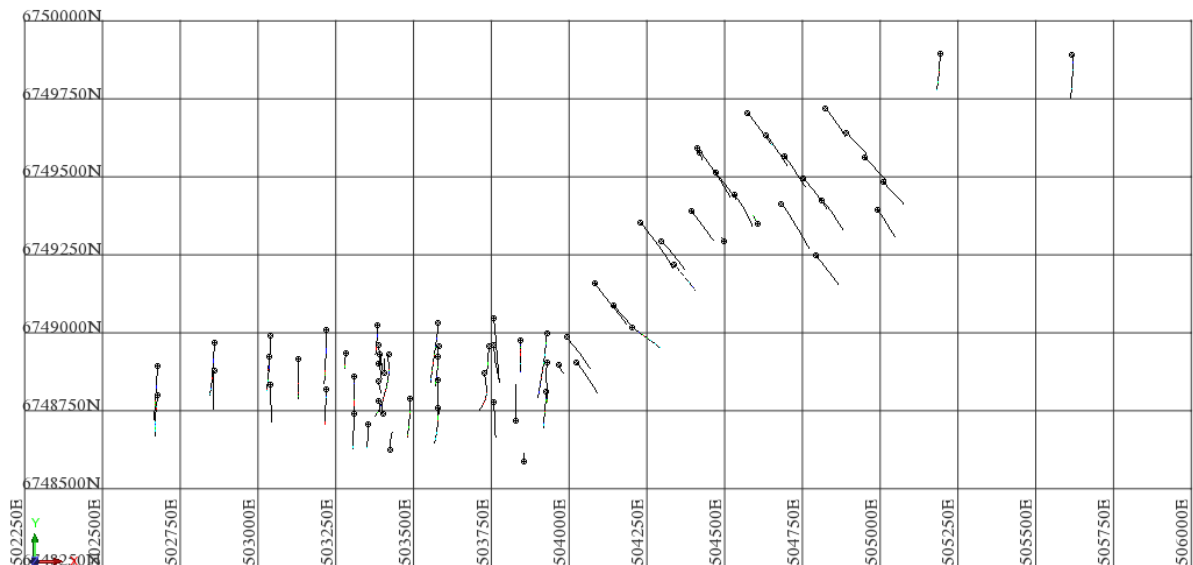


Figure 5: Plan View of All Drilling Completed at Snaefell
(Source: RUL, 2012)

The RC drilling has been conducted on varied section spacing; the majority of the deposit is 90 m along strike with 90 m spacing along section orthogonal to the changing strike of the mineralization trend. On the most heavily drilled sections, holes are spaced at approximate 50 m spacing along section (across strike). In the north-east extension area the drilling is spaced at 180 m section spacing along strike by 90 m spacing along section. This spacing is sufficient to show a continuity of mineralization in the main mineralized zones of the deposit. Figure 6 demonstrates the steep dip of the mineralization across a drill section.

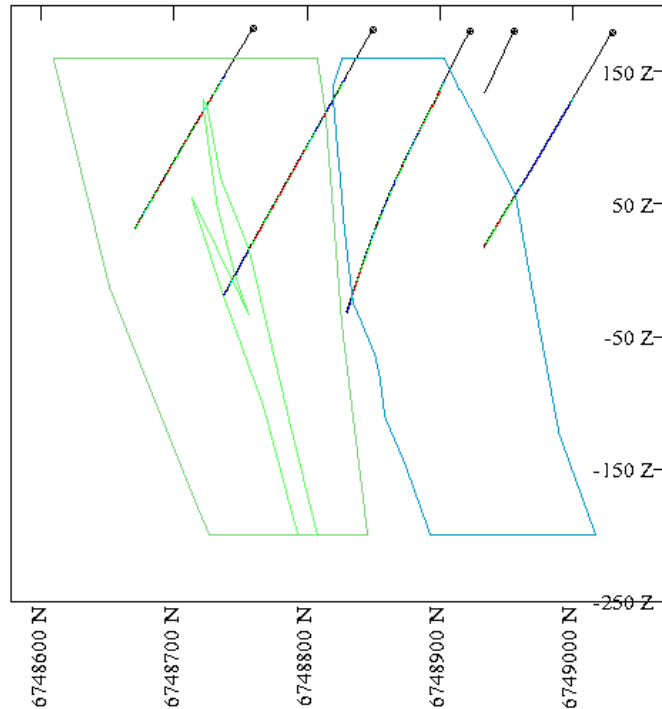


Figure 6: Cross-section of the Two Main Magnetite Gneiss Units Section 504,150mE
(Source: RUL, 2012)

All drill hole collars have been surveyed by IMX surveyors using a trimble differential GPS. Accuracy of the unit is quoted to be ± 30 mm. Holes were surveyed in the MGA94-53 co-ordinate system.

All drill hole collars used in the initial resource estimate were re-surveyed and were compared to a high resolution, Semi-Global Matching Digital Elevation Model (“**DEM**”). All of the drill hole locations picked up by differential GPS match the surface with the exception of one which was floated to the surface.

The drill hole database consists of 1,676 records in the survey table, consisting of 1,635 Gyroscopic (“**Gyro**”) records and 26 electronic single shot (reflex ez-shot) records, while the remainder were either collar records or records proposed by RUL.

Prior to November 2011 all IMX holes were surveyed by ABIM Solutions Pty Ltd of Kalgoorlie (“**ABIMS**”) using an icefield down hole Gyro instrument (the calibration of which is checked periodically at a test hole). At each drill hole the ABIMS operator ran a dummy probe down the hole to find its depth, or a depth of potential blocking. The Gyro instrument was then lowered to that depth and directional data acquired as the instrument was raised. The instrument was stopped every 10 m and an azimuth and a dip were recorded. The azimuth at the collar of each hole was entered as the zero shot.

In blocked holes the recorded dip was taken from the reflex instrument used during drilling and the azimuth was estimated using either the gyro data taken in the unblocked portion of the hole, or the last azimuth before the hole became blocked was extrapolated to the bottom of the drill hole.

A number of drill holes were surveyed by ABIMS using a liu-he north seeking Gyro instrument in generally open holes. The instrument was refitted with internal rubber buffers to eliminate the possibility of open hole conditions effecting calibration. The azimuth has a tolerance of ± 0.5 degrees.

The procedure for the Gyro instrument was to first lower a dummy probe to check for any blockages. The instrument was then lowered to the bottom of the hole and readings taken as it was extracted from the hole. The instrument was stopped every 10-20 m and an azimuth and dip recorded.

Bulk density measurements have been completed by both IMX and Genalysis Laboratory Services Pty Ltd. ("**Genalysis**"). In 2009, IMX completed bulk density test work on NQ core from hole SFD001 using the water immersion technique. IMX submitted a further 49 samples from holes SFD002 and SFD003 to Genalysis for bulk density determination. The test work resulted in an average bulk density of 2.94t/m³ for transitional magnetite gneiss, and 3.38t/m³ for fresh magnetite gneiss.

Sample Preparation, Analysis and Security

Drilling within the model area has been sampled in its entirety. Sampling of diamond holes appears to be completed on varying sample length depending on the lithology, whereas RC holes have been sampled at either 1 m, 2 m or 4 m intervals.

The RC samples are combined in the field to 4 m composite samples for non-mineralized material and 2 m composites for mineralized material. Where the drill rig allows, 2 m composites are taken directly from the splitter on the rig for more accurate sampling. Chips are also collected in chip trays as a reference. The samples are packed into polyweave bags in the field and the numbers recorded. The batches are taken to Miners Transport Co Pty Limited fenced yard to go on next available shipment. A sample submission form accompanies the samples and a duplicate form is sent electronically to the Genalysis laboratory in Adelaide for sample preparation.

Sample methodology has varied slightly with each drill campaign conducted at Snaefell:

- During 2004 drilling, individual one metre RC samples were collected for the entire hole in numbered green plastic bags. All samples were split onsite at the time of the drilling using a 25/75 riffle splitter. Four and two metre composite samples were collected with a sampling spear from the bulk reject over intervals considered to be un-mineralized. Where zones of interest were noted by the geologist onsite, the 1 m pre-split bags (25-split) were collected and submitted directly to the laboratory.
- During 2006 drilling, individual one-metre RC samples were collected for the entire hole lengths in numbered green plastic bags. Four metre composite samples were collected for assaying with a sampling spear from the green bags over the entire hole. Where 4 m composite samples returned anomalous grades, the bulk reject was split to obtain a smaller sub-sample to be used for analysis.
- During 2009 drilling, individual one-metre RC samples were collected for the entire hole in numbered bags. All samples were split in the ratio 25/75 onsite at the time of the drilling using riffle splitter. The 75-split bulk reject was collected in green plastic bags, the 25-split in calico bags. Four and two metre composite samples were collected with a sampling spear from the bulk reject over intervals considered to be un-mineralized. Where zones of interest were noted by the geologist onsite, the one metre calico bags were collected and sub-sampled for submission to the laboratory. A sub-sample of the split was necessary as from previous experience the weight of the magnetite samples resulted in oversize laboratory samples which resulted in triple processing and splitting by the laboratory. RUL was made aware by IMX that the sub-sampling was completed using a sample spear.
- During 2010 drilling, all drill cuttings were split onsite during the drilling using a cyclone and riffle splitter. For the entire hole, individual one metre RC samples were collected in numbered green plastic bags. A 20/80 split was collected in calico bags from splitter representing two metre intervals. Any 4 m composite samples were taken from the 2 m pre-split bags. As Snaefell is a bulk tonnage prospect, material from each hole was sampled, without exception, from the bottom two metres of the cover sediments, to the end of hole. For the intervals where the geologist estimated there was over 20% magnetite/hematite, 2 m composite samples were collected from the pre-split calico bags. In zones of negligible or low grade mineralization, samples were collected as a 4 m composite (i.e., from two 2 m pre-split composites). As in 2009, a spear was utilized to collect sub-samples of manageable size.
- During 2011 drilling, a rig mounted (25/75) cone splitter was used to collect a bulk reject sample at 1 m intervals, and for certain holes a calico bagged sample at 1 m or 2 m intervals. For the intervals where the geologist estimated there was over 20% magnetite/hematite, 2 m composite samples were collected from the pre-split calico bags. In low (less than 20% magnetite) to un-mineralized zones, samples were collected as a 2 m or 4 m composite, with a spear from the pre-split 2 m composite samples.

Samples from all drilling programs were submitted to the Genalysis laboratory in Adelaide for sample preparation.

Drilling programs carried out at Snaefell since 2003 have included ongoing quality assurance and quality control (“QAQC”) procedures. These included the use of certified standards, blanks, repeat analyses and duplicate sample analyses. IMX employees insert QAQC samples on site prior to the collection of samples by Genalysis employees.

The various programs of QAQC carried out by IMX have all produced results which support the sampling and assaying procedures in use at the site. The standards all plotted in a consistent grade range after September 2009, with 98.7% of samples reporting within 3 standard deviations.

All duplicate pulp analyses demonstrated excellent correlation between original and repeat samples. Duplicate analyses also support the consistency of accurate data over time. 94.1% of data is within a 99% precision range and 98% within a 90% precision range.

Overall, the QAQC results confirm the suitability of the drilling data for use in the resource estimation.

To make the size of the calico bags being sent to the lab more manageable and to reduce expensive lab handling costs, IMX speared samples from calico bags. As part of QAQC process, RUL recommended that the speared samples be checked for accuracy by riffle splitting the mining green bags. The results were then compared with the original speared samples.

The riffle split check data can be relied on as a good check of speared sample assay results. The comparison of riffle split check data and the original speared 2 m composite samples showed there was a good correlation. The assay results derived from spear sampling method can be confidently relied on to be used in the Snaefell estimate.

Future RC drilling campaigns should attempt to reduce sample size from the RC rig splitter. This will give more confidence in assay results especially below 19% Fe and will save on double handling costs.

Mineral Resource and Mineral Reserve Estimate

No Mineral Reserve has been declared at Snaefell.

An initial Mineral Resource estimate was prepared for Snaefell by RUL in September 2011. Further drilling enabled an extension of the resource model to the northeast in February 2012. The results of the 2012 resource estimation exercise are shown below in Table 3.

Table 3: Snaefell February 2012 Mineral Resource Estimate (18% cut-off)

Type	Inferred Mineral Resource					
	Tonnes	Fe	Al ₂ O ₃	P	SiO ₂	S
	Mt	%	%	%	%	%
Oxide	12.3	27.80	7.36	0.132	38.32	0.07
Transitional	138.2	26.79	7.70	0.112	44.74	0.04
Fresh	418.4	27.20	6.53	0.139	46.23	0.02
Total	568.9	27.11	6.83	0.133	45.70	0.03

The deposit was estimated in standard Surpac block models using ordinary kriging (“OK”) grade interpolation methods. The block models were constrained by resource outlines based on mineralization envelopes prepared using a nominal 18% Fe cut-off grade and also by interpreted geological boundaries. A minimum down-hole width of 2 m was used.

The parent block size used for grade estimation in the model was based on approximately half the drill hole spacing. Sub-blocking was used to ensure the model honoured the wireframe geometry. The resource was classified as Inferred Mineral Resource in accordance with the JORC classification of Mineral Resources.

The database contained results from four diamond drill holes and 63 RC holes totalling 15704 m, for estimation purposes the orebody was subdivided into four distinct mineralized units. The data was used to define a 2.7 km long by 270 m wide and 370 m deep resource which is still open along strike and at depth.

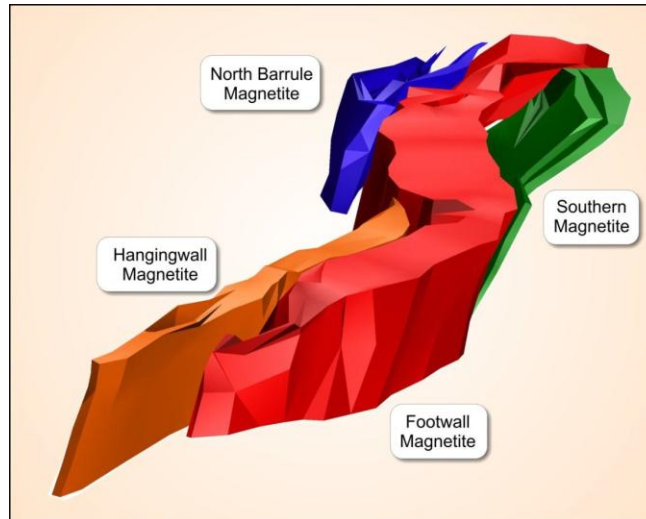


Figure 7: Snaefell resource model showing mineralized units
(Source: IMX Resources Limited, June 2012)

Exploration and Development

As indicated in the “Exploration” section, IMX is primarily targeting a moderate to large tonnage, coarse-grained magnetite DSO product. Magnetic highs define the location of the magnetite rich mineralization which has been targeted by drilling so far. The majority of Snaefell remains open at depth but further exploration, targeting depth extensions, may be limited by the economic viability of mining magnetite at depth. IMX is using geophysics and drilling as primary exploration methods for discovery of extensions and new deposits, with geological mapping representing a support methodology.

IMX is currently completing a 3,100 m diamond drill program to further define the metallurgical characteristics of the ore body. This program will also provide invaluable structural information and potentially upgrade the classification of the resource.

The Cairn Hill Mining Operation

Technical information in this section of a scientific or technical nature is derived from, and based upon, and in some instances is an extract from, the CHP1 Technical Report. Reference should be made to the full text of the CHP1 Technical Report which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under CNI’s profile on SEDAR at www.sedar.com. Jeames McKibben and Trevor McIlwaine of Xstract Mining Consultants Pty Ltd (“Xstract”) prepared the CHP1 Technical Report.

Property Description and Location

The Cairn Hill Mining Operation comprises only part of IMX’s entire tenement holding in South Australia’s Gawler Craton and lies at an approximate latitude 29° 17’41” south, longitude 135° 09’19” east (datum: GDA53, 515080 mE, 6,759,370 mN). The mining operation lies within the Billa Kalina (SH 53-7) 1:250,000 scale and the Engenina (5939) 1:100,000 scale map sheets.

Exploration Licence 4649 associated with IMX’s Mt Woods Project surrounds the Cairn Hill Project ML (“**ML6303**”). OZ Minerals’ Prominent Hill copper –gold mine lies approximately 70 km southeast of the Cairn Hill Project.

The Cairn Hill Mining Operation involves mining and onsite crushing with direct export of ore for processing. The magnetite-copper-gold ore is transported in bulk by road to a rail siding and then by rail to the Port of Adelaide for export by ship.

From a logistical point of view, the operation lies 58 km east of the Rankin Dam rail siding facility. The Port of Adelaide is situated 879 km southeast of the mine.

As described in section entitled “Business of IMX” in this Appendix “G”, IMX’s interest in the Cairn Hill Mining Operation is held through a direct 51% interest in Outback, with Taifeng holding the remaining 49% interest. Outback holds a 100% interest in Termite, the holder of ML6303.

As required by the Mining Act, Termite submitted an application for a ML, which included supporting documentation detailing the operations and detailed description of the existing environment.

On April 17, 2008, the Minister for Mineral Resource Development granted title to ML6303 to Termite. ML6303 covers a total area of 8,012.80 ha and was granted for a 10-year period with expiry due on April 16, 2018. Rents are payable to the South Australian Government under the terms of a mining lease at a rate of A\$43.25 per hectare. This rate varies annually.

From July 1, 2011, a royalty rate of 5.0% applies to mineral products, generally concentrated or minimally processed products, including copper concentrate, uranium oxide concentrate and iron ore. New mines are eligible for a concessional rate of 2.0% for the first five years. Existing mines paying the 1.5% rate are subject to this rate until the end of their five-year term. The Cairn Hill Mining Operation is currently paying a 1.5% royalty to the South Australian government.

The Cairn Hill Mining Operation area is subject to native title claims by the Antakarinja Matu- Yankuntjatjara and Arabunna native title claimants. Negotiations for indigenous land use agreements in South Australia are part of a state-wide approach that is aimed to yield successful outcomes for industry, communities and the government. Native title agreements for ML6303 were finalized in March 2008 and lodged with DMITRE on March 12, 2008. The native title mining agreement with the Antakirinja Land Management Aboriginal Corporation and the Ularaka Arabunna Association Inc. provides for a royalty. The terms of the native title agreement remain confidential, but are broadly similar to other agreements within the industry. As such, this royalty falls in the range 0.7 to 1.5% of the examine gate value of the minerals obtained from the lease.

As outlined above, Termite developed a MARP detailing how mining and rehabilitation activities are undertaken and managed at the Cairn Hill Mining Operation. The MARP is the key operational document for environmental management at the mine site. A stamped, numbered copy of the MARP must be kept on site at all times, and must be reviewed at no longer interval than every seven years. Earlier review may be required if: additional significant environmental risks are identified; a lease renewal is required; there is a change in the operation or operator; the MARP is not proving to be adequate in addressing environmental risks; or there is a change in community or stakeholder expectations regarding the operation (sufficient for DMITRE to require an update). IMX is not currently aware of any missing environmental knowledge required to support ongoing Phase 1 operations into 2012/2013.

The area within which the Cairn Hill Mining Operation is located is known as the Far North Prescribed Wells Area (“FNPWA”), approximately 120 to 150 km south and southwest of the Great Artesian Basin (“GAB”). The FNPWA incorporates the portion of the GAB, which lies within South Australia and some immediately adjacent areas. The FNPWA has been set up primarily to achieve responsible use of the GAB resources in South Australia. Approval (in the form of a licence and water allocation) is required for extraction and use of groundwater for the project. In order to obtain a licence and allocation to extract and use groundwater, Termite lodged an application with the DWLBC in November 2007.

The mine construction water allocation component (182,500 m³/year) expired on June 30, 2012. A variation is required to extend the Department for Water allocation by an additional year for the construction of Cairn Hill Phase 2. IMX confirmed that an application has been submitted and is currently being assessed by Department for Water.

Construction of infrastructure associated with a mining development (but not within the ML6303 area) requires the application for an MPL. Termite has previously applied for four MPLs for the following: a proposed haul road to the Adelaide-Darwin rail line, a portion of the borefield (containing supply bore CHPB01) which is located outside of the ML6303 area, and a proposed rail siding. The Cairn Hill Mining Operation does not currently have any MPLs for infrastructure outside the ML6303 area and there is no foreseeable need to apply for any new MPLs.

The Cairn Hill Mining Operation including all ancillary infrastructure is located within the WPA, which has been gazetted by

the Australian Federal Government's DoD for defence purposes. Under Regulation 35(4) of the *Commonwealth Defence Force Act 1952*, an authorization from the DoD is required by Termite to enter the WPA. Termite has negotiated with the DoD regarding secure access to the WPA for mining purposes and access to the WPA has been granted via a deed of access. ML6303 falls in the Green Zone. Non-defence users may be required to evacuate the Green Zone for up to 56 days per year. However, IMX has been exploring and mining within the WPA since 2000 and 2008 respectively, and it has never had to vacate the WPA for any reason.

IMX has been actively mining, crushing and screening, transporting and exporting its magnetite-copper-gold product since mid-2010 and has the relevant approvals, authorizations and permits in place to do so. These include approvals for taking underground water, constructing septic/sewage systems, workplace and occupational health and safety requirements, impact on Aboriginal, European or scientific heritage, operation within the WPA, bunding and spill management, transport and use of explosives.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Cairn Hill Mining Operation site is remote with the nearest towns being Coober Pedy (approximately 55 km to the northwest), Roxby Downs (215 km southeast) and Port Augusta (200 km southeast). The Stuart Highway lies 14 km to the west of the operation, while the main rail line connecting Darwin to Adelaide lies some 50 km to the west of the mine.

In addition to these towns, there are a number of homesteads situated within pastoral stations to the south of the Cairn Hill Mining Operation. ML6303 is situated within the Ingomar Station, and the Ingomar homestead lies approximately 45 km to the southwest of the Cairn Hill Mining Operation site. Other homesteads include McDougall Peak (approximately 60 km south-southeast) and Mirikata (approximately 60 km south-southwest) in addition to Gina Outstation, Goode Outstation, The Twins and Mount Eba lie further south.

Site access to the Cairn Hill Mining Operation is via the sealed Stuart Highway. The mine is situated approximately 15 km to the east of the highway, and is accessed via an unsealed road. Product is trucked 58 km along a dedicated haulage road from the mine site to the Rankin Dam rail siding, where it is loaded into specially designed open-top containers on a train for the 879 km journey to Port Adelaide along the main railway line connecting Alice Springs to Port Augusta and then onwards to Port Adelaide. At Port Adelaide, the ore is stockpiled in containers and then loaded directly onto the ship through an innovative rotating containerized ore loading facility.

Mining and haulage at the Cairn Hill Mining Operation is completed on a contractor basis, with the mine employing approximately 50 to 60 people. A component of the workforce is employed on a fly-in/flyout basis. An established airfield exists at Coober Pedy to service the fly-in/flyout employees. A 66-person accommodation village has been constructed in Coober Pedy and the employees are transported to and from the mine site each day. IMX also offers a permanent residents allowance, as an incentive for families to relocate to Coober Pedy.

Water is supplied from boreholes that draw from an underground aquifer and diesel generation units supply electricity to the mine and processing facilities. Demountable office accommodation is provided for contractors and mine personnel. Fuel and oil storage facilities are also established on site. Crushing and screening takes place on site using mobile crushing plant. Waste rock, both Potentially Acid Forming ("PAF") and Non-Acid Forming ("NAF") material, is disposed on a designated waste rock dump.

The climate of the Cairn Hill Project region is typical of a desert climate, with mild to hot sunny days year round with cold nights from April to October and warmer nights from November to March. Summer temperatures typically range from 35°C to 48°C in the shade. January and July are the hottest and coldest months respectively for the area with summer temperatures typically above 34°C and minimum winter temperatures below 10°C. Mean daily maximum temperatures at Coober Pedy range from 18°C in June to 36°C in January, while mean daily minimum temperatures range from 6°C in July to 20°C in January. The extreme temperatures recorded at Coober Pedy show a highest recorded maximum temperature of 47.8°C (in December) and the lowest minimum temperature of -0.4°C (in July).

Annual rainfall in the region is minimal at around 150 mm per annum. The average annual rainfall for Coober Pedy over 83 years, from 1921 to 2004, is 159.1 mm. While annual rainfall for the area ranges from 117.5 mm to 157.7 mm, January, February and December are the wettest months and are the only months to exceed 20 mm. This can be associated with the northern monsoon occasionally drifting far enough south to cause rainfall. However, rainfall in the region is unpredictable and may lead to minor disruptions to mining operations. It can rain at any time of the year or not at all.

The Cairn Hill Mining Operation lies within the Stony Plains Bioregion, which is characterized by a dissected silcrete tableland and mesas, and extensive gibber -covered foot slopes on deeply weathered shales. The operation lies at an elevation approximately 150 m above sea level, sloping to the Engenina Creek, which drains northeast through the project area and eventually drains into Lake Cadibarrowirracana, approximately 60 km to the northeast.

Vegetation in the Cairn Hill Project area is generally characterized by a sparse cover of chenopod shrublands and tussock grasslands. The following dominant habitat types have been identified within the Cairn Hill Mining Operation area: stony tablelands defined by gibber and gilgai depressions supporting chenopod, shrubland vegetation and the occasional stony rise dominated by chenopod shrublands, sandy watercourses supporting Acacia woodlands and tussock grasslands, and other vegetation present includes ephemeral swamps and sand sheets supporting chenopod shrubland vegetation. A total of 115 flora species were recorded across the area of the mining operations, with no exotic species detected. Seven flora species are recorded for the area are under the *National Parks and Wildlife Act 1972*.

History

In 1995, an exploration program was launched on the northern Gawler Craton as part of the South Australian Steel and Energy Project, with the aim of identifying iron ore resources close to known coal deposits for the possible production of pig iron. Around this time, iron ore focussed exploration and aeromagnetic geophysical surveying was conducted on the Coober Pedy, Billakalina, Tarcoola and Kingoonya 1:250,000 map sheets and encompassed the WPA. As a result, a number of significant deposits, and several minor prospects were identified.

Modern exploration in the surrounding region to the Cairn Hill Project began with Delhi Australia Petroleum Limited's search for iron ore during the period 1962 to 1965. More extensive base and precious metal exploration, and minor uranium and diamond exploration was carried out by Newmont Ltd (1970 to 1977), CRAE (1981 to 1988), BHP (1991 to 1995) and WMC (1995 to 2000, in joint venture with BHP). Limited drilling of geophysical targets occurring within the basement under cover was completed, with both CRAE and BHP reportedly drill testing the Cairn Hill Project magnetic anomaly in the 1980s and 1990s. This work by previous explorers reportedly intersected broad, low-grade mineralization at the Cairn Hill Project, but also some narrower, higher grade intercepts (e.g. 9 m grading 1.02 g/t Au and 0.95% Cu in hole CD93007 and 12 m grading 1.6% Cu and 0.6 g/t Au in CR92016).

As there is limited basement outcrop within the tenement area, most previous exploration has been strongly controlled by geophysics. Previous drilling (principally using rotary mud/percussion) of geophysical basement targets was completed on specific targets with significant mineralization intersected at the Cairn Hill Project and the Eagle Prospect (Cu-Pb-Zn).

In late 2000, GDM acquired exploration tenements over approximately 50% of the Mt Woods Domain. In 2001, the domain's mineral potential was highlighted by Minotaur Exploration Limited's discovery of the Prominent Hill copper-gold deposit on adjacent tenements.

In 2001, GDM then entered into a joint venture ("**Anglo JV**") with Anglo. Anglo managed the exploration, initially for iron oxide copper-gold mineralization. Work by the Anglo JV included a comprehensive review and compilation of previous work, aboriginal cultural clearance surveys, geophysical surveys (TEM, magnetics and gravity), soil sampling (474 samples), and RC drilling (comprising 2,030 m in 16 holes ARC001 to 14). A number of targets were selected and drill tested, however no significant results were reported before the project was returned to GDM in early 2004.

During 2004, GDM completed a review of the updated database and identified several target styles for investigation, including the historic Cairn Hill Project magnetite-hosted copper-gold prospect. This review noted that most of the previous drilling at the Cairn Hill Project had been directed down-dip as a result of the difficulty in modelling the dip of the tabular, high intensity magnetic anomaly with its associated demagnetization effects. This meant that the magnetite host sequence had only been effectively tested on one section (511600E). Infill and extension drilling was proposed to define the scope of the copper-gold magnetization. The review also highlighted the presence of downhole electromagnetic geophysical anomalies and near-surface residual gravity anomalies from previous surveys that had not been tested.

In 2005 and 2006, GDM carried out extensive exploration of mineralization of the Cairn Hill Project. A preliminary desktop scoping study was completed to assess the viability of the project, which led to a feasibility study that was completed in 2007.

In late 2007, GDM changed its name to IMX Resources NL, which subsequently changed its name to IMX Resources Limited in late 2008. In July 2007, Termite submitted a ML application (and supporting documentation) to DMITRE to facilitate the

recovery of gold, copper and iron from the Cairn Hill Mining Operation area. The Minister for Mineral Resource Development granted ML6303 on April 17, 2008.

For the more recent history of IMX and the Cairn Hill Mining Operation, please see the section titled “*General Development of the Business*” of this Appendix “G”.

Geological Setting and Mineralization

The mining operation is located within the Archaean to Mesoproterozoic Gawler Craton in the central part of South Australia. Thick sheets of Mesoproterozoic, felsic Gawler Range volcanics (1,590 Ma) occur over much of the Gawler Craton. Associated with the Gawler Range volcanics are widespread co-magmatic granite intrusions of the Hiltaba Suite (1,600 to 1,585 Ma). The Hiltaba Suite is dominated by felsic granite plutons, which are characteristically pink due to the presence of a fine hematite dusting of the majority of feldspar crystals. Outcrop is most abundant in the central Gawler Craton particularly on the western and southwestern margins of the Gawler Range volcanics. Overlying much of the Gawler Craton are extensive and flat-lying Neoproterozoic and Cambrian sedimentary units, which have previously restricted regional exploration in the region.

The temporal and spatial association between granitoid bodies of the Hiltaba Suite and iron oxide-copper gold deposits (such as Olympic Dam, Prominent Hill and Carapateena) has been recognized in the Gawler Craton for some time. In addition, the Hiltaba Suite granites are also associated with vein gold (minor tin and silver) deposits (i.e. Earea Dam, Tarcoola and Glenloth and the recent discoveries along the Yarlbirinda Shear Zone). The metasedimentary rocks of Palaeoproterozoic age belonging to the Mt Woods Inlier is an irregularly shaped and geologically complex block lying along the northern margin of the Gawler Craton.

Multiple sources of the magnetite and hematite are evident within the Mt Woods domain including highly magnetic gabbroic (minor granitic) units, regional iron-oxide rich alteration and sedimentary iron formations. The metasediments are characterized by an intense magnetic response in regional aeromagnetic data, which reflects a combination of magnetite rich precursor sediments including Banded Iron Formations (“**BIFs**”), magnetite alteration, and interpreted probable mafic intrusive bodies. Extensive pre- and post-tectonic alteration can be observed from drillholes in the region. Hematite (minor magnetite and sulphide) breccias, iron introduction into meta-sediments and calcium-iron silicate alteration have been reported.

Internal shear zones greatly affect the Mt Woods domain, examples of which are the shear zone that cuts through the Cairn Hill Project. Other internal shear trends include northeast/ southwest trending shears on the western side of the domain and east/west shears in the south.

The geology of the Cairn Hill Project area is characterized by two main lithologies, which are considered to be part of the Mt Woods quartzite horizon: a sulphidic quartz-magnetite-apatite bearing BIF and a package of banded quartz-feldspar-biotite magnetite gneisses.

The deposit is overlain by between 5 and 45 m of unconsolidated sandy gravels and clays. This cover material consists of soil, clays, silty shale (cretaceous bulldog Shale) and sandy gravels. At the mine site, the bulldog shale grades from an upper oxidized zone of white claystone to a dark grey to black shale. An unclassified and weakly consolidated thin sand/gravel horizon of the Cadnaowie Formation, overlies the deposit and also outcrops to the south of the mine pit. Nearest basement outcrop is granite to the south of the mine.

The iron, copper and gold mineralization at the mine site occurs mainly as two, approximately 10 m wide, near vertical, sub parallel and sulphidic, quartz-magnetite-apatite paragneiss horizons that have been tested over a 1.3 km strike to a depth of approximately 170 m. These BIFs are characterized by stacked massive magnetite lenses with variable amounts of vein and blebby pyrite, chalcopyrite and minor pyrrhotite, bornite and sphalerite.

Irregular to massive quartz veining occurs in places through the ore zone and are identified as quartz magnetite. Although copper and gold mineralization is closely associated with the magnetite horizons, it also occurs in the adjacent gneissic host rocks, clearly post-dating the magnetite ironstone lithologies and highlighting its secondary nature. High grade metamorphism has resulted in coarse-grained magnetite mineralization, which is processed to generate to generate an iron ore magnetite concentrate at a 0.5 mm coarse grind size.

Exploration

Exploration conducted prior to IMX occurred in two main phases separated by some 40 years. The first phase extended from the late 1950s to the early 1970s and was largely the result of the discovery of large, high-grade deposits in the Hamersley Basin region of Western Australia. In the 1950s and 1960s, the then Department of Mines and Energy, now part of DMITRE, conducted a comprehensive reassessment of South Australia's resources. Various companies made significant contributions to exploration, largely in the form of many tens of thousands of metres drilled during detailed assessment of major and smaller, satellite, residual haematite deposits in the Eyre Peninsula and Middleback Ranges. However, a failure to locate significant high-grade deposits saw a decline in exploration, with little interest shown in lowgrade resources.

Modern exploration in the Coober Pedy region began with Delhi Australia Petroleum Limited's search for iron ore during the period 1962 to 1965. More extensive base and precious metal exploration, and minor uranium and diamond exploration was carried out by Newmont (1970 to 1977), CRA Exploration (1981 to 1988), BHP (1991 to 1995) and WMC (1995 to 2000, in joint venture with BHP).

BHP initially completed a program of air core drilling to sample the top of the bedrock followed by a program of four diamond holes and six RC holes during 1991 to 1993. Two of these holes were drilled well to the east of the currently defined Cairn Hill Project deposit.

GDM's exploration program commenced in 2000 and comprised an initial data compilation exercise. This compilation highlighted the Cairn Hill Project within GDM's Mt Woods Project, as an area of interest given the historic drill intersections.

In April 2002, GDM entered into a joint venture with Anglo over its Mt Woods Project tenements. Anglo carried out regional gravity and magnetic geophysical surveying which was integrated with other regional aeromagnetic, structural and geological mapping information to identify targets considered prospective for IOCG and Broken Hill type base metal mineralization. Work conducted under the joint venture was largely focused on the assessment of the MW16 prospect (outside of the Cairn Hill Project area) and comprised:

- 31 additional gravity stations on a 200 m by 1,000 m grid spacing were collected by Haines Geophysics Pty Ltd ("Haines") over several small survey areas on the Mt Woods Joint Venture and adjacent Anglo tenements. No appreciable anomaly was detected from this survey, and no follow up work was completed.
- A reconnaissance transient electromagnetics programme was completed by Solo Geophysics Pty Ltd. Over the MW16 prospect area with approximately 26.6 line km recorded on six (6) lines at 800 m spacing utilizing 200 m loops. Three (3) anomalous areas were selected for additional, more detailed follow up and a further 18.6 line km were recorded on 13 lines utilizing 100 m loops. A single strong anomaly was selected for modeling and a drill hole was sited to intersect this conductor (ARC029).
- A ground magnetic survey was also completed over the MW16 prospect area to assist with modeling the transient electromagnetics responses. Approximately 49 line km of data were recorded on 24 lines. A weak anomaly was noted coincident with the strong transient electromagnetics response.
- An aboriginal heritage survey was completed over the MW16 prospect drill target area. No cultural difficulties were encountered.
- One angled RC drill hole (ARC029, Azimuth 354° Magnetic; dip – 60°) was completed by Frank Walsh Drilling Pty Ltd over the MW16 prospect for a total of 198 metres. A number of lithotypes were intersected including granite, dolomitic carbonates, graphitic and sulphidic fault breccia, and felsic gneisses.

Anglo considered the base metal mineralization at the MW16 prospect and magnetite-copper-gold mineralization at the Cairn Hill Project did not meet its internal investment criteria and withdrew from the joint venture in February 2004.

GDM (IMX) subsequently focused its exploration efforts on further assessment of the magnetite-copper-gold mineralization at the Cairn Hill Project.

During 2005, GDM completed a comprehensive review of all open-file geophysical data and carried out two geophysical surveys at the Cairn Hill Project.

The ground gravity survey at the Cairn Hill Mining Operation consisted of two detailed traverses completed by Haines. Gravity data was collected from a total of 62 stations at 20 m intervals along longitude lines extending from 511,300 east to 511,700 east as shown in Figure 8.

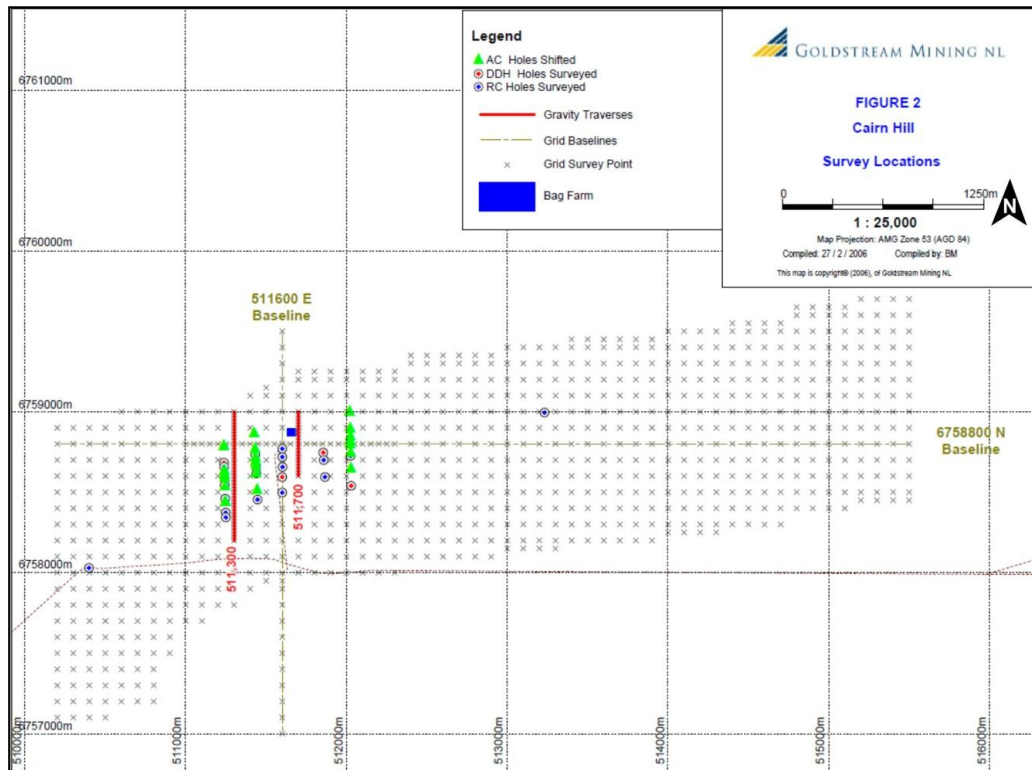


Figure 8: Ground Gravity Survey
(Source: Goldstream EL2781 Annual Report 2005)

Bouguer anomaly processing used a country rock density of 2.67 g/cc. Gravity anomalies were detected in the north by both traverses while the traverse at 511,300 east detected a second higher order anomaly in the south.

In May 2005, Euro Exploration Services Pty Ltd completed a ground magnetic geophysical survey at the Cairn Hill Project using a Geometrix G856 magnetometer. Readings were collected every 5 m along the gridded lines shown in Figure 8. The survey outlined a robust, continuous, magnetic anomaly associated with the magnetite-copper-gold mineralization over a strike length of 850 m. Furthermore, it also refined the position of the major magnetic units at the Cairn Hill Project, clearly showing the presence of two main horizons, that coincide with the two gravity anomalies and, which appear to coalesce to the east. Figure 9 shows structural breaks and the two anomalies (known as the north and south lodes) located in the west of the prospect area.

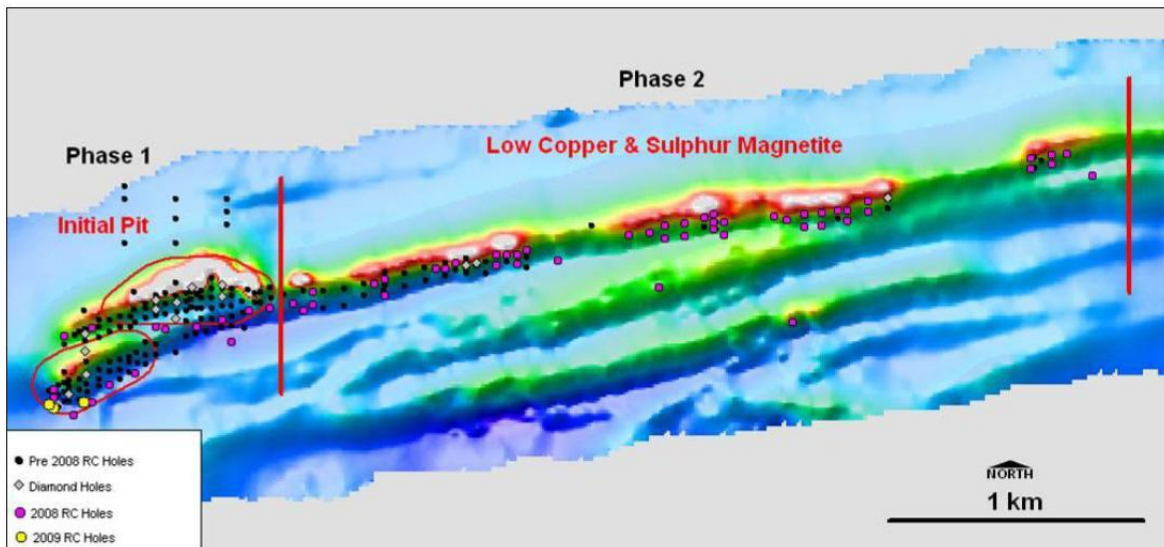


Figure 9: Cairn Hill Mining Operation Exploration Drill Hole Locations and Aeromagnetic Survey
(Source: IMX 2010)

Following encouraging drilling results from the Cairn Hill Project area, five composite bulk (10 m) samples were collected from various sections of the deposit (including its eastern extension) and sent for metallurgical testing in early 2006. The coarse nature of the mineralization enabled standard processing methods to return a quality magnetite product augmented by high copper recoveries at a relatively coarse grind size. As a result of these positive results and internal resource estimation studies, GDM initiated a scoping study into the potential options for development of the Cairn Hill Project in early 2006.

The base case investigated by the scoping study comprised a start-up operation in the order of 1 million tonnes of magnetite concentrate per year for a 10-year mine life with the production of approximately 4,500 t of copper and 5,000 ounces of gold in concentrate as a by-product. The scoping study investigated various options for the development of the project including:

- On-site production of magnetite and copper-gold concentrates for export through a port in South Australia
- Off-site processing of the ore in China with direct shipment of unprocessed ore

Several flowsheets were developed and costed for the base case onsite processing option. Various transport options were also investigated with the preferred option being to ship through a South Australian port using road and rail for inland freight. As a result of a positive scoping study, GDM commenced a feasibility study in June 2006. Metallurgical and geotechnical core drilling commenced at the Cairn Hill Project shortly thereafter.

The maiden Inferred Mineral Resource for the Cairn Hill Mining Operation was estimated by Snowden Mining Industry Consultants (“**Snowden**”) in March 2007 and was based on drilling completed to December 31, 2006. An updated Indicated Mineral Resource and Inferred Mineral Resource estimate was announced by GDM in June 2007, which included all drilling completed to the end of February 2007.

Metallurgical optimization centred on maximizing recoveries and sulphur content of the magnetite concentrate was also undertaken around this time.

In June 2008, before the commencement of full-scale mining, IMX commenced a trial-mining period to evaluate the mining parameters and gain a better understanding of the deposit and its characteristics. During this period, approximately 20,000 tonnes of ROM ore were crushed and made available for bulk sampling.

In December 2008, IMX announced the maiden reserve estimate for the Cairn Hill Mining Operation optimized pits, which was estimated by AMC Consultants Pty Ltd (“**AMC**”).

Drilling

The first significant drilling at the Cairn Hill Project was undertaken by BHP who was exploring for base metals, gold and

copper mineralization. BHP initially completed a program of air core drilling to sample the top of the bedrock followed by a program of four diamond holes and six RC holes during 1991 to 1993. Two of these holes were drilled well to the east of the currently defined Cairn Hill Project deposit. Snowden noted that some holes from the BHP drilling campaign were not analysed for iron and were considered biased which led to Snowden electing not to use this data when compiling the grade estimate.

In early 2004, GDM commenced a percussion-drilling program comprising 12 holes for 1,816 m at Cairn Hill with holes drilled on five sections spaced 200 m apart over an 800 m strike length. These holes tested the main magnetite zone to a maximum vertical depth of 200 m below surface and confirmed the southerly dip of the main magnetite zone.

The drilling intersected predominantly mafic banded granitic gneisses beneath 5 to 30 m of unconsolidated sands and sediments. Within these rocks, mineralization was characterized by a massive magnetite horizon with visible pyrite, chalcopyrite $\pm$ pyrrhotite sulphides. Significant copper-gold mineralization was encountered in ten (10) of the 12 holes. The correlation between magnetite, Cu and Au is generally strong, however, exceptions occur. The best Cu and Au grades are located at the western end of the prospect. Hole CHRC011 identified significant gold mineralization in the southern zone at the western end of the prospect. Previous drilling had not indicated gold in this zone.

In October 2005, GDM commenced the second phase of drilling at the Cairn Hill Project in order to infill its previous drill lines on 80 to 100 m sections, to extend drilling to the east and to facilitate detailed metallurgical studies. The drilling indicated that the northern lode is steeply south-dipping (65° to 85°) whereas the southern lode is much shallower with a south dip of 30° to 45°.

On the main northern lode, the 2005 infill program intersected strong magnetite sulphide mineralization up to 49 m wide (downhole), with variable amounts of brecciated chalcopyrite, pyrite, pyrrhotite and quartz sulphide veining. Drilling on the southern lode extended this zone a further 80 m to the west of previous intersections outlined magnetite mineralization over a strike length of at least 500 m and up to 40 m wide. The southern magnetite zone is more oxidized (to hematite) than the northern zone.

This ultimately led to further drilling up until 2007, during which time 134 RC holes and 11 diamond drill holes were completed (Table 4). These drill holes formed the basis for Snowden's 2007 JORC compliant Mineral Resource estimate for the Cairn Hill Mining Operation.

Table 4: Cairn Hill Phase 2 Drilling statistics (2004 to 2007)

Year	Drilling Method	Number of holes	Number of metres
2004	Reverse Circulation	12	1,816
2005	Reverse Circulation	25	2,783
2006	Diamond	11	1,525
2006	Reverse Circulation	4	352
2007	Reverse Circulation	93	11,247
Total		145	17,723

(Source: Snowden, June 2007, Mineral Resources Estimate)

The resource RC drill out program to increase confidence in the continuity and grade of the mineralization to at least an Indicated Mineral Resource status was completed in February 2007. This program covered the initial pit and a potential eastern pit extension area. In addition, an eastern extension exploration area within 4 km of the proposed initial pit was also tested.

Following this program, the initial pit area had been drilled out to a maximum drill spacing of 40 m by 40 m in order to support resource estimation and detailed mine planning.

The eastern pit extension had been drilled out to an 80 m by 80 m spacing in order to extend the defined resource a further 800 m to the east of the initial pit area. Drilling of the eastern extension exploration area tested the thickness and grade of the mineralization over a further 2.3 km strike length.

Table 5 summarizes the RC drilling program employed to upgrade the resources to Indicated Mineral Resource status.

Table 5: Summary of the RC drill program

Drilled area	N° holes	Metres
Initial Pit Area	72	8,821
Eastern Pit Extension	21	2,426
Eastern Extension Exploration	3	396
Total	96	11,643

(Source: GDM ASX announcement October 2007)

Diamond drilling was completed specifically to provide core for metallurgical test work, geotechnical logging and density measurements from the various rock and mineralization types. Drill holes are located on north-south cross sections with the majority of holes drilled towards the north. The section spacing ranges from 20 m to 80 m. West of the Cairn Hill Mining Operation area (approximately 512,000 mE), all drilled sections are either 20 or 40 m apart.

Figure 10 presents a plan view of the drill hole traces used for the Cairn Hill Mining Operation Mineral Resource estimates.

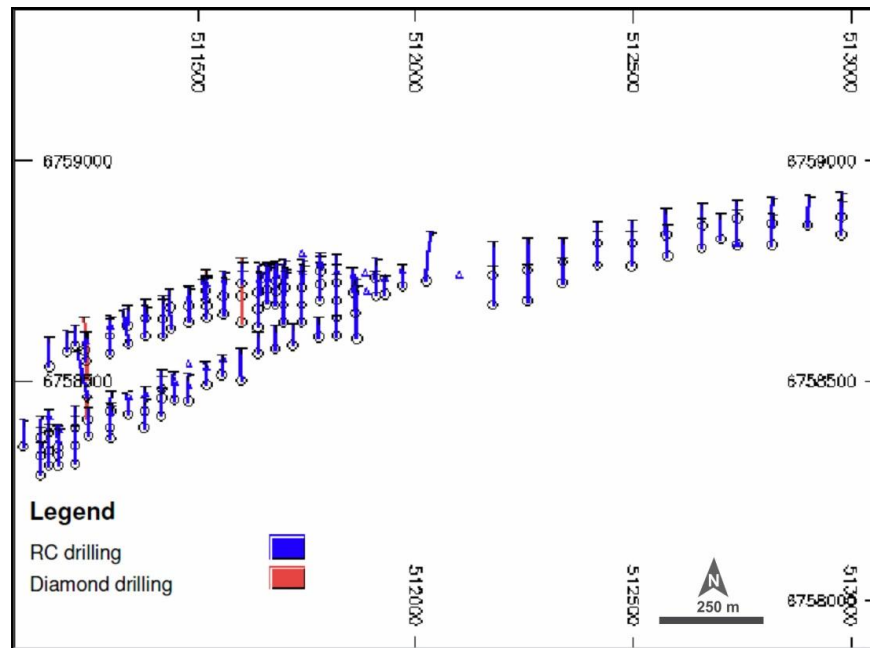


Figure 10: Plan view of Cairn Hill drillhole traces

(Source: Snowden 2007. Note that the Cairn Hill Mining Operation is the portion west of 511960 mE)

In September 2009, IMX completed three RC holes (for 550 m) that were drilled outside the reserve/ resources model to test for additional mineralization for the Cairn Hill Mining Operation. Two holes, CHRC221 and CHRC223, were drilled on the west side of the Cairn Hill Mining Operation southern open pit. Both holes intersected narrow bands of massive magnetite and copper mineralization beneath significant widths of bulldog shale and were interpreted to have closed off the strike extents of

the mineralization to the west.

The third hole, CHRC222, was collared on the southern side of the Cairn Hill Mining Operation southern open pit to further assess the extents of CHRC139 (drilled in 2008) which encountered 17 m grading 54.4% Fe and 0.22% Cu. This hole intersected 49 m of massive magnetite with associated copper mineralization grading 54.81% Fe and 0.14% Cu below the base of the planned open pit. This hole confirms that the mineralization continued down dip on the southern side of the mine and has a strike of at least 100 m that remained open to the east.

Table 6 presents significant intercepts for the 2009 RC drilling campaign outside the defined reserve/resources area.

Table 6: Additional significant intercepts at the Cairn Hill Mining Operation

Phase 1	Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)	Fe (%)
	CHRC221	136	139	3	0.18	0.43	11.52
		142	146	4	0.24	0.05	44.12
	CHRC222*	116	120	4	1.06	0.03	5.29
		137	186	49	0.14	0.02	54.81
		223	226	3	0.05	0.01	57.98
	CHRC223*	86	90	4	0.28	0.01	3.37
		118	120	2	0.06	0.01	48.32
		122	123	1	0.04	0.01	38.19
		129	130	1	0.03	0.01	30.08

(Source: IMX 2009)

*Intervals 2 to 4 m composite samples. A cut-off grade of >25% Fe and 2 m downhole width was used except where Au >0.1 g/t and Cu >0.1% were recorded. All Fe results were determined by XRF fusion analysis.

IMX stored all drilling data in a commercial database known as Datashed. Drilling data was transferred to Snowden as a series of comma separated value files. Snowden accepted the data supplied on an “as-is” basis but carried out limited validation checks as part of preparing the data for estimation. The drilling data was imported into Datamine Studio software and desurveyed (the sample tables were merged and the local grid co-ordinates were added to each sample interval).

Figure 11 shows the drilling result of six bore holes in a north-south section across the open pit profile as at January 2012.

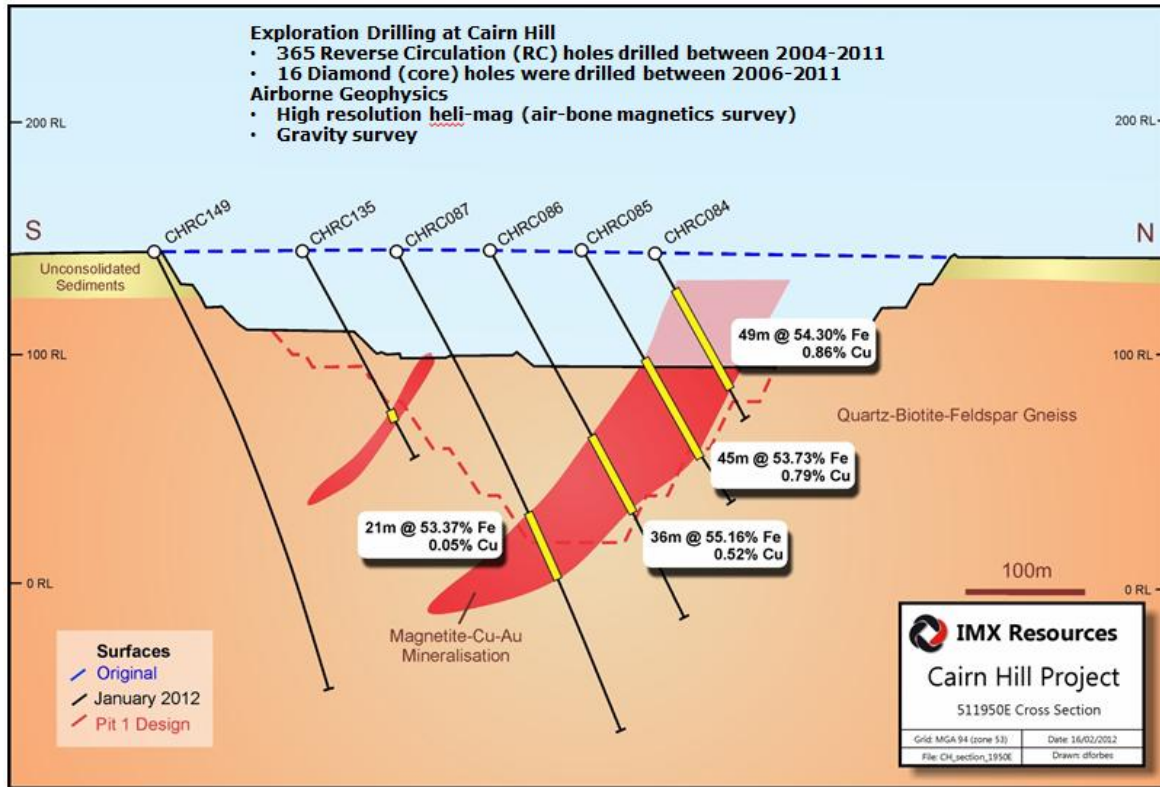


Figure 11: North-South cross section of Phase 1 borehole results
(Source: IMX 2012)

Xstrat noted the following in relation to the previous drilling programs at the Cairn Hill Mining Operation:

- The location and orientation of the Cairn Hill Mining Operation RC and diamond drilling is considered appropriate given the strike and morphology of the defined mineralization. The orientation of the drill hole traces is unlikely to introduce a sampling bias.
- Diamond core recoveries for the samples collected below the base of the cretaceous sediment layer was reportedly 95% or higher on average (hole by hole basis).
- GDM did not collect RC sample recovery data as part of its sampling procedures. Snowden and Xstrat consider that the RC samples collected below the base of the cretaceous sediment horizon are suitable for resource estimation purposes.
- Logging of RC chips and diamond core was completed with sufficient detail to meet the requirements of resource estimation and mining studies.

Sample Preparation, Analysis and Security

Sample pulps sent to Genalysis' Perth laboratory were analysed for a suite of between 13 (2004 to 2005 drilling campaign) and 20 elements (2006 to 2007 drilling campaigns). When analysing for Fe, Cu, Al, P and S, the sample pulps were initially treated using a multiacid digest and the element concentrations were then determined using Coupled Plasma Optical (Atomic) Emission Spectrometry ("ICPOES"). Gold was analysed using lead fire assay with Inductively Coupled Plasma Mass Spectrometry ("ICPMS"). Silica was analysed using sodium peroxide fusion and HCL digest with ICPOES. The detection limits for the various methods are summarized in Table 7.

Table 7: Genalysis Analytical Detection Limits

Elements	Analytical Method	Detection Limits

Fe	ICPOES	0.01%
Cu	ICPOES	1ppm
Al	ICPOES	20ppm
P	ICPOES	1ppm
S	ICPOES	10ppm
Au	ICPMS	1ppb
Si	ICPOES	0.1%

(Source: Snowden 2007)

Samples sent to Amdel's Perth laboratory were analysed for 17 elements, which excluded Si. With the exception of Au, all other elements (Cu, Fe, Al, S and P) were digested using a HF multi-acid digest and analyzed by ICPOES. Au was analysed by lead fire assay with an atomic absorption spectrometry finish. The detection limits for the various elements are summarized in Table 8.

Table 8: Amdel Analytic Detection Limits

Elements	Analytical Method	Detection Limits
Fe	ICPOES	100ppm
Cu	ICPOES	2ppm
Al	ICPOES	2ppm
P	ICPOES	5ppm
S	ICPOES	50ppm
Au	AAS	0.01ppm

(Source: Snowden 2007)

Sample pulps from the diamond drill cores sent to the Perth laboratory of Ultra Trace Pty Ltd ("**UltraTrace**") were analysed for ten (10) elements. The suite of elements excluded Al and Si. The analytical methods used and detection limits, for pertinent elements, are summarized in Table 9.

Table 9: UltraTrace analytical detection limits

Elements	Analytical Method	Detection Limits
Fe	XRF	0.01%
Cu	ICPOES	5ppm
P	XRF	0.001%

S	Leco	0.01%
Au	ICPOES	1ppb

(Source: Snowden 2007)

Genalysis was also used to check a suite of sample pulps prepared from samples taken from IMX's 2006 diamond drilling campaign and analysed using X-ray fluorescence ("XRF") by UltraTrace. In this instance, Genalysis used both XRF and ICPOES to analyse Fe, Cu, Au, P and S thereby providing a repeat XRF result and comparative ICPOES assay.

Snowden conducted a QAQC analysis during the Mineral Resource estimation process in June 2007. Snowden did not conduct a site visit and sighted no formal documented sampling protocols. As such, Snowden was not able to comment on the standard of IMX's field sampling practices. However, IMX states in its exploration annual report that it routinely inserted duplicates, blanks, adhered to general quality control processes and standards into the sampling sequence every 15 to 20 samples at the Cairn Hill Project.

The Genalysis laboratory is accredited with ISO/IEC 17025 (1999) which includes the management requirements of ISO 9002:1994. The ISO/IEC 17025 accreditation ensures international standards are maintained in the laboratories' procedures, methodology, validation, QAQC, reporting and record keeping. National Association of Testing Authorities Australia ("NATA") has accredited Genalysis, following demonstration of its technical competence, to operate in accordance with ISO/IEC 17025 which includes the management requirements of ISO 9001:2000. This facility is accredited in the field of chemical testing for the tests, calibrations and measurements shown in the scope of accreditation issued by NATA (Accreditation No. 3244). The UltraTrace laboratory has attained ISO 17025:2005 accreditation. Amdel's Perth laboratory operates under management systems designed to meet ISO 9000:2000 standards. The laboratory has also attained ISO 9000:2000 accreditation. Amdel, Genalysis and UltraTrace are all independent of IMX with all transactions completed at arm's length on standard commercial terms.

Snowden assessed the available QAQC data and observed that the results from the standards and duplicate samples submitted indicate that there was a low-bias in the Fe grades produced by Genalysis. This bias is only significant once the Fe concentrations being measured exceed about 40%. Snowden concluded that the most likely cause is incomplete digestion of the samples prior to analysis by ICPOES. Snowden concluded that that above a 40% Fe grade cut-off the global Fe grade could be up to 2% higher. Most of these samples would fall within the mineralized (magnetite) horizon. As Snowden indicated in its 2007 report, Xstract noted that the sample preparation, security and analytical procedure appear to follow industry-accepted standards with no evidence of any significant problems with the analysis of Cu and Au.

Mineral Resource and Mineral Reserve Estimate

Mineral Resource Estimates

The Mineral Resource estimates were reported in accordance with JORC above a cut-off grade of 40% iron metal equivalent. The iron metal equivalence calculation was based on three year average metal prices of US\$ 53.62/dmtu (per % Fe), US\$2.03/lb Cu and US\$490/oz Au and metal recovery factors of 88% for iron, 95% for copper and 89% for gold. The iron metal equivalent grade was calculated as:

$$Fe \text{ metal equivalent} = \frac{(Fe\% \times 0.5362 \times 0.88) + ((Cu\%/100) \times 2.03 \times 2204.62 \times 0.95) + (Auppm/31.10 \times 490 \times 0.89)}{(Fe\% \times 0.5362 \times 0.88)} \times Fe\%$$

(Source: Snowden 2007)

Table 10 summarises the pre-mining undiluted Mineral Resource estimate for Cairn Hill Mining Operation (Cairn Hill West). The Indicated Mineral Resources reported in Table 10 is inclusive of those Mineral Resources modified to produce the Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 10: Cairn Hill Mining Operation to June 28, 2007 Mineral Resource estimate

JORC	2004	Resource	Cut-off grade	Tonnes	Fe	Cu	Au

category		Mt	%	%	ppm
Indicated	40% Fe metal equivalent	10.0	51.9	0.40	0.12
Inferred	40% Fe metal equivalent	0.8	48.3	0.18	0.05

(Source: Snowden 2007)

In a review of QAQC assay data, Snowden noted there was a bias in the iron assay results received from Genalysis. Above 40% iron, the Genalysis assay results are biased low compared to assay results from the other two laboratories. It was considered that the bias was most likely due to incomplete digestion of the samples prior to analysis. Snowden concluded that above a 40% iron cut-off grade, the global iron grade could be up to two per cent higher. Snowden considered that most of these samples would be located within the existing interpreted mineralized magnetite horizons.

Termite has mined the Cairn Hill Mining Operation Mineral Resource since July 2010. IMX supplied Xstract with the pit topography surface for mining up to the end of March 2012. Xstract applied this pit surface to the resource model and reported a depleted resource.

Table 11 lists the Mineral Resource depleted for estimated production to March 31, 2012.

Table 11: Cairn Hill Mining Operation Depleted Mineral Resource (March 31, 2012)

JORC 2004 Resource category	Cut-off grade	Tonnes Mt	Fe %	Cu %	Au ppm
Indicated	40% Fe metal equivalent	8.1	51.6	0.37	0.12
Inferred	40% Fe metal equivalent	0.6	48.4	0.21	0.06
$Fe\ metal\ equivalent = \frac{(Fe\% \times 0.5362 \times 0.88) + ((Cu\%/100) \times 2.03 \times 2204.62 \times 0.95) + (Auppm/31.10 \times 490 \times 0.89)}{(Fe\% \times 0.5362 \times 0.88)} \times Fe\%$					
Note: Reported as 100% Cairn Hill Project, of which IMX owns 51% Depleted for estimated production from July 2010 to March 2012.					

(Source: Xstract 2012)

Xstract considers that the marketing aspects of the Cairn Hill Mining Operation are the most likely to impact on the currently defined Mineral Resource. Currently, the Cairn Hill Mining Operation's product is crushed, screened and exported to China where the copper and gold is recovered by third parties under a LOM contract.

The Cairn Hill Mining Operation deposit lies within a granted ML and has the necessary permits and approvals in place to continue mining over Cairn Hill Mining Operation LOM. While the project lies within the WPA, IMX has been actively mining and exporting product since 2010 and it is supported by the presence of other mines and development projects in the immediate vicinity, such as Prominent Hill.

Mineral Reserve Estimates

AMC estimated the Cairn Hill Mining Operation Mineral Reserves in accordance with JORC in 2008. This estimate was based on two optimized pit shells at the Cairn Hill Mining Operation as determined by IMX with the mine planning and scheduling previously carried out by AMC. The pre-mining ore reserve estimate is reported in accordance with JORC, as summarized in Table 12.

Table 12: Cairn Hill Mining Operation Ore Reserve Estimate

JORC 2004 Reserve category	Tonnes Mt	Fe %	Cu %	Au ppm
Probable	6.9	51.2	0.43	0.13
Total	6.9	51.2	0.43	0.13

(Source: AMC 2008)

The 2008 Mineral Reserve estimate is based on the Mineral Resource contained within the planned open pit mine designs classified as ‘Indicated’ after consideration of all mining, dilution/ ore recovery, metallurgical, sustainability and financial aspects of the project. The pit shells used as the basis of the mine planning and scheduling and the ore reserve, were optimized based on maximising early cashflow, rather than on maximising net present value (“NPV”) or maximising the utilization of the resource. IMX has extended Pit 1 to the west, where 2008 drilling indicated wide widths of higher-grade copper, including 10 m @ 49.71% Fe, 1.21% Cu and 0.43g/t Au and 15 m @ 15.75% Fe, 0.98% Cu and 0.74g/t Au outside the southern pit shell and the current resource. There may be potential to extend the pits deeper utilising the current resources, depending on pricing at the time.

Mining Operations

Mining Methods

The Cairn Hill Mining Operation is managed by Termite. The open cut operations and ore transport use traditional excavator and haul truck mining method and road train haulage. Drilling, blasting, mining, crushing and haulage are contracted to Exactmix Pty Ltd. Explosives and supply are sub-contracted to Maxam Australia Pty Ltd.

The project comprises two open pit mining areas. Pit 1 has been cutback to include the Western Cut-Back to maintain 1.7 Mtpa. Pit 2 has been suspended to control strip ratio and costs. The detailed mine design is carried out using the LG 3-D optimized pit shell as a base. In order to estimate in-pit resources, operational factors that are required for a mine are added during the engineered pit design phase. These features include a haulage ramp, safety berms, bench face angles, inter-ramp angles, and bench height. Pit slope parameters as well as waste rock dump design parameters were provided by Snowden in 2007.

The CHP1 Technical Report states that the operation appears to be well resourced, managed and maintained at the time of the site visit. There were no safety, geotechnical, or major ground water issues observed.

Recovery Methods

The Cairn Hill Mining Operation produces a -40 mm DSO product containing magnetite, copper and gold. Separation of the copper-gold sulphide and high grade magnetite concentrate is conducted at the customer processing plant in China. The processing circuit consists of mobile primary and secondary crushing units feeding a product stacker. The equipment is owned and operated by EMS under the Cairn Hill Mining Services Contract.

The crushing and screening plant is specified to process 1.8 Mtpa of combined magnetite and copper-gold ore. The configuration of the Metso LT125 and Metso LT550GPR has increased the crushing capacity of the operation. A total of 226,769 t of ore was crushed in December 2011 this equates to a weekly crushing rate of approximately 57 kt.

There is no attempt at liberating the copper and gold from the magnetite before sale of the ore. Therefore, recoveries are not applicable as there is only minor material losses in this operation from dust emissions during ore handling. This is controlled by dust suppression using bore water. Separation is conducted in China by the customer to produce a high –grade magnetite and copper-gold concentrate.

Production Forecast

The Cairn Hill Mining Operation will be developed over three phases. Phase 1 LOM is five years. Process development was based only on the Phase 1 of the project and includes Pits 1 and 2. Consequently, the LOM plan and mining operation strategy was developed only for the Pits 1 and 2. Table 13 presents the annualized, LOM material movements for overburden, waste and ore, including stripping ratio. The mine plan is developed to support current operational production requirements of 1.8 Mtpa.

Table 13: Material moved over the LOM for Production of 1.8 Mtpa

Tonnages Mined							
Open Production	Pit	Units		Yr 1 FY1011	Yr 2 FY1112	Yr 3 FY1213	Yr 4 FY1314 Yr 5 FY1415
Ore Mined		kt		0.903	1.416	1.812	2.002 1.69
Waste		kt		6.297	12.304	7.748	3.68 2.507
Ore + Waste Mined		kt		7.2	12.72	9.56	5.682 4.197
Strip (W/O)	Ratio			6.97	8.69	4.28	1.84 1.48

(Source: IMX 2012)

Markets

The Cairn Hill Mining Operation produces a DSO product, which mainly comprises magnetite and copper and therefore subject to price fluctuations in the iron ore/copper markets.

Iron is the world's most used metal with approximately 98% of the global iron ore production being utilized in the manufacturing of steel. It is primarily used in structural engineering and the automobile industry. Commercial development of iron ore deposits are largely constrained by the position of the iron ore relative to its market and the cost of having adequate infrastructure transportation such as railways and ports. Some analysts forecast that Chinese iron ore demand remains robust and they expect demand to increase between 6% and 8% during 2012. Consensus forecast pricing (forecast price projected by 12 analysts) projects an iron ore price of US\$155.7/t for 2013 and US\$140.9/t for 2014 (Consensus Economics Inc.) The average iron ore price for April 2012 was US\$147.65/t down 17.6% compared to same month last year. Figure 12 displays recent iron ore spot prices.

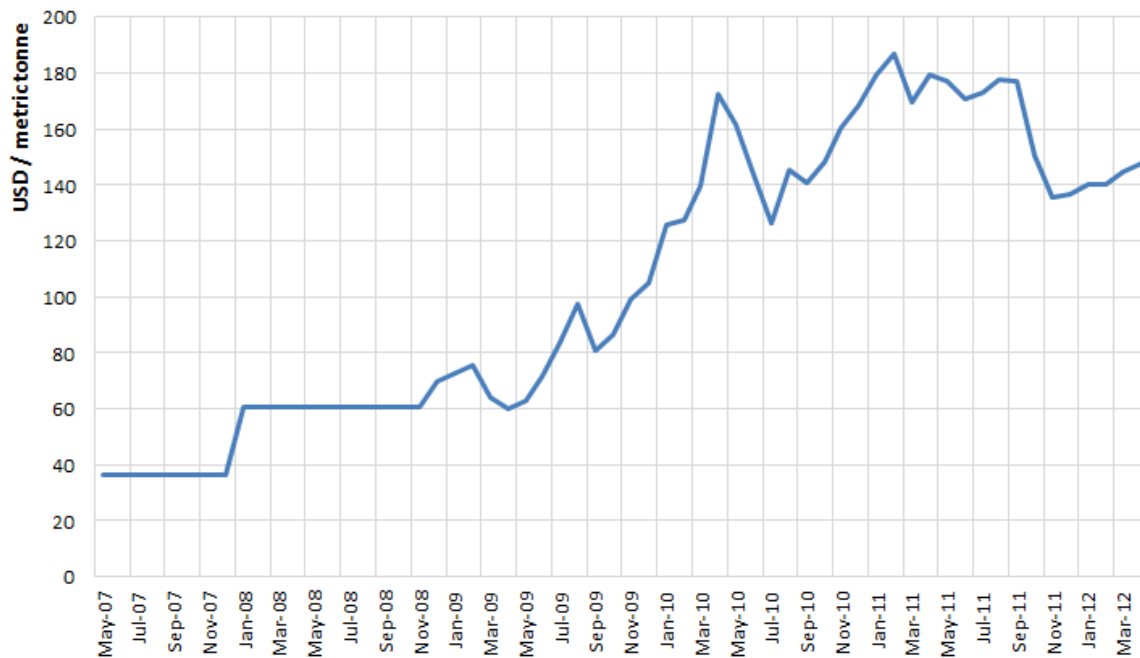


Figure 12: Iron Ore Spot Prices to fines 62% CFR China (Tianjin port)

(Source: Indexmundi)

Note: CFR Cost and Freight

China is the world's largest producer and consumer of refined copper and thus changes in its production/consumption pattern may influence copper prices. Recently consumption has been hit by a relative slowdown in the country's economy while some smelters during May have been shut down for preventative maintenance affecting production. Despite of this analysts forecast that demand should continue to grow during 2012 and 2013 at a rate below five per cent per year. On the production side, analysts expect that 2012 production will fall, relative to last year, to around two per cent and jump to approximate eight per cent (year/year) in 2013 (International Copper Study Group 2012).

Copper prices (Figure 13) have been declining since April 2012 as economic slowdown fears amplified by a rate cut in China, downgrade of Spain's credit rating and slow economic recovery in United States.

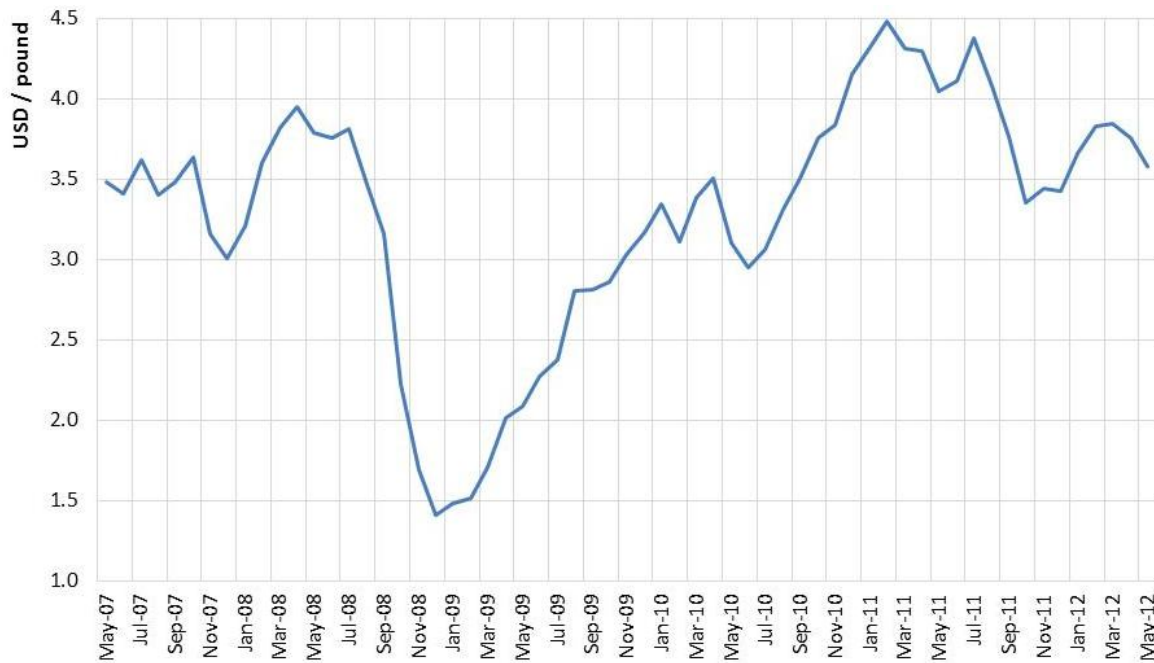


Figure 13: LME spot price, grade A cathode, CIF European ports
(Source: Indexmundi)

In fact, consensus forecasts are for a decline in copper prices from US\$3.9/lb in 2013 to US\$3.3/lb in 2016 (Consensus Economics Inc). However, copper prices are still higher than, on average, its current production cost given producers a profitable margin even for prices forecasted for the medium term.

Contracts for Sale of Products

For a description of the contracts for sale please see “*Overview – Mining Operations – Australia - Cairn Hill Mining Operation (IMX - 51%)*” of this Appendix “G”.

The Cairn Hill Phase 2 Iron Deposit

Technical information in this section of a scientific or technical nature is derived from, and based upon, and in some instances is an extract from, the CHP2 Technical Report. Reference should be made to the full text of the CHP2 Technical Report which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under CNI’s profile on SEDAR at www.sedar.com. Trevor Stevenson of RUL prepared the CHP2 Technical Report.

Property Description and Location

The Cairn Hill Phase 2 iron mine (“**Cairn Hill Phase 2**”) is part of the Mt Woods Project, located within the WPA approximately 55 km southeast of Coober Pedy in South Australia. The Cairn Hill Phase 2 deposit occurs along strike to the east of the operating Cairn Hill Mining Operation. The Cairn Hill Project is located on one of seven granted mining tenements that collectively form the Mt Woods Project, covering an area of 3,292.5 km². The Cairn Hill Phase 2 deposit lies wholly on ML6303, which covers approximately 80.06 km², and extends over a strike length of 2,850 m, centred at 29°18’S and 135°6’E. Please refer to Figure 4: *General location of the Mt Woods Project*.

The Cairn Hill Project is owned and operated by Termite. IMX entered into a joint venture partnership with Taifeng to develop the Cairn Hill Project. The joint venture company, Termite, is 51% owned by IMX and 49% owned by Taifeng through Outback Iron P/L. Both parties contribute to the costs of the joint venture on a pro-rata basis. IMX is the operator and manager of the Cairn Hill Project.

In July 2007, Termite submitted an ML application (and supporting documentation) to DMITRE to facilitate the recovery of gold, copper and iron from the Cairn Hill Project area. ML6303, which covers approximately 80.06 km², was granted by the Minister for Mineral Resource Development on April 17, 2008. This ML6303 includes the Cairn Hill Phase 2 deposit. All MLs require that the mining operation is carried out in an orderly and skillful manner in accordance with an approved mining and rehabilitation program and appropriate bond in place.

IMX anticipates that the Cairn Hill Phase 2 deposit PEPR will include a description of additional environmental knowledge obtained since operations commenced. IMX intends to submit a formal EPA application to DMITRE in conjunction with the submission of the Cairn Hill Phase 2 deposit PEPR.

In June 2008, Termite submitted MPL and EML applications (and supporting documentation) for ancillary infrastructure which are located outside the ML6303 area (haul road, supply bore and infrastructure, rail sidings and borrow pits). The maximum term for which an MPL may be granted is 21 years; however it may be renewed if conditions of the licence have been complied with.

Termite undertook trial mining operations within the ML6303 area during July 2008. This work resulted in the extraction of approximately 20,000 t of ore and provided valuable information concerning both waste rock and ore characteristics.

The mining lease area, current pastoral access road and proposed haul road and rail siding (to be used for the main project) are situated within three Crown Leases. These leases were granted by the Crown for pastoral activities such as sheep and cattle grazing. Under section 61 of the Mining Act, the owner of the land (including a pastoral lease holder) may have the right to receive compensation for any economic loss, hardship and inconvenience suffered as a result of mining operations.

The Cairn Hill Project area is subject to native title claims by the Antakarinja Matu-Yankunytjatjara native title claimants. The Antakarinja people received consent determination over the area on May 11, 2011. IMX (through Termite) currently has a native title agreement in place with the Antakarinja people (for the Cairn Hill Mining Operation and ancillary infrastructure). The Federal Court Order on the Arabana native title determination was made on May 22, 2012. Termite is a party to this determination to protect the interests of the Cairn Hill Project.

The Cairn Hill Phase 2 deposit (including all ancillary infrastructure) is located within the WPA, which has been gazetted by the DoD for defence purposes. Under Regulation 35(4) of the *Defence Force Act 1952*, an authorization (from the DoD) is required by IMX to enter the WPA. IMX have negotiated with the DoD regarding secure access to the WPA for exploration and mining purposes and access to the WPA has been granted via a deed of access. IMX currently has two standing deeds of access, one for the purposes of mining at the Cairn Hill Project and the second for exploring on IMX's tenements within the WPA.

It is contemplated that the Cairn Hill Phase 2 deposit project will include dry magnetic separation processing. Under the *Environmental Protection Act 1993*, an EPA licence is required from the South Australian EPA to conduct dry magnetic separation. Additionally, IMX has a general environmental duty under the *Environmental Protection Act 1993*. This general duty specifies that a person must not undertake an activity that pollutes, or might pollute, the environment unless the person takes all reasonable and practicable measures to prevent or minimize any resulting environmental harm.

Approval (in the form of a licence and water allocation) is required for extraction and use of groundwater for the project. Surface water in the area of the Cairn Hill Phase 2 deposit is not prescribed, but permits under the *Natural Resources Management Act 2004* would normally be required for 'water affecting activities', such as the diversion of water courses. IMX, through Termite, currently holds Department for Water Licence No. 140253 for the taking of water from the Far North Prescribed Wells Area. The mine construction allocation component (182,500 m³/year) expired on June 30, 2012. A variation is required to extend the Department for Water allocation by an additional year for the construction of Cairn Hill Phase 2 deposit. Termite confirmed that an application has been submitted and is currently being assessed by the Department for Water for the current mining operation.

Termite is the borrower under a debt facility with LinQ Resources Fund which is secured by the following security: (i) mining mortgage over ML6303 (excluding the rights relating to the joint venture between IMX and OZ Minerals for non-iron ore); and (ii) a share mortgage over the shares in Termite and a share mortgage over IMX's shares in Uranex.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The site of the Cairn Hill Phase 2 deposit is very remote with the nearest towns being Coober Pedy (approximately 55 km to the northwest), Roxby Downs (approximately 210 km southeast) and Port Augusta (approximately 400 km southeast). The Stuart Highway is the major interstate road closest to the project area. This highway connects Adelaide and Darwin and is maintained by the Department of Transport, Energy and Infrastructure. The site of the Cairn Hill Phase 2 deposit is 60 km by road from Coober Pedy and 380 km by road from Roxby Downs. A network of minor sealed and unsealed roads service the pastoralists, community and mining operations. The minor roads are occasionally disrupted by heavy rainfall.

The interstate railway between Adelaide and Darwin passes through the region. Wirrida Siding is the nearest railway siding.

The project area is located between two commercial airports serviced by Regional Express Holdings Limited. The closest is located at Coober Pedy and the other airport is to the south of the project area at Olympic Dam. Emergency airstrips are used by the Royal Flying Doctor Service and located on various pastoral properties.

There are four main ports suitable for mining and energy operation exports in South Australia; Port Pirie, Whyalla, Port Bonython and Port Adelaide. Ore from the Cairn Hill Mining Operation is currently being shipped out from Port Adelaide. Access to the port in Darwin to the north incorporates additional rail length; however this is compensated by shorter marine shipping routes to potential customers in China.

The Cairn Hill Phase 2 deposit experiences a typical desert climate, with mild to hot sunny days year round with cold nights from April to October and warmer nights from November to March. Summer temperatures range from 35°C to 48°C in the shade with annual rainfall in the area around 150 mm per annum. The average rainfall for Coober Pedy is 159.1 mm (83 year average, 1921 to 2004).

January and July are the hottest and coldest months respectively for the area with summer temperatures typically above 34°C and minimum winter temperatures below 10°C. Annual rainfall for the area ranges from 117.5-157.7 mm. January, February and December are the wettest months and are also the only months to exceed 20 mm; this can be associated with the northern monsoon occasionally drifting far enough south to cause rainfall. Rainfall in the region is, however, unpredictable. The predominant summer wind direction is from the south and southeast. In winter the wind direction is generally from the north to northeast.

There are no camp facilities located at the Cairn Hill Phase 2 deposit. Facilities within the Coober Pedy township are utilized for accommodation at IMX's nearby Cairn Hill Mining Operation, managed by the contractor Exact Mining.

The project area is not connected to the state grid. At the Cairn Hill Mining Operation electricity is supplied through the use of diesel generators. Electricity at Coober Pedy is also generated from diesel generators and a wind turbine.

Pastoralists operating in and around the project area utilize underground water resources for stock watering. The Cairn Hill Mining Operation also utilizes water bores.

There are currently no communication networks in the project area.

The Cairn Hill Phase 2 deposit occurs in the Stony Plains Bioregion, characterized by a dissected silcrete tableland and mesas on deeply weathered shales. The project area is located within Antakarinja Matu-Yankunytjatjara and Arabana native title claim areas and the WPA.

The major land use in the project area is pastoralism, where the value of agricultural production varies from year to year due to climatic conditions and commodity prices. Settlements in the wider region follow the major transport routes.

History

Exploration for iron ore in the Coober Pedy region was undertaken by Delhi Australia Petroleum Limited during 1962 to 1965, with more extensive base and precious metal exploration, and minor uranium and diamond exploration, being carried out by

Newmont Ltd (1970 to 1977), CRAE (1981 to 1988), BHP (1991 to 1995), WMC (1995 to 2000, in joint venture with BHP) and GDM (2004 to 2005, which later became IMX).

As there is minor basement outcrop within the tenement area, nearly all previous exploration has been strongly reliant on geophysical techniques. Some drilling (mainly rotary mud or percussion) of geophysical basement targets under cover was completed. Extensive regional RC drilling was also completed by DMITRE as part of the South Australian Steel and Energy Project on the Phillipson and Coober Pedy 1:100,000 map sheets (1995).

From 1981 to 1988, CRAE explored the area under a series of exploration licenses in search of stratiform base metals, diamonds, and iron ore-copper-gold mineralization. This program was the first systematic and detailed exploration over the area.

The bulk of the work over the current area was carried out over their EL822 Engenina (later covered by ELs 1145, then 1494) and EL1106 (later EL1239). These tenements covered a large portion of the current Mt Woods EL2781 and included the Cairn Hill Project in the north, down to the Peculiar Knob deposit and Joe's Dam areas in the south.

CRAE commenced initial assessment of the area by flying an aeromagnetic & radiometric survey at 500 m line spacing. This was interpreted by C. Anderson in conjunction with field work by R. Reid and a series of targets selected for the above styles of mineralization. Extensive ground magnetic and gravity surveys were carried out over these and other targets identified by later CRAE work. Percussion and diamond drilling tested the highest ranked targets.

Exploration activities in the area were undertaken by BHP from 1991 to 1995. The initial work by BHP consisted of the identification of exploration targets based on a detailed interpretation of the CRAE aeromagnetic data. Initially 32 targets were selected over the entire Coober Pedy ridge project. Ground based magnetic surveys confirmed the anomalies and 20 of these were percussion drilled. Three of these areas returned anomalous assays that were classified as "economically interesting" according to BHP's ranking scheme. Anomaly 2 is the Cairn Hill Project and hole CR9103 returned an intersection of 24 m @ 0.86% Cu.

Further magnetic interpretation incorporated the results of the initial drilling and resulted in the identification of another seventeen targets.

Follow-up work at the Cairn Hill Project consisted of extensive aircore drilling and moving-loop EM surveys with five RC holes testing selected conductors. Of these, hole CR9216 contained 2 m @ 5.25% Cu and 0.9g/t Au. Further drilling consisted of diamond and percussion drilling. Petrophysical measurements on core from DDH CD93001 and 93007 showed that remnant magnetization was minimal but that self-demagnetization was significant. This accounted for the discrepancy between the modelled dips based on the ground magnetic data compared to that from the modelled conductors from the moving and fixed-loop EM surveys. Allowing for demagnetization resulted in vertical to steep south dips on the magnetic models, consistent with the EM and drilling data.

From 1995 to 2000, WMC managed exploration of a joint venture with BHP. They carried out extensive aboriginal clearances, geochemical trial programs, and regional aeromagnetic and gravity interpretations. They carried out no detailed work at Cairn Hill other than orientation surveys (including a Geotem survey). Detailed exploration was carried out over selected magnetic and gravity targets. This consisted of detailed gravity surveys, soil sampling grids and percussion drilling. As a result of this work, WMC withdrew from the joint venture.

In 2002, GDM entered into a joint venture with Anglo. Anglo completed extensive and detailed ground gravity surveys, alteration mapping, historic data review and established a new geological framework. The project was returned to GDM in early 2004.

During 2004, GDM completed a review of the updated project information and identified several target styles for investigation, including the historic Cairn Hill magnetite-hosted copper-gold deposit. RC holes were drilled at the Cairn Hill Project intersecting copper-gold mineralization and high grade (>50% Fe) magnetite. Davis tube magnetic separation tests were conducted on a 5 m composite from hole CHRC02. The tests showed that a simple magnetic separation using a coarse grain of 75 µm produced excellent recoveries of a high grade magnetite concentrate assaying 70.2% Fe.

In 2005, a detailed ground magnetic survey was completed and indicated a robust, continuous, magnetic anomaly associated with the copper-gold-magnetite mineralization over a strike length of 850 m. RC infill drilling was conducted at the Cairn Hill Project. In addition to this, broad spaced RC drill traverses at 800 m separation were complete for the first 3 km of the intense magnetic feature which corresponds to the Cairn Hill Phase 2 deposit. Further metallurgical testing was conducted indicating that a >70% magnetite product can be obtained from a coarse 150 µm grind.

Snowden estimated a portion of the Cairn Hill Phase 2 deposit named 'Cairn Hill East' in 2007. Snowden announced an in situ Inferred Mineral Resource of 4.2 Mt @ 47.6% Fe @ a 40% Fe metal equivalent cut-off grade. AMC completed a Mineral Resource estimate for the Cairn Hill Phase 2 deposit in August 2008. AMC announced an Indicated and Inferred Mineral Resource of 5.7 Mt @ 45.9% Fe and was reported without a cut-off grade. These Mineral Resource estimates are no longer relevant and have now been superseded by the current estimate.

No production has occurred at the Cairn Hill Phase 2 deposit. However, the adjacent Cairn Hill Mining Operation has been producing since July 2010. At full capacity it produces 1.7 Mt per annum (Mtpa) of a highly marketable premium quality magnetite-copper DSO product. The Cairn Hill Project has an in-pit resource of 7.9 Mt @ 50.5% Fe, 0.39% Cu which at the current mining rate of 1.7 Mtpa equates to an approximate mine life of five (5) years. As at June 2012, 2,000,000 tonnes of ore had been shipped from the Cairn Hill Mining Operation.

Geological Setting and Mineralization

The Cairn Hill Phase 2 deposit is located in central South Australia in the Mt Woods Inlier of the Precambrian Gawler Craton. The Cairn Hill Phase 2 deposit area covers the eastern portion of the Palaeoproterozoic Mt Woods Inlier, a large block of variable magnetic intensity lying to the east and southeast of the Coober Pedy Ridge and the Mabel Creek Inlier. These three terranes abut an interpreted Archaean age cratonic area to their south and west. The area contains major regional structures (including the Karari Fault Zone) and is traversed by several prominent northwest trending structures along which significant thicknesses of permian sediments have been deposited.

The Mt Woods Inlier comprises high grade Palaeoproterozoic metasedimentary rocks (amphibolite to granulite facies quartzofeldspathic gneisses, meta-iron formations, quartz-feldspar-biotite schists, metaquartzites, calc-silicates and forsterite marbles) intruded by syn- to post tectonic granitoids, (e.g., the Balta Granite, a polyphase Hiltaba Granite equivalent, comprising non-foliated brick-red granite, porphyritic granites and hybrid granites) and is covered by Mesozoic and tertiary sedimentary cover. Extensive pre and post tectonic alteration can be observed from drill holes in the region. Hematite ± magnetite ± sulphide breccias, iron introduction into meta-sediments and calcium-iron silicate alteration have been reported.

The Cairn Hill Phase 2 deposit geology is characterized by two main lithologies which are both considered to be part of the Mt Wood quartzite horizon; (i) sulphidic quartz-magnetite-apatite BIFs and, (ii) a package of banded quartz-feldspar-biotite-magnetite gneisses. The mineralized horizons dip steeply to the south.

The iron, copper and gold mineralization occurs in two main sub parallel sulphidic quartz-magnetite-apatite BIF horizons that have been tested over a 4,200 m strike length (Phase 1 and Phase 2) and to a depth of approximately 170 m. An additional 17 km of strike remains untested. These BIFs are characterized by stacked massive magnetite lenses with variable amounts of vein and blebby pyrite ± chalcopyrite ± pyrrhotite ± bornite and sphalerite. Irregular to massive quartz veining occurs in places through the ore zone and are identified as quartz magnetite to differentiate them. The Cairn Hill Phase 2 deposit has minor copper and no gold mineralization as opposed to the true iron ore-copper-gold mineralization at the Cairn Hill Mining Operation.

Exploration

In 2006, a preliminary desktop scoping study was undertaken to assess the viability of the project. As a result of the outcomes of this desktop scoping study a feasibility study commenced for the Cairn Hill Phase 2 deposit (the "**Feasibility Study**"). As part of the Feasibility Study, substantial RC and diamond drilling was completed, along with associated metallurgical and geotechnical work.

The Feasibility Study was completed in mid-2007. Work completed included the initial Mineral Resource by Snowden in the first quarter of 2007 that included all drilling to the end of 2006. Further drilling in February 2007 included completion of the drilling to a 40 m by 40 m spacing in the Phase 1 area and additional drilling in the Phase 2 and Phase 3 (along strike, east of

Phase 2) areas. An update to the previous Mineral Resource was completed by Snowden as well as mine planning and pit optimization work carried out by AMC on the Cairn Hill Mining Operation. Further metallurgical testing was completed to determine optimal processing techniques for the ore.

In 2008, trial mining commenced at the Cairn Hill Mining Operation. A further 45 RC holes were drilled at the Cairn Hill Phase 2 deposit, as well as 3 HQ diamond holes for metallurgical testing.

In 2010, mining commenced at the Cairn Hill Mining Operation. A total of 3 RC holes were drilled at Cairn Hill Phase 2 deposit.

A significant RC drilling program was undertaken at the Cairn Hill Phase 2 deposit with 95 RC and 2 PQ diamond holes completed in 2011. RUL completed resource modelling for the Cairn Hill Phase 2 deposit for a combined Indicated Mineral Resource of 3.77 Mt at 47.8% Fe and Inferred Mineral Resource of 4.60 Mt at 45.8% Fe using a 35% Fe cut-off grade. Metallurgical testing continued on samples obtained from the PQ diamond drilling program. Resource optimization, pit designs and mine scheduling work commenced, carried out by AMC.

Drilling

The drilling methods and respective quantities of drilling completed at the Cairn Hill Phase 2 deposit to 2012 are summarized in Table 14. The IMX drilling was conducted during the period from 2007 to 2011. The GDM drilling was conducted during the period from 2004 to 2005. The BHP drilling was conducted during the period from 1992 to 1993 and the single CRAE hole was drilled in 1986. There is no detailed information available on the CRAE and BHP drilling, therefore the remainder of this section relates to GDM and IMX drilling only.

From October 2011, 40 RC holes were drilled totalling 1715 m for two purposes. Holes were drilled at key spots in the Cairn Hill Phase 2 deposit to gain further confidence in location of ore so pits design could be optimized. Shallow RC drilling sterilization drilling was also undertaken to allow the planning of mine facilities such as waste dumps. Much of the sterilization drilling was not assayed.

Table 14: Cairn Hill Phase 2 Project Drilling Summary

Year	Company	Drilling Method	Prefix	No. of holes	Metres
1986	CRAE	DD	DD86EN	1	118
1992	BHP	RC	CR92	1	142
1993	BHP	DD	CD93	1	285
2004	GDM	RC	CHRC	1	240
2005	GDM	RC	CHRC	4	486
2007	IMX	RC	CHRC	26	2,988
2008	IMX	RC	CHRC	49	4,909
2008	IMX	DD	CHD	3	248
2010	IMX	RC	CHRC	4	290
2011	IMX	RC	CHRC	95	10,398

2011	IMX	DD	CHD	2	188
Total				187	20,292

All drill holes have been drilled to the north at an inclination of approximately 60°. This drill hole orientation was to ensure that the majority of holes intersected the mineralization at a high angle to the interpreted dip.

All drill hole collars have been surveyed by IMX surveyors using a trimble differential GPS. Accuracy of the unit is quoted to be ±30 mm. Holes were surveyed in the MGA94-53 co-ordinate system.

The drill hole database consists of 2,090 records in the survey table, consisting of 1,511 Gyro records and 552 electronic single shot (reflex ez-shot or flexit) records, while the remainder were collar records.

All IMX holes were surveyed by ABIMS using an icefield down hole Gyro instrument. At each drill hole, the ABIMS operator ran a dummy probe down the hole to find its depth, or a depth of potential blocking. The Gyro instrument was then lowered to that depth and directional data acquired as the instrument was raised. The instrument was stopped every 5-10 m and an azimuth and dip recorded. The azimuth at the collar of each hole was entered as the zero shot.

In blocked holes, the recorded dip was taken from the reflex instrument used during drilling and the azimuth was estimated using either the Gyro data taken in the unblocked portion of the hole, or the last azimuth before the hole became blocked was extrapolated to the bottom of the drill hole.

Core was collected from the drill rig by field staff and geologists and brought to the IMX exploration shed. Field staff with the assistance of a geologist pieced the core together using a purpose-built angle iron rack. If three orientation marks aligned, a solid line was marked along the length of the core between the orientation marks. If two orientation marks aligned a dotted line was drawn up to a natural break or drill induced break where the core could not be matched with any confidence. The core was then metre marked using a tape measure and cross-referenced with driller measurement marks on core blocks inserted at end of drill runs. Core loss was recorded. Natural breaks such as joints, shears, fractures and faults were recorded and rock-quality designation calculated.

Geology intervals were logged based on lithology and mineralization characteristics. The core was structurally logged using a wrap-around kenometer, recording alpha and beta angles. Alpha and beta angles were then converted using Micromine and exported into Excel.

Diamond drill core from the Cairn Hill Project is stored at the Cairn Hill Mining Operation.

Weathering, grain size, dominant lithology and subordinate lithology were all logged by the IMX geologist at the time of drilling. Other characteristics such as mineral percentage and occurrence were estimated. Weathering and structural profiles were also recorded. Rock chips are collected in chip trays and stored at the IMX exploration shed in Coober Pedy.

Sample Preparation, Analysis and Security

Sampling at the Cairn Hill Phase 2 deposit has been limited to the sampling of drill holes. The drilling methods include both RC and diamond drilling.

Drilling within the model area has been sampled in its entirety. Sampling of diamond holes appears to be completed on varying sample length depending on the lithology, whereas RC holes have been frequently sampled evenly at either 1 m, 2 m, 3 m or 4 m intervals (see Figure 14).

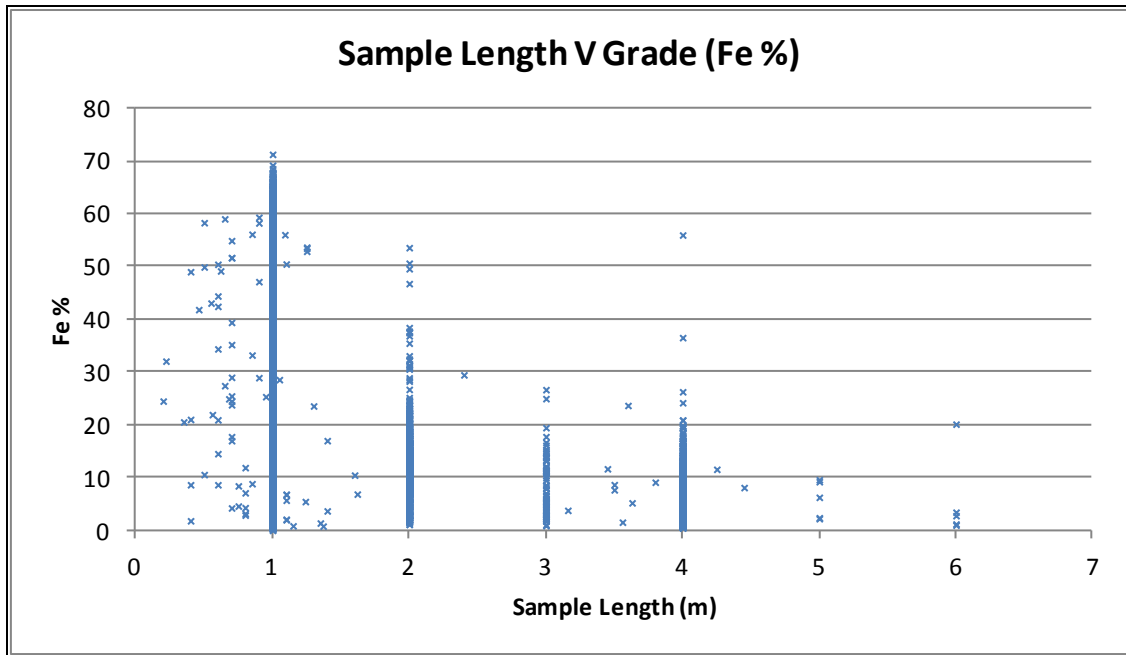


Figure 14: Sample Length v Fe Grade
(Source: RUL 2012)

Sample quality was observed for the IMX drilling. Diamond and RC samples showed very good recoveries and RUL considers the samples to be representative of the mineralization defined by the drilling. The steep nature of the deposit and drill holes inclined at 60° meant that holes were at a low angle to the mineralization. True thickness of intersections is typically approximately 80% of the down hole thickness.

There is no detailed information available on the CRAE and BHP drilling.

For the 2004 to 2005 drilling program, individual one metre RC samples were collected for the entire hole in numbered green plastic bags. All samples were split onsite during the drilling using a 25/75 riffle splitter. Two and four metre composite samples were collected with a sampling spear from the bulk reject over intervals considered to be unmineralized. Where zones of interest were noted by the geologist onsite, the 1 m pre-split bags (25-split) were collected and submitted directly to the laboratory.

For the 2007 to 2008 drilling program, individual one-metre RC samples were collected for the entire hole in numbered bags. All samples were split in the ratio 25/75 onsite during the drilling using a riffle splitter. The 75-split bulk reject was collected in green plastic bags, the 25-split in calico bags. Two and four metre composite samples were collected with a sampling spear from the bulk reject over intervals considered to be unmineralized. Where zones of interest were noted by the geologist onsite, the one metre calico bags were collected and sub-sampled for submission to the laboratory.

For the 2010 to 2011 drilling program, all drill cuttings were split onsite during the drilling using a cyclone and riffle splitter. For the entire hole individual one metre RC samples were collected in numbered green plastic bags. A 25/75 split was collected in calico bags from the splitter representing one metre intervals. Any two or four metre composite samples were taken from the one metre presplit bags. Only mineralized portions and the unmineralized boundary zones at least 2 m each side of mineralization were sampled. For mineralized intervals, samples were collected at 1 m intervals (from the 1 m presplit bag). In zones of negligible or low grade mineralization between the higher grade zones and on the edges of the mineralized zones, samples were collected as two or four metre composites (i.e., from 1 m presplit).

To make the size of the calico bags being sent to the lab more manageable and to reduce on expensive lab handling costs IMX speared samples from the calicos. As part of QAQC process RUL recommended that the speared samples be checked for accuracy by riffle splitting the mining green bags. The results were then compared with the original speared samples. The

comparison of riffle split check data and the original speared two metre composite samples showed there was a good correlation. The assay results derived from spear sampling method can be confidently relied on to be used in the Cairn Hill Phase 2 deposit resource estimate.

The sampling method for historical diamond core is unknown. Database records for all IMX diamond drilling indicate the core is sampled at 1 m intervals or to geological contacts. IMX provided the following summary for diamond drilling hole sample preparation and chain of custody:

- Core is transported to the Coober Pedy exploration office and compound either by the IMX geologists, technicians or alternatively by the drill contractors.
- Core samples are placed in the core logging area of the IMX-owned storage shed where the sample intervals are rechecked, recoveries are noted, core is logged and core is photographed *wet and dry*. Sampling takes place by external contractors using a diamond saw. Contractors that IMX resources have used are Challenger Geological Services (South Australia) and Genalysis (Western Australia).
- Half core, quarter core or one third core samples (depending on the size of the core and the reason for the sample) are placed in calico sample bags with a sample tag; the bags are tied off to prevent any sample falling out. The calico bags are then combined in numerical sequence in large polyweave bags. A sample submission form accompanies each shipment, which is transported to the assay laboratory in trucks operated by laboratory employees or contractors. IMX notifies the laboratory prior to each shipment going out.

For IMX drilling, after cutting or splitting, the samples were bagged by IMX employees and then sent to the Genalysis laboratory in Adelaide for sample preparation. NATA has accredited Genalysis, following demonstration of its technical competence, to operate in accordance with ISO/IEC 17025 which includes the management requirements of ISO 9001:2000. This facility is accredited in the field of chemical testing for the tests, calibrations and measurements shown in the Scope of Accreditation issued by NATA (Accreditation No. 3244).

IMX employees insert quality control samples on site prior to the collection of samples by Genalysis employees. IMX employees have no further involvement in the preparation or analysis of the samples. Duplicate samples, standards and blanks are submitted with all RC and diamond drill sample batches typically at a rate of one standard, field duplicate or blank for every 20 samples submitted for the diamond drilling and RC drilling.

Upon arrival at the Genalysis laboratory in Adelaide, the calico samples are ordered and undergo sample reconciliation where the samples are checked against the company submission sheet. When the sample reconciliation is complete, the samples are weighed before being placed in an oven and dried for 24 hours at approximately 110°C. After drying, the samples are re-weighed and the dry weight recorded. The samples are then crushed using a jaw crusher to obtain a product of approximately 5 mm in size. The crushed sample is then pulverized in a mixermill to achieve a product size of -75 µm (200#). To check for contamination, a gravel wash is crushed at the start and end of each job. Pulp samples are then shipped to Perth for analysis by Genalysis and analyzed by XRF for the standard iron ore suite of 14 elements.

Sample preparation for the CRAE, BHP and GDM samples is not well documented.

Mineral Resource Estimate

The reported Mineral Resource for the Cairn Hill Phase 2 deposit has been prepared under the supervision of Mr Trevor Stevenson who is a full-time employee of RUL, and “independent” of IMX, within the meaning ascribed to that term in NI 43-101.

The Mineral Resource is summarized in Table 15.

Table 15: Cairn Hill Phase II Mineral Resource Estimate (35% Fe cut off)

Classification	Type	Tonnes (Mt)	SG	Fe (%)	Si (%)	Al (%)	P (%)	S (%)	Au (g/t)	Cu (%)
Indicated	Oxide	0.15	4.2	46.9	7.1	1.7	0.83	0.49	0.005	0.03
	Transitional	0.55	4.2	47.9	6.8	1.6	0.84	0.39	0.004	0.03
	Fresh	3.07	4.2	47.9	8.0	1.8	0.80	0.60	0.005	0.02
	Total	3.77	4.2	47.8	7.8	1.8	0.81	0.56	0.005	0.02
Inferred	Oxide	0.14	4.2	45.5	8.6	1.8	0.69	0.50	0.007	0.04
	Transitional	0.47	4.2	45.3	8.5	1.8	0.79	0.56	0.004	0.03
	Fresh	3.99	4.2	45.9	8.9	2.0	0.77	0.77	0.005	0.03
	Total	4.60	4.2	45.8	8.9	1.9	0.77	0.74	0.005	0.03

The Mineral Resource estimate for the Cairn Hill Phase 2 deposit was estimated in Datamine software using OK grade interpolation methods, and constrained by Mineral Resource outlines based on geological boundaries and mineralization envelopes prepared using a nominal 33% Fe cut-off grade. A minimum down hole width of 2 m was used.

The block dimensions used in the model had parent blocks of 20 m by 10 m by 10 m for grade estimation which was selected through the process of kriging neighbourhood analysis. Sub-blocking to 4 m by 0.5 m by 2 m was used to ensure the model honoured the wireframe geometry.

A total of 59 mineralized wireframes were constructed and grouped into eight (8) domains for statistical analysis. Statistical analysis and variography were completed using Supervisor software. No high grade cuts were necessary.

Bulk density testwork has been completed by IMX using the water immersion technique. The test work resulted in an average bulk density of 3.98t/m³ for all the ore zones tested within the deposit. IMX instructed RUL to use the density figure of 4.2t/m³ which it considers a reasonable estimate for the mineralized portion within the mineralized envelopes.

The Mineral Resource was reported at a cut-off grade of 35% Fe for the mineralization. Mineral Resource classification was based on continuity of mineralization and drill hole data spacing. The Mineral Resource was classified as Indicated Mineral Resource where the drill spacing was predominantly at 20 m by 20 m, and continuity of mineralization was robust. Indicated Mineral Resource has also been restricted to a depth of -10 mRL, which is approximately 150 m below the surface. Areas of the Mineral Resource defined at greater than 20 m spacing or where the continuity of the mineralization was uncertain was classified as Inferred Mineral Resource. Small discontinuous zones of mineralization were also classified as Inferred Mineral Resource.

A three step process was used to validate the Cairn Hill Phase 2 deposit estimate. Firstly, a qualitative assessment was completed by slicing sections through the block model in positions coincident with drilling. Overall the assessment indicated that the trend of the modelled grade appeared consistent with the drill hole grades. A quantitative assessment of the estimate was then completed by comparing the average Fe, Si and Al grades of the composite file input against the Fe, Si and Al block model output for all the resource objects. As a further check that the interpolation of the block model correctly honoured the drilling data, a trend analysis was completed by comparing the interpolated blocks to the sample composite data. The trend analysis was completed for 80 m strike panels.

The Mineral Resource was initially reported according to JORC in the categories of Indicated and Inferred Mineral Resource. The terminology, reporting and classification are equivalent to that of the CIM Definitions.

Exploration and Development

The author of the CHP2 Technical Report has recommended the continued development of the Cairn Hill Phase 2 deposit with the exploitation of the mineral resource, which recommendation is not dependent on any other phases being achieved, in addition to certain improvements in future work practices. In this regard, the author of the CHP2 Technical Report has recommended a comprehensive bulk density sampling program across the extent of the deposit area to better determine density values for each lithological domain, as well as further testing on the mineralization areas classified as an Inferred Mineral Resource with further drilling prior to, or as part of, in pit grade control drilling programs upon commencement of mining. IMX is continuing assessment of the iron ore mineralization characteristics to determine processing and marketing requirements while initiating environmental applications (PEPR) to DMITRE for comment as part of development activities.

DIVIDENDS

Up until the date hereof, no cash dividend has ever been declared or paid by IMX and IMX has not established a dividend policy. Legally, there are no known restrictions to the payment of dividends, except that they must be paid out of profits and that the conditions of section 254T of the Corporations Act must be met. Section 254T requires generally that the excess of IMX's assets over its liabilities be sufficient to pay the dividend, that the payment of the dividend be fair and reasonable to IMX's shareholders as a whole, and that the payment of the dividend does not materially prejudice IMX's ability to pay its creditors. The IMX Board may declare dividends at such times and in such amounts as determined by them and in accordance with the Corporations Act.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis are appended hereto as Exhibits "1.1", "1.2" and "1.3" of this Appendix "G" and should be read in conjunction with the historical consolidated financial statements of IMX and the related notes thereto included in the Circular as Appendix "H". The consolidated financial statements of IMX and the financial information contained herein were prepared in accordance with IFRS. All amounts in the Management's Discussion and Analysis are expressed in Australian dollars unless otherwise identified.

The Management's Discussion and Analysis contains forward-looking statements that involve numerous risks and uncertainties. Actual results of IMX could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties, including those set forth under "Cautionary Statement Regarding Forward-Looking Statements" in the Circular and in this Appendix "G" and under "Risk Factors" in the Circular and in this Appendix "G".

SHARE CAPITAL OF IMX

IMX is a company incorporated under the Corporations Act and is limited by shares. IMX currently has only one class of shares on issue, being ordinary fully paid shares ("**Ordinary Shares**"). At the date of this Circular, there are 262,612,803 Ordinary Shares on issue. There are no partly paid shares on issue.

IMX does not have an authorised share capital (the requirement for a company to state an authorised share capital was repealed in Australia in 1998). Subject to compliance with the Corporations Act and the ASX Listing Rules, the legal ability of IMX to raise capital and the number of Ordinary Shares that it may issue is unlimited. The rights attaching to Ordinary Shares in IMX are set out in the Constitution of IMX (the "**Constitution**"), and are regulated by the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law.

The rights attaching to the Ordinary Shares are summarized below. This summary is not exhaustive and does not constitute a definitive statement of the rights attaching to the holders of Ordinary Shares (the "**Ordinary Shareholders**").

Dividends

The holders of Ordinary Shares on which any dividend is declared or paid by IMX are entitled to participate in that dividend equally, in proportion to the number of Ordinary Shares held. The holder of a partly paid Ordinary Share (of which none are currently on issue) would be entitled to receive a fraction of the dividend declared or paid on a fully paid Ordinary Share (equivalent to the proportion which the amount paid on the share bears to the issue price). These dividend entitlements are subject to the rights of persons holding shares with special rights as to dividends (of which none are currently on issue).

The IMX Board may from time to time by resolution either declare a dividend, or determine that a dividend is payable, out of the profits of IMX. The IMX Board may fix the amount, time and method of payment of the dividend. In the case of a determination that a dividend is payable, the resolution may be amended or revoked up until the time fixed for paying the dividend arrives. The payment of a dividend does not require any confirmation by a general meeting, subject to compliance with the Corporations Act.

Before declaring or determining to pay a dividend, the IMX Board may resolve to set aside out of the profits of IMX such amounts by way of reserves as they think appropriate. They may also resolve to carry forward any undistributed profits without transferring them to a reserve. The IMX Board may resolve that a dividend will be paid wholly or partly by the transfer or distribution of specific assets, in which case the IMX Board may deal as they consider expedient with any difficulty which arises in making the transfer or distribution (for example, to deal with fractional entitlements), subject to compliance with the Corporations Act.

Winding Up

Subject to the rights of holders of Ordinary Shares issued on special terms and conditions, upon a winding up of IMX, the Ordinary Shareholders would be entitled to participate equally in the distribution of any surplus assets of IMX in proportion to the number of and amounts paid on the shares held.

A liquidator may, with the sanction of a special resolution, divide among the Ordinary Shareholders in kind all or any of IMX's assets, and, if there are different classes of shares on issue, may for that purpose determine how the division is to be carried out between the different classes.

Voting

Subject to any rights or restrictions attaching to any class of shares, every Ordinary Shareholder may vote at a general meeting in person or by proxy, attorney or, in the case of an Ordinary Shareholder that is a body corporate, by the individual appointed as its representative. On a show of hands an Ordinary Shareholder is entitled to one vote. Upon a poll, an Ordinary Shareholder has for each fully paid Ordinary Share held, one vote, and for each partly paid Ordinary Share held, a fraction of a vote equivalent to the proportion which the amount paid on the Ordinary Share bears to the total issue price.

In the case of jointly held Ordinary Shares, if two or more joint holders purport to vote, then the vote of the joint holder whose name appears first in the register of Ordinary Shareholders will be accepted to the exclusion of the other joint holder or holders.

A resolution put to the vote at a general meeting is decided on a show of hands, unless a poll is demanded by at least five Ordinary Shareholders entitled to vote on the resolution, or Ordinary Shareholders with at least 5% of the votes that may be cast on the resolution on a poll, or the chairperson of the meeting. A poll may be demanded before a vote is taken, or immediately before or after the result of a vote by show of hands is declared.

In the case of equality of votes on a resolution (by show of hands or poll), the chairperson has a casting vote.

Issue of Ordinary Shares

Subject to the Corporations Act, the ASX Listing Rules and the Constitution, the IMX Board may issue and allot Ordinary Shares for such issue prices and on such terms as they determine (including shares with preferential, deferred or special rights, privileges or conditions, or restrictions, or which are liable to be redeemed or are bonus shares). This includes the

power to grant options over unissued Ordinary Shares. The Ordinary Shares may be issued or allotted to existing Ordinary Shareholders, whether in proportion to their existing shareholdings or otherwise, or to such other persons as the IMX Directors may determine.

Transfer of Ordinary Shares

Ordinary Shareholders may transfer Ordinary Shares by way of a written transfer instrument in any usual or common form (or any other form approved by the IMX Directors), or by way of a transfer effected under a computerised or electronic system in accordance with the ASX Settlement Operating Rules and requirements of the ASX Listing Rules. The IMX Directors may in their discretion refuse to register a transfer of Ordinary Shares in circumstances permitted by the ASX Listing Rules. The IMX Directors must refuse to register a transfer of Ordinary Shares where required to do so by the ASX Listing Rules.

Conversion of Ordinary Shares

Under the Corporations Act, Ordinary Shares may be converted to preference shares provided certain conditions are met. As the Constitution does not prescribe the rights that would attach to preference shares, a conversion of Ordinary Shares to preference shares would, under the Corporations Act, be permitted only if the Ordinary Shareholder's rights with respect to the following matters are first approved by special resolution: repayment of capital, participation in surplus assets and profits, cumulative and non-cumulative dividends; voting, and priority of payment of capital and dividends in relation to other shares or classes of preference shares.

The requirements as to variation of rights, set out immediately below, would apply to the conversion.

Variation of Rights

The rights attached to Ordinary Shares may be varied in accordance with the Corporations Act. Under the Corporations Act, rights attached to shares in a class of shares may be varied or cancelled only by both a special resolution of the company and either a special resolution of the relevant class or the written consent of shareholders with at least 75% of the votes in the class.

If the shareholders in the class do not all agree to the variation or cancellation (whether by resolution or written consent), the holders of not less than 10% of the votes in the class may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

Buy-back of Ordinary Shares and Reduction of Capital

Pursuant to procedures regulated by the Corporations Act, IMX may, with the agreement of an Ordinary Shareholder, buy-back Ordinary Shares from that Ordinary Shareholder. In certain circumstances (for example, where specified buy-back limits are to be exceeded, or the buy-back is selective), the buy-back would be subject to the approval of the Ordinary Shareholders in general meeting. Upon registration of the transfer of the Ordinary Shares acquired by IMX in a buy-back, the Ordinary Shares would be deemed to be cancelled.

Pursuant to procedures regulated by the Corporations Act, IMX may also be permitted to carry out a reduction of capital (such as a return of capital to shareholders, or a cancellation of uncalled capital), provided the reduction is fair and reasonable to the Ordinary Shareholders as a whole, does not materially prejudice the ability to pay creditors, and the approval of shareholders is obtained (by way of ordinary resolution in the case of an equal reduction, or special resolution in the case of a selective reduction).

Sale of Non-Marketable Parcels

IMX may sell the Ordinary Shares of any Ordinary Shareholder who has less than a marketable parcel of those Ordinary Shares, provided procedures and conditions prescribed by the Constitution, ASX Listing Rules and ASX Settlement Operating Rules are followed. A "marketable parcel" in relation to Ordinary Shares is a parcel of Ordinary Shares of not less than A\$500 based on the closing price on a trading platform. Notice is required to be given by IMX to the Ordinary

Shareholder of its intention to sell the Ordinary Shares. During this notice period the Ordinary Shareholder has the opportunity to advise IMX that the Ordinary Shareholder wishes to retain its Ordinary Shares (and, if such notification is given by the shareholder, IMX is not permitted to sell the shareholding).

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of IMX as at the dates indicated before and after giving effect to the Arrangement. This table should be read in conjunction with the consolidated financial statements of IMX (including the notes thereto) contained in the Circular.

	Outstanding as at March 31, 2012	Outstanding as at June 30, 2011	Outstanding as at March 31, 2012 after giving Effect to the Arrangement	Outstanding as at June 30, 2011 after giving Effect to the Arrangement
	A\$'000s	A\$'000s	A\$'000s	A\$'000s
Total current Debt	-	-	-	-
Total non-current debt	-	-	-	-
Total indebtedness	-	-	-	-
Share capital	100,976	100,976	121,532	121,512
Share premium	-	-	-	-
Other reserves	1,476	(759)	2,930	695
Total shareholders' equity	102,452	100,217	124,462	122,207
Total capitalization	102,452	100,217	124,462	122,207

(1) Excludes all losses

Since March 2012, Termite entered into a A\$15,000,000 revolving line of credit with LinQ Resources Fund as announced to the ASX on May 30, 2012. During June 2012, Termite completed a drawdown of A\$9,000,000 from the line of credit in order to repay a A\$10,923,367 loan to IMX.

There have been no changes in share capital since March 31, 2012.

OPTIONS TO PURCHASE ORDINARY SHARES

On October 22, 2007, IMX terminated its existing employee share plan. There are no outstanding entitlements under this plan.

On November 27, 2007, shareholders of IMX adopted the IMX Resources NL Share and Option Incentive Plan (the “**Option Plan**”) and subsequently adopted amendments on June 25, 2008. Under the Option Plan, employees (including any IMX Director or officer employed in an executive capacity) and non-executive directors of IMX and its subsidiaries and any consultant of IMX nominated by the IMX Board (“**Eligible Employees**”), may be offered options to acquire Ordinary Shares (“**Options**”). The intent of the Plan is to reward and provide incentive to Eligible Employees whom the IMX Board from time to time determine are deserving.

Any offer of Options is at the discretion of the IMX Board, which (subject to requirements prescribed in the Option Plan, as summarised below) may determine the number and terms of Options offered for issue, and the terms and conditions upon which they are offered. Where the IMX Board permits, as an alternative to issuing the Options directly to an Eligible Employee, the Options may be issued to a named associate of the Eligible Employee (being certain family members of the Eligible Employee, or a company controlled by, or a trust the beneficiaries of which include, the Eligible Employee or such family members). Options carry no dividend or voting rights until such time as they are exercised and shares issued. When

exercisable, each Option is convertible into one Ordinary Share. The period during which an Option is exercisable shall be determined by the IMX Board, but shall not exceed a period of five years, and shall expire six months after the Eligible Employee ceases to be employed by or a director of (as applicable) IMX or the relevant subsidiary. The exercise price shall be determined by the IMX Board but shall not be less than the five-day volume weighted average price of IMX's Ordinary Shares on the ASX immediately prior to the date on which the IMX Board resolved to offer to issue the Options to the Eligible Employee.

The number of Options to be issued by IMX is at the discretion of the IMX Board, subject to the requirement that the total number of Ordinary Shares to be issued as a result of the possible exercise of the Options shall not exceed 10% of the total number of issued Ordinary Shares (whether fully or partly paid) at any time.

The Option Plan may be amended or terminated by IMX at any time, provided that pre-existing rights are not affected.

The administration of the Option Plan and provision of offers of Options to Eligible Employees is subject to compliance with the Corporations Act and the ASX Listing Rules.

The following table sets forth information with respect to the Options of IMX outstanding as at July 19, 2012.

Option Holders	Number of Options	Ordinary Shares Under Option	Grant Date	Expiry Date	Exercise Price per Ordinary Share (A\$)	Market Value of Ordinary Shares on Grant Date (A\$)	Market Value of Ordinary Shares as of Date of This Circular (A\$)
Executive officers and past executive officers of IMX (2 persons)	300,000	300,000	Dec 21, 2007	Dec 21, 2012	0.53	0.60	0.165
	500,000	500,000	Aug 27, 2010	Aug 26, 2015	0.41	0.44	0.165
IMX Directors and past IMX Directors, who are not also executive officers (6 persons)	1,300,000	1,300,000	Dec 21, 2007	Dec 21, 2021	0.50	0.60	0.165
	1,200,000	1,200,000	Jun 25, 2008	Jun 25, 2013	0.56	0.53	0.165
	1,700,000	1,700,000	Nov 3, 2008	Nov 3, 2013	0.568	0.30	0.165
	1,500,000	1,500,000	Nov 3, 2008	Nov 3, 2013	0.52	0.30	0.165
	985,000	985,000	Feb 14, 2011	Feb 14, 2015	0.45	0.74	0.165
	1,050,000	1,050,000	Feb 14, 2011	Feb 14, 2015	0.49	0.74	0.165
Executive officers and past executive officers of all subsidiaries of IMX (1 person)	500,000	500,000	Jul 29, 2009	Jul 29, 2014	0.49	0.33	0.165
	500,000	500,000	Aug 27, 2010	Aug 26, 2015	0.41	0.44	0.165
Employees and past employees of IMX	290,000	290,000	Aug 27, 2010	Aug 26, 2015	0.41	0.44	0.165
Employees and past employees of all subsidiaries of IMX	200,000	200,000	Oct 26, 2009	Oct 26, 2014	0.39	0.31	0.165
	75,000	75,000	Nov 6, 2009	Nov 6, 2014	0.39	0.30	0.165
	100,000	100,000	Aug 27, 2010	Aug 26, 2015	0.41	0.44	0.165
	50,000	50,000	May 6, 2011	May 5, 2016	0.57	0.57	0.165
	250,000	250,000	Aug 9, 2011	Aug 7, 2016	0.43	0.40	0.165
	100,000	100,000	Jan 13, 2012	Jan 12, 2017	0.32	0.31	0.165
Total	10,600,000	10,600,000			0.46	0.46	0.165

* Unexercised options expire six (6) months after resignation in accordance with the Option Plan

PRIOR SALES

No Ordinary Shares were issued by IMX during the past 12 months preceding the date hereof. However, the chart below shows the issuance by IMX of Ordinary Shares within the past 36 months:

Issue Date	Number of Ordinary Shares Issued (Recipient - Distribution Details)	Issue price
December 2, 2009	26,150,000 (OZ Minerals Investments Pty Ltd - private placement)	A\$0.385
November 3, 2010	2,300,000 (Anglo - compensation for termination of strategic alliance)	Nil
July 12, 2010	29,450,000 (Taifeng and OZ Minerals Investments Pty Ltd private placement)	A\$0.484
May 7, 2010	30,080,000 (Taifeng private placement)	A\$0.484
April 28, 2010	100,000 (exercise of options)	A\$0.340
January 6, 2011	60,000 (exercise of options)	A\$0.410

PRICE RANGE AND TRADING VOLUME OF ORDINARY SHARES

The Ordinary Shares are listed on the ASX under the symbol “IXR”, which constitutes the principal trading market for the Ordinary Shares. The Ordinary Shares are also listed on the Frankfurt Stock Exchange under the symbol “GDM”.

The following table sets forth the high and low closing prices and volumes of the Ordinary Shares traded on the ASX for the periods indicated:

	Price Range (in A\$)		Total Volume
	High	Low	
August 1 – August 10, 2012	0.20	0.165	117,926
July 2012	0.22	0.19	82,000
June 2012.....	0.235	0.15	2,750,616
May 2012	0.315	0.23	774,090
April 2012.....	0.355	0.285	1,273,963
March 2012.....	0.35	0.305	2,252,311
February 2012.....	0.335	0.27	1,393,203
January 2012.....	0.34	0.28	1,019,884
December 2011.....	0.32	0.285	1,543,583
November 2011	0.385	0.29	1,242,733
October 2011	0.41	0.335	1,582,027
September 2011	0.35	0.3	2,695,380

	Price Range (in A\$)		
August 2011	0.51	0.365	3,894,371

PRINCIPAL IMX SHAREHOLDERS

The following table shows, based on public filings as of the date of this Circular, each person who is known to IMX or to its directors and officers, to beneficially own, or control or direct, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of IMX:

Name	Nature of Interest	Number of Shares Held Prior to the Arrangement	Percentage of Outstanding Shares Prior to the Arrangement	Pro Forma Number of Shares Held After Giving to the Arrangement	Pro Forma Percentage of Shares Held After the Arrangement
Taifeng ⁽¹⁾	Beneficial	51,771,000 ⁽¹⁾	19.71%	51,771,000	14.29% ⁽¹⁾
OZ Minerals Investments Pty Ltd ⁽²⁾	Beneficial	33,909,000 ⁽²⁾	12.91%	33,909,000	9.36% ⁽²⁾

⁽¹⁾ On a fully diluted basis Taifeng holds an interest in IMX of approximately 18.91% before the Arrangement and approximately 12.98% after giving effect to the Arrangement.

⁽²⁾ On a fully diluted basis OZ Minerals Investments Pty Ltd holds approximately 12.39% before the Arrangement and approximately 8.50% after giving effect to the Arrangement.

DIRECTORS AND EXECUTIVE OFFICERS

The table below lists the names of the directors of IMX, their state and country of residence, their principal occupations during the past five years, and the number of Ordinary Shares each IMX Director beneficially owns, or exercises control or direction over, directly or indirectly.

Name and Place of Residence	Principal Occupation for Past Five Years	Number of Ordinary Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Date of Appointment
John Nitschke ⁽¹⁾⁽²⁾ Western Australia	Director of CNI (since October 2010), IMX (since December 2009), Venturex Resources Limited (since September 2011) and Toro Energy Limited (June 2009-June 2012) General Manager, Projects and	-	December 23, 2009

Name and Place of Residence	Principal Occupation for Past Five Years	Number of Ordinary Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Date of Appointment
Neil Meadows	Technical Services at OZ Minerals Limited (January 2005 - December 2010)	-	November 28, 2011
Western Australia, Australia	Managing Director at IMX (November 2011 - present)		
	Project Manager at Australian Premium Iron Joint Venture (June 2011 - November 2011)		
	Chief Operating Officer at Queensland Nickel Pty Ltd. (July 2009 - May 2011)		
	General Manager at BHP Billiton Limited (August 2008 - July 2009)		
	Project Director at Minara Resources Limited (January 2008 - August 2008)		
	General Manager at Minara Resources Limited (April 2003 - January 2008)		
Stephen Hunt ⁽¹⁾⁽²⁾	Non-Executive Director at IMX (July 2007 - present)	150,000	July 3, 2007
South Australia, Australia	Director at Minerals and Metals Marketing Pty Ltd. (February 2004 -present)		
	Beneficiary of Standout Enterprises Pty Ltd. (September 2008 - present)		
Song Yuan Gang	Chairman of Taifeng (September 1997 – present)	51,771,000	July 29, 2010
Sichuan, China			

Name and Place of Residence	Principal Occupation for Past Five Years	Number of Ordinary Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Date of Appointment
Kellie Benda ⁽¹⁾⁽²⁾⁽³⁾ Western Australia, Australia	Director of IMX (since August 2012), WA Council of the Australian Institute of Company Directors (since 2011) and Ready to Work (since 2008).	-	August 1, 2012
David Constable ⁽²⁾⁽³⁾ Ontario, Canada	Director of IMX (since August 2012), Tiger Resources Limited (since June 2011), Sandspring Resources Ltd. (since January 2011), Woulfe Mining Corp. (since September 2010), Rockcliff Resources Inc. (Chairman) (since August 2010) and U3O8 Corp. (Chairman) (since December 2005). Vice President Investor Relations at FNX Mining Company (2002 – 2010).	-	August 2, 2012

(1) Member of the Nomination and Remuneration Committee

(2) Member of the Audit and Risk Committee

(3) Ms. Kellie Benda joined the IMX Board on August 1, 2012 and Mr. David Constable joined the IMX Board on August 2, 2012.

Expiry of Term of Office

Section 46 of the Constitution of IMX (“*Retirement by Rotation*”) provides that at each annual general meeting, one-third of the IMX Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the IMX Directors, must retire. The IMX Directors to retire by rotation at an annual general meeting are those who have been longest in office since their last election. IMX Directors elected on the same day may agree among themselves or determine by lot which of them must retire.

The table below lists the names of the executive officers of IMX, their state and country of residence, their principal occupations during the past five years, and the number of Ordinary Shares each executive officer beneficially owns, or exercises control or direction over, directly or indirectly. IMX’s executive officers are appointed by, and serve at the discretion of, the IMX Board.

Name and Place of Residence	Principal Occupation for Past Five Years	Number of Ordinary Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Date of Appointment
Phil Hoskins <i>Western Australia, Australia</i>	Chief Financial Officer at IMX (January 2012 - present) Financial Controller at IMX (July 2011 – January 2012) Financial Controller at Aspen Group Ltd. (April 2009 - July 2011) Financial Controller at P+O Estates Ltd. (April 2007 -April 2009)	-	January 17, 2012
Caroline Rainsford <i>Western Australia, Australia</i>	Self-employed consultant (April 1, 2007 – present)	-	January 17, 2012 as IMX contract Company Secretary
Bianca Manzi <i>Western Australia, Australia</i>	General Manager Exploration at IMX Resources (January 2007 - present)	100,710	January 1, 2007
Simon Parsons <i>South Australia, Australia</i>	General Manager – Cairn Hill Operations at IMX (August 2008 - present) General Manager at Termite (July 2008 - present) Mine Manager at MT Gibson (April 2006 - July 2008)	-	August 14, 2008

As at the date hereof, IMX’s directors and executive officers as a group beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 52,156,710 Ordinary Shares of IMX, representing 19.86% of the issued and outstanding Ordinary Shares (and representing 14.39% of the issued and outstanding Ordinary Shares after giving effect to the Arrangement).

Biographies of IMX Directors

John Nitschke, Non-Executive Chairman

John Nitschke is a mining engineer with over 35 years' experience in the mining industry including operating at executive levels in large resource companies. Recent roles include Executive General Manager (“EGM”) Projects and Technical Services for OZ Minerals Limited, EGM Australian Operations for Oxiana Limited, EGM Development for Newmont Australia Limited and EGM Western Australia for Normandy Group. Significant projects managed by Mr Nitschke include the development of the Prominent Hill Copper Gold Project, the Golden Grove Underground Zinc Operation and the Sepon Copper Expansion Project. He is also a Non-Executive Director of CNI and ASX listed company Venturex Resources Limited.

Neil Meadows, Managing Director

Neil Meadows holds a Master of Applied Science in Metallurgy, is a Member of the Australasian Institute of Mining and Metallurgy and a recipient, in 2007, of the Mine Manager of the Year Award through the Sydney Mining Club.

He was the Australasian Institute of Mining and Metallurgy North Queensland Resources Industry Professional of the Year in 2009. His technical qualifications are supported by a Graduate Diploma of Business Administration from Charles Sturt University, along with a Diploma of the Australian Institute of Company Directors.

Most recently, Mr Meadows has worked with the Australian Premium Iron Ore Joint Venture on mine infrastructure. Prior to that, he was the Chief Operating Officer and a Director of Queensland Nickel Pty Ltd., subsequent to the sale of the business by BHP Billiton. He was the Managing Director of Gladstone Pacific Nickel Limited whilst it was listed on the London AIM and was also the General Manager of the Yabulu Refinery site for BHP Billiton Limited.

Stephen Hunt, Non-Executive Director

Stephen Hunt has significant minerals marketing experience gained from more than 15 years with BHP Billiton. Mr Hunt had his own trading business, Standout Enterprises Ltd whereby minerals are traded worldwide and in particular into China. In addition, Mr Hunt resides in South Australia and is also a Director of Uranex Limited.

Song Yuan Gang, Non-Executive Director

Song Yuan Gang is the Chairman of Taifeng, a privately owned Chinese company. Mr Song has grown Taifeng into a successful diversified group with trading, real estate and mining divisions. Mr Song was a director of CNI from October 2010 until his resignation in August 2011.

Kellie Benda, Non-Executive Director

Kellie Benda is a lawyer and investment banker with extensive corporate advisory and management experience, specialising in equity capital markets and mergers and acquisitions, particularly in the mining and resources sectors. She holds a Bachelor of Laws and Bachelor of Arts, a Master of Applied Finance, is a graduate of the Harvard Business School AMP, and a Fellow of the Australian Institute of Company Directors and the Australian Institute of Management. Ms Benda holds Board appointments with the WA Council of the Australian Institute of Company Directors, the Australian Youth Orchestra, and Ready to Work. Previous Board appointments include a major stockbroking firm, government trading enterprises, Youth Focus, Methodist Ladies' College and The Art Gallery of Western Australia. Ms Benda joined the IMX Board on August 1, 2012.

David Constable, Non-Executive Director

David Constable is a Canadian-based exploration geologist and investor relations specialist with over 40 years' experience as a director and senior executive with Canadian-listed mining companies, specializing in mineral exploration, marketing and communication. Mr Constable has a track record of success in helping grow small exploration and mining companies listed on the TSX into successful major mining companies. He listed Normandy Mining on the TSX in 1997 and served as Vice President Investor Relations for the Americas until Normandy's acquisition by Newmont Mining in 2002. From 2002 to 2010, Mr Constable was Vice President Investor Relations for FNX Mining Company listed on the TSX. Mr Constable is currently Chairman of the board of directors of each of U3O8 Corp. and Rockcliff Resources Inc. Mr Constable joined the IMX Board on August 2, 2012.

Biographies of Executive Officers

Phil Hoskins, Chief Financial Officer

Phil Hoskins was appointed to the role of Chief Financial Officer on January 17, 2012. Mr Hoskins is a Chartered Accountant with over ten (10) years' experience in accounting and finance roles. He commenced his career at a large international accounting firm and has since gained corporate experience with both Australian and international listed companies.

Caroline Rainsford, Company Secretary

Caroline Rainsford was appointed to the role of Company Secretary in January 2012. She has extensive Commercial and Company Secretarial experience gained from a wide range of industries, and in companies listed and unlisted. With previous experience in Governance, Finance and Administration, and having served as a Director of Satisfac Credit Union (now Credit Union SA) and a State Government Supply Board, she is well placed to support the IMX Board in carrying out its role.

Ms Rainsford has a Bachelor of Economics from Adelaide University, a Graduate Diploma in Business Administration from University of South Australia and a Certificate in Mineral Economics from Curtin University in Western Australia.

Bianca Manzi, General Manager Exploration

Bianca Manzi has over 15 years' experience in the exploration and mining industry. Ms Manzi has been an employee of IMX since 2003 and became the Exploration Manager in January 2007.

Prior to joining IMX, Ms Manzi held exploration geologist positions with various companies including Wiluna Mines Ltd, Normandy Exploration Pty Ltd and Newmont Australia Pty Ltd.

Simon Parsons, General Manager – Cairn Hill Project

Simon Parsons has nearly 20 years' practical mining experience in terms of both operations and project development associated across a range of commodities throughout most of the mainland states in Australia. He has been working on the Cairn Hill Project since August 2008, taking the project from the final project approvals, contract tenders and finally project commencement. Previously, he was Mining Manager for Mt Gibson Mining at Talling Peak. Prior to joining Mt Gibson, he worked for number of companies including Onesteel (South Middleback Ranges), Newmont (Granites), Normandy, Henry Walker (in the NT) and Eltin (in Qld and WA).

CEASE TRADE ORDERS, BANKRUPTCIES AND PENALTIES AND SANCTIONS

To the knowledge of management, no director or executive officer of IMX is, as of the date of this Circular, or was, within the ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company (including IMX) that was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company (including IMX) access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued (i) while such person was acting in that capacity, or (ii) after such person was acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

To the knowledge of management, no director or executive officer of IMX, or shareholder holding a sufficient number of securities to affect materially the control of IMX is, as of the date of this Circular, or has been, within ten (10) years before the date hereof, a director or executive officer of any company that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of management, no director or executive officer of IMX, or shareholder holding a sufficient number of securities to affect materially the control of IMX has, within the ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any

proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of management, no director or executive officer of IMX, or shareholder holding a sufficient number of securities to affect materially the control of IMX has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

To the best of IMX's knowledge, there are no known existing potential conflicts of interest among IMX, its directors or officers as a result of their outside business interests as at the date hereof, other than as disclosed in the Circular or in this Appendix "G". However, certain of the directors and officers are, or may become, directors or officers of other public resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of IMX.

IMX Directors and officers are required to exercise their powers and discharge their duties with care and diligence, in good faith in the best interests of IMX and for a proper purpose. They must not improperly use their position, or information obtained by virtue of their position, to gain personal advantages or to cause detriment to IMX.

IMX Directors should seek to avoid placing themselves in a position of conflict whereby a personal interest or duty conflicts with their duty to IMX. An IMX Director who has a material personal interest in a matter that relates to the affairs of IMX is required (subject to specified exemptions in the Corporations Act) to give the other IMX Directors notice of the interest, and is required to keep these disclosures up to date. The notice must give details of the nature and extent of the interest, and the relation of the interest to the affairs of IMX.

An IMX Director who has a material personal interest in a matter that is being considered at an IMX Board meeting must not (subject to specified exemptions in the Corporations Act) be present while the matter is being considered at the meeting, and must not vote on the matter.

In the event that there is, or may be, a conflict between the personal or other interests of an IMX Director, then the IMX Director with an actual or potential conflict of interest in relation to a matter before the IMX Board does not receive the Board papers relating to that matter. When the matter comes before the IMX Board for discussion, the IMX Director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision making process.

IMX Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards. The IMX Directors are required to gain the approval of the IMX Board before being appointed to any new directorships.

The Corporations Act permits standing notice of a material personal interest to be given by an IMX Director. A standing agenda item is included in all IMX Board papers to confirm the IMX Directors' material personal interests and the IMX Directors are required to advise the Chairman and Company Secretary prior to the meeting of any potential change to a material personal interest.

Subject to compliance with the Corporations Act and the Constitution, an IMX Director or a body or entity in which an IMX Director has a direct or indirect interest is not automatically restricted from entering into agreements or arrangements with IMX, or holding office in, or acting in a professional capacity for, IMX (other than as an auditor), and would be entitled to retain remuneration or profits received as a result. In certain circumstances, the Corporations Act would require that such arrangements be on arm's length terms, or otherwise approved by the shareholders of IMX.

Mr Nitschke is a director of CNI, however he disclosed his interests in respect of the Arrangement and removed himself from any decision making with respect thereto.

AUDIT COMMITTEE INFORMATION

Overview

The main responsibilities of the audit and risk management committee of IMX (the “**Audit and Risk Committee**”) in respect of its audit responsibilities are to: review and report to the IMX Board on the annual report and financial statements; provide assurance to the IMX Board that it is receiving adequate, timely and reliable information; assist the IMX Board in reviewing effectiveness of the Group’s internal control environment covering both compliance with applicable laws and regulations and reliability of financial reporting; and liaise with the external auditors and ensure that the annual audit and half-year review are conducted in an efficient manner.

The Audit and Risk Committee reviews the performance of the external auditors on an annual basis. The auditors are invited to attend committee meetings during the year to discuss the external audit plan, any significant problems that may arise, and to review the fees proposed for the audit work to be performed.

Any written matters raised by the auditors are discussed and dealt with at full IMX Board meetings. The auditors, by request, may attend Audit and Risk Committee meetings and IMX Board meetings to discuss any matter that they believe warrants attention by the IMX Board. The auditors also attend shareholder meetings of the Group. The full text of the Audit and Risk Committee committee charter is appended hereto as Exhibit “2” and is also available on IMX’s website.

Composition of the Audit Committee

The members of the Audit and Risk Committee are determined by the IMX Board. The Audit and Risk Committee currently has Kellie Benda as Chairman and its other members are David Constable and John Nitschke. All members are independent and both Mr Nitschke and Mr Constable are financially literate having been members of boards of directors of other companies and performing similar roles. Ms. Benda is financially literate given her experience as an investment banker and her Masters of Applied Finance degree from Macquarie University.

Audit Committee Oversight

At no time since the commencement of IMX’s most recently completed financial year was a recommendation of the Audit and Risk Committee to nominate or compensate an external auditor not adopted by the IMX Board.

Pre-Approval Policies and Procedures

IMX has not adopted any specific policies in relation to the engagement of non-audit services.

External Auditor Service Fees

The following table provides information about the fees billed to IMX for professional services rendered by BDO Audit (WA) Pty Ltd during the years ended June 30, 2011 and 2010:

	2011 (A\$)	2010 (A\$)
Audit Fees ⁽¹⁾	94,955	50,000
Audit Related Fees ⁽²⁾	-	8,356
Tax Fees ⁽³⁾	-	-
All Other Fees ⁽⁴⁾	-	-
Total ⁽⁵⁾	94,955	58,356

(1) Audit fees were for professional services rendered by the auditors for the audit of IMX’s annual financial statements.

(2) Audit-related fees are for services related to performance of limited procedures performed by IMX’s auditors related to interim reports as well as services provided in connection with statutory and regulatory filings.

(3) Tax fees are for tax compliance and tax advice.

(4) All other fees for services performed by IMX's auditors.

(5) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on IMX's behalf. These additional costs are not material as compared to the total professional services fees for each year.

CORPORATE GOVERNANCE

Board of Directors

With the recent addition of two independent directors to the IMX Board, half of the IMX Directors are considered independent. A majority of the IMX Directors are not independent for the purposes of NI 58-101. IMX and the IMX Board are currently reviewing the composition of the IMX Board to determine what changes are required to comply with NI 58-101 after completion of the Arrangement.

In order to facilitate the independent judgment of the IMX Board, the IMX Board has approved the Board Charter which details the IMX Director's independence rules. The full text of the Board Charter is appended hereto as Exhibit "3" and is available on IMX's website. Independent directors are permitted and encouraged to meet as determined necessary by the independent directors.

John Nitschke, the Chairman of the IMX Board, is considered independent, as are non-executive IMX Directors Kellie Benda and David Constable. The rules provide that the independence of an IMX Director will be assessed by determining whether the IMX Director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the IMX Director. Materiality is considered from the perspective of IMX, the persons or organizations with which the IMX Director has an affiliation and from the perspective of the IMX Director. Materiality thresholds are considered by the IMX Board from time to time. The IMX Board considers that: a material customer is a customer of IMX which accounts for more than 5% of IMX's consolidated gross revenue; a supplier is material if IMX accounts for more than 5% of the supplier's consolidated gross revenue; a substantial shareholder of IMX is someone who holds greater than 5% of the voting capital of IMX; a holder of 5% or more of any IMX subsidiary; and service on the IMX Board for a period exceeding ten years is a period which could, or could reasonably be perceived to, materially interfere with an IMX Director's ability to act in the best interests of IMX.

Managing Director Neil Meadows is not considered independent by reason of his position as executive of IMX.

Non-Executive Director Mr Stephen Hunt is not considered to be independent as he is a beneficiary of Standout Enterprises Pty Ltd, a company that is contracted to receive a commission of A\$1 per tonne of ore sold to Vingo Resources Ltd. Vingo's current life of mine sales contract is for 900,000 tonnes of ore per year which will result in the payment of A\$900,000 per year to Standout Enterprises Pty Ltd.

Non-Executive Director Mr Song Yuan Gang is not considered to be independent, as he is the Chairman and co-owner of Taifeng, an entity that controls more than 5% of IMX's voting control. Taifeng also owns a majority shareholding in the processing plant to which the ore from the Cairn Hill Mining Operation will be delivered under the life of mine sales contract described in the section titled "Business of IMX" of this Appendix "G".

The Chairman sets the agenda for each meeting in conjunction with the Managing Director and Company Secretary. Any IMX Director may request additional matters be added to the agenda. Members of senior management may attend meetings of the IMX Board by invitation.

The Chairman canvasses the opinion of all directors on issues to be discussed and decisions to be made prior to IMX Board meetings and IMX Directors are entitled to request additional information where they consider the information is necessary to support informed decision making. There have been a number of formal and informal meetings held since July 1, 2010 to discuss the response to various issues relating to marketing of product to the major shareholder as well as meetings relating to the resignation of the previous Managing Director and recruitment of his replacement.

In the event that there is, or may be, a conflict between the personal or other interests of an IMX Director, then when the matter comes before the IMX Board for discussion, the IMX Director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision making process.

IMX Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards. A standing agenda item is included in all IMX Board papers to confirm the IMX Directors' potential conflicts of interests and the IMX Directors are required to advise the Chairman and Company Secretary prior to the meeting of any potential change to a conflict of interest.

Meetings of the IMX Board and its Committees

There were fourteen IMX Board meetings, three meetings of the Audit and Risk Committee and three meetings of the Nomination and Remuneration Committee in the year ended June 30, 2012. Attendance at these meetings by the relevant IMX Board members for the periods during which they were IMX Directors, is set out below:

	Board	Audit and Risk Management Committee	Nomination and Remuneration Committee
Neil Meadows ⁽¹⁾	9/9	N/A	N/A
Stephen Hunt	13/14	3/3	3/3
John Nitschke	13/14	2/3	3/3
Song Yuan Gang	11/14	N/A	N/A
Chen Yu ⁽²⁾	0/10	N/A	N/A
Robert Sun ⁽²⁾	4/4	N/A	N/A

(1) Neil Meadows was appointed November 28, 2011.

(2) Chen Yu was appointed as an alternate director for Song Yuan Gang on July 29, 2010 and resigned on March 15, 2012. Robert (Wei) Sun was appointed as alternate director for Song Yuan Gang on March 15, 2012.

Other Directorships

The following IMX Directors are presently also directors of other reporting issuers (or the equivalent), as follows:

Name	Issuer
John Nitschke	Venturex Resources Limited; CNI
Neil Meadows	N/A
Stephen Hunt	Uranex
Song Yuan Gang	N/A

Name	Issuer
Kellie Benda ⁽¹⁾	WA Council of the Australian Institute of Company Directors; Ready to Work
David Constable ⁽¹⁾	Sandspring Resources Ltd.; U3O8 Corp.; Rockcliff Resources Inc.; Woulfe Mining Corp.; Tiger Resources Limited

(1) Ms. Kellie Benda joined the IMX Board on August 1, 2012 and Mr. David Constable joined the IMX Board on August 2, 2012.

Board Performance

The IMX Board undertakes ongoing self-assessment and review of the performance of the IMX Board, committees and individual IMX Directors annually. The Chairman of the IMX Board, John Nitschke, is responsible for determining the process for evaluating IMX Board performance.

Position Descriptions

IMX has developed written position descriptions for the chair and the chair of each IMX Board committee.

Orientation and Continuing Education

IMX supports the concept of an effective board leading and controlling its activities. The IMX Board is responsible for approving IMX's policy and strategy. It meets at least every three months and is supplied with appropriate and timely information. The IMX Directors are free to seek any further information they consider necessary. All IMX Directors have access to advice from IMX's secretary and independent professionals at IMX's expense. Training is available for new IMX Directors and other IMX Directors as necessary.

Ethical Business Conduct

IMX has developed a Code of Conduct for IMX Directors, as well a Code of Conduct for Employees. The complete text of both codes is available on IMX's website. The IMX Board is responsible for ensuring that systems are in place to enforce compliance with these codes.

Committees of the IMX Board

In addition to the Audit and Risk Committee, the IMX Directors have established a nomination and remuneration committee (the "**Nomination and Remuneration Committee**").

The IMX Board, in conjunction with the Nomination and Remuneration Committee, reviews the size and composition of the IMX Board and the mix of existing and desired competencies across members from time to time. Recommendations for nominations of new IMX Directors are considered by the Nomination and Remuneration Committee and approved by the IMX Board as a whole. New appointments are referred to the next annual or general meeting of shareholders for approval. The responsibilities, powers and operation of the nominating committee are described in the Nomination and Remuneration Committee's charter, which is available on IMX's website.

The Nomination and Remuneration Committee is chaired by John Nitschke (independent) and its other members are Stephen Hunt and Kellie Benda (independent). Ms. Benda does have experience that is relevant to her responsibilities in executive compensation through her role on the nominations committee of the Art Gallery of Western Australia. Mr. Nitschke and Mr. Hunt do not have direct experience that is relevant to their responsibilities in executive compensation although both have been members of boards of directors of other companies and considered similar issues.

EXECUTIVE COMPENSATION

General Objectives of Compensation Program

The IMX Board recognises that IMX's performance depends on the quality of its directors and executives. To achieve its operating and financial objectives, IMX must attract, motivate and retain highly skilled directors and executives. The IMX Board recognises that there must be a link between remuneration and business strategy and that remuneration of IMX must be comparable with that offered by other businesses operating in similar industries in order to ensure that IMX can retain its executives and promote a culture aimed at achieving the Group's business objectives. Executive remuneration packages are designed to attract, motivate and retain executives of the calibre necessary to manage IMX's operations and to reward them for enhancing shareholder value.

IMX's policy for determining the nature and amount of emoluments of IMX Board members and executives of the Group is assessed from time to time with reference to the mineral industry marketplace. Due to the current maturity of the business, it is not directly linked to IMX's performance. The Nomination and Remuneration Committee of the IMX Board is responsible for researching, assessing and making recommendations to the IMX Board in relation to senior executive remuneration. Where required, the Nomination and Remuneration Committee will seek independent external advice in order to gauge the general market conditions and perform competitor analysis.

Elements of Executive Compensation Program

In common with many companies at a similar stage of development, IMX has a competitive approach to executive remuneration. The total remuneration for the Executive Directors and other senior executives consists of four main elements for the year ended June 30, 2012. These elements are summarized in the following chart and further described below:

Element	Objective	Performance Period	Performance Conditions
Base Salary	Reflects competitive market, level role and individual contribution	Not applicable	Normally reviewed every year taking into account pay for similar positions in similar companies, individual performance and IMX's overall approach to pay
Benefits including superannuation	Reflects competitive market and satisfies statutory obligations	Not applicable	Not applicable
Performance Bonus	Motivates achievement of financial, operating and strategic goals, as well as individual performance goals	Six months	Subject to achievement of targets against key performance indicators, as well as personal performance ⁽¹⁾
Share Option Incentive Plan	Options provide a more straightforward means of alignment that is appropriate also for use below the senior executive level	12 months	From July 1, 2012, Options are likely to be phased out as a compensation method in favour of other long term incentive products

(1) For the 2012 financial year, performance bonuses were at the IMX Board's discretion and depended on the performance of the company. The allocated bonus pool has been split between employees depending on their individual performance. Performance indicators against which company and personal performance will be measured have been introduced for the 2013 financial year.

Despite options being the long term incentive element of the executive's remuneration, no options were issued to executives during the 2012 financial year.

IMX has adopted a policy that senior executives' remuneration should be comprised of fixed and "at-risk" components. IMX understands that the mix of fixed and at risk remuneration will vary depending on role and responsibility, as well as the performance of IMX and of the individual executive.

The "fixed" component of executive compensation is comprised of base salary remuneration. Executive remuneration packages are designed to attract, motivate and retain executives of the calibre necessary to manage IMX's operations and to reward them for enhancing shareholder value. Base salary is reviewed annually and salary levels are determined in accordance with the maturity of the entity and its peer group.

All senior executives receive a superannuation guarantee contribution as legislated by government (currently 9% of gross salary) and do not receive any other retirement benefits. The IMX Board does not intend to put in place any form of retirement benefits for senior executives beyond Australian and State legislative requirements.

The "at-risk" component is comprised of performance based bonuses awarded to executives and an entitlement granted to both executives and non-executive IMX Directors to participate in the Option Plan, which is described in further detail above in the section titled "*Options to Purchase Ordinary Shares*". Performance based remuneration is assessed by the IMX Board, based on recommendations from the Nomination and Remuneration Committee, every six months. Awards to each executive are based on the individual executive's performance, market conditions and company performance.

Since hedging of options is prohibited in Australia, no NEO or IMX Director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or IMX Director.

Compensation Governance

The Nomination and Remuneration Committee was formed on August 1, 2008. The committee reviews and makes recommendations to the IMX Board on remuneration packages and policies applicable to the executive officers and IMX Directors themselves of IMX and of other Group executives for the Group.

The current members of the Nomination and Remuneration Committee are Mr John Nitschke (independent non-executive), Mr Stephen Hunt (non-independent non-executive) and Ms Kellie Benda (independent non-executive).

The IMX Board policy is that the Nomination and Remuneration Committee will comprise entirely of independent non-executive IMX Directors where possible. The Managing Director, Neil Meadows, is invited to committee meetings, as required, to discuss senior executives' performance and remuneration packages but does not attend meetings involving matters pertaining to his own remuneration package. The Nomination and Remuneration Committee will seek independent external advice where required to assist in aligning IMX Directors and senior executives remuneration packages with industry and market. Legislation in Australia provides that external advice is provided directly to IMX Board members and not to the executives to whom it relates. The Nomination and Remuneration Committee charter is available on IMX's website.

Pricewaterhouse Coopers ("PwC") was retained on April 18, 2012 to provide the IMX Board with remuneration advice with respect to long-term incentive programs. PwC has also been engaged to assist management in the preparation of the pro forma balance sheet and income statement for this circular and provide tax advice with respect to the structuring of the acquisition of CNI. The amount of fees billed by PwC for the 2012 financial year was A\$44,472.

Summary Compensation Table

The following tables and notes thereto summarize, on an annualized basis, the compensation for the financial years ended June 30, 2012, June 30, 2011 and June 30, 2010 paid to NEOs.

Name and Principal Position	Year	Salary (A\$)	Share Based Awards (A\$)	Option-Based Awards ⁽¹⁾ (A\$)	Non-Equity Incentive Plan Compensation (A\$)		Pension Value (A\$)	All Other Compensation (A\$)	Total Compensation (A\$)
					Annual Incentive Plans(1)	Long-Term Incentive Plans			
Duncan McBain ² <i>Managing Director and CEO</i>	2010	306,858	-	-	-	-	-	6,004	312,862
	2011	288,956	-	-	40,074	-	-	7,976	337,006
	2012	301,502	-	-	22,710	-	-	2,260	326,472
Andrew Steers ³ <i>CFO & Company Secretary</i>	2010	84,019	-	45,598	-	-	-	2,436	132,053
	2011	220,407	-	-	29,210	-	-	7,976	257,593
	2012	170,991	-	-	66,630	-	-	4,538	242,159
Bianca Manzi <i>General Manager Exploration</i>	2010	160,543	-	-	3,491	3,330	-	9,705	177,069
	2011	223,143	-	118,889	29,679	-	-	7,976	379,687
	2012	266,063	-	-	39,565	-	-	9,113	314,741
Simon Parsons <i>General Manager – Cairn Hill Project</i>	2010	262,137	-	11,260	6,000	-	-	3,304	282,701
	2011	289,362	-	118,889	40,020	-	-	5,276	453,547
	2012	340,618	-	-	51,378	-	-	6,413	398,409
Phil Hoskins ⁴ <i>CFO & Financial Controller</i>	2010	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-
	2012	191,156	-	-	32,750	-	-	5,925	229,831
Neil Meadows ⁵ <i>Managing Director</i>	2010	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-
	2012	284,589	-	-	-	-	-	8,213	292,802
Kim France ⁶ <i>CFO & Company Secretary</i>	2010	120,095	-	-	2,382	-	-	118,274	240,751
	2011	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-

(1) The “grant date fair value” of options granted during the year was determined by using the Black-Scholes model for valuing options. The following weighted average assumptions were used for the purposes of valuing the options: (i) expected life = five (5) years; (ii) risk-free rate = 4.5%; (iii) exercise price = A\$0.38-0.49; and (iv) volatility of share price =55%.

- (2) Duncan McBain was appointed on 30 March, 2006 and resigned on 17 August, 2011.
- (3) Andrew Steers was appointed on 2 February, 2010 and resigned on 17 January, 2012.
- (4) Phil Hoskins was appointed on 17 January, 2012.
- (5) Neil Meadows was appointed 2 November, 2011.
- (6) Kim France resigned 12 February 2010.

Outstanding Option-Based Awards

The following table sets forth details of all awards outstanding for each of the NEOs at the end of the financial year ended June 30, 2012.

Name	Number of securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$)	Option-based awards – Value vested during the year (A\$)
Duncan McBain	-	-	-	-	-
Andrew Steers ¹	500,000	0.38	Jul 17, 2012	-	-
Bianca Manzi	300,000 500,000	0.53 0.41	Dec 21, 2012 Aug 26, 2015	-	-
Simon Parsons	500,000 500,000	0.49 0.41	Jul 29, 2014 Aug 26, 2015	-	-
Phil Hoskins	-	-	-	-	-
Neil Meadows	-	-	-	-	-

(1) Andrew Steers resigned on January 17, 2012 and in accordance with the Option Plan, these options expired six (6) months after he ceased employment.

Employment Agreements

The remuneration arrangements for NEOs are formalised in employment contracts and service agreements. All but one of these agreements provide only for the payment of annual fixed remuneration and for the participation, at the IMX Board's discretion, in the Option Plan. No short term incentives are stipulated in the agreements and these are subject to the discretion of the IMX Board. However, the employment contracts with Neil Meadows and Phil Hoskins do contemplate the establishment of annual short term and long term incentives. No termination benefits or change of control benefits are stipulated in these agreements other than the requirement for notice periods prior to termination without cause or an equivalent payment by IMX to the NEO in lieu thereof. The longest of these notice periods is one year.

COMPENSATION OF DIRECTORS

The IMX Board policy is to remunerate non-executive IMX Directors at market rates for comparable companies for time, commitment and responsibilities. The IMX Board determines payments to the non-executive IMX Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive IMX Directors is subject to approval by shareholders at the annual general meeting and is currently set at A\$500,000 (as approved by shareholders on October 29, 2008).

Fees are set to reflect the responsibilities and time spent by the IMX Directors on the affairs of IMX. For the year ended June 30, 2012, the basic fee for non-executive IMX Directors was set at A\$55,000 with an additional A\$65,000 for the Chairman of the IMX Board, and A\$5,000 for the chair of each committee of the IMX Board.

Fees for non-executive IMX Directors are not linked to the performance of the Group. However, to align IMX Directors' interests with shareholder interests, the IMX Directors are able to participate in the Option Plan. No performance based bonuses are payable to non-executive IMX Directors.

It is IMX's policy that no IMX Director should receive or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the IMX Directors shown in the consolidated accounts and as noted below, by reason of a contract entered into by IMX or an entity that IMX controlled or a body corporate that was related to IMX. This extends to all IMX Directors, firms in which an IMX Director is a member or an entity to which the IMX Director has a substantial or material interest. However, IMX Directors are reimbursed for out-of-pocket expenses incurred in connection with the exercise of their duties. IMX Director's Mr Stephen Hunt and Mr Song Yuan Gang have disclosed their interests and benefits from the Outback JV elsewhere in the Circular.

As with senior executives, all directors receive a superannuation guarantee contribution if applicable as legislated by the Australian government (currently 9% of gross salary) and do not receive any other retirement benefits. The IMX Board does not intend to put in place any form of retirement benefits for senior executives beyond Australian and State legislative requirements.

The IMX Board has determined that should a non-executive IMX Director incur or be asked to incur excessive time in assisting the executive team on specific operational or contractual matters, that the IMX Director is entitled to charge IMX for this additional time. If a non-executive IMX Director is requested to perform such duties it must be approved by both the Chairman and Managing Director and if it is expected to be excessive the IMX Board will be consulted to ensure that the IMX Director is the most appropriate officer to assist management. During the year ended June 30, 2012, all such additional fees were paid to Johann Jooste-Jacobs and totalled A\$58,000.

IMX paid Johann Jooste-Jacobs A\$170,000 in compensation for the extra duties that he performed during the period of the search for a new Managing Director, full settlement of all claims that he may have had and to reflect the residual term of his office as a director of the Company. Duncan McBain was also paid out statutory entitlements.

IMX Director Compensation Table

The following table sets forth the value of all compensation provided to the directors, not including those directors who are also NEOs, for IMX's financial year ended June 30, 2012.

Name and Principal Positions⁽¹⁾	Fees Earned (A\$)	Option-Based Awards (A\$)	Pension Value (A\$)	All Other Compensation (A\$)	Total Compensation (A\$)
Johann Jooste-Jacobs ⁽²⁾ <i>Non-Executive Chairman</i>	134,737	-	-	173,726	308,463
Anthony Haggarty ⁽³⁾ <i>Non-Executive Director</i>	60,000	-	-	6,413	66,413

Name and Principal Positions⁽¹⁾	Fees Earned (A\$)	Option-Based Awards (A\$)	Pension Value (A\$)	All Other Compensation (A\$)	Total Compensation (A\$)
Stephen Hunt <i>Non-Executive Director</i>	55,000	-	-	6,413	61,413
Cao Xiangkui ⁽⁴⁾ <i>Non-Executive Director</i>	55,000	-	-	6,413	61,413
John Nitschke ⁽⁵⁾ <i>Non-Executive Director</i>	80,402	-	-	6,413	86,815
Song Yuan Gang <i>Non-Executive Director</i>	105,831	-	-	-	105,831

- (1) Compensation for Duncan McBain is provided in the compensation table for executive officers above. As of the date of this Circular, Kellie Benda and David Constable have not received any compensation in respect of their services as IMX Directors.
- (2) Johann Jooste-Jacobs resigned from the IMX Board on February 10, 2012.
- (3) Anthony Haggarty resigned from the IMX Board on May 23, 2012.
- (4) Cao Xiangkui resigned from the IMX Board on June 19, 2012.
- (5) John Nitschke was appointed to the position of non-executive Chairman of the IMX Board on February 10, 2012, but was a non-executive IMX Director throughout the 2011 financial year.

Outstanding Option-Based Awards

The following table sets forth details of all option award outstanding for each director or former director who was not also a NEO at the end of the financial year ended June 30, 2012.

	Option-Based Awards			
Name⁽¹⁾	Number of securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$)
Johann Jooste-Jacobs	1,000,000	0.50	Dec 21, 2012	-
	600,000	0.568	Nov 3, 2013	
	500,000	0.52	Nov 3, 2013	
	350,000	0.49	Nov 14, 2015	
Anthony Haggarty	500,000	0.56	Jun 25, 2013	-

	Option-Based Awards			
Name ⁽¹⁾	Number of securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$)
	550,000	0.568	Nov 3, 2013	
	500,000	0.52	Nov 3, 2013	
	350,000	0.49	Nov 14, 2015	
Stephen Hunt	300,000	0.50	Dec 21, 2012	-
	200,000	0.56	Jun 25, 2013	
	550,000	0.568	Nov 3, 2013	
	500,000	0.52	Nov 3, 2013	
	350,000	0.49	Nov 14, 2015	
John Nitschke	500,000	0.45	Nov 14, 2015	-
Song Yuan Gang	485,000	0.45	Nov 14, 2015	-
Cao Xiangkui	500,000	0.56	Jun 25, 2013	-

(1) As of the date of this Circular, Kellie Benda and David Constable have not received any compensation in respect of their services as IMX Directors.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former executive officer or director of IMX or of any of its subsidiaries is, or at any time since the beginning of the most recently completed financial year has been, indebted: (i) to IMX or any of its subsidiaries; or (ii) to another entity, where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by IMX or any of its subsidiaries.

RISK FACTORS

In assessing the Arrangement, Shareholders should carefully consider the risks described in Continental's most recent management discussion and analysis and in IMX's disclosure documents. Additional risks and uncertainties, including those currently unknown to or considered to be not material by Continental, may also adversely affect the business of the combined company or any one or more of IMX, Continental and the combined company. For a more detailed description of certain of the risks related to the Arrangement and the combined company, refer to the Circular under the heading "Risk Factors". The Arrangement and the operations of the combined company are subject to certain risks including the following:

Economic risks

IMX's primary source of revenue is from the Cairn Hill Mining Operation and revenue there is impacted by fluctuations in commodity prices

Revenue derived by the Group is solely through the sale of ore from the Cairn Hill Mining Operation. As a result, the Group is exposed to commodity price risks. Commodity prices fluctuate and are affected by many factors beyond the control of the

Group. Such factors include supply and demand fluctuations for minerals, technological advancements, forward selling activities and other macroeconomic factors. The specific commodity prices that the Group is exposed to are iron ore and copper. The Group is able to mitigate these risks in part through hedging activities however is currently unhedged.

IMX's revenue from the Cairn Hill Mining Operation is impacted by fluctuations in exchange rates

International prices of various commodities are denominated in United States dollars, whereas the income and expenditure of IMX are primarily incurred in Australian dollars and are reported by the Group in Australian dollars, exposing IMX to the fluctuations and volatility of the rate of exchange between the United States dollar, other currencies and the Australian dollar as determined in international markets. IMX is also exposed to fluctuations in the exchange rates of other currencies through expenditure in overseas jurisdictions. There can be no assurance that steps taken by IMX to address such currency fluctuations will eliminate any or all adverse effects of currency fluctuations and, accordingly, IMX may suffer losses due to adverse foreign currency fluctuations.

General economic and market risks may negatively impact IMX's ability to fund business development and exploration activities.

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Group'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 tenements may have to be surrendered or not renewed.

Further, share market conditions may affect the value of IMX's quoted securities regardless of IMX's operating performance. Share market conditions are affected by many factors which may include: general economic outlook; interest rates and inflation rates; currency fluctuations; commodity prices; changes in investor sentiment toward particular market sectors; the demand for, and supply of capital; and terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither IMX nor the IMX Directors warrant the future performance of IMX or any return on an investment in IMX.

Mineral exploration and development are inherently risky undertakings with no guarantee of discovery of economic mineral deposits

The mineral tenements of IMX 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 of the tenements currently held by IMX, or any other tenements that may be acquired in the future by IMX, will result in the discovery of an economic mineral deposit. Furthermore, no assurances can be given that IMX will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

IMX's customer base is highly concentrated

Because IMX's customer base is highly concentrated, if any of such customers were to suffer a worsening in their financial condition, or were to breach any of their purchasing commitments, this change could have a direct material adverse effect on the IMX's results of operations and financial condition.

Operating risks

The operations of IMX are subject to all of the hazards and risks inherent in exploring for and mining natural resources

The operations of IMX may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration/mining, operational/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, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, cave-ins, pit wall failures, flooding, rock bursts, and other acts of God. Should any of these risks or hazards affect IMX's exploration, development or mining activities it may: cause the cost of exploration, development or production to increase to a point where it would no longer be economic to continue operations; cause delays or stoppage of operations; result in the destruction of projects or facilities; or cause personal death or injury and related legal liability. Any or all of the foregoing could have a material and adverse effect on the business and financial condition of IMX.

The operations of IMX are highly dependent on satisfactory performance of third party contractors and key personnel

Unsatisfactory performance of contractors also represents an operating risk to the Cairn Hill Project as the efficiency of the mining operation is dependent on these contractors meeting targets. The mineral extraction, crushing and road haulage services are provided by EMS, the rail operations are conducted by Specialised Bulk Rail and the port operations are carried out by Flinders Ports and DP World.

The success of IMX is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled persons. The competition for qualified personnel in the industry is intense. IMX may experience difficulty attracting and retaining qualified management and technical personnel to meet the needs of its anticipated growth, and the failure to manage IMX's growth effectively could have a material and adverse effect on its business and financial condition.

Changes in the political conditions of the countries in which IMX operates may adversely impact its exploration activities

IMX has exploration activities in Australia, Tanzania and Mozambique. Each of these countries has national and regional political jurisdictions. No assurances can be given that exploration activities in those countries will continue to be supported by the current or subsequent regimes.

Adverse weather conditions can result in time lost from mining and logistics activities

Adverse weather conditions such as high levels of rainfall can result in the suspension of mining, road haulage, rail and shipping operations. The delays caused by adverse weather conditions can see stockpiles diminish or the operation fall behind in its shipping schedule. Given that some degree of operating costs are fixed costs, the reduction in revenue from shipping delays would result in reduced operating profits.

Certain operating conditions are not insurable

In the course of exploration, development and production of mineral properties, unexpected or unusual geological or operating conditions may occur. It is not always possible to insure against such risks, and IMX may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such risks arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of IMX.

Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not generally been available to companies within the industry. IMX will periodically evaluate the cost and coverage of any insurance that may be available against certain environmental risks in order to determine if the costs thereof is warranted. In the event IMX becomes subject to uninsured environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds. Should IMX be unable to fully fund the remedial cost of an environmental problem, it might be required to enter into interim compliance measures pending completion of the required remedy.

Highly competitive industry

The mining industry is highly competitive. Many of IMX's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than IMX.

Conflicts of interest among the IMX Board

Certain of the IMX Directors may serve, or may in the future serve, as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict.

Estimates of mineral grades and quality may differ from actual grades and quality

The grade of minerals ultimately mined may differ from that indicated by drilling results. There are numerous uncertainties inherent in estimating mineral grade, including many factors beyond the control of IMX. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. Material changes in reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project. Until minerals are actually mined and produced, mineral resources and grades must be considered as estimates only. Because reserves and resources are only estimates, they cannot be audited for the purposes of verifying exactness. Instead reserve information is reviewed by a reserve engineer in sufficient detail to determine if, in the aggregate, the data provided by IMX is reasonable and sufficient to estimate reserves in conformity with practices and standards generally employed by and within the industry and in accordance with applicable securities laws. Any material change in resources or grades or stripping ratios may affect the results of operations and financial condition of IMX.

IMX may become subject to litigation which could adversely affect profitability

IMX may be involved in litigation matters, including regulatory proceedings, administrative proceedings, governmental investigations, environmental matters and construction contract disputes. Any of these litigation matters could have a material adverse effect on our business, financial condition and results of operations. Litigation can be very costly, and the costs associated with prosecuting and defending litigation matters could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. In addition, the amounts that IMX accrues could vary significantly from the amounts IMX actually pays, due to inherent uncertainties and the inherent shortcomings of the estimation process, the uncertainties involved in litigation and other factors.

Title risks

IMX is subject to risks that could cause it to lose title to or its interest in its current tenements

Interests in tenements in Australia, Tanzania, Mozambique and Canada (after completion of the Arrangement) are governed by the respective country and state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, IMX could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

It is also possible that, in relation to the Australian tenements in which IMX has an interest or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of IMX to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Environmental risks

IMX's mining activities pose risks to the environment and are subject to laws and regulations concerning the environment in multiple jurisdictions

The operations and proposed activities of IMX are subject to both Australian State and Federal laws and regulations and Tanzanian, Indian, Mozambique and Canadian laws and regulations concerning the environment. As with most exploration projects and mining operations, IMX's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

While it is IMX's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws, there are certain risks inherent in IMX's activities including accidental leakages, spills or other unforeseen circumstances which could subject IMX to extensive liability.

Environmental legislation provides for, amongst other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Political Risks

IMX's mining activities and exploration projects are subject to political risks in multiple jurisdictions

IMX currently operates in Australia, Tanzania and Mozambique and will operate in Canada upon the consummation of the Arrangement. Each of these countries have different political characteristics.

The risks of conducting business in foreign countries may include, among others, labour disputes, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties to honour contractual relations, corruption, foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, instability due to economic underdevelopment and inadequate infrastructure and increased financing costs. In addition, the enforcement by IMX of its legal rights to exploit its properties may not be recognized by the governments in which it operates or by such countries' court systems. These risks may limit or disrupt IMX's operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation. Any variation from the current regulatory, economic and political climate could have an adverse effect on the affairs of IMX.

Market Risks

IMX's exploration projects are in direct competition with other potential projects for infrastructure

Access to infrastructure is a key component in building a new mining operation. IMX's advanced exploration projects in Tanzania and South Australia have competition for the use of rail and port infrastructure. Progressing the Company's projects to definitive feasibility study is key to ensuring the infrastructure is available.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

IMX is not currently involved in any material legal proceedings, nor is it aware of any pending or threatened proceedings, that it believes would have a material adverse effect upon its financial condition or results of operations.

To the knowledge of management, no penalties or sanctions have been imposed against IMX by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof.

To the knowledge of management, no penalties or sanctions have been imposed by a court or regulatory body against IMX necessary for this Circular to contain full, true and plain disclosure of all material facts relating to the securities being distributed.

To the knowledge of management, there have been no settlement agreements entered into by IMX before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Circular.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein, IMX is not aware of any material interest of any director or officer of IMX, or any IMX shareholder who beneficially owns more than 10% of the Ordinary Shares or any known associate or affiliate of these persons, in any transaction or proposed transaction within the three years prior to the date hereof that has materially affected or would materially affect IMX.

Non-executive IMX Director Song Yuan Gang is the Chairman and co-owner of Taifeng, which owns the other 49% of the Cairn Hill Mining Operation in South Australia not owned by IMX, as well as being a customer for phase 1 ore. They are also IMX's largest shareholder. As at June 30, 2012, the IMX Group was owed A\$1.4 million in trade receivables from sales of ore (June 30, 2011: A\$26.7 million). As at June 30, 2012, the Group owed A\$20.4 million to Taifeng (June 30, 2011: \$16.4 million).

Non-Executive IMX Director Mr Stephen Hunt is a Director and 50% beneficial owner of Standout Enterprises Pty Ltd, a company that is contracted to receive a commission of \$1 per tonne of ore sold to Vingo Resources Ltd. Vingo's current life of mine sales contract is for 900,000 tonnes of ore per year which will result in the payment of A\$900,000 per year to Standout Enterprises Pty Ltd.

AUDITOR, REGISTRAR AND TRANSFER AGENT

The auditors of IMX are BDO Audit (WA) Pty Ltd, at their office located at 38 Station Street SUBIACO WA 6008, in Australia.

The transfer agent and registrar for the Ordinary Shares is Computershare Limited, at their office located at Level 2, 45 St Georges Terrace, Perth WA 6000, Australia.

In Canada, the transfer agent for the Ordinary Shares will be Computershare Investor Services Inc. at their office located at 100 University Avenue, Toronto, Ontario, Canada and the transfer agent for the IMX Warrants will be Computershare Trust Company of Canada, which operates out of the same location.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which IMX has entered into since the beginning of the last financial year before the date of this Circular, entered into prior to such date but which contract is still in effect, or to which IMX is or will become a party on or prior to the closing of the Arrangement.

(a) Life of mine sales contract with Tonghua Iron & Steel Group Import & Export Co Ltd novated to Sichuan Taifeng Group

On August 10, 2008, Termite (then 100% owned by IMX) entered into a long term purchase and sales contract of iron and copper ore with Tonghua Iron & Steel Group Import & Export Co Ltd ("**Tonghua**"). Announced on February 15, 2010, the parties signed a variation to the contract in which Tonghua would commence purchasing all of the ore produced from the Cairn Hill Mining Operation for the life of mine. On September 29, 2010, a further variation to the life of mine sales contract was announced, under the terms of which the definition of benchmark pricing was revised to reflect the current index-based pricing mechanism used for long term iron ore sales contracts. The life of mine contract was novated to Sichuan Taifeng Group on January 4, 2011.

(b) Life of mine sales contract with Vingo Resources Ltd.

Announced April 11, 2012, the Outback JV finalized a life of mine sales contract with Vingo Resources Ltd dated April 3, 2012 for 12 shipments per year which approximates to 50% of all ore produced by the Cairn Hill Mining Operation. The pricing for the contract is based on industry standard iron and copper pricing benchmarks and is comparable to the Taifeng life of mine sales contract.

(c) The Nachingwea Project

The Group has a 25% interest in Ngwenwa Limited, a company incorporated in Tanzania for the exploration of the Nachingwea mineral rights. The obligations of IMX and CNI for the exploration and development of the Nachingwea property are set out in the Shareholder Agreement. Pursuant to the Shareholder Agreement, IMX and CNI must continue to fund future work programs pro-rata or have their respective interests in the project diluted, if they do not meet such funding obligations. CNI has certain rights tied to advancement of a feasibility study and subject to meeting certain other terms and conditions of such agreements, to increase its interest in the joint venture by 5%. Cumulative to March 31, 2012, CNI has spent \$25,663,039 on the exploration program covering the project, of which IMX has funded \$2,665,760.

(d) Mount Woods Joint Venture with OZ Minerals

In April 2010, IMX and OZ Minerals entered into the Mt Woods Copper-Gold JV, which gave OZ Minerals the right to explore the Mt Woods Project licences for all non-ferrous minerals. Under the terms of the joint venture, OZ Minerals can earn up to 51% of the non-iron ore rights (while IMX retains 100% of the iron ore rights and 49% of the non-iron ore rights), by spending a minimum of A\$20,000,000 on exploration on the Mt Woods project area within five (5) years. The primary focus of the joint venture is to explore for copper and gold (Cu-Au) with OZ Minerals appointed manager and operator of the project.

(e) Mining Services Contract and Haulage Agreement with Exactmix Pty Ltd

In 2009, Termite Resources NL (Termite) entered into a mining services contract with Exactmix in relation to its Cairn Hill Mining Operation site for Exactmix to provide mining and crushing services. The Haulage Agreement, also executed during 2009, engaged Exactmix to provide road haulage services to the mining operation. A fee of approximately \$1.5m would be payable by Termite upon early termination of this contract.

(f) Port Logistics Services Contract with Flinders Ports Pty Ltd

In September 2010, Termite Resources NL (Termite) entered into a port logistics services contract with Flinders Ports in relation to its Cairn Hill Mining Operation site for Flinders Ports to provide ship loading and other port services. Under the contract, the obligations of Termite Outback Iron Pty Ltd and IMX Resources Limited have guaranteed the obligations of Termite under this contract. As at the date of this Circular, a fee of approximately \$8.5m would be payable by Termite upon early termination of this contract.

(g) Wagon Lease Contract with Gemco Rail Pty Ltd

On May 24, 2010, Termite Resources NL (Termite) entered into a lease commitment with Gemco Rail in relation to its Cairn Hill Mining Operation site for Gemco Rail to lease 194 rail wagons for a period of five (5) years. The total lease commitment is estimated as approximately \$10.8 million over the term of the lease.

(h) Container Lease Contract with Cronos Containers Limited

In May 2010, Termite Resources NL (Termite) entered into a lease commitment with Cronos Containers in relation to its Cairn Hill Mining Operation site for Cronos Containers to lease custom built containers for a period of five (5) years. The total lease commitment is estimated as approximately \$15.0 million over the term of the lease.

(i) Rail Haulage Contract with Specialised Bulk Rail Pty Ltd

In May 2010, Termite Resources NL (Termite) entered into a rail haulage contract with Specialised Bulk Rail in relation to its Cairn Hill Mining Operation site for Specialised Bulk Rail to provide rail services. A fee of approximately \$5.5m would be payable to Termite upon early termination of this contract.

INTERESTS OF EXPERTS

Scientific and technical information relating to IMX contained in this Circular was prepared under the supervision of, or approved by, Alastair Trevor Reddie Stevenson, executive consultant, Runge Limited, and a “qualified person” within the meaning of NI 43-101. Scientific and technical information relating to the Cairn Hill Mining Operation was prepared under the supervision of Jeames McKibben, General Manager, and Trevor McIlwaine, Manager Mining and Projects, Xstract, both “qualified persons” within the meaning of NI 43-101. Scientific and technical information relating to the Cairn Hill Phase 2 project and to the Mt Woods Project was prepared under the supervision of Alastair Trevor Reddie Stevenson, executive consultant, RUL, and a “qualified person” within the meaning of NI 43-101. As of the date hereof, each of the foregoing persons beneficially owns, directly or indirectly, less than 1% of the issued and outstanding Ordinary Shares.

PwC has assisted in the preparation of the pro forma balance sheet and income statement for this circular and has advised IMX on various other matters relating to the acquisition of CNI. As of the date hereof, PwC and each of its “designated professionals” within the meaning of NI 41-101 beneficially owns, directly or indirectly, less than 1% of the issued and outstanding Ordinary Shares.

**Exhibit 1.1 –
Management’s Discussion and Analysis for the Nine Months Ended March 31, 2012**



Management's Discussion and Analysis

For the 9 months ended 31 March, 2012

All amounts in thousands of Australian dollars (AU\$'000) unless otherwise stated

INTRODUCTION

The following management discussion and analysis ("MD&A") of IMX Resources Limited, including its subsidiaries, ("IMX", the "Company" or the "Group") is for the nine months ended March 31, 2012 *(and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the same period, and the notes thereto.)* The effective day of this report is July 11, 2012.

The Company's annual financial statements, interim financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS").

THE COMPANY

Information regarding IMX is included in Appendix G to the Management Information Circular of Continental Nickel Limited ("CNI") and has therefore not been reproduced here.

OVERALL PERFORMANCE

In the quarter ended 31 March 2012, the Group recorded revenues from the Cairn Hill Mining Operation of \$45.7m, as opposed to \$11.2m in the corresponding quarter in 2011, as a result of the shipping operations only just ramping up in the prior year. On a year to date basis, the Group recorded revenues of \$130.9m for the nine months ended 31 March 2012 (nine months ended 31 March 2011: \$19.8m). This increase is due to the first shipment of ore occurring in December 2010.

Despite the increased revenue on the comparative periods, gross profit from operations did not increase proportionately. Gross profit from operations for the quarter ended 31 March 2012 was \$3.1m (quarter ended 31 March 2011: \$3.5m) and for the nine months ended 31 March 2012 was \$4.7m (nine months ended 31 March 2011: \$5.2m). The reduced operating profits are described further below but are primarily as a result of lower commodity prices and selling ore to new customers at lower prices. The revenue the Company received was subject to an index-based pricing mechanism that was detailed in the relevant sales contracts. The pricing received under the mechanism is indexed to the Platts 62% Fe (iron ore) index and the London Metal Exchange price for copper.

The Group recorded a net loss after tax of \$2.0m for the quarter ended 31 March 2012 compared to a net loss after tax of \$0.7m in the quarter ended 31 March 2011. For the nine months ended 31 March 2012, the Group recorded a net loss after tax of \$11.3m compared to a net profit after tax of \$8.1m in the nine months to 31 March 2011. Reduced net profits were due to reduced profit from operations, increased share of losses from associates as a result of associate's expensing their exploration expenditure and increased administration costs. A once off gain of \$13.8m was recognized in the nine months ended 31 March 2011 which distorts the comparison somewhat.



Management's Discussion and Analysis

For the 9 months ended 31 March, 2012

The Company's cash and cash equivalents decreased by \$2.9m from \$20.2m to \$17.2m during the nine months to 31 March 2012. The Company's cash position reduced slightly to \$17.2m from \$20.2m at 30 June 2011. The decrease was primarily as a result of net cash outflows in investing activities of \$31.6m being additional investments in associates and a significant level of pre-stripping to allow future access to ore. The Cairn Hill Mining Operation also received reduced pricing for ore sales due to Taifeng ceasing to take ore under its life of mine agreement.

Total assets reduced slightly to \$113.6m from \$115.2m at June 2011. An increase in capitalized deferred waste from pre-stripping activities was offset by a reduction in receivables and inventory as the Group improved working capital management. Net assets decreased from \$68.3m to \$60.4m at 31 March 2012. Payables remain relatively constant while there was an increase in the loan payable by the Cairn Hill Mining Operation JV to Taifeng Yuanchuang International Development Co Ltd (Taifeng) from \$16.4m to \$20.5m. This was as a result of Taifeng contributing an additional \$4.1m towards operating costs to meet its JV commitments.

SELECTED ANNUAL INFORMATION

Financial Statistics	Three months ended		Nine months ended	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
Total revenue	45,726	11,164	130,872	19,835
Cost of sales	(42,649)	(7,669)	(126,134)	(14,650)
Gross (loss)/profit	3,077	3,495	4,738	5,185
Profit / (Loss) for the period	(1,992)	(692)	(11,289)	8,084
Basic (loss) per share (\$)	(0.01)	(0.004)	(0.04)	0.05
Diluted (loss) per share (\$)	-	-	-	0.05
Dividends Paid (\$)	-	-	-	-
Total assets	113,610	96,644	113,610	96,644
Total non-current financial liabilities	20,474	16,832	20,474	16,832
Total liabilities	53,256	31,548	53,256	31,548
Net assets	60,354	65,096	60,354	65,096
Production Statistics	Three months ended		Nine months ended	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
Mining				
Total Material Mined (BCM)	1,232,223	885,683	4,404,935	1,855,100
Ore Mined (BCM)	109,373	50,283	253,783	161,441
Ore Mined (Tonnes)	456,086	209,536	1,058,275	660,562
Sales				
Iron Ore Sold (WMT)	436,264	72,133	1,262,296	140,186



Management's Discussion and Analysis

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Fe Grade (%)	53.59%	51.39%	53.50%	51.54%
Cu Grade (%)	0.51%	0.50%	0.47%	0.49%

DISCUSSION OF OPERATIONS

Australian Based Operations

During the period ended 31 March 2012, the Group continued to focus primarily on its Australian based activities. The Cairn Hill Mining Operation continued to operate at capacity however significant emphasis was placed on finding new customers for the ore after Taifeng ceased taking ore under the life of mine agreement. The advancement of the resource at Snaefell also highlighted the potential of the Mt Woods Magnetite Project. Exploration activities also continued in Australia and Africa and the Company remained committed to its investments in Uranex Limited ("Uranex") and CNI. Subsequent to the end of the quarter, the Company announced it had agreed to acquire all the issued shares in CNI in order to bring the ownership of the Nachingwea Nickel – Copper JV Project in Tanzania within its control. The transaction remains subject to shareholder approval.

Operations

Cairn Hill (IMX 51%)

Phase 1

The Cairn Hill Mining Operation is located on ML 6303, approximately 55km south east of Coober Pedy, South Australia. ML 6303 is part of the joint venture between IMX (51%) and Taifeng (49%). The Cairn Hill Mining Operation is continuing to operate at the 1.8Mtpa capacity, with mining, crushing, road and rail haulage and shipping now at the expected capacity.

Production and shipments for the quarter and nine months were as follows (figures represent the full (100%) results of the Cairn Hill Mining Operation JV):

Production Statistics	Three months ended		Nine months ended	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
Total Material Mined (BCM)	1,232,223	885,683	4,404,935	1,855,100
Ore Mined (BCM)	109,373	50,283	253,783	161,441
Ore Mined (Tonnes)	456,086	209,536	1,058,275	660,562
Ore Crushed (Tonnes)	407,144	204,096	1,187,142	531,860
Road Haulage (Tonnes)	404,427	196,246	1,108,328	448,541
Rail Haulage (Tonnes)	405,074	135,549	1,223,813	221,461
Iron Ore Sold (Tonnes)	436,264	72,133	1,262,296	221,461

Mining

Mining in the first half of the 2012 financial year focused primarily on pre stripping in Pit 1, whilst mining sufficient ore to meet production requirements. Significant rainfall events occurred during the nine months to 31 March 2012 that resulted in a number of lost production days which impacted on the total volume mined. Management's modifications to the mining schedule however ensured that there was little or no impact on crushing, road haulage, rail and ultimately shipping rates. Pre stripping requirements for Pit 1 were completed during the quarter

ended 31 March 2012. Consequently, a plan was formulated to reduce overall volumes mined and ultimately the total cash operating costs. The new mine plan does not impact ore volumes but will substantially reduce costs and took effect from April 2012. This will see cash operating costs reduce to approximately \$80/tonne FOB.

Stockpiles

At the end of the quarter the ore stockpiles carried a total value of approximately \$11.2 million and tonnages are as follows:

	Pre-Crusher	Post Crusher	Rankin Dam	Port Adelaide
Stockpile (tonnes)	96,763	57,717	66,067	57,276

Sales and Marketing

In July and August 2011, the Company made a series of announcements regarding the securing of new customers for the sale of its ore and the delays in the commissioning of Taifeng's processing plant at Bayuquan in China. It was announced that in total 12 shipments would be sold to new customers.

The JV was successful in selling the additional shipments to new customers however the pricing achieved was up to 30% below that achieved under the Taifeng life of mine sales contract. The reduced pricing was largely due to lower commodity prices but also securing customers capable of recovering the copper component of the ore. All shipments during the nine months ended 31 March 2012 were made on a CIF basis and IMX is now incurring the relevant ship freight costs for these shipments.

During the quarter ended 31 March 2012, the JV signed new magnetite ore sales agreements to alternative customers at pricing within 10% of the Taifeng life of mine sales contract. Some of these sales agreements represented trial shipments for the processing of the JV's ore that resulted in the finalization of a new life of mine sales contract with Vingo Resources Ltd for 50% of all ore produced by the Cairn Hill Mining Operation. The pricing received under the mechanism is driven by the Platts 62% Fe (iron ore) index and the London Metal Exchange price for copper and is comparable to the Taifeng life of mine sales contract.

There are certain risks or events that may impact the future financial performance of the Cairn Hill Mining Operation including operating risks such as equipment failure or plant breakdowns, rainfall events, health and safety incidents and environmental impacts. These are covered in greater detail in the section titled 'Risk Factors' of Appendix G of the CNI Circular.

Exploration and Project Development

Phase 2

The Cairn Hill Phase 2 (CHP2) Project is based on a magnetite only ore that has the potential to be a low capital and operating cost project due to its proximity adjacent to the Cairn Hill mining operation.

In August 2011, the Company announced an updated CHP2 mineral estimate resource of 3.77mt @ 47.8% Fe Indicated and 4.6mt @45.8 Fe inferred (at 35% Fe cut-off). This represented a 139% increase in mineral resources at CHP2 (see table below).



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Preliminary design work continued on the CHP2 resource optimisation, pit designs and mining schedule during the nine months ended 31 March 2012. The modified PEPR was submitted during December 2011.

Classification	Weathering	Tonnage (Mt)	Fe (%)	Si (%)	Al (%)	P (%)	S (%)	Au (g/t)	Cu (%)
Indicated	Oxide	0.15	46.9	7.1	1.7	0.83	0.49	0.005	0.03
	Transitional	0.55	47.9	6.8	1.6	0.84	0.39	0.004	0.03
	Fresh	3.07	47.9	8.0	1.8	0.80	0.60	0.005	0.02
	Total	3.77	47.8	7.8	1.8	0.81	0.56	0.005	0.02
Inferred	Oxide	0.14	45.5	8.6	1.8	0.69	0.50	0.007	0.04
	Transitional	0.47	45.3	8.5	1.8	0.79	0.56	0.004	0.03
	Fresh	3.99	45.9	8.9	2.0	0.77	0.77	0.005	0.03
	Total	4.60	45.8	8.9	1.9	0.77	0.74	0.005	0.03

Metallurgical testwork occurred in both China and Australia during the quarter ended 31 March 2012. This work was primarily focussed on undertaking dry magnetic separation testwork to determine the final grade of product to be derived from CHP2.

The Company continues to work to ensure CHP2 is brought into production subsequent to the completion of mining Cairn Hill Phase 1. Total expenditure on CHP2 during the nine months ended 31 March 2012 is \$0.4m.

Mount Woods Magnetite Project (South Australia) (IMX 100%)

Exploration activities at Mt Woods included resource and metallurgical studies for the Snaefell magnetite project that resulted in a maiden resource and subsequent resource upgrade for Snaefell.

Regional iron exploration continued during the period utilising the geophysical data obtained under the Mt Woods Copper-Gold JV with OZ Minerals. Target generation and RC drill testing of new targets was initiated at the new Tomahawk target.

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.

Assays from all six RC drill holes completed returned significant magnetite iron intersections from the easternmost 500m of the 3km long magnetic anomaly drilled. The magnetite-quartz host unit ranges in width from about 90m near surface to 60m down dip and has average grade of 34% Fe (ASX: 25 January 2012). Mineralisation remains open along strike and at depth.

Encouraging preliminary Davis Tube Recovery (DTR) testwork results were received for RC magnetite samples from Tomahawk. The initial metallurgical assessment indicates that it is similar to Snaefell and a concentrate grading up to 65% Fe with very low levels of impurities can be achieved at a coarse grind size of 250 microns.

An Exploration Target tonnage¹ of 150Mt to 230Mt at 25% to 35% Fe was estimated for Tomahawk during the period. This target was based on the RC drilling results integrated with detailed aeromagnetic data and modelled to a vertical depth of 250m, a width of 60m and a strike length of 3km. A specific gravity of 3.4 was used to estimate tonnages.

In addition to the 3km strike length of the main Tomahawk magnetite prospect, where the Exploration Target tonnage was estimated, there are a number of other magnetic targets nearby which are yet to be drill-tested, and as such are not yet included in the exploration target category.

IMX is planning a number of drill campaigns in the 2013 financial year to test these and other targets with a view to adding them to the Mt Woods Magnetite Project global exploration target resource base which is approaching 1 billion tonnes of iron (including the Snaefell inferred resource, Fitzgerald Dam and Bumblebee exploration targets; ASX: 11 November 2009).

Total expenditure incurred on the Mt Woods Magnetite Project was \$2.7m for the nine months ended 31 March 2012.

Mt Woods Copper-Gold JV Project (South Australia) (IMX 49%)

The Mt Woods Copper-Gold JV Project is a 49:51 joint venture between IMX and OZ Minerals Ltd (OZ Minerals) in which OZ Minerals has the right to explore for all minerals except iron on IMX's Mt Woods Project exploration licences. OZ Minerals is sole funding a minimum of \$4m per year over five years for a total of \$20m. Should OZ Minerals fail to spend this amount in the required time period, it forfeits its entire 51% joint venture interest. OZ Minerals is the manager and operator of the JV.

IMX did not incur any expenditure on this project during the year as OZ Minerals are still earning in on their \$20m commitment.

Tasmania - NW Tasmania Nickel Project (IMX 96%)

In 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. Results have now been received and are currently being assessed.

Dingo Well Gold Project (IMX 100%)

The Dingo Well project is a shear zone-hosted gold mineralisation target adjacent to, or within, the Keith-Kilkenny Tectonic Zone. The area is also prospective for nickel with the Murrin Murrin Nickel deposit located approximately 20km to the east.

No exploration was conducted during the period.

¹ Exploration 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 to define a Mineral Resource.



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For the 9 months ended 31 March, 2012

TANZANIA

Nachingwea Nickel-Copper Project (IMX 25%)

The Nachingwea Nickel-Copper Project is a 25:75 Joint Venture (JV) between IMX and CNI, in which IMX has a substantial 37.03% shareholding, giving IMX a beneficial interest of 53% in the project.

For further information refer to Appendix F (Nachingwea Project) in the CNI Circular.

Mibango Nickel Project (IMX 100%)

At Mibango, the 1,400 line km VTEM survey was initiated in September 2011 following significant delays in obtaining the relevant permits and approvals in Tanzania. Subsequent to the survey commencing, equipment issues and weather delays were experienced resulting in the permit lapsing and survey operations being suspended pending an extension of permitting. A total of 380 line km ended up being completed.

Target definition and field validation of target is ongoing with geochemistry. The Company remains confident that a number of key targets will be identified from this work for future drilling.

Total exploration expenditure incurred on the Mibango Nickel Project was \$0.8m for the nine months ended 31 March 2012.

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

A 5,375 line km aeromagnetics and radiometric survey was completed at Milange during the first quarter of the 2012 financial year. Target generation and interpretation of survey data was completed during the quarter ended 31 March 2012. Field validation activities are expected to commence during the 2013 financial year.

India

No progress was made in granting licence applications, which have been delayed for a long period of time. IMX is evaluating the future direction of the projects given the lack of progress.

FINANCIAL REVIEW**OPERATING RESULTS FOR THE PERIOD**

The net loss after income tax of the Group for the three months ended 31 March 2012 was \$2.0m (three months ended 31 March 2011: net loss after income tax \$0.7m). The net loss for the nine months ended 31 March 2012 was \$11.3m (nine months ended 31 March 2011: net profit after income tax \$8.1m). The results are attributable to a few key areas:

- (1) A total of 436,264 tonnes of ore were shipped for the three months ended 31 March 2012 resulting in a gross profit from the operation of \$3.0m (\$7 per tonne) (3 months ended 31 March 2011: 72,133 tonnes for a gross profit of \$3.5m or \$48 per tonne).

For the three months ended 31 March 2012 the average sale price achieved per tonne was A\$110/t on a CIF basis (3 months ended 31 March 2011: \$155/t on a FOB basis). This was based on an average 62% Fe index of US\$144/t (31 March 2011: US\$180/t), LME copper price of US\$8,310/t (31 March 2011: US\$9,644/t) and an average USD/AUD exchange rate of 1.0552 (31 March 2011: 1.0038). It is clear that the reduced operating profits compared to the comparative periods are the result of lower revenue largely due to commodity prices falling.

- (2) A total of 1,262,296 tonnes of ore were shipped for the nine months ended 31 March 2012 resulting in a gross profit from the operation of \$4.8m (\$4 per tonne) (9 months ended 31 March 2011: 140,186 tonnes for a gross profit of \$5.2m or \$36 per tonne).

For the nine months ended 31 March 2012 the average sale price achieved per tonne was A\$104/t on a CIF basis (A\$141/t on a FOB basis). This was based on an average 62% Fe index of US\$154/t (31 March 2011: US\$172/t), LME copper price of US\$8,268/t (31 March 2011: US\$9,135/t) and an average USD/AUD exchange rate of 1.0385 (31 March 2011: 0.9655).

- (3) Exploration costs of \$0.9m were incurred during the three months ended 31 March 2012 (three months ended 31 March 2011: \$1.2m). Exploration costs of \$4.3m were incurred during the nine months ended 31 March 2012 (nine months ended 31 March 2011: \$3.1m). The material components of the exploration expenditure are discussed above in the Operations section but the majority of expenditure was incurred on the Mount Woods Magnetite Project, in particular Snaefell (\$2.7m of the \$4.3m). The remaining expenditure was incurred namely in Tanzania and Cairn Hill Phase 2. The expenditure on Snaefell successfully yielded the announcement of a significant magnetite resource.
- (4) Administration costs during the three months ended 31 March 2012 were \$1.8m (three months ended 31 March 2011: \$0.7m). Administration costs during the nine months ended 31 March 2012 of \$5.0m (nine months ended 31 March 2011: \$4.1m). The increase in costs is due to employee expenses increasing by \$659k and promotional expenses by \$328k.



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- (5) Share of associate's losses during the three months ended 31 March 2012 totaled \$1.7m (Uranex \$1.0m, CNI \$0.7m). Share of associate's losses for the nine months ended 31 March 2012 totalled \$6.6m (Uranex \$2.0m, CNI \$3.5m and Ngwena \$1.1m). The Group's share of these associate's losses represents the IMX share of exploration expenditure incurred by these companies.
- (6) Other income during the three months ended 31 March 2012 included \$0.3m interest received, \$0.2m head office recharge to the Cairn Hill JV and \$0.8m unrealized foreign exchange losses on translation of foreign currency bank accounts and foreign currency denominated receivables. Major other expenses during the three months ended 31 March 2012 included realized losses from hedging of \$0.3m.

Other income during the nine months ended 31 March 2012 included \$1.1m interest received, \$0.6m head office recharge to the Cairn Hill JV and \$0.2m gain foreign exchange gain on transaction of foreign currency bank accounts and foreign currency denominated receivables. Major other expenses during the nine months ended 31 March 2012 included realized losses from hedging of \$1.5m.

The Cairn Hill Mining Operation is expected to produce 1.8Mtpa until the end of calendar year 2015 on the basis of mining the current Phase 1 resource. The operation has minimal capital expenditure requirements due to it being operated by contractors. The operation is targeting cash operating costs of \$80/t FOB. Subsequent to year end, the Cairn Hill Mining Operation JV obtained a \$15m line of credit from LinQ Resources Fund to repay loans to IMX.

A decision is yet to be made on the addition of the Cairn Hill Phase 2 resource as identified above to the current mine plan. The Phase 2 ore is magnetite only and would require a modest investment in capital expenditure in the form of a magnetic separator. The existing infrastructure could be utilized to transport the product to the market.

CASH FLOW AND LIQUIDITY

The following sets out the Company's cash flows for the three and nine months ended 31 March 2012 as compared to the three and nine months ended 31 March 2011:

Cash Flows from (in \$000's)	Three months ended March 31, 2012	Three months ended March 31, 2011	Nine months ended March 31, 2012	Nine months ended March 31, 2011
Operating activities	4,348	(2,996)	26,673	(11,086)
Investing activities	(8,429)	(5,320)	(31,566)	(14,560)
Financing activities	(409)	3,891	1,949	33,128

Broadly, the activities of the Group have been funded from existing cash resources, cash flows from mining operations, new placements and other income including interest from cash deposits. The net cash inflow from operating activities for the three months ended 31 March 2012 was \$4.3m and nine months ended 31 March 2012 was \$26.7m. Cash receipts totalled \$42.8m for three months ended 31 March 2012 and \$144.8m for nine months ended 31 March 2012 whilst payments for mining and administration costs for



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For the 9 months ended 31 March, 2012

the three months was \$38.5m and for the nine months was \$118.2m. The increase in receipts and costs reflects that the prior period operations were only ramping up.

Net cash outflows from investing activities were \$8.4m in the three months to 31 March 2012 and \$31.6m in the nine months to 31 March 2012. Significant increases in investment expenditure included \$2.0m in the three months and \$3.1m in the nine months injected into the listed investments and Nachingwea JV and pre-stripping works on the Cairn Hill Mining Operation of \$6.5m in the three months and \$28.1m in the nine months to 31 March 2012.

The Group received a cash flow injection from Taifeng of \$4.1m in the nine months to 31 March 2012. The Group also settled its hedge liabilities in the three months ended 31 March 2012 with a payment of \$0.4m and the total payments for the nine months ended 31 March 2012 were \$2.2m.

The net decrease in cash resources in the three months ended 31 March 2012 was \$4.5m and \$2.9m in the nine months ended 31 March 2012. This was as a result of reduced operating cash flow from the Cairn Hill Mining Operation due to lower revenue and pre-stripping activities.

The mine is now operating at capacity. It is expected that mining operations combined with existing cash resources should be able to meet the Company's exploration and investment commitments going forward.

FINANCIAL POSITION

The Group's cash and cash equivalents totalled \$17.2m as at 31 March 2012 (30 June 2011: \$20.2m). As at 31 March 2012, the Group has a net working capital surplus of \$14.3m (30 June 2011: \$41.5m surplus), representing a decrease in working capital of \$27.2m. The decrease is due to carrying lower levels of inventory and reducing the level of receivables. For the nine months ended 31 March 2012, the Group made a net loss after tax of \$11.3m (nine months ended 31 March 2011 net profit of \$8.1m). As at 31 March 2012, the Group held net assets of \$60.4m (30 June 2011: \$68.2m).

Trade receivables decreased from \$30.1m to \$13.5m representing an improvement in the Company's management of working capital as a result of using the low cost 'without recourse export finance' facility of its bank to reduce collection time of trade receivables.

The directors consider that the going concern basis of preparation is appropriate based on forecast net cash flows from the operation, the ability to defer expenditure, and the investments held in listed companies. The Company may be required to source additional funds through debt or equity markets.

CONTRACTUAL COMMITMENTS

The Company's contractual commitments as at March 31, 2012 are as follows:

As at March 31, 2012	Payments due by period				
	Total	Within 1 year	1-3 years	4-5 years	After 5 years
Operating leases	638	444	189	5	-
Exploration	4,539	4,539	-	-	-
Mining Lease Rentals	1,563	313	938	313	-
Capital Commitments	359	359	-	-	-
Remuneration commitments	-	-	-	-	-
Provision for rehabilitation	774	-	-	774	-
Total	7,873	5,655	1,127	1,092	-



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DIVIDENDS

Up until the date of this report, no dividend has been declared or paid by the Company.

CAPITAL EXPENDITURE

The Cairn Hill Mining Operation has minimal capital expenditure requirements through until the end of the mine life in late 2015. Any commitments for capital expenditure are expected to be funded from existing cash resources, cash flows from mining operations, new placements and other income including interest from cash deposits.

SHARE CAPITAL

As at 31 March 2012, the Company's issued share capital consisted of 262,612,803 ordinary shares, and a balance of 11,100,000 unlisted options.

No options were exercised during the quarter.

LOANS AND BORROWINGS

At 31 March 2012, the Group owed \$20.5m (30 June 2011: \$16.4m) to Taifeng. This loan forms part of the investment made by Taifeng into the Cairn Hill Mining Operation JV. Taifeng and IMX each have shareholder loans proportionate to their 51% and 49% shareholdings. As the JV company remains a controlled entity of the IMX Group, the loan owing by the JV to IMX is eliminated upon consolidation.

INVESTMENTS

All investments held in publicly listed companies are classified as investments in associates and accounted for under the equity method. The carrying value of all such investments as at 31 March 2012 is \$10.4m. The market value of these investments at 31 March 2012 was \$29.1m. During the quarter, the Group also took up its equity accounted share of losses in associates of \$1.7m.

Continental Nickel Limited

The Group holds a 37.03% interest in CNI, a mineral exploration company listed on the TSX Venture Exchange. CNI's major project is their 75% interest in the Tanzanian Nachingwea Nickel-Copper JV project referred to above, to which IMX hold the remaining 25% stake.

The Group did not increase its holding in CNI during the quarter. The fair value of the Group's holding of 15.8m shares at 31 March 2012 was \$12.8m.

Uranex Limited

The Group holds a 25.45% interest in Uranex Limited, an Australian based uranium and coal exploration company with a diverse pipeline of projects in Australia and Africa. During the quarter, the Group participated in the Uranex private placement. Under the placement, the Group committed to purchasing 7,812,500 shares at \$0.32 for a total investment of \$2.5 million. 6,250,000 shares were issued on 19 March 2012. The remaining 1,562,500 shares were issued in the final quarter of the 2012 financial year.

The fair value of the Group's holding of 52.7m shares at 31 March 2012 was \$17.4m.



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For the 9 months ended 31 March, 2012

OFF BALANCE SHEET ARRANGEMENTS

As at 31 March 2012, there were no off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

(a) Wholly-Owned Group Transactions

Controlled entities made payments and received funds on behalf of IMX and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, fully eliminated on consolidation, bear no interest and are repayable on demand, however demand for repayment is not expected in the next twelve months.

(b) Joint venture partner

Taifeng owns 49% of the Cairn Hill Mining Operation in South Australia as well as being a customer for the phase 1 ore. They are also the Company's largest shareholder. As at 31 March 2012, the Group was owed \$1.4m in trade receivables by Taifeng. As disclosed in the Loans and Borrowings section, the Group also owes \$20.5m to Taifeng.

(c) Transactions with key management personnel

(a) Details of Key Management Personnel

(i) Directors

The following persons were Directors of the Company during the financial year:

Johann Jooste- Jacobs	Non- Executive Chairman (appointed 12 August 2007, resigned 10 February 2012)
Duncan McBain	Managing Director (appointed 30 March 2006, resigned 17 August 2011)
John Nitschke	Non- Executive Chairman (appointed 10 February 2012)
Neil Meadows	Managing Director (appointed 2 November 2011)
Chen Yu	Alternate Director (appointed 29 July 2010, resigned 16 March 2012)
Stephen Hunt	Non- Executive Director (appointed 3 July 2007)
Song Yuan Gang	Non- Executive Director (appointed 29 July 2010)
Anthony Haggarty	Non- Executive Director (appointed 29 January 2008, resigned 23 May 2012)
Cao Xiangkui	Non- Executive Director (appointed 12 March 2008, resigned 19 June 2012)
Robert Sun	Alternate Director (appointed 16 March 2012)

(ii) Senior Executives

Bianca Manzi	General Manager Exploration (appointed 1 January 2007)
Andrew Steers	Chief Financial Officer/ Company Secretary (appointed 2 February 2010, resigned 17 January 2012)
Simon Parsons	General Manager – Cairn Hill Project (appointed 14 August 2008)
Philip Hoskins	Chief Financial Officer (appointed 17 January 2012)
Caroline Rainsford	Company Secretary (appointed 17 January 2012)



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All amounts in thousands of Australian dollars (AU\$'000) unless otherwise stated

(b) Directors and Executives Remuneration (KMP)

Remuneration of individual Directors and Key Management Personnel for the nine months ended 31 March 2012 is disclosed below.

	Short Term		Post-Employment	Termination	Discretionary Bonus	Total
	Salary & Fees	Non-Monetary	Super			
	\$	\$	\$	\$	\$	\$
Directors						
J C Jooste-Jacobs ¹	76,737	4,801	-	170,000	-	251,538
J S Nitschke ²	50,402	4,801	-	-	-	55,203
D R McBain ³	199,313	2,260	17,938	106,961	-	326,472
N Meadows ⁴	157,516	5,926	8,320	-	-	171,762
S B Hunt	41,250	4,801	-	-	-	46,051
A J Haggarty ⁵	45,000	4,801	-	-	-	49,801
Cao Xiangkui ⁶	27,500	4,801	-	-	-	32,301
S Y Gang	92,081	-	-	-	-	92,081
B Manzi	194,383	6,826	19,559	-	22,935	243,702
S R Parsons	250,555	4,801	24,085	-	29,358	308,799
A N Steers ⁷	153,608	4,538	17,384	-	66,630	242,160
P Hoskins ⁸	88,887	3,638	10,947	-	32,750	136,222
C Rainsford ⁹	31,389	675	-	-	-	32,064
Total	1,408,621	52,669	98,233	276,961	151,673	1,988,156

¹ Resigned as Non- Executive Chairman on 10 February 2012

² Appointed as Non- Executive Chairman on 10 February 2012

³ Resigned as Managing Director on 17 August 2011

⁴ Appointed as Managing Director on 2 November 2011

⁵ Resigned as Non- Executive Director on 24 May 2012

⁶ Resigned as Non- Executive Director on 21 June 2012

⁷ Resigned as Chief Financial Officer/ Company Secretary on 17 January 2012

⁸ Appointed as Chief Financial Officer on 17 January 2012

⁹ Appointed as Company Secretary on 17 January 2012



Management's Discussion and Analysis

For the 9 months ended 31 March, 2012

All amounts in thousands of Australian dollars (AU\$'000) unless otherwise stated

The totals of remuneration paid to Key Management Personnel of the Company and the Group during the nine months ended 31 March 2012 are as follows:

	March 31, 2012 \$
Short term employee benefits	1,612,962
Post-employment benefits	98,233
Termination benefits	276,961
	<u>1,988,156</u>

(c) Director's & KMP Holding of Shares

(i) Fully Paid Shares

	Balance July 1, 2011	Issued	Other Changes	Balance March 31, 2012
Specified Directors:				
J C Jooste-Jacobs	1,021,908	-	-	1,021,908
D R McBain	255,000	-	-	255,000
J S Nitschke	-	-	-	-
N E Meadows	-	-	-	-
S B Hunt	150,000	-	-	150,000
A J Haggarty	7,064,522	-	-	7,064,522
Song Yuan Gang	51,771,000	-	-	51,771,000
Chen Yu	-	-	-	-
Robert Sun	-	-	-	-
Cao Xiangkui	-	-	-	-
Total	<u>60,262,430</u>	-	-	<u>60,262,430</u>
Specified Executives:				
B Manzi	100,710	-	-	100,710
A N Steers	-	-	-	-
S Parsons	-	-	-	-
P Hoskins	-	-	-	-
C Rainsford	-	-	-	-
Total	<u>100,710</u>	-	-	<u>100,710</u>



Management's Discussion and Analysis

For the 9 months ended 31 March, 2012

(ii) Options

	Balance July 1, 2011 Number	Issued	Exercised	Balance March 31, 2012 Number
Specified Directors:				
J C Jooste-Jacobs	2,450,000	-	-	2,450,000
D R McBain	3,750,000	-	-	3,750,000
J S Nitschke	500,000	-	-	500,000
N E Meadows ¹	-	-	-	-
S B Hunt	1,900,000	-	-	1,900,000
A J Haggarty	1,900,000	-	-	1,900,000
J S Nitschke	500,000	-	-	500,000
Song Yuan Gang	485,000	-	-	485,000
Chen Yu	-	-	-	-
Cao Xiangkui	500,000	-	-	500,000
Total	11,485,000	-	-	11,485,000
Specified Executive:				
B Manzi	800,000	-	-	800,000
A N Steers	500,000	-	-	500,000
S Parsons	1,000,000	-	-	1,000,000
P Hoskins	-	-	-	-
C Rainsford	-	-	-	-
Total	2,300,000	-	-	2,300,000

¹ This table currently excludes 1,000,000 options issued to Neil Meadows which is subject to shareholder approval.

(d) Transactions with related parties

IMX is the 51% owner of Outback Iron Pty Ltd which, in turn, owns 100% of Termite Resources NL. Termite Resources have entered into an agreement for Standout Enterprises Pty Ltd to act as sales agent in the life of mine ore sales to Termite's largest customer. The compensation to Standout Enterprises is US\$1/tonne which for the contracted tonnages, is approximately US\$900k per year. Standout Enterprises is related to IMX because Director, Stephen Hunt is a 50% beneficiary of Standout Enterprises. For the nine months ended 31 March 2012, Termite paid \$USD 0.3m to Standout Enterprises for its services.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Subsequent to year end, IMX announced that it had agreed to acquire all the remaining ordinary shares of CNI. The details of this arrangement are provided in the CNI Circular to which this document is appended.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

CRITICAL ACCOUNTING ESTIMATES

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**(i) Impairment of capitalised exploration and evaluation expenditure**

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors. Development in relation to the Cairn Hill Phase 1 Project commenced being capitalised in the financial year to 30 June 2008, upon the signing of the heads of agreement with Tonghua Mining Group of China which has been novated to Taifeng and the granting of a mineral lease.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

(ii) Mine rehabilitation and restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the Company's accounting policy. These provisions include future cost estimates which are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, engineering and other costs and discount rates. A change in any of these assumptions used may have a material impact on the carrying value of mine rehabilitation and restoration provisions.

(iii) Ore reserves and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment, intangible assets, provision for mine rehabilitation and restoration, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the consolidated statement of comprehensive income.

(iv) Income tax, deferred tax assets and liabilities

The Group is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is not certain. The Group recognises provision for potential tax issues based on estimates of

amounts that were initially recorded. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax position in the period in which the determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES**(i) Functional currency**

An entity's functional currency is the currency of the primary economic environment in which the entity operates in accordance with the Company's accounting policy. Determination of an entity's functional currency requires management judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

**Exhibit 1.2 –
Management’s Discussion and Analysis for the Year Ended June 30, 2011**



Management's Discussion and Analysis

For the year ended 30 June, 2011

All amounts in thousands of Australian dollars (AU\$'000) unless otherwise stated

INTRODUCTION

The following management discussion and analysis ("MD&A") of IMX Resources Limited, including its subsidiaries, ("IMX", the "Company" or the "Group") is for the twelve month period ended 30 June 2011 *(and should be read in conjunction with the audited annual financial statements for the same period, and the notes thereto)*. The effective day of this report is July 11, 2012.

The Company's annual financial statements, interim financial statements and the financial information contained in this MD&A were prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. Accordingly, they comply with International Financial Reporting Standards ("IFRS").

THE COMPANY

Information regarding IMX is included in Appendix G to the Management Information Circular of Continental Nickel Limited ("CNI") and has therefore not been reproduced here.

OVERALL PERFORMANCE

In the financial year ended 30 June 2011, the Group recorded its first revenue from operations of \$61.2m, as opposed to nil in the prior year, as a result of the commencement of shipping from the Cairn Hill Mining Operation. As a result, net profit increased from a loss after tax of \$8.5m in the prior year to a profit after tax of \$12.5m in the current year, representing a diluted earnings per share of \$0.029. The revenue the Company received was subject to an index-based pricing mechanism that was detailed in the relevant sales contracts. The pricing received under the mechanism is indexed to the Platts 62% Fe (iron ore) index and the London Metal Exchange price for copper. The Company's cash and cash equivalents decreased by \$2.2m from \$22.4m to \$20.2m as at 30 June 2011. Total current assets rose significantly to \$68.2m from \$24.3m primarily as a result of an increase in receivables from \$0.7m to \$30.1m as a result of receivables from the first year of operations.

The increase in total assets from \$57.5m to \$115.2m reflects principally the increase in receivables in the financial year and the increase in property, plant and equipment of \$15.2m which primarily represents capitalized deferred waste from the pre-stripping of the pit. Inventory also increased by \$17.2m which represents the cost of mining and delivering the crushed and uncrushed ore stockpiles to the various locations within the logistics chain.

While total assets effectively doubled in the financial year, net assets increased at a more modest rate from \$50.1m to \$68.2m as at 30 June 2011. Payables increased by \$19.8m with the closing balance representing the amounts due to the mining and logistics contractors for work performed prior to 30 June 2011. The substantial investment into the working capital, pre-stripping and stockpile balances of the mining operation was funded by an investment from the Company's JV partner Sichuan Taifeng Group. Deferred

tax liabilities also increased from nil as at 30 June 2010 to \$2.1m at 30 June 2011 being the initial recognition of deferred tax balances for the Cairn Hill Mining Operation JV.

The Company's cash position remained largely unchanged at \$20.2m from \$22.4m at 30 June 2010. The decrease was as a result of net cash outflows in operating activities of \$15.9m being primarily the net investment in working capital of the mining operation and \$5.1m of exploration expenditure. Investing activities consisted of capitalized deferred waste from the pre-stripping of Pit 1 and also investments in Uranex, Continental Nickel and the Nachingwea Nickel-Copper JV Project totalling \$5.3m. These outflows were offset by proceeds of \$17.2m raised from issuing new equities and the loan of \$16.4m from Sichuan Taifeng Group to the Cairn Hill Mining Operation JV.

SELECTED ANNUAL INFORMATION

Financial Statistics	Twelve months ended June 30, 2011	Twelve months ended June 30, 2010	Twelve months ended June 30, 2009
Total revenue	61,174	-	-
Cost of sales	(41,986)	(2,706)	-
Gross Profit / (Loss)	19,188	(2,706)	-
Profit / (Loss) for the period	12,474	(8,497)	280
Basic profit / (loss) per share	3.1	(4.4)	0.2
Diluted profit / (loss) per share	2.9	-	0.2
Dividends Paid	-	-	-
Total assets	115,166	57,485	52,438
Total non-current liabilities	(20,254)	(803)	(364)
Total liabilities	(46,889)	(7,410)	(1,397)
Net assets	68,277	50,076	51,041
Production Statistics	Twelve months ended June 30, 2011	Twelve months ended June 30, 2010	Twelve months ended June 30, 2009
Mining			
Total Material Mined (BCM)	3,162,120	595,084	-
Ore Mined (BCM)	216,662	-	-
Ore Mined (Tonnes)	890,836	-	-
Sales			
Iron Ore Sold (WMT)	435,504	-	-
Fe Grade (%)	52.63%	-	-
Cu Grade (%)	0.54%	-	-

DISCUSSION OF OPERATIONS

Australian Based Operations

The Group has been focused on its Australian based activities during the year, with particular emphasis on the Cairn Hill Phase 1 Project which continued to ramp up its production activities to capacity, as well as advancement of exploration activities in both South Australia and Tanzania.

Operations

Cairn Hill (IMX 51%)

Phase 1

Cairn Hill Phase 1 is the first of the Group's South Australian iron projects and is operating at capacity to produce an iron/copper ore. The funding of this project was finalised by the purchase by the Sichuan Taifeng Group ("Taifeng") of 49% of Outback Iron Pty Ltd ("Outback"), which is the parent entity of Termite Resources NL ("Termite") the owner of ML 6303. This transaction was finalised during the year and accordingly, Taifeng have appointed two Directors to a four person Outback Board. The position of Chairman of the Outback Board, is a position to be held by an IMX representative and that has the casting vote.

All funds that had been loaned by IMX to Outback since 1 January 2010 were repaid to IMX from the funds paid by Taifeng to purchase 49% of Outback.

Mining, drill and blast, crushing, road haulage and train loading services are provided by Exact Mining Services (EMS). All EMS operations have now mobilised the required equipment and were operating at capacity by the end of the financial year.

The following mining volumes were achieved during the year:

	2011	2010
Mining Volumes		
Waste (BCM)	2,945,458	595,084
Total (BCM)	3,162,120	595,084
Ore (tonnes)	890,836	-

During the financial year, mining commenced with ore being delivered to the ROM pad in July 2010. Significant working capital of \$14.4m was deployed in the excavation and removal of waste in Pit 1 that has allowed future access to ore.

The primary and secondary crushers and ancillary stackers were mobilised towards the end of the 2010 financial year resulting in the first production ore being crushed in July 2010. The consistency of operation of the mobile crushing plant has resulted in monthly crushing results gradually improving during the year and now reaching capacity subsequent to the financial year end. A total of 910,423 tonnes of ore were crushed during the year.

EMS also provided the road haulage and train loading services during the year. EMS are also responsible for the maintenance of the haul road from the mine to the Rankin Dam rail siding.

Specialised Bulk Rail, a subsidiary of SCT Logistics, provide the services of rail haulage and maintenance of the rail wagons. The custom designed rail wagons are being leased from Gemco, a subsidiary of Coote

Industries to handle the custom designed containers that the operation is leasing from Cronos. The rail operation is now operating at full capacity with six full train services per week of 88 wagons per train being run.

The final agreement with Flinders Ports for the provision of port services at Outer Harbour at Port Adelaide was finalized during the 2011 financial year. At Port Adelaide, the infrastructure is in place, the full hardstand area for the containers was completed and the additional rotary tipplers and mobile equipment was delivered and commissioned. Two cranes are being used for loading of the vessel wherever possible.

The JV made its first shipment in December 2010 and made a total of 6 shipments during the year for a total of 435,504 tonnes. All of these shipments were sold to the Sichuan Taifeng Group under the life of mine sales contract.

The sales contract with Jilin Tonghua Iron & Steel Group (Mining) Co Ltd was novated to Taifeng during the year on the same terms and conditions as the original sales contract. The pricing mechanism is index based and adjusted for freight to provide a FOB equivalent price. The pricing received under the mechanism is driven by the Platts 62% Fe (iron ore) index and the London Metal Exchange price for copper. The JV will continue to receive payment for both the contained iron and copper under the contract terms.

There are certain risks or events that may impact the future financial performance of the Cairn Hill Mining Operation including operating risks such as equipment failure or plant breakdowns, rainfall events, health and safety incidents and environmental impacts. These are covered in greater detail in the section titled 'Risk Factors' of Appendix G of the CNI Circular.

Exploration and Project Development

Phase 2

Cairn Hill Phase 2 (CHP2) is a magnetite only ore that has a potential for a low capital and operating cost project. Despite the attention being placed on the operations of Cairn Hill Phase 1, the Company undertook and completed a drilling programme to 10,683m in 99 holes at a cost of \$1.2m during the year. Resource modelling was undertaken on the final analytical results showing a mineral estimate comprising ~3.8Mt @ 47.8%Fe indicated and ~4.6Mt @ 45.8%Fe inferred mineralisation, using JORC (2004) guidelines. Total exploration expenditure incurred on Cairn Hill exploration (predominantly Phase 2) was \$1.8m for the year ended 30 June 2011.

The Company continues to work to ensure CHP2 is brought into production either concurrently with or subsequent to Cairn Hill Phase 1.

Mount Woods Magnetite Project (South Australia) (IMX 100%)

Iron ore exploration at Mt Woods has predominantly focused on RC drilling to define a mineral resource at the Snaefell magnetite and specular hematite prospect, approximately 12km southwest of the Cairn Hill Mining Operation. Total exploration expenditure incurred on the Mt Woods Magnetite Project was \$1.2m for the year ended 30 June 2011.

A total of 20 holes for 4,470m were completed in April 2011, targeting an initial exploration tonnage model of 70-100 Mt grading 28-35% Fe over an 800m strike length in a core area. In addition, 4 of the holes completed (896m), tested a 2 km strike extension to the east of the core area where a second exploration

target of 200-300 Mt at 28-35% Fe was interpreted to exist¹. The drilling confirmed both exploration model concepts and a maiden mineral resource was prepared for the initial core area subsequent to year end.

Initial metallurgical results on RC chip samples were very encouraging with the testwork indicating that 40% of the mass of the ROM ore could be rejected after crushing by dry magnetic separation. The 2011 testwork done indicated that a 65.5% – 67.2% Fe concentrate could be produced at 180 microns using wet LIMS magnetic separation. The magnetite at Snaefell also appears to be relatively coarse-grained, which has the potential for a lower capital and operating cost project. As a first step in a pre-feasibility study two PQ diamond core holes for a total of 310m were drilled and sent to SGS Laboratories in Perth for detailed metallurgical testwork to confirm initial results.

Mt Woods Copper-Gold JV Project (South Australia) (IMX 49%)

The Mt Woods Copper-Gold JV Project is a 49:51 joint venture between IMX and OZ Minerals Ltd (OZ Minerals) in which OZ Minerals has the right to explore for all minerals except iron on IMX's Mt Woods Projects exploration licences. OZ Minerals is sole funding a minimum of \$4m per year over five years for a total of \$20m. There is no requirement for IMX to contribute towards JV expenditure until OZ Minerals have fulfilled their \$20m obligation. Should OZ Minerals fail to spend this amount in the required time period, it forfeits its entire 51% joint venture interest. OZ Minerals is the manager and operator of the JV.

During the first year of the JV, expenditure by OZ Minerals has totalled approximately \$5.83m, exceeding first year JV obligations. IMX did not incur any expenditure on this project during the year as OZ Minerals are still earning in on their \$20m commitment.

In 2010, the first phase of JV exploration commenced with aerial geophysical gravity and magnetics surveys over the core Mt Woods tenements. Interpretation of the new geophysical datasets in late 2010 identified several priority target areas with geophysical attributes similar to OZ Minerals' Prominent Hill copper-gold mine. OZ Minerals commenced field validation of these geophysical targets with a combination of ground gravity and IP surveys to define targets for drilling. Deep regional diamond drill testing of the initial targets commenced in January 2011. 14 holes for approximately 7,650m were completed at six target areas including Rouse, Arapiles, Shadwell, Bumblebee, Pocket Knife and Eccles. All holes are greater than 400m deep with most greater than 600m deep.

Minor sulphide mineralisation was intersected in several holes, which is encouraging for a first pass exploration program. Geological examination of the core has revealed aspects of the regional geology that led to refining the exploration targeting process. As a result, a second phase of geophysical/geological targets were identified for the JV. Of particular note is a 12km zone extending northwest from IMX's Black Hills Cu-Au prospect to the south of Snaefell, which is interpreted to have prospective geology and geophysics.

¹ 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.

Tasmania - NW Tasmania Nickel Project (IMX 96%)

During 2010-11, field validation of EM and magnetic anomalies within IMX's north western Tasmanian tenements have identified the widespread presence of poorly outcropping and highly altered ultramafics. The majority of these targets were explored using geochemical surface sampling techniques such as Mobile Metal Ion (MMI), Heavy Mineral Concentrate (HMC) streams and standard soil sampling. A total of 144 geochemical samples comprising 130 soils, 9 rock chips and 5 HMC stream sediment samples were collected during the year.

Petrology on drill core from hole SRDH3 drilled in early 2010 by IMX was returned during the period. The core analysis identified the presence of relict chromites that confirmed the ultramafic nature of the rock despite its highly altered and leached state. In addition, an unusually high concentration of titanium oxide (6.8% TiO₂), fine grains of a Cu-Sn alloys, and anomalous REE's were identified. Geochemically the rocks show many similarities with meimechites (Ti rich alkaline komatiites) which are considered to have high PGE potential.

Total expenditure incurred on Tasmania Nickel exploration was \$0.1m for the year ended 30 June 2011.

Dingo Well Gold Project (IMX 100%)

The Dingo Well project is a shear zone-hosted gold mineralisation target adjacent to, or within, the Keith-Kilkenny Tectonic Zone. The area is also prospective for nickel with the Murrin Murrin Nickel deposit located approximately 20km to the east.

TANZANIA**Nachingwea Nickel-Copper Project (IMX 25%)**

The Nachingwea project is a 25:75 Joint Venture (JV) between IMX and TSXV listed CNI, in which IMX has a substantial 37.03% shareholding, giving IMX a beneficial interest of 53% in the Nachingwea Project.

For further information refer to Appendix F (Nachingwea Project) in the CNI Circular.

Mibango Nickel Project (IMX 100%)

At Mibango, IMX has focused exploration on the full project tenure targeting the relatively underexplored regional potential for high-tenor massive Ni-Cu sulphides and PGE's.

During the 2010 field season, 93 target areas were validated as part of the ongoing regional field mapping programme with a total of 4,540 rock, soil, stream and petrographic samples collected and analysed. Ultramafic rocks, including what are interpreted to be potential Kapalagulu-age equivalents, were identified and mapped in multiple locations in the southern regional areas.

At Mwese, a stream sediment sampling survey highlighted a number of areas of anomalism across the length of a dyke complex, and with the systematic field evaluation of geophysical anomalies led to the identification of additional sulphide occurrences. In addition, a number of Ni-Cr-Cu soil anomalies were identified from geochemical sampling that require followup, making Mwese a top exploration priority for the 2011 field season.

A best result of 1.65g/t PGE (Pd+Pt+Au), 0.27% Cu, and 0.13% Ni was returned from one of four strongly anomalous rock chip samples within a 500m long magnetic target. Outcrop with blebby to disseminated

sulphides dominated by chalcopyrite, and a number of massive chalcopyrite veins were identified. These results represent the first significant PGE occurrence outside the Kapalagulu Intrusion, and highlight the potential of the area which has not previously been explored.

In 2010, three drill ready targets were defined with a number of geochemical and geophysical targets expected to become drill targets with some additional validation.

Total exploration expenditure incurred on the Mibango Nickel Project was \$1.8m for the year ended 30 June 2011.

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

The 2010 field season in Mozambique focused on regional exploration programmes at Cabo Delgado and Milange.

Five target areas were identified for exploration to follow up from the 2009 geophysical survey at Cabo Delgado. A programme of soil, stream and rock chip sampling was conducted with no significant results returned. As the exploration failed to identify additional intrusions, evidence of sulphide mineralisation or process at Cabo Delgado, no further exploration is planned.

At Milange, sampling was completed over most of the remaining outcropping areas in 2010 with results indicating that the area is prospective for Ni-Cu-PGE mineralisation. Trace sulphides were identified from seven localities, with 3 others demonstrating enrichment in both Ni and Pd chemistry. It is expected that additional prospective rocks are likely to be present under cover in the area.

Total exploration expenditure incurred on Mozambique exploration was \$0.2m for the year ended 30 June 2011.

India

No progress was made in granting licence applications, which have also been delayed for a long period of time. IMX is evaluating the future direction of the projects given the long delays.

FINANCIAL REVIEW

OPERATING RESULTS FOR THE YEAR

The net profit after income tax of the Group for the year ended 30 June 2011 was \$12.5m (2010: loss after income tax of \$8.5m). The result for the year is attributable to a few key areas:

- (1) The first operating profit from the Cairn Hill project. Mining commenced in February 2010 so the 2010 financial year had cost of sales from the mining operation of \$2.7m. This resulted in a gross loss of \$2.7m from Cairn Hill. In the 2011 financial year, crushing commenced in July 2010 and the first shipment of ore occurred in December 2010. A total of 435,504 tonnes of ore were shipped for the year ended 30 June 2011 resulting in a gross profit from the operation of \$19.2m (\$44 per tonne).

The average sale price achieved per tonne was A\$142/t on an FOB basis. This was based on an average 62% Fe index of US\$175/t, LME copper price of US\$9,222/t and an average USD/AUD exchange rate of 1.0291.

- (2) Exploration costs of \$5.0m were incurred during the year ended 30 June 2011 (2010: \$3.9m). The material components of the exploration expenditure are discussed above in the Operations section but the majority of expenditure was incurred on Cairn Hill Phase 2, Mt Woods Magnetite (in particular Snaefell) and the Mibango Nickel Project. The expenditure on Snaefell successfully yielded the announcement of a significant magnetite resource subsequent to year end.
- (3) Administration costs of \$5.0m (2010: \$2.2m) were incurred during the 2011 financial year. The increase in costs is due to employee expenses increasing by \$1.9m, promotional expenses by \$318k and consulting fees by \$105k. These costs are consistent with the commencement of operations during the year.
- (4) A once off gain of \$13.8m from a change in accounting for the Group's investments in both CNI and Uranex Limited was recognized during the year ended 30 June 2011. These investments were previously accounted for as available for sale assets. During the 2011 financial year, both companies had changes in the Board structure which resulted in IMX directors gaining representation on the Boards. As a result of these changes, it was determined by Management and the Board of IMX that it had obtained significant influence over these companies as defined under AASB 128 Investments in Associates. Accordingly, the investments held by the Group in these companies were then treated as associates, and thus accounted for under the equity method. This has resulted in an amount of \$13.8m being recycled from the Available for Sale Investment Reserve to the profit and loss, which reflects the mark-to-market adjustments made through the reserve up to the date both companies were accounted for as associates.
- (5) Share of associate's losses during the year ended 30 June 2011 totalled \$6.3m (Uranex \$2.8m, CNI \$1.8m and Ngwena \$1.7m). The Group's share of these associate's losses represents the IMX share of exploration expenditure incurred by these companies. Ngwena is the entity owned 25% by IMX that operates the Nachingwea JV.

- (6) Other income during the 2011 financial year included \$1.7m interest received, \$1.0m management fees from the Cairn Hill JV and \$1.1m unrealized foreign exchange gains on translation of foreign currency bank accounts and foreign currency denominated receivables. Major other expenses during the 2011 financial year include realized losses from hedging of \$2.5m and the value of IMX shares issued to exit the Strategic Alliance Agreement with Anglo American of \$1.0m.

The Cairn Hill Mining Operation is expected to produce 1.8Mtpa until the end of calendar year 2015 on the basis of mining the current Phase 1 resource. The operation has minimal capital expenditure requirements due to being operated by contractors and is targeting cash operating costs of \$80/t FOB. The operation is not expected to require any additional funding with regular distributions expected to shareholders in the JV.

A decision is yet to be made on the addition of the Cairn Hill Phase 2 resource as identified above to the current mine plan. The Phase 2 ore is magnetite only and would require a modest investment in capital expenditure in the form of a magnetic separator. The existing infrastructure could be utilized to transport the product to the market.

CASH FLOW AND LIQUIDITY

The following sets out the Company's cash flows for the year ended 30 June 2011 as compared to the year ended 30 June 2010:

Cash Flows from	Twelve months ended June 30, 2011	Twelve months ended June 30, 2010
Operating activities	(15,907)	(10,783)
Investing activities	(18,655)	(2,826)
Financing activities	32,648	28,323

Broadly, the activities of the Group have been funded from existing cash resources, cash flows from mining operations, new placements and other income including interest from cash deposits. The net cash outflow from operating activities was \$15.9m for the year ended 30 June 2011 (2010: outflow of \$10.8m). Cash receipts totalled \$37.1m (2010: nil) whilst payments to suppliers (for mining and administration costs) increased from \$7.6m to \$50.2m.

Net cash outflows from investing activities were \$18.7m (2010: outflow of \$2.8m). Significant increases in investment expenditure included \$5.3m injected into the listed investments and Nachingwea JV (2010: \$0.2m) and capital and development works on the Cairn Hill Mining Operation of \$13.7m (2010: 2.7m).

The Group received a cash flow injection from the private placement to Taifeng which resulted in the Group's interest in the Cairn Hill Mining Operation being reduced to 51%.

The net decrease in cash resources during the year was \$1.9m (2010: Increase of \$14.7m) however the Group has established trade receivables of \$26.8m and finished goods inventory on hand of \$15.1m as at 30 June 2011 from its JV operation in Cairn Hill.

The mine is now operating at capacity. It is expected that mining operations combined with existing cash resources should be able to meet the Company's exploration and investment commitments going forward.

FINANCIAL POSITION

The Group's cash and cash equivalents totalled \$20.2m as at 30 June 2011 (2010: \$22.4m). As at 30 June 2011, the Group had a net working capital surplus of \$41.5m (2010: \$16.9m surplus), representing an increase in working capital of \$24.6m. For the year ended 30 June 2011, the Group made a net profit after tax of \$12.5m (2010: net loss after tax of \$8.5m). As at 30 June 2011, the Group held net assets of \$68.3m (2010: \$50.1m).

Trade and other receivables increased from \$0.7m to \$30.1m due to the commencement of shipping. 100% of the trade and other receivables were owing from Taifeng and were converted into cash soon after year end. Offsetting the increase in receivables was an increase in current payables from \$6.3m to \$26.2m.

The Directors consider that the going concern basis of preparation is appropriate based on forecast net cash flows from the operation, the ability to defer expenditure, and the investments held in listed companies. The Company may be required to source additional funds through debt or equity markets.

CONTRACTUAL COMMITMENTS

The Company's contractual commitments as at June 30, 2011 are as follows:

As at 30 June 2011	Payments due by period				
	Total	Within 1 year	1-3 years	4-5 years	After 5 years
Operating leases	534	338	189	7	-
Exploration	4,552	4,552	-	-	-
Mining Lease Rentals	1,563	313	938	313	-
Capital Commitments	171	171	-	-	-
Remuneration commitments	147	147	-	-	-
Provision for rehabilitation	801	-	-	801	-
Total	7,767	5,521	1,127	1,120	-

DIVIDENDS

Up until the date of this report, no dividend has been declared or paid by the Company.

CAPITAL EXPENDITURE

The Cairn Hill Mining Operation has minimal capital expenditure requirements through until the end of the mine life in late 2015. Any commitments for capital expenditure are expected to be funded from existing cash resources, cash flows from mining operations, new placements and other income including interest from cash deposits.

SHARE CAPITAL

As at 30 June 2011, the Company's issued share capital consisted of 262,612,803 ordinary shares, and a balance of 14,975,000 unlisted options.

On 7 May 2010, the Company issued 30,080,000 Ordinary Shares at 48.4 cents per share in a private placement under a Heads of Agreement with the Sichuan Taifeng Group to assist in the development of the Cairn Hill Phase 1 Project.

On 12 July 2010, the Company issued a total of 29,450,000 Ordinary Shares at 48.4 cents per share to the Sichuan Taifeng Group and OZ Minerals. Sichuan Taifeng received 21,691,000 Ordinary Shares as a private placement under the Heads of Agreement between IMX and Sichuan Taifeng. OZ Minerals were issued 7,759,000 Ordinary Shares under anti-dilution rights clause under its Heads of Agreement with IMX.

On 3 November 2010, the Company issued 2,300,000 Ordinary Shares to Anglo American (Australia) as part of the termination of the Strategic Alliance Agreement between IMX and Anglo. The shares are subject to a two year voluntary escrow.

60,000 options were exercised during the year ended 30 June 2011 (2010: 100,000).

LOANS AND BORROWINGS

At 30 June 2011, the Group owed \$16.4m to Taifeng. This loan forms part of the investment made by Taifeng into the Cairn Hill Mining Operation. Taifeng and IMX each have shareholder loans proportionate to their 49% and 51% shareholdings. As the JV company remains a controlled entity of the IMX Group, the loan owing by the JV to IMX is eliminated upon consolidation.

INVESTMENTS

All investments held in publicly listed companies are classified as investments in associates and accounted for under the equity method. The carrying value of all such investments as at 30 June 2011 is \$13.0m. The market value of these investments at 30 June 2011 was \$36.7m. These assets were classified as other financial assets as at 30 June 2010 and were carried at \$12.6m. During the year, the Group also took up its equity accounted share of losses in associates of \$6.3m.

Continental Nickel Limited

The Group holds a 37.03% interest in CNI, a mineral exploration company listed on the TSX Venture Exchange. CNI's major project is their 75% interest in the Tanzanian Nachingwea Nickel-Copper JV project referred to above, to which IMX hold the remaining 25% stake.

In June 2011, the Group participated in a private placement and acquired 1,322,869 shares for \$1.8m to maintain its 37% interest in CNI.

Uranex

The Group holds a 26.63% interest in Uranex, an Australian based uranium exploration and development company with a diverse pipeline of projects in Australia and Africa. In December 2010, the Group participated in a rights issue to acquire 13,272,701 shares for \$1.9m to maintain its investment in the company.

OFF BALANCE SHEET ARRANGEMENTS

As at 30 June 2011, there were no off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES**(a) Wholly-Owned Group Transactions**

Controlled entities made payments and received funds on behalf of IMX and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, fully eliminated on consolidation, bear no interest and are repayable on demand, however demand for repayment is not expected in the next twelve months.

(b) Joint venture partner
Taifeng owns 49% of the Cairn Hill operation in South Australia as well as being a customer for the phase 1 ore. They are also the Company's largest shareholder. As at 30 June 2011, the Group was owed \$26.7m in trade receivables by Taifeng. Whilst this amount has been received in full subsequent to year end, Sichuan Taifeng were outside the payment terms allowable under the life of mine sales contract as at 30 June 2011. As disclosed in the Loans and Borrowings section, the Group also owes \$16.4m to Taifeng.

(c) Transactions with key management personnel

The short and long term remuneration of directors and key management personnel are disclosed in the remuneration report and Note 25 of the Company's financial statements for the year ended 30 June 2011 available at the Company's website (www.imxresources.com.au).

FOURTH QUARTER

IMX participated in CNI's CAD\$5m share placement which was completed in early June 2011. IMX subscribed for 1.3m new common shares at a price of CAD\$1.40 per share for a total cost of CAD\$1.9. Subsequent to this private placement IMX held 15.8m common shares and retained its 37.03% interest in CNI. At Cairn Hill, operations reached planned full capacity at the end of June with two shipments per month being achieved since May.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 17 August 2011, Duncan McBain announced his resignation as Managing Director of the Company after five and a half years in the role.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

CRITICAL ACCOUNTING ESTIMATES

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**(i) Impairment of capitalised exploration and evaluation expenditure**

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors. Development in relation to the Cairn Hill Mining Operation commenced being capitalised in the financial year to 30 June 2008, upon the signing of the heads of agreement with Tonghua Mining Group of China which has been novated to the Taifeng and the granting of a mineral lease.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

(ii) Mine rehabilitation and restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the Company's accounting policy. These provisions include future cost estimates which are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, engineering and other costs and discount rates. A change in any of these assumptions used may have a material impact on the carrying value of mine rehabilitation and restoration provisions.

(iii) Ore reserves and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment, intangible assets, provision for mine rehabilitation and restoration, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the consolidated statement of comprehensive income.

(iv) Income tax, deferred tax assets and liabilities

The Group is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is not certain. The Group recognises provision for potential tax issues based on estimates of

amounts that were initially recorded. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax position in the period in which the determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES**(i) Functional currency**

An entity's functional currency is the currency of the primary economic environment in which the entity operates in accordance with the Company's accounting policy. Determination of an entity's functional currency requires management judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the annual reporting period beginning 1 July 2010:

Presentation of transactions recognised in other comprehensive income

From 1 July 2010, the Group has applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project. The change in accounting policy only relates to disclosures and had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and allow the Group to disclose transactions recognised in other comprehensive income.

Removal of parent entity financial statements

The Group has applied amendments to the Corporations Act 2001 that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in Note 31 of the Company's 2011 financial statements available on the Company's website.

Change in accounting for investments in Uranex and Continental Nickel

These changes are explained further above in the Operating Results for the Year section.

**Exhibit 1.3 –
Management’s Discussion and Analysis for the Year Ended June 30, 2010**



Management's Discussion and Analysis

For the year ended 30 June, 2010

All amounts in thousands of Australian dollars (AU\$'000) unless otherwise stated

INTRODUCTION

The following management discussion and analysis ("MD&A") of IMX Resources Limited, including its subsidiaries, ("IMX", the "Company" or the "Group") is for the twelve month period ended 30 June 2010 *(and should be read in conjunction with the audited annual financial statements for the same period, and the notes thereto)*. The effective day of this report is July 11, 2012.

The Company's annual financial statements, interim financial statements and the financial information contained in this MD&A were prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. Accordingly, they comply with International Financial Reporting Standards ("IFRS").

THE COMPANY

Information regarding IMX is included in Appendix G to the Management Information Circular of Continental Nickel Limited ("CNI") and has therefore not been reproduced here.

OVERALL PERFORMANCE

In the financial year ended 30 June 2010, the Group recorded a loss after tax of \$8.5m (2009: profit of \$0.3m). The Company's cash and cash equivalents increased by \$14.7m from \$7.7m to \$22.4m as at 30 June 2010. Total current assets rose significantly to \$24.3 from \$8.2m primarily as a result of an increase in cash as above.

The increase in total assets from \$52.4m to \$57.5m reflects the increase in cash, an increase in property, plant and equipment of \$9.5m being the reclassification of \$5.6m of development expenditure and capitalized deferred waste from the pre-stripping of the pit. This was offset by the decrease in other financial assets being the reduction in fair value of the investments in CNI and Uranex Limited.

Payables increased by \$5.6m with the closing balance representing the amounts due to the mining contractor for work performed prior to 30 June 2010.

The activities of the Group have been self-funded from existing cash resources, new capital raisings and other income including interest income from cash deposits. Major cash expenditures include initial mining operations of \$2.8m, exploration of \$4.0m (2009: \$2.2m) and development and capital costs of the Cairn Hill Project of \$2.7m (2009: \$12.6m). These activities were funded by placements of 56,230,000 shares resulting in net proceeds of \$24.2m being received by the Group. The net increase in cash resources during the year was \$14.7m (2009: Decrease of \$10.9m).

All investments held in publicly listed companies are classified as other financial assets and are re-valued each period based on the publicly traded price. At the 30 June 2010, the value of these were



Management's Discussion and Analysis

For the year ended 30 June, 2010

\$12.5m (30 June 2009: \$29.2m).

SELECTED ANNUAL INFORMATION

Financial Statistics	Twelve months ended June 30, 2010	Twelve months ended June 30, 2009	Twelve months ended June 30, 2008
Total revenue	-	-	-
Cost of sales	(2,706)	-	-
Gross Profit / (Loss)	(2,706)	-	-
Profit / (Loss) for the period	(8,497)	280	(4,974)
Basic profit / (loss) per share	(4.4)	0.2	(3.0)
Diluted profit / (loss) per share	-	0.2	(-)
Dividends Paid	-	-	-
Total assets	57,485	52,438	71,191
Total non-current liabilities	(803)	(364)	(26)
Total liabilities	(7,410)	(1,397)	(1,449)
Net assets	50,075	51,041	69,742
Production Statistics	Twelve months ended June 30, 2010	Twelve months ended June 30, 2009	Twelve months ended June 30, 2008
Mining			
Total Material Mined (BCM)	595,084	-	-
Ore Mined (BCM)	-	-	-
Ore Mined (Tonnes)	-	-	-
Sales			
Iron Ore Sold (WMT)	-	-	-
Fe Grade (%)	-	-	-
Cu Grade (%)	-	-	-

DISCUSSION OF OPERATIONS

Australian Based Operations

The Group has been focused on its Australian based activities during the year, with particular emphasis on the Cairn Hill Phase 1 Project and the Mt Woods Copper-Gold JV with Oz Minerals.

Operations

Cairn Hill (IMX 51%)

Phase 1

Cairn Hill Phase 1 is the first of the South Australian iron projects brought into production and comprises a magnetite-copper-gold DSO product. The focus in the year ended 30 June 2010 was on obtaining the finance to bring Phase 1 into production. Late in December 2009, the Company announced that it signed a Heads of Agreement (HOA) with a private Chinese company, the Sichuan Taifeng Group (Taifeng). The HOA provided for a placement to Taifeng to represent 19.9% of the Company's outstanding ordinary shares and to purchase 50% of Outback Iron Pty Ltd (Outback), which is the parent entity of Termite Resources NL (Termite) the owner of ML6303. These outcomes were dependent upon obtaining Foreign Investment Review Board (FIRB) approval for the transaction. Conditional approval was obtained on 12 July 2010, with final approval on 15 July 2010. A condition of FIRB approval was that the Taifeng holding in Outback be reduced from 50% to 49%.

The private placement to Taifeng was finalised and a total of \$25 million raised by the Company. This enabled the Company to continue to sole fund the project and keep it on track for production during the 2010 calendar year. Taifeng is entitled to appoint two directors to a four person Outback board, where one of the IMX nominees will be appointed Chairman and will have the casting vote.

Funds loaned by IMX to Outback since 1 January 2010 were repaid to IMX from the funds subscribed by Taifeng to Outback.

During the year Termite made significant progress with pre-stripping and infrastructure development and the first ore blast was successfully completed in early June 2010.

The contract for the provision of mining, drill and blast, and crushing services was awarded to Exact Mining Services (EMS). EMS have continued mobilising additional plant and equipment to supplement the equipment previously mobilised as part of the project construction works that occurred earlier in the year. Sufficient equipment had been mobilised to allow the mine schedule to be achieved:

	2010
Mining Volumes	
Waste (BCM)	595,084
Total (BCM)	595,084
Ore (tonnes)	-

The primary and secondary crushers and ancillary stackers were mobilised towards the end of the year and commissioning of the crusher was completed towards the end of June. The crusher was commissioned using the uncrushed ore from the trial mining stockpile.

Other infrastructure that was completed includes the laydown and ROM pads, explosive magazines and bulk explosive storage area, site roads and water infrastructure. The permanent fuel farm was installed along with temporary office and workshop facilities. Remedial work on the Cairn Hill – Rankin Dam rail siding haul road continued to bring the road up to a suitable standard to allow haulage to commence. The 1.55km loading siding at Rankin Dam was completed in March and the automatic signalling was installed prior to the end of the year.

Road haulage and train loading services are also to be provided under contract by EMS. EMS were also contracted for the maintenance of the haul road from the mine to the Rankin Dam rail siding.

Specialised Bulk Rail, a subsidiary of SCT Logistics, has been contracted to provide rail haulage and maintenance of the rail wagons. The Rail wagons are being leased from Gemco, a subsidiary of Coote Industries, who are providing 194 off 40 foot container wagons. Initially the rail operation used an interim wagon, with the purpose built wagons from Gemco being progressively delivered from November 2010. SBR runs train paths of up to 6 ore trains a week between IMX's Rankin Dam loading siding and Port Adelaide.

A leasing agreement has also been signed with Cronos for the lease of 3,050 custom built 20 foot containers for the rail transport and storage of the ore at Port Adelaide. Contracts have also been finalised with Wilhemsen for shipping services and AMDEL for analytical services.

The final agreement with Flinders Ports for the provision of port services at Outer Harbour at Port Adelaide was still being finalized at the end of the financial year.

The sales contract with Jilin Tonghua Iron & Steel Group (Mining) Co Ltd (Jilin Tonghua) was modified to reflect the changes in the pricing mechanism for iron ore, in accordance with the terms of the sales contract. The pricing that will be received under the mechanism is driven by the Platts 62% Fe (iron ore) index and the London Metal Exchange price for copper.

There are certain risks or events that may impact the future financial performance of the Cairn Hill Mining Operation including operating risks such as equipment failure or plant breakdowns, rainfall events, health and safety incidents and environmental impacts. These are covered in greater detail in the section titled 'Risk Factors' of Appendix G of the CNI Circular.

Exploration and Project Development

Phase 2

Cairn Hill Phase 2 (CHP2) is a magnetite only ore that has a potential for a low capital and operating cost project. Despite the attention being placed on the operations of Cairn Hill Phase 1, the Company continued to work during the year towards the development of a critical path in order to bring CHP2 into production either concurrently or subsequent to with Cairn Hill Phase 1.

Mount Woods Magnetite Project (South Australia) (IMX 100%)

Significant widths of iron ore mineralisation were intersected from RC drilling at four regional iron ore targets: Snaefell (magnetite and specular hematite), Bumblebee (Banded Iron Formation), Fitzgerald Dam (magnetite) and MW78 (magnetite). MW78 forms part of the Cairn Hill Phase 3 area.

The RC drilling results were integrated with detailed ground gravity, heli-magnetic survey data and specific gravity density measurements on core samples, to estimate possible exploration target tonnages for the Mt Woods area.

At Snaefell, analysis of historical core confirmed the potential of this deposit with new iron results demonstrating consistent grades and wide intervals that are similar to those reported from IMX exploration drilling 200m to the west, and 150m to the east. Metallurgical testwork commenced on the Snaefell deposit within initial Davis Tube test results indicating that it is possible to produce 68-70% Fe magnetite concentrate. Metallurgical test work is investigated flowsheet options that could produce a saleable magnetite concentrate.

At Bumblebee, 15km south of Cairn Hill, the mineralisation appears to extend northeast for about 1200m, dipping to the northwest at a shallow angle. Two holes were drilled into the target on a single line. Both holes returned consistent width and grades. In addition, anomalous copper up to 0.13% was intersected at 221m in hole MWRC071, highlighting the presence of copper-gold mineralising fluids in the region.

The Fitzgerald Dam prospect is located 16km from the Cairn Hill mine haul road to the Rankin Dam rail loading loop, close to the Old Stuart Highway. Up to 136m of magnetite rich gneiss was intersected at shallow depths, returning grades up to 38% Fe.

Mt Woods Copper-Gold JV Project (South Australia) (IMX 49%)

During the year the Company finalised the Mount Woods Joint Venture Agreement and the Minerals and Iron Ore Sharing Agreement that was agreed to under the Heads of Agreement signed with OZ Minerals Limited in November 2009. The Mt Woods Copper-Gold JV Project is a 49:51 joint venture between IMX and OZ Minerals, where OZ Minerals will spend a minimum of \$4 million a year over the next five years for a total of \$20m. If OZ Minerals fails to spend this amount it forfeits its entire 51% joint venture interest. OZ Minerals is the manager and operator of the JV.

The first phase of the Mt Woods JV exploration program was to complete a detailed Falcon gravity and aeromagnetic survey comprising approximately 13,341 line kilometres over the core Mt Woods JV project area.

Diamond core drilled by IMX in late 2009 at the Black Hills Cu-Au prospect was delivered to OZ Minerals for evaluation and processing under the terms of the Mt Woods JV. The 336.5m diamond drill hole tested the centre of the main copper anomaly at Black Hills and intersected an interval containing minor disseminated chalcopyrite (copper sulphide).

Tasmania - NW Tasmania Nickel Project (IMX 96%)

A short diamond drilling programme to test 2007 VTEM conductor targets at Dunn's in northwest Tasmania was completed during the third quarter of the 2010 financial year. Three holes, including one abandoned collar, were completed for a total of 175.4m. A strongly altered intrusion was confirmed by drilling and microprobe analysis.

Follow-up geochemical sampling is currently in progress.

At Dunns, elevated geochemical results were identified in areas of deeply leached soils providing some encouragement that the MMI technique will be an effective exploration tool.

Dingo Well Gold Project (IMX 100%)

The Dingo Well project is a shear zone-hosted gold mineralisation target adjacent to, or within, the Keith-Kilkenny Tectonic Zone. The area is also prospective for nickel with the Murrin Murrin Nickel deposit located approximately 20km to the east.

TANZANIA**Nachingwea Nickel-Copper Project (IMX 25%)**

The Nachingwea project was a 25:75 Joint Venture between IMX and CNI during the financial year, in which IMX held at that time a substantial 37.2% shareholding, giving IMX a beneficial interest of 56% in the Nachingwea Project.

For further information refer to Appendix F (Nachingwea Project) in the CNI Circular.

Mibango Nickel Project (IMX 100%)

Field exploration activities commenced at the Mibango Ni project in May 2010.

The 2010 exploration programme was designed to define drill ready targets by the end of the field season. Exploration activities comprised geological ground truthing, mapping, soil sampling and ground geophysics. Ground truthing of prospective nickel targets is well underway with over 65 target locations visited prior to the end of June, and soil sampling programmes planned.

As part of the IMX community engagement process, a health clinic staffed by a medic was established for the field season at Mibango. The clinic proved to be very popular with the local community with services being utilised by both staff and local villages in the remote area. The nominal fees charged for clinic services are being used to purchase equipment for the local school at Ikabulu village.

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

Field exploration activities are scheduled to commence in late July 2010 at Cabo Delgado and Milange.

Five areas were identified for follow up from the 2009 geophysical survey at Cabo Delgado. This program will comprise stream sediment sampling and geological mapping to validate targets.

At Milange a programme of rock and soil sampling is planned to increase the 2009 sample density and better define prospective targets.

India

Due to the slow speed of the processing of the applications IMX acquired in India under the 2004 Sale, Purchase and Clawback Agreement with various Anglo American companies, IMX has given notice to Anglo American that it wishes to relinquish its rights to acquire the tenements from Anglo American, when they are granted.



Management's Discussion and Analysis

For the year ended 30 June, 2010

IMX plans to review its other Indian licence applications, which have also been delayed for a long period of time, to determine IMX's strategy.

FINANCIAL REVIEW

OPERATING RESULTS FOR THE YEAR

The net loss after income tax of the Group for the year ended 30 June 2010 was \$8.5m (2009: profit after income tax of \$0.3m). The result for the year is attributable to a few key areas:

- (1) Net operating costs from Cairn Hill. Mining commenced in February 2010 so the 2010 financial year had cost of sales from the mining operation of \$2.7m. This resulted in a gross loss of \$2.7m from Cairn Hill.
- (2) Exploration costs of \$3.9m were incurred during the year ended 30 June 2010 (2009: \$2.3m). The material components of the exploration expenditure are discussed above in the Operations section but the majority of expenditure was incurred on Cairn Hill Phase 2, Mt Woods Magnetite and the Mibango Nickel Project.
- (3) Administration costs of \$2.2m (2009: \$1.4m) were incurred during the 2010 financial year. The increase in costs is due to employee expenses increasing by \$0.8m. These costs are consistent with the commencement of operations during the year.

The Cairn Hill Mining Operation is expected to produce 1.8Mtpa until the end of calendar year 2015 on the basis of mining the current Phase 1 resource. The operation has minimal capital expenditure requirements due to being operated by contractors and is targeting cash operating costs of \$80/t FOB. The operation is not expected to require any additional funding with regular distributions expected to shareholders in the JV.

CASH FLOW AND LIQUIDITY

The following sets out the Company's cash flows for the year ended 30 June 2010 as compared to the year ended 30 June 2009:

Cash Flows from	Twelve months ended June 30, 2010	Twelve months ended June 30, 2009
Operating activities	(10,783)	(3,257)
Investing activities	(2,826)	(7,369)
Financing activities	28,323	778

Broadly, the activities of the Group have been funded from existing cash resources, new placements and other income including interest from cash deposits. The net cash outflow from operating activities was \$10.8m for the year ended 30 June 2010 (2009: outflow of \$3.3m). Cash receipts totalled \$nil (2009: \$1.2m) whilst payments to suppliers (for mining and administration costs) increased from \$2.2m to \$7.6m.

Net cash outflows from investing activities were \$2.8m (2009: outflow of \$7.4m). This was due to significant decreases in capital and development works on the Cairn Hill Mining Operation to \$2.7m for the year (2009: \$12.7m) and nil proceeds being received from sale of investments in 2010 (2009: \$5.5m).

The Group received a cash flow injection from private placements to Taifeng and Oz Minerals during the year.

The net increase in cash resources during the year was \$14.7m (2009: Decrease of \$10.9m).

It is expected that mining operations combined with existing cash resources should be able to meet the Company's exploration and investment commitments going forward.

FINANCIAL POSITION

The Group's cash and cash equivalents totalled \$22.4m as at 30 June 2010 (2009: \$7.7m). As at 30 June 2010, the Group had a net working capital surplus of \$16.9m (2009: \$7.2m surplus), representing an increase in working capital of \$9.7m. For the year ended 30 June 2010, the Group made a net loss after tax of \$8.5m (2009: net profit after tax of \$0.3m). As at 30 June 2010, the Group held net assets of \$50.1m (2009: \$51.0m).

The Directors consider that the going concern basis of preparation is appropriate based on forecast net cash flows from the operation, the ability to defer expenditure, and the investments held in listed companies. The Company may be required to source additional funds through debt or equity markets.

CONTRACTUAL COMMITMENTS

The Company's contractual commitments as at June 30, 2010 are as follows:

As at 30 June 2010	Payments due by period				
	Total	Within 1 year	1-3 years	4-5 years	After 5 years
Operating leases	368	264	104	-	-
Exploration	4,705	4,705	-	-	-
Mining Lease Rentals	1,563	313	938	313	-
Capital Commitments	440	440	-	-	-
Remuneration commitments	530	322	208	-	-
Provision for rehabilitation	756	-	-	756	-
Total	8,362	6,044	1,250	1,069	-

DIVIDENDS

Up until the date of this report, no dividend has been declared or paid by the Company.

CAPITAL EXPENDITURE

The Cairn Hill Mining Operation has minimal capital expenditure requirements through until the end of the mine life in late 2015. Any commitments for capital expenditure are expected to be funded from existing cash resources, cash flows from mining operations, new placements and other income including interest from cash deposits.

SHARE CAPITAL

As at 30 June 2010, the Company's issued share capital consisted of 230,802,803 ordinary shares, and a balance of 12,375,000 unlisted options.

On 2 December 2009, the Company issued 26,150,000 Ordinary Shares at 38.5 cents per share in consideration for entering into a Heads of Agreement to establish the Mount Woods Joint Venture with Oz Minerals covering the non-iron ore mineral rights within the Mt Woods tenements.

On 7 May 2010, the Company issued 30,080,000 Ordinary Shares at 48.4 cents per share in a private placement under a Heads of Agreement with Taifeng to assist in the development of the Cairn Hill Phase 1 Project.

100,000 options were exercised during the year ended 30 June 2010 (2009: nil).

LOANS AND BORROWINGS

At 30 June 2010, there are no loans and borrowings.

FINANCIAL ASSETS

Other financial assets are investments in listed entities valued at the fair market value in accordance with the quoted market price at 30 June 2010. These assets at 30 June 2010 and were carried at \$12.6m.

Continental Nickel Limited

The Group holds a 37.2% interest in CNI, a mineral exploration company listed on the TSX Venture Exchange. CNI's major project is their 75% interest in the Tanzanian Nachingwea Nickel-Copper JV project referred to above, to which IMX hold the remaining 25% stake.

Uranex

The Group holds a 26.67% interest in Uranex, an Australian based uranium exploration and development company with a diverse pipeline of projects in Australia and Africa.

OFF BALANCE SHEET ARRANGEMENTS

As at 30 June 2010, there were no off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES**(a) Wholly-Owned Group Transactions**

Controlled entities made payments and received funds on behalf of IMX and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, fully eliminated on consolidation, bear no interest and are repayable on demand, however demand for repayment is not expected in the next twelve months.

(b) Transactions with key management personnel

The short and long term remuneration of directors and key management personnel are disclosed in the remuneration report and Note 21 of the Company's financial statements for the year ended 30 June 2010 available at the Company's website (www.imxresources.com.au).

FOURTH QUARTER

An interim placement of \$14.6m was made to Taifeng in May 2010 under the amended Heads of Agreement to facilitate development of Cairn Hill. With the interim financing package in place, the development of the Cairn Hill re-commenced. During the quarter substantial pre-stripping and infrastructure development was undertaken. In addition the first exposed ore was blasted. The next financial year will see revenue from operations as well as an increase in expenditure on operations.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 12 July 2010 the Company issued 29,450,000 ordinary shares at a price of 48.4 cents per share. Taifeng was issued 21,691,000 ordinary shares and OZ Minerals Investments Pty Ltd was issued 7,759,000 ordinary shares.

On 12 July 2010 the Company received Foreign Investment Review Board ("FIRB") conditional approval for the investment from Taifeng into IMX and Outback. On 15 July FIRB confirmed all the conditions for its approval had been met. Under the Heads of Agreement between IMX and Taifeng and as a result of the payment of these monies Outback issued new share capital to Taifeng to represent their 49% shareholding in Outback. Outback represents an incorporate Joint Venture company between IMX and Taifeng, which remains under the control of IMX.

On 29 July 2010 the Company issued 2,035,000 options to directors. The issue represent the initial director's allocations for John Nitschke and Song Yuan Gang, both new directors, with allocations of 500,000 and 485,000 options respectively each at an exercise price of \$0.44 per option. These options have a life of 5 years and vest immediately. In addition Mr Jooste-Jacobs, Mr Hunt and Mr Haggarty were issued 350,000 options each, all with a life of 5 years, an exercise price of \$0.49 per option and immediate vesting.

On 13 August 2010 the Company cancelled 950,000 expired options. These options had vested but were issued to an employee who has subsequent left the employment of IMX and under the terms of the IMX Share and Option Incentive Plan were cancelled.

On 27 August 2010 the Company issued options to purchase ordinary shares in IMX to employees. A total of 1,525,000 were granted at an exercise price of \$0.41 per ordinary share with a life of 5 years.

On 27 August 2010 the Company announced that it had requested a meeting of shareholders Uranex NL in which it holds a significant investment. This meeting was called to vote on the removal of the Messrs Daley, Cottle, Udovenya and Cusworth, being directors of Uranex and the appointment of Messrs Jacobs and Hunt to the Board. Messrs Jacobs and Hunt are both non-executive directors of IMX Resources Limited. Subsequent to this request Messrs Daley, Cottle, Udovenya and Cusworth resigned as directors of Uranex.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

CRITICAL ACCOUNTING ESTIMATES

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**(i) Impairment of capitalised exploration and evaluation expenditure**

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Development in relation to the Cairn Hill Phase 1 Project commenced being capitalised in the financial year to 30 June 2008, upon the signing of the heads of agreement with Tonghua Mining Group of China and the granting of a mineral lease.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

(ii) Mine rehabilitation and restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the Group's accounting policy. These provisions include future cost estimates which are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, engineering and other costs and discount rates. A change in any of these assumptions used may have a material impact on the carrying value of mine rehabilitation and restoration provisions.

(iii) Ore reserves and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment, intangible assets, provision for mine rehabilitation and restoration, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the income statement.

(iv) Income tax, deferred tax assets and liabilities

The consolidated entity is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the group provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is not certain. The consolidated entity recognises provision for potential tax issues based on estimates of amounts that were initially recorded. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax position in the period in which the determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES**(i) Functional currency**

An entity's functional currency is the currency of the primary economical environment in which the entity operates in accordance with the Group's accounting policy. Determination of an entity's function currency requires management judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations which impact sales prices. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the annual reporting period beginning 1 July 2009:

Financial statement presentation

The Group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Segment Reporting

The Group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that use for internal reporting purposes. In addition the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. There has been no other impact on the measurement of the Group's assets and liabilities.

Business Combinations

A revised AASB 3 Business Combinations became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

The changes were implemented prospectively from 1 July 2009 and did not have any impact on the Group.

Exhibit 2 – Audit and Risk Management Committee Charter

1. Establishment

It is the policy of IMX Resources Limited (the Company) to have an Audit and Risk Management Committee (“**ARMC**” or “**the Committee**”) of the Board at all times.

2. Purpose

The purpose of the ARMC is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- i. the reliability and integrity of financial information for inclusion in the Company financial statements;
- ii. audit, accounting and financial reporting obligations of the Company;
- iii. safeguarding the independence of the external auditor; and
- iv. financial risk management

3. Authority

Committee Members have unlimited, direct access to the external auditors.

The Committee has the authority to seek any information it requires from any of the Company’s employees and all employees must comply with such requests.

In carrying out its functions, the Committee may take independent legal, accounting or other professional advice or assistance, at the reasonable expense of the Company. Unless a conflict exists or to do so would be inconsistent with the Committee’s duties, the Committee is to request such information, professional advice or assistance permitted under this clause via the Chairman.

4. Responsibilities

4.1 Understanding the Business

The Committee should ensure it understands the structure, controls and types of transactions of the Company.

4.2 Financial Reporting

In assisting the Board (and without limiting its scope), the Committee will:

- i. review the financial information presented by management to the Board, the market, security holders and regulators;
- ii. oversee the effectiveness of administrative and accounting controls used by the Company;
- iii. oversee and appraise the quality of the audits conducted by the external auditors; and
- iv. maintain open lines of communication with the external auditors.

4.3 Review of Financial Information

Without limiting its scope, the Committee is to review:

- i. the draft half yearly and annual financial statements of the Company, prior to consideration by the Company Board, to ensure they represent a true and fair view of the Company's financial position and performance; and
- ii. the declaration signed by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act* and the statements requirement of Recommendation 7.3 of the *ASX Principles*

4.4 Insurance

Without limiting its scope, the Committee is to:

- i. review and approve or ratify any material new insurances, proposed cancellations or variations of existing policies; and
- ii. be advised of each renewal (including details of the principal terms) of material insurances.

4.5 Taxes

Without limiting its scope, the Committee is to:

- i. monitor compliance with all tax obligations;
- ii. review any relevant taxation information submitted to the Committee; and
- iii. where necessary, approve or ratify any material amendments to taxation policies.

4.6 Risk Management

Without limiting its scope, the Committee will ensure management has established and operates a financial risk management system which is designed to identify, assess, monitor and manage financial risk.

4.7 External Auditor

In relation to the external auditor, the Committee should:

- i. observe the policies and procedures for the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners;
- ii. recommend to the Company's Board:
 - appointment and removal of the external auditor;
 - terms of appointment or re-appointment of the external auditor; and
 - level of fees payable to the external auditors;
- iii. at least annually, assess the performance and independence of the external auditor and whether the independence of this function is maintained having regard to the provision of non-audit related services, and provide to the Board the written advice as required by section 300(11D)(a) of the *Corporations Act*;
- iv. on an annual basis, obtain and review a report from the external auditor describing:

- the audit firm's internal quality control and conflict procedures;
- any material issues raised by the most recent quality control, or peer review, of the audit firm, and any steps taken to address such issues; and
- all relationships between the external auditor and the Company.

4.8 Other

Other responsibilities of the Committee include, but are not limited to:

- reviewing policies and practices on sensitive issues referred to the Committee by the Board;
- identifying and directing any special projects or investigations as deemed necessary; and
- examining any other matters referred to it by the Board.

5. Membership

The ARMC membership is in accordance with the corporate governance guidelines approved by the Board on an annual basis.

The policy of the Board is that the Committee should comprise three members:

- all being non executive director
- at least two of whom are independent.
- who are all financially literate (that is, be able to read and understand financial statements)
- at least one with relevant qualifications and experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters)
- some members with an understanding of the industry in which the Company operates.
- the chairman should not be the chairman of the board.

6. Meetings

ARMC meetings are conducted at least twice per year or more frequently as required to effectively undertake the role Committee meetings may however be requested by any Member. A Quorum for a meeting will be when at least two(2) Members are present.

At each Meeting, the Committee may:

- meet privately;
- meet with executive management (without the external auditor) to ensure there are no issues relating to the external audit; and
- meet with the external auditors (without management) to allow any sensitive issues to be discussed and to seek assurance that no management restrictions are being placed upon the external auditors.

The Company Secretary of the Company will be the secretary to the Committee and will be responsible for maintaining minutes of the Committee Meetings.

Relevant Company employees may be invited to attend Committee Meetings.

7. Reporting

The Audit and Risk Management Committee reports to the Board.

The report contains all matters relevant to the committee's role and responsibilities, including:

- assessment of whether external reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs.
- assessment of the management processes supporting external reporting.
- procedures for the selection and appointment of the external auditor and for rotation of external audit engagement partners.
- recommendations for the appointment or, if necessary, the removal of the external auditor.
- assessment of the performance and independence of the external auditors. Where the external auditor provides non audit services, the report will state whether the audit committee is satisfied that provision of those services has not compromised the auditor's independence.
- results of the Committee's review of risk management and internal control systems.

8. Committee Performance

To determine whether it is functioning effectively, the Committee shall:

- i. review this Charter annually; and
- ii. undertake an evaluation of its performance at intervals considered appropriate by the Chairman.

Approved by the Board

2009

Reviewed by the Board

March 2012

Exhibit 3 – Board Charter

1. Introduction

1.1 The Board is primarily responsible for ensuring that IMX Resources Limited (the Company) has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.

1.2 The Board is also responsible for ensuring the Company recognizes its legal and other obligations to all legitimate stakeholders from time to time where and to the extent appropriate. “Stakeholders” are groups that are likely to feel a social, environmental or economic impact from the Company’s actions. They include shareholders, employees, contractors, regulatory bodies and members of the communities where the Company operates and are affected by the Company’s activities.

1.3 This Board Charter explains the Company’s commitment to corporate governance and sets out the role, responsibilities and conduct of the Board. It is not an “all inclusive” document and should be read as an expression of principle.

1.4 To the extent practicable, the Company endorses the ASX Corporate Governance Council’s *Principles of Good Corporate Governance and Best Practice Recommendations (ASX Principles)*.

2. Purpose and Role

2.1 The board is responsible for:

- i. charting the direction, strategies and financial objectives of IMX and ensuring appropriate resources are available;
- ii. monitoring the implementation of those policies and strategies and the achievement of those financial objectives;
- iii. monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- iv. ensuring the preparation of accurate financial reports and statements;
- v. reporting to shareholders and the investment community on the performance and state of the Company; and
- vi. reviewing on a regular and continuing basis:
 - executive succession planning (in particular for the Chief Executive Officer or Managing Director); and
 - executive development activities.
- vii. to delegate powers to the Managing Director as necessary to enable the day-to-day business of the Company to be carried on, and to regularly review those delegations
- viii. to determine and regularly review an appropriate remuneration policy for employees of the Company

2.2 In performing the responsibilities set out above the board acts at all times:

- i. in a manner designed to create and build sustainable value for shareholders; and
- ii. in accordance with the duties and obligations imposed upon it by the Company's Constitution and by law.

3. Duties and Responsibilities

3.1 In addition to matters expressly required by law to be approved by the board, powers specifically reserved for the board are as follows:

- iii. appointing and removing the Chief Executive Officer/Managing Director and determining his or her terms and conditions of employment (including remuneration);
- iv. reviewing and ratifying each of the following:
 - systems of risk management and internal control and compliance, codes of conduct and legal compliance;
 - financial and other reporting; and
 - major capital expenditure, capital management, and acquisitions and divestitures;
- v. any matters in excess of discretions that, from time to time, it may have delegated to the Managing Director and senior management (for instance, in relation to capital expenditure);and
- vi. providing input into and final approval of each of the following,
 - the strategic plan, at least annually;
 - the budget, at least annually;
 - the remuneration and conditions of service, including financial incentives of senior executives
 - significant changes to organisational structure
 - the acquisition, establishment, disposal or cessation of any significant business of the Company;
 - the issue of any shares, options, equity instruments or other securities in the Company;
 - any public statements which reflect significant issues of the Company policy or strategy; and
 - any changes to the discretions delegated from the board.

In discharging his/her duties, each Director must:

- i. exercise care and diligence;
- ii. act in good faith in the best interests of the Company;
- iii. not improperly use his/her position or misuse information of the Company; and
- iv. commit the time necessary to discharge effectively his/her role as a Director.

All Directors are entitled to be heard at all meetings and to the extent practicable, should bring an objective judgment to bear in decision-making.

4. Board Membership

- 4.1** In accordance with the Constitution and the *Corporations Act*, the Board shall at all times have at least three (3) Directors.
- 4.2** Directors may appoint Alternate Directors in accordance with the Constitution.
- 4.3** The Board comprises a majority of independent directors.
- 4.4** The Directors will appoint an independent Director as Chairman of the Board.
- 4.5** Nomination and rotation of Directors will be governed by the *Corporations Act*, the Listing Rules and the Constitution

5. Independence

5.1 An independent Director is a non-executive Director (i.e. is not a member of management) and:

- i. is not a substantial shareholder, as defined in section 9 of the *Corporations Act* i.e 5% or more, of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- ii. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director of the Company within three years after ceasing to hold any such employment;
- iii. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- iv. is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- v. has no material contractual relationship with the Company or another group member other than as a director of the Company;
- vi. has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- vii. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company

5.2 For the purpose of this Section 5,

- i. "principal" does not include a non-executive director;

- ii. “material professional adviser” does not include a professional adviser providing less than 25% of professional advisory services of a same or similar nature to the Company and its group members; and
- iii. the guidelines contained in Australian Accounting Standard AASB 1031 “Materiality” are followed in determining whether a supplier or customer is a “material supplier or customer”.

6. Meetings

- 6.1** Board and committee papers are provided to directors, with sufficient time for Directors to read and understand all items presented.
- 6.2** The non-executive Directors may meet as required for private discussion of management issues without management being present at the discussion.
- 6.3** The Board will meet at least ten (10) times per year as a minimum, with extra meetings to be called as required
- 6.4** The Company Secretary will be the secretary to the Board and will be responsible for maintaining minutes of Board meetings

7. Board Committees

- 7.1** The Board from time to time will establish committees to assist it in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the board may consider appropriate.
- 7.2** The board has established the following committees:
 - i. an Audit and Risk Management Committee; and
 - ii. a Nomination and Remuneration Committee.

8. The Chairman

- 8.1** The Directors elect one of their number to the office of chairman and may determine the period for which that director is to be Chairman.
- 8.2** The Chairman presides over meetings of the Board and general meetings of shareholders.
- 8.3** The Chairman is responsible for leading and managing the Board in the discharge of its duties.

9. The Managing Director

9.1 The Managing Director's duties are to:

- i. devote the whole of his or her time, attention and skill during normal business hours and at other times as reasonably necessary, to the duties of the office;
- ii. be accountable for planning, coordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;
- iii. formulate and recommend business and financial strategies and plans to develop the Company's business and to implement these plans to achieve agreed performance targets;
- iv. promote the interests of the Company; and
- v. faithfully and diligently perform the duties and exercise the powers:
 - consistent with the position of a Managing Director of the Company and
 - assigned by the board.

9.2 In fulfilling his or her duties, the Managing Director:

- i. reports directly to the Board;
- ii. provides prompt and full information to the Board regarding the conduct of the business of the Company; and
- iii. complies with reasonable directions given by the Board.

10. The Company Secretary

10.1 The company secretary supports the effectiveness of the board by:

- i. monitoring that Board policy and procedures are followed; and
- ii. co-ordinating the completion and dispatch of Board agendas and briefing papers.

10.2 The company secretary is responsible to the Board, through the Chairman, on all governance matters.

11. Self-Assessment

11.1 The Board will undertake an annual performance evaluation of itself that:

- i. compares the performance of the Board with the requirements of its Charter; and
- ii. effects any improvements to the Board Charter deemed necessary or desirable.
- iii. will review this Charter annually

11.2 The performance evaluation is conducted in such manner as the Board deems appropriate.

12. Appointment

Letters of appointment for each new appointment to the Board will set out the key terms and conditions relative to the appointment.

13. Term of Office

A Director, in accordance with Listing Rule 14.4 must not hold office past the third annual general meeting following the Directors appointment or three (3) years, whichever is longer, except that if appointed to fill a casual vacancy or as an addition, must not hold office past the next annual general meeting, without re-election for those circumstances.

14. Director Share Trading

Directors are prohibited by law from taking advantage of their position or information acquired, in the course of their duties, or misusing information for personal gain or to cause detriment to the Company.

There are statutory restrictions on the trading of the Company's shares by Directors (and any person) when in possession of undisclosed price sensitive information. All Directors must comply with the "Insider Trading" prohibitions contained in the *Corporations Act* and with the Company's Securities Trading Policy.

15. Corporate Governance

- 15.1** The Board is responsible for the adoption, oversight and administration of relevant corporate governance materials of the Company.
- 15.2** The Annual Report will include a Corporate Governance Statement which will contain the content required by the *ASX Principles* (as well as an explanation of any departures from the Best Practice Recommendations).
- 15.3** As part of an effective communications strategy, the Company will maintain and keep current its Corporate Governance website.

Approved by the Board 2009

Reviewed by the Board March 2012

APPENDIX H
HISTORICAL CONSOLIDATED FINANCIAL STATEMENTS OF IMX

- Unaudited Interim Financial Statements for the Three And Nine Months Ended March 31, 2012
- Audited Annual Financial Statements for the Year Ended June 30, 2011
- Audited Annual Financial Statements for the Year Ended June 30, 2010
- Audited Annual Financial Statements for the Year Ended June 30, 2009

Unaudited Interim Financial Statements for the Three And Nine Months Ended March 31, 2012

(See attached)

IMX RESOURCES LIMITED

ABN 67 009 129 560

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2012**

The accompanying unaudited consolidated interim financial statements for the period ended 31 March 2012 have been prepared by management. All amounts are stated in Australian Dollars.



IMX RESOURCES LIMITED
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2012

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IMX RESOURCES LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended March 31, 2012 \$'000	Three months ended March 31, 2011 \$'000	Nine months ended March 31, 2012 \$'000	Nine months ended March 31, 2011 \$'000
Continuing Operations					
Revenue from the sale of goods		45,726	11,164	130,872	19,835
Cost of sales	3	(42,649)	(7,669)	(126,134)	(14,650)
Gross Profit		3,077	3,495	4,738	5,185
Other income	4(a)	54	640	1,936	16,483
Share of associate losses	8	(1,653)	(932)	(6,605)	(2,426)
Corporate & administration expenses		(1,751)	(695)	(5,011)	(4,051)
Exploration expenses		(853)	(1,185)	(4,253)	(3,070)
Finance costs		(55)	(761)	-	(844)
Other expenses	4(b)	(280)	(834)	(1,459)	(2,444)
PROFIT / (LOSS) BEFORE TAX		(1,461)	(272)	(10,654)	8,833
Income tax expense		(531)	(420)	(635)	(749)
NET PROFIT / (LOSS) FOR THE PERIOD		(1,992)	(692)	(11,289)	8,084
Other comprehensive income / (loss)		1,990	15,194	3,303	(2,470)
TOTAL COMPREHENSIVE PROFIT/ (LOSS) FOR THE PERIOD		(2)	14,502	(7,986)	5,614
Net Profit/(Loss) is attributable to:					
Owners of IMX Resources Limited		(2,645)	(1,120)	(12,103)	7,040
Non-controlling interest		653	428	814	1,044
		(1,992)	(692)	(11,289)	8,084
Total comprehensive loss is attributable to:					
Equity holders of IMX Resources Limited		(624)	13,874	(9,932)	13,410
Non-controlling interest		622	628	1,946	(7,796)
		(2)	14,502	(7,986)	5,614
Earnings per share attributable to owners of the Company:					
Basic EPS		(0.01)	(0.004)	(0.04)	0.05
Diluted EPS		N/A	N/A	N/A	0.05

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

IMX RESOURCES LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	March 31, 2012 \$'000	June 30, 2011 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	17,238	20,173
Trade and other receivables	6(a)	13,495	30,143
Inventory	7	11,223	17,364
Assets classified as held for sale		506	506
TOTAL CURRENT ASSETS		42,462	68,186
NON-CURRENT ASSETS			
Trade and other receivables	6(b)	1,003	994
Investments accounted for using the equity method	8	10,439	12,961
Property, plant and equipment	9	59,706	33,025
TOTAL NON-CURRENT ASSETS		71,148	46,980
TOTAL ASSETS		113,610	115,166
CURRENT LIABILITIES			
Trade and other payables, including Derivatives	14(a)	27,814	26,182
Provisions		371	453
TOTAL CURRENT LIABILITIES		28,185	26,635
NON-CURRENT LIABILITIES			
Loans from related parties	10	20,474	16,352
Trade and other payables including derivatives	14(b)	-	934
Deferred tax liabilities		3,734	2,060
Provisions		863	908
TOTAL NON-CURRENT LIABILITIES		25,071	20,254
TOTAL LIABILITIES		53,256	46,889
NET ASSETS		60,354	68,277
EQUITY			
Contributed equity	11	100,976	100,976
Reserves	12	1,476	(759)
Accumulated losses		(47,765)	(35,662)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		54,687	64,555
Non-controlling interest	13	5,667	3,722
TOTAL EQUITY		60,354	68,277

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

IMX RESOURCES LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Three months ended March 31, 2012 \$'000	Three months ended March 31, 2011 \$'000	Nine months ended March 31, 2012 \$'000	Nine months ended March 31, 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		42,413	10,827	143,770	17,468
Interest and other receipts		396	394	1,176	1,130
Government grants and incentives received		-	-	-	458
Payments to suppliers and employees		(37,637)	(13,186)	(113,980)	(27,339)
Payment of exploration expenditure		(824)	(1,031)	(4,293)	(2,803)
Net cash provided by / (used in) operating activities		4,348	(2,996)	26,673	(11,086)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment of development expenditure		(6,468)	(5,255)	(28,115)	(10,439)
Investment in associates		(2,000)	-	(3,123)	(2,557)
Acquisition of plant and equipment		(16)	(65)	(319)	(1,854)
Proceeds from disposal of plant & equipment		-	-	-	88
Proceeds from sale of investments		-	-	-	402
Payment for security bonds		55	-	(9)	(200)
Net cash used in investing activities		(8,429)	(5,320)	(31,566)	(14,560)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares in IMX Resources		-	25	-	10,174
Proceeds from issue of shares in controlled entities		-	3,989	-	23,989
Loans from related parties – Sichuan Taifeng	10	-	-	4,122	-
Payment of hedge liabilities		(409)	-	(2,173)	-
Direct costs of equity issues		-	(120)	-	(1,035)
Net cash provided by/ (used in) financing activities		(409)	3,891	1,949	33,128
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,490)	(4,425)	(2,944)	7,482
Add opening cash and cash equivalents brought forward		21,728	34,241	20,173	22,368
Effect of exchange rates on cash holdings in foreign currencies		-	1	9	(33)
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD		17,238	29,817	17,238	29,817

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

IMX RESOURCES LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended

	Issued Capital	Foreign Currency Translation Reserve	Share Based Equity Reserve	Hedge Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2012	100,976	(2,722)	3,412	422	(45,120)	5,045	62,013
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	(2,645)	653	(1,992)
- Foreign exchange translation differences	-	351	-	-	-	(1,216)	(865)
- Hedge reserve movements	-	-	-	(422)	-	1,185	763
Net change in fair value of available-for-sale financial assets	-	436	-	-	-	-	436
	-	787	-	(422)	(2,645)	622	(1,658)
Transactions with owners in their capacity as owners:							
- Contributions of equity, net of transaction costs	-	-	-	-	-	-	-
Balance at March 31, 2012	100,976	(1,935)	3,412	-	(47,765)	5,667	60,354
Balance at January 1, 2011	100,952	(723)	3,338	(2,436)	(35,581)	(1,267)	64,283
Total Comprehensive Income for period							
- Profit for the period	-	-	-	-	(1,120)	428	(692)
- Foreign exchange translation differences	-	1,072	-	-	-	-	1,072
- Hedge reserve movements	-	-	-	208	-	200	408
	-	1,072	-	208	(1,120)	628	788
Transactions with owners in their capacity as owners:							
- Contributions of equity, net of transaction costs	24	-	-	-	-	-	24
Balance at March 31, 2011	100,976	349	3,338	(2,228)	(36,701)	(639)	65,095

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

IMX RESOURCES LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Nine months ended

	Issued Capital	Foreign Currency Translation Reserve	Share Based Equity Reserve	Hedge Reserve	Available for Sale Investment Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at July 1, 2011	100,976	(2,874)	3,348	(1,234)	-	(35,662)	3,722	68,277
Total Comprehensive Income for the period								
- Profit for the period	-	-	-	-	-	(12,103)	815	(11,289)
- Foreign exchange translation differences	-	(21)	-	-	-	-	(54)	(75)
- Hedge reserve movements	-	-	-	1,234	-	-	1,185	2,419
- Net change in fair value of available-for-sale financial assets	-	960	-	-	-	-	-	960
- Share of other comprehensive income of associates	-	-	-	-	-	-	-	-
- Dilution effect on shares issued to non-controlling interest	-	-	-	-	-	-	-	-
	-	939	-	1,234	-	(12,103)	1,946	(7,985)
Transactions with owners in their capacity as owners:								
- Contributions of equity, net of transaction costs	-	-	-	-	-	-	-	-
- Employee share options – value of employee services	-	-	64	-	-	-	-	64
Balance at March 31, 2012	100,976	(1,935)	3,412	-	-	(47,765)	5,667	60,354
Balance at July 1, 2010	86,005	(315)	2,346	-	12,480	(50,441)	-	50,076
Total Comprehensive Income for period								
- Profit for the period	-	-	-	-	-	7,040	1,044	8,084
- Foreign exchange translation differences	-	3,090	-	-	-	-	(1,185)	1,905
- Hedge reserve movements	-	-	-	(2,228)	-	-	(955)	(3,183)
- Net change in fair value of available-for-sale financial assets	-	-	-	-	(12,480)	-	-	(12,480)
- Share of other comprehensive income of associates	-	(2,426)	-	-	-	-	-	(2,426)
- Dilution effect on shares issued to non-controlling interest	-	-	-	-	-	6,700	(6,700)	-
	-	664	-	(2,228)	(12,480)	14,168	(7,796)	(8,100)
Transactions with owners in their capacity as owners:								
- Contributions of equity, net of transaction costs	14,971	-	-	-	-	-	7,157	22,128
- Employee share options – value of employee services	-	-	992	-	-	-	-	992

IMX RESOURCES LIMITED
 UNAUDITED INTERIM FINANCIAL STATEMENTS
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Balance at March 31, 2011	100,976	349	3,338	(2,228)	-	(36,701)	(639)	65,095

IMX RESOURCES LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2012

1. Corporate information

IMX Resources Limited ("IMX Resources" or the "Company") is a company incorporated in Australia and limited by shares. IMX Resources shares are publicly traded on the Australian Securities Exchange ("ASX"). The consolidated interim financial statements of the Company as at and for the three and nine months ended 31 March 2012 comprise the Company and its subsidiaries (together the "Group").

The principal activities of the Company are iron ore mining and the exploration of iron ore, nickel and copper.

The consolidated financial statements of the Group as at and for the year ended 30 June 2011 and half year ended 31 December 2011 are available online at www.imxresources.com.au or upon request from the registered office Level 2, 41 Colin Street, West Perth 6005.

2. Basis of preparation and accounting policies

These unaudited interim consolidated financial statements of the Group were prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2011 and considered together with any public announcements made by IMX Resources during the nine months ended 31 March 2012 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The financial report is presented in Australian dollars.

Changes in Accounting Policies

The Group has not elected to early adopt any new standards or amendments.

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Significant accounting policies

The consolidated interim financial statements are consistent with accounting policies as used in the annual financial statements for the year ended 30 June 2011 and the corresponding interim reporting period.

IMX RESOURCES LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2012

	Three months ended		Nine months ended	
	March 31, 2012 \$'000	March 31, 2011 \$'000	March 31, 2012 \$'000	March 31, 2011 \$'000
3. Cost of Sales				
Mining costs	9,807	1,279	17,929	4,744
Mine planning and survey	113	97	416	292
Geology	293	187	760	519
Environmental, rehabilitation & traditional	184	36	376	125
Mine administration and depreciation	1,616	1,375	4,111	3,665
Crushing	2,100	1,046	7,094	2,187
Haulage	17,138	8,840	48,392	15,908
Marketing and royalties	1,103	105	2,593	166
Ore inventory movements	(2,925)	1,095	4,063	(15,251)
Shipping and port operations	13,220	(6,391)	40,400	2,295
Total Cost of Sales	42,649	7,669	126,134	14,650

4. Income and Expense Items

Net profit / (loss) included the following items of revenue and expense:

(a) Other Income

Interest receivable from other persons	347	467	1,059	1,349
Management fees charged to Cairn Hill joint venture	214	184	629	732
Profit on sale of investments	-	-	-	318
Foreign exchange gain/(loss)	(517)	(11)	163	(201)
Government grants and rebates received	-	-	-	458
Other	10	-	86	33
	54	640	1,936	2,689

(b) Other Expenses

Realised hedge loss	280	834	1,459	1,409
Value of shares issued for non-cash	-	-	-	1,012
Other	-	-	-	23
	280	834	1,459	2,444

5. Cash and Cash Equivalents

	March 31, 2012 \$'000	June 30, 2011 \$'000
Cash at bank	11,535	502
Cash on deposit	5,702	19,669
Cash on hand	1	2
	17,238	20,173

6. Trade and Other Receivables

(a) Current

Accounts and other receivables	11,436	26,809
Accrued interest	48	127
Prepayments	222	117
Security bonds	55	200
Fuel tax credits receivable	304	361
Goods and services tax receivable	1,430	2,529
	13,495	30,143

IMX RESOURCES LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31,2012

	March 31, 2012 \$'000	June 30, 2011 \$'000
(b) Non-Current		
Security bonds	1,003	994
	1,003	994

The Company does not have any factors on hand to suggest that any of the above receivables will not be received and accordingly no provisions or fair value adjustments have been made.

7. Inventory

Finished goods (a)	10,553	15,096
Work in progress (b)	480	2,103
Diesel fuel on hand	190	165
	11,223	17,364

(a) Finished goods represent crushed ore stocks on the mine site or held in storage.

(b) Work in progress represent uncrushed ore stocks extracted from the mine pits.

8. Investments Accounted for Using the Equity Method

Uranex Limited (associate)	5,943	4,954
Continental Nickel Limited (associate)	4,496	8,007
Ngwena Limited (joint venture)	-	-
	10,439	12,961

	Uranex Limited	Continental Nickel	Ngwena (i)	Total
Opening carrying amount (30/06/2011)	4,954	8,007	-	12,961
Acquisitions of new shares	2,045	-	-	2,045
Contributions towards associate's expenditure	-	-	1,078	1,078
Share of other comprehensive income	960	-	-	960
Share of losses after income tax	(2,016)	(3,511)	(1,078)	(6,605)
Closing carrying amount (31/03/2012)	5,943	4,496	-	10,439
No. of shares/ % holding	52,683,982	15,813,138	25%	-
Value of investment as at 31/03/2012 (\$'000)	17,386	12,370	-	29,756

The Group has determined that at period end no impairment conditions existed to suggest any impairment charges be made against these investments.

IMX RESOURCES LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31,2012

(i) Ngwena Limited

Ngwena Limited (Ngwena) is the incorporated joint venture company for the Nachingwea nickel-copper project. The Group did not incur any costs in acquiring its 25% interest in Ngwena. The Group contributed \$1.078m towards Ngwena during the nine month period as part of its investment in Ngwena. Accordingly the Group has now recognised \$1.078m of losses resulting in the investment being written down to nil as to 31 March 2012. There were nil contributions in the three months ended 31 March 2012 and therefore, no share of losses could be taken up for the three months ended 31 March 2012. The Group has not recognised losses of \$3.5m being its share of the total losses incurred by Ngwena to 31 March 2012. Ngwena does not have any liabilities that the Group may be required to settle and therefore these losses have not been provided for. The fair value of the investment in Ngwena has not been disclosed due to the uncertainty involved in estimating a fair value. Ngwena is not listed on a securities exchange so the market value of the shares is not readily available.

(ii) Summarised financial information of associates

The Group's share of the results of its associates and its aggregated assets and liabilities are as follows:

	Group's share of:			
	Assets	Liabilities	Revenues	Net Loss
2012 (Consolidated)	\$'000	\$'000	\$'000	\$'000
Uranex Limited	1,060	695	200	(2,016)
Continental Nickel Limited	2,731	1,455	33	(3,511)
Ngwena Limited	65	6,309	-	(1,078)
	<u>4,862</u>	<u>8,902</u>	<u>224</u>	<u>(6,605)</u>

IMX RESOURCES LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31,2012

9. Property, plant and equipment

	Plant and Equipment	Furniture and Fittings	Motor vehicles	Leasehold improve- ments	Mine property and development	Capital works and work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9 months ended March 31,2012							
Carrying amount at beginning of year	263	114	363	-	24,264	8,021	33,025
Additions	142	34	4	-	29,253	20	29,453
Amortisation of rehabilitation and restoration asset	-	-	-	-	(6)	-	(6)
Depreciation expense	(111)	(52)	(79)	-	(1,383)	(1,141)	(2,766)
Carrying amount at end of year	294	96	288	-	52,128	6,900	59,706
Cost	789	380	529	-	54,865	9,150	65,713
Accumulated depreciation	(495)	(284)	(241)	-	(2,737)	(2,250)	(6,007)
Carrying amount	294	96	288	-	52,128	6,900	59,706
Year ended 30 June 2011							
Carrying amount at beginning of year	223	158	140	10	9,181	8,067	17,779
Additions	164	21	301	-	16,425	1,065	17,976
Amortisation of rehabilitation and restoration asset	-	-	-	-	(120)	-	(120)
Depreciation expense	(124)	(65)	(78)	(10)	(1,222)	(1,111)	(2,610)
Carrying amount at end of year	263	114	363	-	24,264	8,021	33,025
Cost	653	346	525	31	25,612	9,132	36,299
Accumulated depreciation / amortisation	(390)	(232)	(162)	(31)	(1,348)	(1,111)	(3,274)
Carrying amount	263	114	363	-	24,264	8,021	33,025

IMX RESOURCES LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31,2012

	March 31, 2012 \$'000	June 30, 2011 \$'000
10. Loans from related parties		
Loan from Sichuan Taifeng Group	20,474	16,352
	20,474	16,352

At the period end, Outback Iron Pty Ltd (owned 51% by IMX Resources and 49% by Sichuan Taifeng), owed \$20.5m (increase of \$4.1m from June 30, 2011) to the Taifeng Yuanchang International Development Co Ltd, a controlled entity of the Sichuan Taifeng Group. This loan forms part of the investment made by Sichuan Taifeng into Outback. Sichuan Taifeng and IMX Resources should each have shareholder loans proportionate to their 51% and 49% shareholdings. As Outback remains a controlled entity for the IMX Group, the loan owing by Outback Iron to IMX Resources is eliminated upon consolidation.

11. Issued Capital

Issued and outstanding:

Movements in fully paid shares:

	Number of shares	Value \$'000
Balance, 1 July 2010	230,802,803	86,005
Issued to Anglo American ⁽¹⁾	2,300,000	1,012
Issued during the period ⁽²⁾	29,450,000	13,934
Stock options exercised	60,000	25
Balance 30 June 2011	262,612,803	100,976
Balance 31 March 2012	262,612,803	100,976

⁽¹⁾ On 3 November 2010, the Company issued 2,300,000 Ordinary Shares to Anglo American (Australia) as part of the termination of the Strategic Alliance Agreement between IMX and Anglo. The shares are subject to a two year voluntary escrow.

⁽²⁾ On 12 July 2010, the Company issued a total of 29,450,000 Ordinary Shares at 48.4 cents per share to the Sichuan Taifeng Group and OZ Minerals. Sichuan Taifeng received 21,691,000 Ordinary Shares as a private placement under the Heads of Agreement between IMX and Sichuan Taifeng. OZ Minerals were issued 7,759,000 Ordinary Shares under anti-dilution rights clause under its Heads of Agreement with IMX.

	Number of options
<i>Movements in options:</i>	
Beginning of the period	14,975,000
Issued during the period	250,000
Expired/exercised during the period	-
Total issued options 31 March 2012	15,225,000

During the nine month period options were issued to staff members with a total share based remuneration cost of \$64,397 being expensed to the Statement of Comprehensive Income. Of this amount \$11,840 related to options issued during the 30 June 2011 financial year that had not yet been expensed.

IMX RESOURCES LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31,2012

	March 31, 2012 \$'000	June 30, 2011 \$'000
12. Reserves		
Foreign currency translation reserve	(1,935)	(2,873)
Share based remuneration reserve	3,412	3,348
Hedge reserve	-	(1,234)
Closing balance	1,476	(759)
Movements:		
<i>Foreign currency translation reserve</i>		
Balance at beginning of period	(2,874)	(315)
Currency translation differences arising during the period	939	(2,558)
Share of associates other comprehensive income	-	-
Balance at end of period	(1,935)	(2,873)
<i>Share based remuneration equity reserve</i>		
Balance at beginning of year	3,348	2,347
Employee Share Remuneration	64	1,001
Balance at end of year	3,412	3,348
<i>Hedge reserve</i>		
Balance at beginning of year	(1,234)	-
Hedge reserve movements after tax	1,234	(1,234)
Balance at end of year	-	(1,234)
<i>Available for sale investment reserve</i>		
Balance at beginning of year	-	12,480
Reclassification of available for sale assets	-	(12,480)
Balance at end of year	-	-

Nature and Purpose of Reserves

(i) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of the Company's net investment in a foreign subsidiary.

(ii) Share based remuneration reserve

The share based remuneration reserve is used to recognise the fair value of partly paid shares and options issued.

(iii) Hedge reserve

Comprises the movements in the fair value of derivatives used for hedging.

(iv) Available for sale investments reserve

Comprises the cumulative net change in the fair value of available for sale financial assets until the asset is recognised as an Associate.

IMX RESOURCES LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31,2012

	March 31, 2012 \$'000	June 30, 2011 \$'000
13. Non-controlling interests		
Interests in:		
Share capital	7,158	7,158
Reserves	-	(1,131)
Dilution effect on share issued to non-controlling interests	(6,700)	(6,700)
Retained earnings	5,209	4,395
Closing balance	5,667	3,722

14. Trade and other payables

(a) Current Liabilities

Trade creditors	25,650	11,698
Accrued expenses	2,049	10,913
Derivatives used for hedging	-	3,571
Other creditors	115	-
	27,814	26,182

(b) Non-Current Liabilities

Derivatives used for hedging	-	934
	-	934

15. Operating Segments

Segment products and locations

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

The Group operates in the resources industry. The Group carries out mining activities on the Cairn Hill Phase 1 Project representing the Group's only operating asset. All revenues and expenses from the Cairn Hill Project are included in the Cairn Hill operating segment. In addition to this operating asset, the Group's other operating segment is Exploration, which represents the Group's other exploration assets.

The exploration operating segment is further split between the geographic location of the projects, being Australia, Tanzania, Mozambique and India.

Three months ended March 31, 2012	Operating Cairn Hill Project \$'000	Australia \$'000	Tanzania \$'000	Mozambique \$'000	India \$'000	Totals \$'000
Revenue	45,726	-	-	-	-	45,726
Cost of sales	(42,649)	-	-	-	-	(42,649)
Gross profit/(loss)	3,077	-	-	-	-	3,077
Other income	54	-	-	-	-	54
Exploration expenses	(11)	(687)	(131)	(24)	-	(853)
Other expenses	(280)	-	-	-	-	(280)
Profit/(loss) before tax and finance	2,839	(687)	(131)	(24)	-	1,998
Finance costs	(55)	-	-	-	-	(55)
Profit/(loss) before tax	2,784	(687)	(131)	(24)	-	1,943

IMX RESOURCES LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MARCH 31,2012

	Operating	Exploration				Totals
Nine months ended March 31,2012	Cairn Hill Project \$'000	Australia \$'000	Tanzania \$'000	Mozambique \$'000	India \$'000	\$'000
Revenue	130,872	-	-	-	-	130,872
Cost of sales	(126,134)	-	-	-	-	(126,134)
Gross profit/(loss)	4,738	-	-	-	-	4,738
Other income	1,936	-	-	-	-	1,936
Exploration expenses	(433)	(2,828)	(815)	(177)	-	(4,253)
Other expenses	(1,459)	-	-	-	-	(1,459)
Profit/(loss) before tax and finance	4,781	(2,828)	(815)	(177)	-	962
Finance costs	-	-	-	-	-	-
Profit/(loss) before tax	4,781	(2,828)	(815)	(177)	-	962

	Operating	Exploration				Totals
Three months ended March 31,2011	Cairn Hill Project \$'000	Australia \$'000	Tanzania \$'000	Mozambique \$'000	India \$'000	\$'000
Revenue	11,164	-	-	-	-	11,164
Cost of sales	(7,669)	-	-	-	-	(7,669)
Gross profit/(loss)	3,495	-	-	-	-	3,495
Other income	640	-	-	-	-	640
Exploration expenses	(716)	(255)	(188)	(23)	(3)	(1,185)
Other expenses	(834)	-	-	-	-	(834)
Profit/(loss) before tax and finance	2,587	(255)	(188)	(23)	(3)	2,117
Finance costs	(761)	-	-	-	-	(761)
Profit/(loss) before tax	1,826	(255)	(188)	(23)	(3)	1,356

	Operating	Exploration				Totals
Nine months ended March 31, 2011	Cairn Hill Project \$'000	Australia \$'000	Tanzania \$'000	Mozambique \$'000	India \$'000	\$'000
Revenue	19,835	-	-	-	-	19,835
Cost of sales	(14,650)	-	-	-	-	(14,650)
Gross profit/(loss)	5,185	-	-	-	-	5,185
Other income	2,689	-	-	-	-	2,689
Exploration expenses	(827)	(957)	(1,158)	(119)	(9)	(3,070)
Other expenses	(2,444)	-	-	-	-	(2,444)
Profit/(loss) before tax and finance	4,602	(957)	(1,158)	(119)	(9)	2,359
Finance costs	(844)	-	-	-	-	(844)
Profit/(loss) before tax	3,759	(957)	(1,158)	(119)	(9)	1,515

Reconciliation of profit before tax from operating segments to Group profit before tax

	Three months ended		Nine months ended	
	March	March	March	March
	31, 2012	31, 2011	31, 2012	31, 2011
	\$'000	\$'000	\$'000	\$'000
Profit before tax for Operating Segments (see table above)	1,943	1,356	962	1,515
- Other income	-	-	-	13,794
- Corporate and administration costs	(1,751)	(695)	(5,011)	(4,051)
- Share of associate losses	(1,653)	(932)	(6,605)	(2,426)
(Loss) / Profit before tax for the Group	(1,461)	(272)	(10,654)	(8,833)

16. Contingent Liabilities

The Company is not aware of any contingent liabilities which existed as at the end of the period or have arisen as at the date of this report.

17. Subsequent events

- Subsequent to March 31, 2012, 4,150,000 options expired unexercised.
- IMX Resources has also finalised a Life of Mine (LOM) sales contract with Vingo Resources Ltd for 50% of all ore produced from the Cairn Hill Mining Operation. The sales contract finalised is based on industry standard iron ore and copper pricing benchmarks and has commercial terms comparable to the Taifeng LOM contract. IMX has also confirmed that it is in advanced negotiations with a number of other end-user customers to finalise LOM sales contracts for the remaining Cairn Hill DSO product, as similar terms.
- IMX has also decreased its interest in Uranex Pty Ltd from 26.63% to 25.09% subsequent to its participation in Institutional Placement of Uranex shares.
- IMX has also announced the commencement of a 5,000m diamond core metallurgical drilling programme at the Sanefell Magnetite deposit with the 100% IMX-owned Mt Woods Magnetite project.
- On May 16, 2012 IMX and Continental Nickel Limited (Continental) entered into a definitive arrangement agreement (the 'Arrangement Agreement'), pursuant to which IMX through its wholly owned subsidiary IMX Canada Holdings Limited, has agreed to acquire all the issued and outstanding common shares in the capital of Continental that it does not already own for shares and warrants in the capital of IMX, by way of an arrangement (the 'Arrangement') under the Canada Business Corporations Act. In connection with the Arrangement, IMX has agreed to apply to list its ordinary shares and the warrants issued under the Arrangement on the Toronto Stock Exchange (the "TSX"). IMX intends to retain its listing on the Australian Securities Exchange (the 'ASX') and add to its listing the IMX warrants issued under the Arrangement.
- On 24 May 2012, the Board of Directors received the resignation of Mr Tony Haggarty and on 21 June 2012, received the resignation of Mr Cao Xiang Kui.
- On 30 May 2012, IMX announcement that Termite Resources NL (Termite), the joint venture company, operating the Cairn Hill Mining Operation in South Australia, has secured a Line of Credit of up to a maximum of \$15m from LinQ Resources Fund. The \$15m revolving Line of Credit provides Termite with working capital and allows repayment of the secured loan, valued at \$10.8m to IMX. The 12 month terms of the Line of Credit are 13% p.a. interest on funds drawn down, and 6.5% interest on undrawn funds.

18. Commitments

The Group has not entered into any other commitment other than those disclosed in the annual report for the year ended 30 June 2011 and the interim financial report for the half year ended 31 December 2011.

19. Related Party Transactions

There have been no significant related party transactions other than those disclosed in the annual report for the year ended 30 June 2011 and the interim financial report for the half year ended 31 December 2011.

Audited Annual Financial Statements for the Year Ended June 30, 2011

(See attached)



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMX RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of IMX Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of IMX Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



Opinion

In our opinion:

- (a) the financial report of IMX Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of IMX Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Perth, Western Australia
Dated this 30th day of September 2011

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2011	Notes	Consolidated	
		2011 \$'000	2010 \$'000
Continuing Operations			
Revenue from the sale of goods		61,174	-
Cost of sales / net operating costs	2	(41,986)	(2,706)
Gross Profit / (Loss)		19,188	(2,706)
Other income	3	18,733	759
Share of associate losses	10	(6,349)	-
Corporate & Administration Expenses		(5,046)	(2,227)
Exploration Expenses		(5,040)	(3,934)
Development Activities		-	(1,354)
Finance costs		(165)	(49)
Other expenses	3	(4,215)	(882)
PROFIT / (LOSS) BEFORE TAX		17,106	(10,393)
Income tax (expense) / benefit	4	(4,632)	1,896
NET PROFIT / (LOSS) FOR THE YEAR		12,474	(8,497)
Other comprehensive income			
Foreign exchange translation differences		(2,559)	52
Hedge reserve movements		(2,419)	-
Net change in fair value of available for sale financial assets		(12,480)	(16,820)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE FINANCIAL YEAR		(4,984)	(25,265)
Net Profit/(Loss) is attributable to:			
Owners of IMX Resources Limited		8,079	(8,497)
Non-controlling interest		4,395	-
		12,474	(8,497)
Total comprehensive income / (expense) is attributable to:			
Owners of IMX Resources Limited		(8,248)	(25,265)
Non-controlling interest		3,264	-
		(4,984)	(25,265)
Earnings per share attributable to owners of the Company:			
Basic EPS	23	3.1	(4.4)
Diluted EPS	23	2.9	N/A

The above Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2011

	Notes	Consolidated	
		2011	2010
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	5	20,173	22,368
Trade and other receivables	7(a)	30,143	693
Inventory	8	17,364	152
Other financial assets	9(a)	-	237
Assets classified as held for sale	11	506	817
TOTAL CURRENT ASSETS		68,186	24,266
NON-CURRENT ASSETS			
Trade and other receivables	7(b)	994	994
Investments accounted for using the equity method	10	12,961	-
Other financial assets	9(b)	-	12,551
Deferred tax assets	4(c)	-	1,896
Property, plant and equipment	12	33,025	17,779
TOTAL NON-CURRENT ASSETS		46,980	33,219
TOTAL ASSETS		115,166	57,485
CURRENT LIABILITIES			
Trade and other payables, including derivatives	14(a)	26,182	6,346
Provisions	15(a)	453	261
TOTAL CURRENT LIABILITIES		26,635	6,607
NON-CURRENT LIABILITIES			
Loans from related parties	16	16,352	-
Trade and other payables, including derivatives	14(b)	934	-
Deferred tax liabilities	4(c)	2,060	-
Provisions	15(b)	908	803
TOTAL NON-CURRENT LIABILITIES		20,254	803
TOTAL LIABILITIES		46,889	7,410
NET ASSETS		68,277	50,076
EQUITY			
Contributed equity	17(a)	100,976	86,006
Reserves	18(a)	(759)	14,511
Accumulated losses	18(b)	(35,662)	(50,441)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		64,555	50,076
Non-controlling interest	19	3,722	-
TOTAL EQUITY		68,277	50,076

The above Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity

	Contributed Equity	Foreign Currency Translation Reserve	Share Based Equity Reserve	Hedge Reserve	Available for Sale Investment Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2009	61,782	(367)	2,271	-	29,301	(41,944)	-	51,041
Total Comprehensive Income for the 30 June 2010 financial year								
- Loss for the year	-	-	-	-	-	(8,497)	-	(8,497)
- Foreign exchange translation differences	-	52	-	-	-	-	-	52
- Net change in fair value of available-for-sale financial assets	-	-	-	-	(16,820)	-	-	(16,820)
	-	52	-	-	(16,820)	(8,497)	-	(25,265)
Transactions with owners in their capacity as owners:								
- Contributions of equity, net of transaction costs	24,224	-	-	-	-	-	-	24,224
- Employee share options – value of employee services	-	-	76	-	-	-	-	76
Balance at 30 June 2010	86,006	(315)	2,347	-	12,481	(50,441)	-	50,076
Total Comprehensive Income for the 30 June 2011 financial year								
- Profit for the year	-	-	-	-	-	8,079	4,395	12,474
- Foreign exchange translation differences	-	(2,558)	-	-	-	-	-	(2,558)
- Hedge reserve movements	-	-	-	(1,234)	-	-	(1,131)	(2,364)
- Reclassification of available for sale assets	-	-	-	-	(12,480)	-	-	(12,480)
- Share of other comprehensive income of associates	-	-	-	-	-	-	-	-
- Dilution effect on shares issued to non-controlling interest	-	-	-	-	-	6,700	(6,700)	-
	-	(2,558)	-	(1,234)	(12,480)	14,779	(3,436)	(4,928)
Transactions with owners in their capacity as owners:								
- Contributions of equity, net of transaction costs	14,971	-	-	-	-	-	7,158	22,128
- Employee share options – value of employee services	-	-	1,001	-	-	-	-	1,001
Balance at 30 June 2011	100,976	(2,873)	3,348	(1,234)	-	(35,662)	3,722	68,277

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2011

	Notes	Consolidated	
		2011	2010
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		37,147	-
Payments to suppliers and employees		(50,218)	(7,595)
Interest and other receipts		2,222	861
Payment of exploration expenditure		(5,058)	(4,049)
Net cash outflow from operating activities	20	(15,907)	(10,783)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of development expenditure		(12,125)	(599)
Contributions to Nachingwea JV		(1,656)	-
Purchase of investments (non-controlled entities)		(3,638)	(235)
Proceeds on sale of property, plant & equipment		88	140
Proceeds on sale of investments		402	-
Proceeds on sale of available for sale assets		509	-
Acquisition of property, plant & equipment		(487)	(50)
Payments for capital works in construction		(1,548)	(2,076)
Payment of security bond		(200)	(6)
Net cash outflow from investing activities		(18,655)	(2,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares in IMX Resources		10,054	24,660
Proceeds from issues of ordinary shares in controlled entities		7,157	-
Loans from related parties – Sichuan Taifeng		16,352	-
Proceeds received in advance of the allotment of ordinary shares		-	4,100
Direct costs of equity issues		(915)	(437)
Net cash inflow from financing activities		32,648	28,323
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,914)	14,714
Add opening cash and cash equivalents brought forward		22,368	7,659
Effect of exchange rates on cash holdings in foreign currencies		(281)	(5)
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	5	20,173	22,368

The above Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements as at and for the year ended 30 June 2011 comprise IMX Resources Limited (the “Company”) and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities. Disclosures relating to the Company are included at Note 31 to these financial statements.

IMX Resources Limited is a company domiciled in Australia. The Group is primarily involved in the exploration for minerals and the mining of iron and copper.

This financial report was authorised for issue in accordance with a resolution of the Directors on 29 September 2011.

(a) BASIS OF PREPARATION

(i) Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (“AASBs”), other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (“IFRSs”) adopted by the International Accounting Standards Board (“IASB”).

(ii) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except for the following items in the statement of financial position:

- Available-for-sale financial assets are measured at fair value.

(iii) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which are the Company’s functional currency.

(iv) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimate are significant to the financial statements are detailed at Note 1(b) below.

(v) Changes in accounting policies

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the annual reporting period beginning 1 July 2010:

Presentation of transactions recognised in other comprehensive income

From 1 July 2010, the Group has applied amendments to AASB 101 **Presentation of Financial Statements** outlined in AASB 2010-4 **Further amendments to Australian Accounting Standards arising from the Annual Improvements Project**. The change in accounting policy only relates to disclosures and had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and allow the Group to disclose transactions recognised in other comprehensive income.

Removal of parent entity financial statements

The Group has applied amendments to the Corporations Act 2001 that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in Note 31.

(b) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Critical accounting estimates and assumptions

(i) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors. Development in relation to the Cairn Hill Phase 1 Project commenced being capitalised in the financial year to 30 June 2008, upon the signing of the heads of agreement with Tonghua Mining Group of China which has been novated to the Sichuan Taifeng Group and the granting of a mineral lease.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and

Notes to the Financial Statements

30 JUNE 2011

changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

(ii) Mine rehabilitation and restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the accounting policy at Note 1(h). These provisions include future cost estimates which are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, engineering and other costs and discount rates. A change in any of these assumptions used may have a material impact on the carrying value of mine rehabilitation and restoration provisions.

(iii) Ore reserves and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment, intangible assets, provision for mine rehabilitation and restoration, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the consolidated statement of comprehensive income.

(iv) Income tax, deferred tax assets and liabilities

The Group is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is not certain. The Group recognises provision for potential tax issues based on estimates of amounts that were initially recorded. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax position in the period in which the determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Critical judgements in applying the Group's accounting policies

(i) Functional currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates in accordance with accounting policy 1(m). Determination of an entity's functional currency requires management judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

(c) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IMX Resources Limited (the "Company" or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year ended. IMX Resources Limited and its subsidiaries together are referred to in this financial report as the Group.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Investments in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The cost of the investment includes transaction costs.

Notes to the Financial Statements

30 JUNE 2011

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the parent entity disclosures of IMX Resources Limited.

(d) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and costs directly attributable to bringing the asset to a working condition for their intended use.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / other expenses in profit or loss. When revalued assets are sold, any related amounts included in the revaluation reserve are transferred to retained earnings.

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability (including the ability to finance the project) of an area of interest are demonstrable, and also includes subsequent costs to develop the mine to the production phase.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation of mine property and development assets is calculated on the basis of units of production. The depreciation of mine, property and development assets commence when the mine starts commercial production. Depreciation is based on assessments of proven and probable reserves and a proportion of mineral resources available to be mined by the current production equipment to the extent that such resources are considered to be economically recoverable.

Other assets including surface plant are depreciated over the shorter of the asset's useful life and the life of mine.

Depreciation of plant and equipment is calculated on a straight line basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 2% and 50% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(iv) Overburden and waste removal

Overburden and other waste removal costs (stripping costs) incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units of production basis.

Costs incurred in the removal of waste once an operation commences production activity (production stripping costs) are capitalised as mine property and development assets. A proportion of these deferred mine development costs, including both development stripping costs and production stripping costs, is charged to the consolidated statement of comprehensive

Notes to the Financial Statements

30 JUNE 2011

income as an operating cost on the basis of the quantity of ore mined, or the quantity of the minerals contained in the ore, as a proportion of the operations' total quantity of ore estimated to be mined.

Changes in the technical and or other economic parameters that impact on reserves will also have an impact on the depreciation of capitalised mine property and development assets. These changes are accounted for prospectively from the date of change.

Amortisation of deferred stripping costs is included in depreciation of property, plant and equipment.

(e) INVENTORIES

Raw materials and consumables, work in progress and finished goods are stated at the lower of cost or net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Cost includes direct material, overburden removal, mining, processing, labour, related transportation cost to the point of sale, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities.

(f) IMPAIRMENT

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

Exploration and evaluation expenditure incurred is not carried forward as an asset in the Consolidated Statement of Financial Position, and is written off in the year it is incurred.

Development costs are accumulated for each area of interest and is only capitalised if they can be measured reliably, the process is technically feasible, future economic benefits are probable and the Group intends to have sufficient resources to complete development and exploit the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Development in relation to the Cairn Hill Phase 1 Project commenced being capitalised in the financial year to 30 June 2008, upon the signing of the heads of agreement with Jilin Tonghua (Mining) Group of China and the granting of a mineral lease and was transferred to Mine Property and Development Assets as the asset has begun commercial operations.

(h) MINE REHABILITATION AND RESTORATION OBLIGATIONS

Provisions are made for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during the mine's operations up to the reporting date but not yet rehabilitated. Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated costs include the current cost of rehabilitation necessary to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation and restoration obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time.

The provision is recognised as a liability, separated into current (estimated costs arising within twelve months if applicable) and non-current components based on the expected timing of these cash flows. A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation and restoration provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved. Changes in the liability relating to mine rehabilitation and restoration

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obligations are added to or deducted from the related asset (where it is possible that future economic benefits will flow to the entity), other than the unwinding of the discount which is recognised as financing expenses in the consolidated statement of comprehensive income. Changes to capitalised cost result in an adjustment to future depreciation charges. The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

(i) ASSETS HELD FOR SALE

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(j) OPERATING LEASES

Operating leases are not recognised in the Group's Consolidated Statement of Financial Position.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(k) INCOME TAX

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account either as a deferred tax liability or as a deferred tax asset at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. When deferred tax relates to items that may be credited directly to equity, the deferred tax is adjusted directly against equity.

Deferred tax assets are not brought to account unless it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Company and its wholly owned Australian resident entities are not part of a tax consolidated group.

(l) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), unless the GST incurred is not recoverable from taxation authorities. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the consolidated statement of cash flows inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, taxation authorities are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to taxation authorities. The net of GST payable and receivable is remitted to the appropriate tax body in accordance with legislative requirements.

(m) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions

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Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(n) ACCOUNTS PAYABLE

Trade and other payables are recognised when the Group becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non interest-bearing, unsecured and are usually paid within 30 days of recognition.

(o) PROVISIONS

Provisions for legal claims and other liabilities are recognised when:

- The Group has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income as financing expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract is lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(p) EMPLOYEE BENEFITS

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, inclusive of on costs, when the liabilities are settled. The expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Long-term employee benefits

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government notes with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Employee bonuses

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A provision is recognised for the amount expected to be paid under short-term bonus entitlements if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the Director or employee and the obligation can be estimated reliably.

Share-based payment transactions

The fair value of options previously granted under the IMX Resources Share and Option Incentive Plan and equity instruments granted under the Long-Term Incentive Scheme are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of comprehensive income with a corresponding adjustment to equity.

The market value of shares issued to employees for no cash consideration under the IMX Resources Share and Option Incentive Plan are recognised as an employee benefits expense with a corresponding increase in equity over the vesting period.

The fair value of these equity instruments does not necessarily relate to the actual value that may be received in future by the recipients.

(q) REVENUE RECOGNITION

Interest revenue is recognised on a time proportionate basis.

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of risks and rewards to the customer, no further processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. This is generally when title passes which for the majority of commodity sales represents the bill of lading date when the commodity is delivered for shipment.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable.

Revenue is reported net of discounts and pricing adjustments. Royalties paid and payable are separately reported as expenses.

(r) EARNINGS PER SHARE (EPS)

Basic earnings per share

Basic EPS is calculated as the profit (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

(t) FINANCIAL INSTRUMENTS

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and in the case of assets classified as held-to-maturity investments, re-evaluates this designation at each reporting date.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Available-for-sale financial assets

The Group's investment in equity securities, excluding financial assets at fair value through profit or loss and investments accounted for using the equity method, are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised as a separate component of equity, net of related tax. Impairment losses are recognised in the consolidated statement of comprehensive income.

When an investment is derecognised, the cumulative gain or loss in equity is transferred to the consolidated statement of comprehensive income. Fair value is determined by reference to the quoted price at the reporting date.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables (see Notes 5 and 7).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein other than impairment losses and foreign currency differences on available-for-sale debt instruments are recognised in other comprehensive income and presented within equity in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade

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date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans from related parties and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80 - 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could effect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount recognised in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

(u) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) INTERESTS IN JOINT VENTURES

The Group's interest in unincorporated joint ventures and jointly controlled assets are brought to account by including in the respective classifications, the share of individual assets employed, and liabilities and expenses incurred.

(w) GOVERNMENT GRANTS

Grants that compensate the Group for expenses incurred are recognised in profit or loss when receipt of them is assured.

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(x) SEGMENT REPORTING

Operating segments are components of the Group about which separate financial information is available that is evaluated regularly by the Group's key management personnel in deciding how to allocate resources and in assessing performance.

Segment information that is evaluated by key management is prepared in conformity with the accounting policies adopted for preparing the financial statements of the Group.

The division of the Group's results into segments has been ascertained by reference to direct identification of revenue/cost centres and where interrelated segment costs exist, an allocation has been calculated on a pro rata basis of the identifiable costs.

(y) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from investee.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements.	1 July 2013
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.	1 January 2013
AASB 13 (issued September 2011)	Fair Value Measurements	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial	Annual reporting periods commencing on or after 1 January 2013	Due to the recent release of this standard, the entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB	1 July 2013

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		items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.		13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.	
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. - OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual reporting periods commencing on or after 1 January 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).	1 July 2012
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 July 2013
AASB 119 (reissued September 2011)	Employee Benefits	Main changes include: - Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans - Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or	Annual periods commencing on or after 1 January 2013	The entity currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to AASB 119 require that such liabilities	1 July 2013

Notes to the Financial Statements

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		loss, and cannot be reclassified in subsequent periods • Subtle amendments to timing for recognition of liabilities for termination benefits • Employee benefits expected to be settled (as opposed to due to settled under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability.		be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement. When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012. Leave liabilities for any employees with significant balances of leave outstanding who are not expected to take their leave within 12 months will be discounted, which may result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.	

(z) GOING CONCERN

The Directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The ability of the Company to continue as a going concern is satisfied by the expected net cash flows from mining operations.

Notes to the Financial Statements

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	Consolidated	
	2011	2010
	\$'000	\$'000
2. COST OF SALES / NET OPERATING COSTS		
Mining costs	10,076	1,241
Mine planning and survey	373	78
Geology	764	196
Environmental, rehabilitation and traditional	214	40
Mine administration and depreciation	4,604	555
Crushing	4,154	15
Road and rail haulage	30,398	487
Marketing and royalties	810	25
Ore inventory movements	(15,096)	-
Shipping and port operations	5,689	69
Total Cost of Sales / Net Operating Costs	41,986	2,706
3. INCOME AND EXPENSE ITEMS		
Net profit / (loss) included the following items of revenue and expense:		
(a) Other Income		
Interest receivable from other persons	1,699	590
Available for sale investment reserve taken to profit and loss (refer Note 10d)	13,794	-
Management fees charged to Cairn Hill Joint Venture	1,010	-
Profit on sale of available for sale assets	197	-
Profit on sale of investments	318	-
Foreign exchange gain	1,153	-
Government grants and rebates received	458	116
Other	104	51
	18,733	759
(b) Other Expenses		
Commissions paid	720	-
Value of shares issued for non-cash	1,012	-
Realised loss on derivatives used for hedging	2,457	-
Write down in fair value of surplus rail equipment held for sale	-	882
Other	26	-
	4,215	882
4. INCOME TAX		
(a) Income Tax Expense		
The major components of income tax expense are:		
Consolidated Statement of Comprehensive Income		
Current income tax		
Current income tax charge/(benefit)	(1,607)	(3,118)
Adjustments in respect of current income tax of previous years	579	(132)
Deferred income tax		
Relating to origination and reversal of temporary differences	3,598	(2,347)
Amounts not brought to account as a deferred tax assets / liabilities	2,062	3,701
Income tax expense/(benefit) reported in the consolidated statement of comprehensive income	4,632	(1,896)

Notes to the Financial Statements

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(b) Numerical reconciliation between aggregate tax expenses recognised in the consolidated statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Accounting Profit Before Tax	17,106	(10,393)
At the parent entity's statutory income tax rate of 30% (2010: 30%)	5,132	(3,118)
Adjustments in respect of current income tax or previous years	579	(132)
Research and development deduction received	-	(31)
Entertainment	-	1
Costs of shares issued for non-cash	304	-
Provision write back – sale of investment	86	-
Legal fees	-	17
Share based payments	301	14
Foreign exchange gains and other translation adjustments	-	1
Other	(3,830)	(2,347)
Net movement in deferred tax	2,062	3,701
Income tax expense/(benefit)	4,632	(1,896)

(c) Recognised deferred tax assets/liabilities

Amounts recognised in the statement of financial position

Deferred tax asset	-	1,896
Deferred tax liability	2,060	-
	(2,060)	1,896

No income tax is payable by the Group. The Directors have considered it prudent not to bring to account the deferred tax asset related to income tax losses and exploration deductions until there is a strong possibility of deriving assessable income of a nature and amount to enable such benefit to be realised. At 30 June 2011 the Group has recognised deferred tax assets for the first time in relation to losses and timing difference for Termite, the owner of ML6303, which has begun earning assessable income during the financial year. Losses in relation to the remainder of the Group have not been brought to account and as such no other deferred tax assets or liabilities have been recorded.

Deferred tax at 30 June 2011 relates to the following:

Consolidated

(i) Deferred tax liabilities

Interest receivable	2	31
Inventory	50	46
Prepayments	-	1
Investments in publicly listed companies	-	3,744
Depreciation differences	176	191
Works in progress	1,574	811
Development costs	6,224	1,564
Gross deferred tax liability	8,025	6,388
Set-off of DTA	(5,965)	(6,388)
Net deferred tax liability	2,060	-

Notes to the Financial Statements

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	Consolidated	
	2011	2010
	\$'000	\$'000
(i) Deferred tax assets		
Foreign currency balances	-	1
Accruals	16	15
Provision:		
Rehabilitation and restoration	240	227
Make good (office premises)	9	6
Annual, LSL & Superannuation	159	87
Section 40-880 costs	86	118
Unrealised hedge liabilities	1,037	-
Other (including carried forward losses)	13,594	12,069
Carried forward losses and other temporary differences not brought to account as a deferred tax asset	(9,177)	(4,238)
Gross deferred tax asset	5,965	8,284
Set-off of for net deferred tax position	(5,965)	(6,388)
Net deferred tax asset	-	1,896

5. CASH AND CASH EQUIVALENTS

Cash at bank	502	265
Cash on deposit	19,669	22,102
Cash on hand	2	1
	20,173	22,368

6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

Up until the date of this report, no dividend has been declared or paid by the Company.

If the conditions referred to above are satisfied and the proposed distribution of Uranex N.L. shares to IMX shareholders proceeds, this distribution will be in the form of part return of capital and part payment of a dividend.

7. TRADE AND OTHER RECEIVABLES

(a) Current

Accounts and other receivables	26,809	171
Accrued interest	127	105
Prepayments	117	23
Security bonds	200	-
Income tax receivable	361	-
Goods and services tax receivable	2,529	394
	30,143	693

(b) Non-Current

Security bonds	994	994
	994	994

The company does not have any factors on hand to suggest that any of the above receivables will not be received and accordingly not provisions or fair value adjustments have been made.

8. INVENTORY

Finished goods (a)	15,096	-
Work in progress (b)	2,103	-
Diesel fuel on hand	165	152
	17,364	152

(a) Finished goods represent crushed ore stocks on the mine site or held in storage.

(b) Work in progress represent uncrushed ore stocks extracted from the mine pits.

Notes to the Financial Statements

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	Consolidated	
	2011	2010
	\$'000	\$'000
9. OTHER FINANCIAL ASSETS		
(a) Current		
Other	-	237
	-	237
(b) Non-Current		
Investment in Uranex NL	-	5,285
Investment in Continental Nickel Ltd	-	7,265
Loans to associates	-	-
	-	12,551

Other financial assets (discussion)

Other financial assets are investments in listed entities valued at their fair market value in accordance with the quoted market prices. During the year ended 30 June 2011, the Group disposed of all current investments in other listed entities.

In the 2010 Annual Report, the Group reported its investment in Uranex and Continental Nickel as financial assets and thus recorded them using the active trading market, being the Australian Stock Exchange and the Toronto Venture Exchange respectively. This was as a result of the Group's determination that it did not have significant influence over the financial and operating decisions of these listed companies.

Subsequent to 30 June 2010, the Group took steps towards having a significant influence in both Uranex and Continental Nickel by seeking to change the composition of both Boards. These actions resulted in both companies having current IMX Non-Executive Directors appointed to their Boards.

The Group has determined that as a result of these actions that significant influence has been obtained and as such the investments are to be treated as Associates and accounted for under equity accounting. Refer to Note 10 for details of the equity accounting for these investments.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Uranex N.L. (a)	4,954	-
Continental Nickel Limited (b)	8,007	-
Ngwena Limited (c)	-	-
	12,961	-

	Uranex N.L.	Continental Nickel	Ngwena	Total
Opening carrying amount (30/08/2010 / 26/10/2010)	5,946	8,071	-	14,017
Acquisition	1,858	1,779	-	3,637
Contributions towards associate's expenditure	-	-	1,656	1,656
Share of losses after income tax	(2,850)	(1,843)	(1,656)	(6,349)
Closing carrying amount	4,954	8,007	-	12,961

(a) Uranex NL

On 30 August 2010, Messrs Jooste-Jacobs and Hunt, both Non-Executive Directors of the Company joined the Board of Uranex as Non-Executive Directors. In addition Mr Jooste-Jacobs was appointed Chairman of the Uranex Board. As a result of these changes, it was determined by Management and the Board of the Company that it had obtained significant influence over Uranex as defined under AASB 128 Investments in Associates. Accordingly, the investment held by the Group in Uranex has been treated as an associate, and thus accounted for under the equity method, from 30 August 2010. This has resulted in an amount of \$5.9m being recycled from the Available for Sale Investment Reserve to the profit and loss, which reflects the mark-to-market adjustments made through the reserve up to 30 August 2010.

At 30 August 2010, the Group held 33,032,710 shares of Uranex representing 28.93% of the total outstanding shares of Uranex. On 6 December 2010, the Group was issued a further 13,272,701 shares in Uranex at a cost of \$1.9m. At 30 June 2011, the Group held 46,305,411 shares representing 26.63% of the total outstanding shares of Uranex.

The Group has determined that at year end no impairment conditions existed to suggest any impairment charges be made

Notes to the Financial Statements

30 JUNE 2011

against this investment.

(b) Continental Nickel Limited

On 26 October 2010, the Messrs Song and Nitschke, both Non-Executive Directors of the Company joined the Board of Continental Nickel as Non-Executive Directors. Mr Nitschke was appointed Chairman of the Continental Nickel Board and Mr Song retired on 30 August 2011. He was subsequently replaced by Mr Haggarty (a current Non-Executive Director of IMX). As a result of these changes it was determined by Management and later the Board of the Company that it had obtained significant influence over Continental Nickel as defined under AASB 128 Investments in Associates. Accordingly, the investment held by the Group in Continental Nickel has been treated as an associate, and thus accounted for under the equity method, from 26 October 2010. This has resulted in an amount of \$7.9m being recycled from the Available for Sale Investment Reserve to the profit and loss, which reflects the mark-to-market adjustments made through the reserve up to 26 October 2010.

At 26 October 2010, the Group held 14,490,269 shares of Continental Nickel representing 37.21% of the total outstanding shares of Continental Nickel. On 13 June 2011, the Group was issued a further 1,322,869 shares in Continental Nickel at a cost of \$1.8m. At 30 June 2011, the Group held 15,813,138 shares representing 37.03% of the total outstanding shares of Continental Nickel.

The Group has determined that at year end no impairment conditions existed to suggest any impairment charges be made against this investment.

(c) Ngwena Limited

The Group has a 25% (2010: 30%) interest in Ngwena Limited, a company incorporated in Tanzania for the exploration of the Nachingwea mineral rights. The other shareholder in Ngwena Limited is Continental Nickel Limited. During the financial year, the Group's interest in Ngwena decreased from 30% to 25% as a result of Continental Nickel spending in aggregate CAD\$15m towards exploration of the project.

Pursuant to the Shareholders Agreement, subsequent to Continental Nickel spending \$15m CAD, expenditure is to be met in proportion with the shareholdings to prevent further dilution to IMX's holding. The Group's contributions towards its share of the expenditure during the year were \$1.7m.

Prior to this year, the Group did not recognise a cost base for its investment in Ngwena as it did not incur any cost in acquiring the interest. The Group's contributions towards Ngwena during the year are, in substance, part of the investment in Ngwena. Accordingly, the Group has now recognised \$1.7m of losses resulting in the investment being written down to nil as at 30 June 2011. The Group has not recognised losses of \$3.8m being its share of the total losses incurred by Ngwena to 30 June 2011. Ngwena does not have any liabilities that the Group may be required to settle and therefore, these losses have not been provided for.

(d) Summarised financial information of associates

The Group's share of the results of its associates and its aggregated assets and liabilities are as follows:

	Group's share of:			
	Assets	Liabilities	Revenues	Net Loss
2011 (Consolidated)	\$'000	\$'000	\$'000	\$'000
Uranex N.L.	1,351	649	96	(2,850)
Continental Nickel Limited	5,351	824	37	(1,843)
Ngwena Limited	104	4,804	-	(1,656)
	6,806	6,277	133	(6,349)

During the year, \$13.8m has been recycled from the Available for sale investment reserve to the profit and loss as the investments in Uranex N.L. and Continental Nickel Limited are now being treated as associates.

(e) Fair value of investments in associates

	2011	2010
	\$'000	\$'000
Uranex N.L.	17,596	5,285
Continental Nickel Limited	19,146	7,266
	36,742	12,551

The fair value of the investment in Ngwena Limited has not been disclosed due to the uncertainty involved in estimating a fair value. Ngwena Limited is not listed on a securities exchange so the market value of the shares is not readily available.

Notes to the Financial Statements

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Consolidated	
2011	2010
\$'000	\$'000

11. ASSETS HELD FOR SALE

Current assets held for sale

Rail materials and equipment	506	817
	<u>506</u>	<u>817</u>

The Group currently holds track materials and signalling and other rail equipment that relates to purchases made for the intended rail shipping from the Cairn Hill site to Port Darwin. The change in rail shipping to Port Adelaide has resulted in these materials and equipment being surplus to requirements by the Group. Where possible the materials and equipment have been used.

Notes to the Financial Statements

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12. PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Furniture and Fittings	Motor vehicles	Leasehold improve- ments	Mine property and development	Capital works and work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2011							
Carrying amount at beginning of year	223	158	140	10	9,181	8,067	17,779
Additions	164	21	301	-	16,425	1,065	17,976
Amortisation of rehabilitation and restoration asset	-	-	-	-	(120)	-	(120)
Depreciation expense	(124)	(65)	(78)	(10)	(1,222)	(1,111)	(2,610)
Carrying amount at end of year	263	114	363	-	24,264	8,021	33,025
Cost	653	346	525	31	25,612	9,132	36,299
Accumulated depreciation	(390)	(232)	(162)	(31)	(1,348)	(1,111)	(3,274)
Carrying amount	263	114	363	-	24,264	8,021	33,025
Year ended 30 June 2010							
Carrying amount at beginning of year	273	222	185	26	325	7,630	8,661
Additions	58	-	-	-	2,759	2,136	4,953
Increase in rehabilitation and restoration asset	-	-	-	-	388	-	388
Transfers of assets at carrying amount	-	-	-	-	5,714	(817)	4,897
Impairment loss	-	-	-	-	-	(882)	(882)
Amortisation of rehabilitation and restoration asset	-	-	-	-	(6)	-	(6)
Depreciation expense	(108)	(64)	(45)	(16)	-	-	(232)
Carrying amount at end of year	223	158	140	10	9,181	8,067	17,779
Cost	489	325	224	31	9,187	8,067	18,322
Accumulated depreciation / amortisation	(266)	(167)	(84)	(21)	(6)	-	(544)
Carrying amount	223	158	140	10	9,181	8,067	17,779

Notes to the Financial Statements

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	Consolidated	
	2011	2010
	\$'000	\$'000
13. EXPLORATION AND EVALUATION EXPENDITURE		
(a) Exploration and Evaluation		
Expenditure incurred during the year	5,041	3,934
Expenditure written off during the year	(5,041)	(3,934)
	-	-

All exploration and revaluation costs are written off in the period in which they occur.

(b) Development		
Balance 1 July	-	5,622
Expenditure incurred during the year	-	93
Transfer to Mine Property and Development	-	(5,715)
	-	-

All development expenditure was capitalised directly to Mine Property and Development during the year ended 30 June 2011.

14. TRADE AND OTHER PAYABLES

(a) Current

Trade creditors	11,698	2,246
Accrued expenses	10,913	-
Derivatives used for hedging	3,571	-
Other creditors	-	4,100
	26,182	6,346

(b) Non-Current

Derivatives used for hedging	934	-
	934	-

15. PROVISIONS

(a) Current

Employee benefits	453	261

(b) Non-Current

Employee benefits	78	27
Minesite rehabilitation	801	756
Office restoration	29	20
	908	803

16. LOANS FROM RELATED PARTIES

Loan from Sichuan Taifeng Group	16,352	-
	16,352	-

At year end, Outback (owned 51% by IMX Resources and 49% by Sichuan Taifeng), owed \$16.4m to the Taifeng Yuanchang International Development Co Ltd, a controlled entity of the Sichuan Taifeng Group. This loan forms part of the investment made by Sichuan Taifeng into Outback. Sichuan Taifeng and IMX Resources each have shareholder loans proportionate to their 51% and 49% shareholdings. As Outback remains a controlled entity of the IMX Group, the loan owing by Outback to IMX Resources is eliminated upon consolidation.

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17. CONTRIBUTED EQUITY

(a) Issued and Paid up Capital

	2011		2010	
	Number of shares	\$'000	Number of shares	\$'000
Ordinary shares fully paid	262,612,803	100,976	230,802,803	86,006

(b) Movement in Fully Paid Ordinary Shares

	2011		2010	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial year	230,802,803	86,005	174,472,803	61,782
Placement of shares (net of cost) – OZ Minerals ^{(1) (3)}	7,759,000	3,671	26,150,000	10,068
Placement of shares (net of cost) – Taifeng ^{(2) (3)}	21,691,000	10,263	30,080,000	14,122
Issue of shares to Anglo American (net of cost) ⁽⁴⁾	2,300,000	1,012	-	-
Exercise of employee stock options	60,000	25	100,000	34
End of the financial year	262,612,803	100,976	230,802,803	86,006

⁽¹⁾ On 2 December 2009, the Company issued 26,150,000 Ordinary Shares at 38.5 cents per share in consideration for entering into a Heads of Agreement to establish the Mount Woods Joint Venture with OZ Minerals covering the non-iron ore mineral rights within the Mt Woods tenements.

⁽²⁾ On 7 May 2010, the Company issued 30,080,000 Ordinary Shares at 48.4 cents per share in a private placement under a Heads of Agreement with the Sichuan Taifeng Group to assist in the development of the Cairn Hill Phase 1 Project.

⁽³⁾ On 12 July 2010, the Company issued a total of 29,450,000 Ordinary Shares at 48.4 cents per share to the Sichuan Taifeng Group and OZ Minerals. Sichuan Taifeng received 21,691,000 Ordinary Shares as a private placement under the Heads of Agreement between IMX and Sichuan Taifeng. OZ Minerals were issued 7,759,000 Ordinary Shares under anti-dilution rights clause under its Heads of Agreement with IMX.

⁽⁴⁾ On 3 November 2010, the Company issued 2,300,000 Ordinary Shares to Anglo American (Australia) as part of the termination of the Strategic Alliance Agreement between IMX and Anglo. The shares are subject to a two year voluntary escrow.

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote. Upon a poll, each fully paid share shall have one vote and each partly paid share shall have such number of votes as bears the same proportion to the total of such shares as the amount of the issue price thereof paid up bears to the total issue price. There are no partly paid shares on issue.

(d) Movements in Options on Issue

	2011		2010	
	Number of options	\$'000	Number of options	\$'000
Beginning of the financial year	12,375,000	-	11,360,000	-
Issued during the year ⁽¹⁾	3,610,000	-	1,475,000	-
Exercised during the year	(60,000)	-	(100,000)	-
Cancelled/expired during the year	(950,000)	-	(360,000)	-
End of the financial year	14,975,000	-	12,375,000	-

⁽¹⁾ Issued during the year, includes those options granted and those options issued by way of a legal obligation under

Notes to the Financial Statements

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employment agreements with employees. At 30 June 2011 there are nil options (30 June 2010: 500,000) that have been issued under a legal obligation but are yet to be granted.

	Consolidated	
	2011	2010
	\$'000	\$'000
18. RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Foreign currency translation reserve	(2,873)	(315)
Share based remuneration reserve	3,348	2,346
Hedge reserve	(1,234)	-
Available for sale investment reserve	-	12,480
	<u>(759)</u>	<u>14,511</u>
Movements:		
<i>Foreign currency translation reserve</i>		
Balance at beginning of year	(315)	(367)
Currency translation differences arising during the year	(2,558)	52
Balance at end of year	<u>(2,873)</u>	<u>(315)</u>
<i>Share based remuneration equity reserve</i>		
Balance at beginning of year	2,347	2,270
Employee share remuneration	1,001	76
Balance at end of year	<u>3,348</u>	<u>2,346</u>
<i>Hedge reserve</i>		
Balance at beginning of year	-	-
Hedge reserve movements after tax	(1,234)	-
Balance at end of year	<u>(1,234)</u>	<u>-</u>
<i>Available for sale investment reserve</i>		
Balance at beginning of year	12,480	29,301
Reclassification of available for sale assets	(12,480)	-
Mark to market	-	(16,820)
Balance at end of year	<u>-</u>	<u>12,480</u>
(b) Accumulated Losses		
Balance at beginning of year	50,441	41,944
Net loss / (profit) attributable to members of IMX	(8,079)	8,497
Dilution effect of shares issued to non-controlling interest	(6,700)	-
Balance at end of year	<u>35,662</u>	<u>50,441</u>

(c) Nature and Purpose of Reserves

(i) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of the Company's net investment in a foreign subsidiary.

(ii) Share based remuneration reserve

The share based remuneration reserve is used to recognise the fair value of partly paid shares and options issued.

(iii) Hedge reserve

Comprises the movements in the fair value of derivatives used for hedging.

(iv) Available for sale investments reserve

Comprises the cumulative net change in the fair value of available for sale financial assets until the asset is derecognised or impaired.

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Consolidated

2011 **2010**
\$'000 **\$'000**

19. NON-CONTROLLING INTERESTS

Interests in:

Share capital	7,158	-
Reserves	(1,131)	-
Dilution effect of shares issued to non-controlling interests	(6,700)	-
Retained earnings	4,395	-
Closing balance	3,722	-

20. STATEMENT OF CASH FLOWS

Reconciliation of Net Profit / (Loss) after Tax to Net Cash used in Operating Activities

Profit / (loss) after income tax	12,474	(8,497)
Add / (deduct) non-cash items:		
Foreign currency movement in assets	281	57
Income tax expense / (benefit)	4,632	(1,896)
Depreciation	2,610	232
Amortisation of rehabilitation/restoration provision	120	(6)
Exploration expenditure written off	-	3,934
Write down of surplus rail equipment	-	882
Gain on sale of non-current assets	(515)	(35)
Employee share based remuneration	1,002	46
Available for sale investment reserve taken to P&L	(13,794)	-
Share of associate's profit/loss	6,349	-
Increase in foreign currency translation reserve	(3,401)	-
Unrealised hedge loss	1,947	-
Amounts related to finance activities	720	-
Value of shares issued for non-cash	1,012	-
Changes in assets and liabilities:		
Increase in receivables	(28,979)	(66)
Increase in inventory	(17,213)	(152)
Increase in deferred waste costs	-	(2,613)
Increase in other assets	-	(23)
Increase in payables	16,551	1,423
Increase/(decrease) in provision	297	(21)
Net cashflows used in operating activities	(15,907)	(6,734)

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21. INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c):

Name	Country of incorporation	Class of shares	Equity Holding*	
			2011 %	2010 %
Backyard Exploration Pty Ltd	Australia	Ordinary	100	100
Frugal Mining Pty Ltd	Australia	Ordinary	100	100
Pan African Resources Pty Ltd	Australia	Ordinary	100	100
Tausi Mining Pty Ltd	Australia	Ordinary	90	90
Outback Iron Pty Ltd	Australia	Ordinary	51	100
Termite Resources NL	Australia	Ordinary	51	100
Cairn Hill Phase 2 Pty Ltd	Australia	Ordinary	51	100
Cairn Hill Phase 3 Pty Ltd	Australia	Ordinary	51	100
Thrifty Mining Pty Ltd	Australia	Ordinary	100	100
Zanzibar Gold Pty Ltd	Australia	Ordinary	92	92
Duma Minerals (T) Ltd	Tanzania	Ordinary	92	92
Nyati Mining (T) Ltd	Tanzania	Ordinary	100	100
Pan African Resources (T) Ltd	Tanzania	Ordinary	100	100
Tausi Minerals Company Ltd	Tanzania	Ordinary	90	90
Warthog Resources (T) Ltd	Tanzania	Ordinary	100	100
Kudu Ltd	Tanzania	Ordinary	100	100
Goldstream Mozambique Limitada	Mozambique	Ordinary	100	100
Swynlay Pty Ltd	Australia	Ordinary	100	100
Noble Mineral Resources Pty Ltd	India	Ordinary	100	100

* Percentage of voting power is in proportion to ownership.

Consolidated	
2011	2010
\$'000	\$'000

22. EXPENDITURE COMMITMENTS

(a) Exploration Commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

- not later than one year	4,552	4,705

Exploration expenditure commitments beyond twelve months cannot be reliably determined.

(b) Capital Commitments

Plant & Equipment

- not later than one year	171	440

(c) Lease and Operating Contract Expenditure Commitments

Operating leases (non-cancellable):

Minimum lease payments

- not later than one year	338	264
- later than one year and not later than five years	196	104
Aggregate lease expenditure contracted for at reporting date	534	368

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The Group leases a number of office premises with fixed termed leases with lives of between one year and five years. Currently all leases will expire by 30 June 2013. Lease payments are increased each year to reflect market rentals under the terms of the lease.

Consolidated
2011 **2010**
\$'000 **\$'000**

Mining Lease Rentals:

Expected lease payments

- not later than one year	313	313
- later than one year and not later than five years	1,250	1,250
Aggregate lease expenditure contracted for at reporting date	<u>1,563</u>	<u>1,563</u>

The Group has one active mining lease, being ML 6303 for the Cairn Hill operations. This lease has a yearly rental of \$0.3m and currently expires in April 2018.

The Group has also entered into two operating leases in relation to the Cairn Hill mine site. A lease has been entered into with Cronos Containers Limited for the lease of the custom built containers that will be used to rail the ore to Port Adelaide. All of the containers have been delivered under this lease, at the date of this report, to Port Adelaide. An agreement has also been made with Gemco Rail Pty Ltd for the lease of the rail wagons of which all the wagons have been delivered. The lease terms are consistent with the life of the Cairn Hill Phase 1 mine and upon delivery of the wagons and containers the Group will have an ongoing monthly lease commitment. The Group has also entered into agreements for mining services, road haulage and rail haulage that all contain early termination payments. Details of the key lease terms and the termination payments on the supply contracts are summarised in the table below:

Supply/Lease	Contract Term	Key Terms and obligations
Lease of rail containers	60 months	Total lease commitment of \$15.0m over the 60 month lease (annual cost of \$3.0m)
Lease of rail wagons	60 months	Total lease commitment of \$10.8m over the 60 month lease (annual cost of \$2.2m)
Provision of rail haulage for ore	56 months	Under the agreement the Group will be required to pay termination fees for the early termination of this agreement. The fees represent the actual and reasonable demobilisation costs and a sliding scale termination fee. At 30 June 2010 the termination fee amounts to \$6.0m.
Mining and road haulage services	Approx. 56 months	Under the agreement the Group will be required to pay early termination fees for the termination of this agreement prior to its natural expiry. At 30 June 2010 the termination fee amounts to \$1.5m.

(d) Remuneration Commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in Note 21 that are not recognised as liabilities and are not included in the key management personnel compensation.

not later than one year	147	322
later than one year and not later than five years	-	208
	<u>147</u>	<u>530</u>

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Consolidated
2011 **2010**
\$'000 **\$'000**

23. EARNINGS PER SHARE

Reconciliation of Earnings to Profit of Loss

Net profit / (loss) attributable to shareholders of the Company	8,079	(8,497)
Profit/(loss) used in calculating basic earnings per share	8,079	(8,497)

Reconciliation of weighted average number of ordinary shares used to calculate basic and diluted earnings/ (loss) per share

	2011 Basic	2011 Diluted	2010 Basic	2010 Diluted
Opening balance of ordinary shares	230,802,803	230,802,803	174,472,803	-
Opening balance of options on issue	-	12,375,000	-	-
Placement to Taifeng and OZ Minerals Limited	28,481,781	28,481,781	19,495,397	-
Cancellation of options	-	(835,479)	-	-
Issue of new options	-	1,997,986	-	-
Issue to Anglo American	1,506,027	1,506,027	-	-
Exercise of options	29,096	-	18,630	-
Weighted average number of ordinary shares	260,819,707	274,328,118	193,986,830	-

24. AUDITORS' REMUNERATION

Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:

- an audit or review of the financial report of the entity	94,955	50,000
Amounts received or due and receivable by other auditors of subsidiaries or former subsidiaries for:		
- other services	-	8,356

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

The following persons were Directors of the Company during the financial year:

Johann C Jooste-Jacobs	Non-Executive Chairman (appointed 12 August 2007)
Duncan R McBain	Managing Director (appointed 30 March 2006)
Song Yuan Gang	Non-Executive Director (appointed 29 July 2010)
Chen Yu	Alternate Director (appointed 29 July 2010)
Stephen B Hunt	Non-Executive Director (appointed 3 July 2007)
Anthony J Haggarty	Non-Executive Director (appointed 29 January 2008)
Cao Xiangkui	Non-Executive Director (appointed 12 March 2008)
John S Nitschke	Non-Executive Director (appointed 23 December 2009)

(ii) Senior Executives

Bianca Manzi	General Manager Exploration (appointed 1 January 2007)
Andrew Steers	Chief Financial Officer/Company Secretary (appointed 2 February 2010)
Simon Parsons	General Manager – Cairn Hill Project (appointed 11 July 2008)

(b) Remuneration Policy of Key Management Personnel

Details of the remuneration policy of Key Management Personnel, including the Directors, is included in the audited Remuneration Report.

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(c) Directors and Executives Remuneration (KMP)

Remuneration of individual Directors and Key Management Personnel is disclosed in the Remuneration Report section of the Director's Report.

The totals of remuneration paid to Key Management Personnel of the Company and the Group during the year are as follows:

	Consolidated	
	2011	2010
	\$	\$
Short term employee benefits	1,446,294	1,153,706
Post-employment benefits	97,915	89,156
Other long term employee benefits	-	3,330
Termination benefits	-	108,044
Share based payments	821,406	56,858
	<u>2,365,615</u>	<u>1,411,094</u>

(d) Director's & KMP Holding of Shares

(i) Fully Paid Shares

	Balance 1 July 2010	Issued	Other Changes	Balance 30 June 2011
Specified Directors:				
J C Jooste-Jacobs	971,908	-	50,000	1,021,908
D R McBain	255,000	-	-	255,000
S B Hunt	150,000	-	-	150,000
A J Haggarty	7,064,522	-	-	7,064,522
Song Yuan Gang	-	51,771,000	-	51,771,000
Chen Yu	-	-	-	-
Cao Xiangkui	-	-	-	-
J S Nitschke	-	-	-	-
Total	<u>8,441,430</u>	<u>51,771,000</u>	<u>50,000</u>	<u>60,262,430</u>
Specified Executives:				
B Manzi	100,710	-	-	100,710
A N Steers	-	-	-	-
S Parsons	-	-	-	-
Total	<u>100,710</u>	<u>-</u>	<u>-</u>	<u>100,710</u>
	Balance 1 July 2009	Issued	Other Changes	Balance 30 June 2010
Specified Directors:				
J C Jooste-Jacobs	904,000	-	67,908	971,908
D R McBain	255,000	-	-	255,000
S B Hunt	150,000	-	-	150,000
A J Haggarty	7,064,522	-	-	7,064,522
Total	<u>8,373,522</u>	<u>-</u>	<u>67,908</u>	<u>8,441,430</u>
Specified Executives:				
B Manzi	100,710	-	-	100,710
K G France	55,780	-	-	55,780
S Parsons	-	-	-	-
Total	<u>156,490</u>	<u>-</u>	<u>-</u>	<u>156,490</u>

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(ii) Options

	Balance 1 July 2010 Number	Issued	Exercised	Balance 30 June 2011 Number
Specified Directors:				
J C Jooste-Jacobs	2,100,000	350,000	-	2,450,000
D R McBain	3,750,000	-	-	3,750,000
S B Hunt	1,550,000	350,000	-	1,900,000
A J Haggarty	1,550,000	350,000	-	1,900,000
J S Nitschke	-	500,000	-	500,000
Song Yuan Gang	-	485,000	-	485,000
Chen Yu	-	-	-	-
Cao Xiangkui	500,000	-	-	500,000
Total	9,450,000	2,035,000	-	11,485,000
Specified Executive:				
B Manzi	300,000	500,000	-	800,000
A N Steers	500,000	-	-	500,000
S Parsons	500,000	500,000	-	1,000,000
Total	1,300,000	1,000,000	-	2,300,000

	Balance 1 July 2009 Number	Issued	Exercised	Balance 30 June 2010 Number
Specified Directors:				
J C Jooste-Jacobs	2,100,000	-	-	2,100,000
D R McBain	3,750,000	-	-	3,750,000
S B Hunt	1,550,000	-	-	1,550,000
A J Haggarty	1,550,000	-	-	1,550,000
Cao Xiangkui	500,000	-	-	500,000
Total	9,450,000	-	-	9,450,000
Specified Executive:				
B Manzi	300,000	-	-	300,000
A N Steers	-	500,000	-	500,000
S Parsons	-	500,000	-	500,000
Total	300,000	1,000,000	-	1,300,000

26. RELATED PARTY DISCLOSURES

(a) Parent Entity

IMX Resources Limited is the ultimate Australian parent entity of the Group. IMX Resources Limited is a company limited by shares that is incorporated and domiciled in Australia.

(b) Wholly-Owned Group Transactions

Controlled entities made payments and received funds on behalf of IMX and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand, however demand for repayment is not expected in the next twelve months.

(c) Key Management Personnel

IMX has applied the option to transfer Key Management Personnel disclosures required by AASB 124: Related Parties, disclosure paragraph AUS 29.2 to AUS 29.9.3 to the remuneration report section of the Director's Report and Note 25 to the financial statements. These transferred disclosures have been audited.

(d) Joint venture partner

Sichuan Taifeng Group owns the other 49% of the Cairn Hill operation in South Australia as well as being the life of mine customer for all phase 1 ore. They are also the Company's largest shareholder. As at 30 June 2011, the Group was owed \$26.7m which is shown in trade and other receivables. Whilst these have been received in full subsequent to year end, Sichuan Taifeng were outside the payment terms allowable under the life of mine sales contract as at 30 June 2011. As disclosed in Note 16, the Group also owes \$16.4m to Sichuan Taifeng Group.

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27. OPERATING SEGMENTS

Segment products and locations

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

The Group operates in the resources industry. The Group carries out mining activities on the Cairn Hill Phase 1 Project representing the Group's only operating asset. All revenues and expenses from the Cairn Hill Project are included in the Cairn Hill operating segment. In addition to this operating asset, the Group's other operating segment is Exploration, which represents the Group's other exploration assets.

The exploration operating segment is further split between the geographic location of the projects, being Australia, Tanzania, Mozambique and India.

2011 (Consolidated)	Operating	Exploration				Totals
	Cairn Hill					
	Project	Australia	Tanzania	Mozambique	India	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	61,174	-	-	-	-	61,174
Cost of sales	(41,986)	-	-	-	-	(41,986)
As represented by:						
Mining	(24,517)	-	-	-	-	(24,517)
Planning and survey	(373)	-	-	-	-	(373)
Geology	(764)	-	-	-	-	(764)
Environment & rehab	(154)	-	-	-	-	(154)
Site administration	(4,604)	-	-	-	-	(4,604)
Crushing	(4,154)	-	-	-	-	(4,154)
Haulage	(30,398)	-	-	-	-	(30,398)
Marketing	(215)	-	-	-	-	(215)
Royalties and levies	(656)	-	-	-	-	(656)
Shipping & port operations	(5,689)	-	-	-	-	(5,689)
Deferred waste movement	14,441	-	-	-	-	14,441
Ore inventory movement	15,096	-	-	-	-	15,096
Gross profit/(loss)	19,188	-	-	-	-	19,188
Other income	3,930	-	-	-	-	3,930
Exploration expenses	(1,839)	(1,469)	(1,552)	(169)	(11)	(5,040)
Other expenditure						
Profit/(loss) before tax and finance	21,279	(1,469)	(1,552)	(169)	(11)	18,078
Finance costs	(165)	-	-	-	-	(165)
Profit/(loss) before tax	21,114	(1,469)	(1,552)	(169)	(11)	17,913

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2010 (Consolidated)	Operating	Exploration				Totals
	Cairn Hill Project \$'000	Australia \$'000	Tanzania \$'000	Mozambique \$'000	India \$'000	\$'000
Revenue	-	-	-	-	-	-
Net Operating Costs	(2,706)	-	-	-	-	(2,706)
As represented by:						
Mining	(1,241)	-	-	-	-	(1,241)
Planning and survey	(78)	-	-	-	-	(78)
Geology	(196)	-	-	-	-	(196)
Environment & rehab	(40)	-	-	-	-	(40)
Site administration	(555)	-	-	-	-	(555)
Crushing	(15)	-	-	-	-	(15)
Haulage	(486)	-	-	-	-	(486)
Marketing	(25)	-	-	-	-	(25)
Shipping & Port operations	(69)	-	-	-	-	(69)
Gross Profit/(Loss)	(2,706)	-	-	-	-	(2,706)
Other Income	49	-	-	-	-	49
Exploration Expenses	-	(2,307)	(1,493)	(120)	(13)	(3,934)
Development Expenditure	(1,354)	-	-	-	-	(1,354)
Other Expenditure	(882)	-	-	-	-	(882)
Profit/(loss) before tax and finance	(4,894)	(2,307)	(1,493)	(120)	(13)	(8,827)
Finance Costs	(49)	-	-	-	-	(49)
Profit/(loss) before tax	(4,942)	(2,307)	(1,493)	(120)	(13)	(8,876)

Reconciliation of profit before tax for the operating segments to the group profit before tax is provided as follows:

	Consolidated	
	2011 \$'000	2010 \$'000
Profit/(loss) before tax for Operating Segments (see table above)	17,913	(8,876)
- Corporate and administration costs	(5,046)	(2,227)
- Other income	14,803	710
- Share of associate's losses	(6,349)	-
- Other expenses	(4,215)	-
Profit/(loss) before tax for the Group	17,106	(10,393)

SEGMENT INFORMATION

	2011			2010		
	Revenues \$'000	Non-Current Assets \$'000	Total Assets \$'000	Revenues \$'000	Non-Current Assets \$'000	Total Assets \$'000
Australia	61,174	34,014	114,970	759	31,320	57,385
Tanzania	-	5	194	-	3	94
India	-	-	-	-	-	6
Mozambique	-	-	2	-	-	-
Consolidated	61,174	34,019	115,166	759	31,323	57,485

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Reconciliation of non-current assets for segments to the Group's total non-current assets is provided as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Non-current assets for Geographical Segments (see above)	34,019	31,323
- Equity accounted investments	12,961	-
- Deferred tax assets	-	1,896
Non-current assets for Group (see Consolidated Statement of Financial Position)	46,980	33,219

28. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and Group's activities expose it to a variety of financial risks, including market, credit and liquidity risk. For the Group market risk includes interest rate risk, foreign currency risk and equity securities price risk.

Financial risk management is carried out by the Group's Chief Financial Officer and Managing Director, in close co-operation with the Board. The Group obtains independent external advice as required to assist it in understanding and managing its exposures and risks. The Group held the following financial instruments at reporting date:

Consolidated	Note		
<i>Financial assets</i>			
Cash and cash equivalents	5	20,173	22,368
Trade and other receivables – non-current	7(b)	994	994
Trade and other receivables – current	7	30,143	693
Investments in associates	10	12,961	-
Other financial assets	9	-	12,787
Total Financial Assets		64,271	36,842
<i>Financial liabilities</i>			
Trade and other payables	14	27,116	6,346
Loans from related parties	16	16,352	-
Total Financial Liabilities		43,468	6,346

Recognised Financial Instrument	Notes	Accounting Policies	Terms & Conditions
i) Financial Assets			
Receivables	7	Receivables are carried at nominal amounts due.	Sales debtors are subject to industry comparable payment terms under the life of mine sales contract.
Investments in associates	10	Other financial assets are carried at market value where market prices are readily available, or at cost subject to impairment testing.	
ii) Financial Liabilities			
Payables	14, 16	Liabilities are recognised for the amounts to be paid in the future for goods and services received, whether or not billed to the Company.	Trade liabilities are nominally settled on 30 day terms.
Derivative financial instruments	14	Derivatives are recognised at fair value	

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Recognised Financial Instrument	Notes	Accounting Policies	Terms & Conditions
iii) Equity			
Ordinary Shares	17	Ordinary share capital is recognised at the issue price of the shares less capital raising costs.	

(a) Market Rate Risk

(i) Interest Rate Risk

The Group and the Company are exposed to interest rate volatility on deposits. Deposits at variable rates expose the Group and the Company to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk. The Group and the Company are not exposed to an interest rate risk on borrowings or convertible securities as no such facilities are in place which is no change from the prior year.

The exposure to interest rates is noted below recognised and unrecognised at the balance date, are as follows:

	Effective Average Interest Rate (%)	Variable Interest Rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
2011 (Consolidated)					
Financial assets					
Cash and cash equivalents	5.6%	7,013	13,037	123	20,173
Bonds and deposits	5.2%	-	966	28	994
		<u>7,013</u>	<u>14,003</u>	<u>151</u>	<u>21,167</u>
2010 (Consolidated)					
Financial assets					
Cash and cash equivalents	3.4%	5,177	17,111	80	22,368
Bonds and deposits	3.7%	-	966	28	994
		<u>5,177</u>	<u>18,077</u>	<u>108</u>	<u>23,362</u>

All fixed deposits are held for periods of less than 6 months.

Sensitivity Analysis

The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2011 as for 2010.

2011 (Consolidated)	Interest Rate Risk -100 basis points (-1%)			Interest Rate Risk +100 basis points (+1%)	
	Carrying Amount \$'000	Net Profit/ (Loss) \$'000	Equity \$'000	Net Profit/ (Loss) \$'000	Equity \$'000
Financial Assets					
Cash and cash equivalents	7,013	(70)	(70)	70	70
2010 (Consolidated)					
		Interest Rate Risk -100 basis points (-1%)		Interest Rate Risk +100 basis points (+1%)	
	Carrying Amount \$'000	Net Profit/ (Loss) \$'000	Equity \$'000	Net Profit/ (Loss) \$'000	Equity \$'000
Financial Assets					
Cash and cash equivalents	5,177	(52)	(52)	52	52

(ii) Foreign Currency Exchange Risk

The Group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies other than Australian dollars, the Group's presentation currency.

The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures to the United

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States dollar, the Canadian dollar, Indian rupees, Mozambique New Metical and to Tanzanian schillings.

The Group has not formalised a foreign currency risk management policy and it holds only limited amounts of cash in foreign currencies at any point in time. The Group monitors foreign currency expenditure in light of exchange rate movements and retains the right to withdraw from the foreign exploration commitments after minimum expenditure targets have been met.

During the year, 100% of the Group's operating revenues were denominated in United States dollars. After consultation with independent external experts, the Board decided to hedge its exposure to US dollars. Outback (which is 51% owned by the Group) entered a hedge of 30,000 tonnes per quarter for calendar years 2011 and 2012 at a price of A\$124 per tonne for 62% Fe on a WA FOB basis with Credit Suisse.

Sensitivity Analysis

A strengthening of the AUD, as indicated below, against the USD would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening		Weakening	
	Equity	Net Profit /	Equity	Net Profit /
	\$'000	(Loss)	\$'000	(Loss)
		\$'000		\$'000
2011 (Consolidated)				
USD (10%)	(2,401)	-	2,641	-
2010 (Consolidated)				
USD (10%)	(12)	-	13	-

(iv) Commodity price risk

The Group is exposed to commodity price risk. Contract iron ore prices are based on an international iron ore index. Outback (which is 51% owned by the Group) entered a hedge of 30,000 tonnes per quarter for calendar years 2011 and 2012 at a price of A\$124 per tonne for 62% Fe on a WA FOB basis with Credit Suisse. Given the Group shipped 435,504 tonnes of ore during the year, this represents a hedge of approximately 14% of the Group's commodity price exposure. The Group's remaining exposure to commodity price risk at the reporting date was as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Inventory	17,199	-

The Group has used the actual ranges of rate and price fluctuations observed over the reporting period to estimate its sensitivity to market rates. The Group's commodity price risk is primarily due to spot iron ore and copper prices.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to commodity price risk as at 30 June 2011. The Group had no exposure to commodity price risk at 30 June 2010. The Group has calculated the sensitivity to commodity price risk using a 15% fluctuation in commodity prices. This was considered reasonable compared to the 12 month historical fluctuations of the active market price indices of iron and copper.

		Commodity price risk -15%		Commodity price risk +15%	
	Carrying amount	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2011					
Financial assets					
Trade and other receivables	26,809	(3,725)	-	3,725	-
Financial liabilities					
Derivatives used for hedging	4,505	3,441	-	(3,441)	-
Total increase/ (decrease)		(284)	-	284	-

(iv) Equities securities price risk management

The Group is exposed to equity securities price risk which arises from investments held in other publicly listed companies as disclosed in Note 10. The Group does not actively trade these investments. Due to having a significant influence on these companies, the investments are accounted for under the equity method. Consequently, the consolidated statement of comprehensive income and net equity position of the Group will remain unchanged as a result of share price movements in these

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investments.

(b) Credit Risk Exposures

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated 2011 \$'000	Consolidated 2011 \$'000
Cash and cash equivalents	20,173	22,368
Trade and other receivables	31,137	1,687
	<u>51,310</u>	<u>24,055</u>

The Group's cash and cash equivalents are held with Australian banks with AA credit ratings.

The Group's maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

Cairn Hill life of mine customer	26,731	-
Government authorities	4,084	1,388
Other	322	298
	<u>31,137</u>	<u>1,686</u>

The Group has trade receivables arising through sales of ore to Sichuan Taifeng Group under the Cairn Hill life of mine sales contract. The Group monitors its receivables and provides for doubtful debts to the extent it considers the Group to be exposed to any credit risk. The Group does not have a formal credit risk management policy however the credit risk of the Group's major customer has been assessed by the Board and Management when the contract was entered and has been regularly assessed since that date. Credit assessments will be performed regularly to ensure that this customer is performing under the life of mine sales contract. At the date of this report, all amounts due from the Sichuan Taifeng Group had been paid.

No sensitivity has been made for credit risk exposures.

(c) Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost effective manner.

The Group's treasury function continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The Group does not have any long term liabilities or borrowings and thus liquidity is to manage the current financial commitments and requirements of the Group against the available cash resources.

Contractual maturities of financial liabilities

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
At 30 June 2011				
Trade payables	15,269	-	15,269	15,269
Derivatives used for hedging	3,571	934	4,505	4,505
Loans from related parties	-	16,352	16,352	16,352
Total	<u>18,840</u>	<u>17,286</u>	<u>36,126</u>	<u>36,126</u>
At 30 June 2010				
Trade payables	6,346	-	6,346	6,346
Total	<u>6,346</u>	<u>-</u>	<u>6,346</u>	<u>6,346</u>

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(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2011				
Liabilities	-	-	-	-
Derivatives used for hedging	-	934	-	934
Loans from related parties	-	-	16,352	16,352
Total liabilities	-	934	16,352	17,286
At 30 June 2010				
Assets				
Available-for-sale financial assets				
Equity securities	12,788	-	-	12,788
Total Assets	12,788	-	-	12,788

The fair value of trade and other payables per Note 14 approximates cost.

Consolidated	
2011	2010
\$'000	\$'000

29. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

Expense arising from equity-settled share based payment transactions

- vested	1,002	30
- not vested ⁽¹⁾	12	46
	1,014	76

⁽¹⁾ The amount expensed in relation to not-vested amounts relates to options that as at the reporting date, had not met their vesting conditions. A further amount of \$12,840 will be expensed during the 30 June 2012 financial year in relation to these options.

(b) Employee Share Scheme

On 27 November 2007, shareholders adopted the IMX Resources NL Share and Option Incentive Plan ("Plan") and subsequently adopted amendments on 25 June 2008. The Plan entitles Directors, Key Management Personnel and employees to purchase shares in the Company.

All options granted under the Plan expire on the earlier of the expiry date being a maximum of 5 years after the grant date or 6 months after the Eligible Employee ceases to be employed by the Group. The exercise price shall not be less than the 5 day volume weighted average price of the Company's ordinary shares immediately prior to the Board Determination Date.

As at 30 June 2011, 14,975,000 (30 June 2010: 12,375,000) options have been issued to Eligible Employees.

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(c) Summary of Options Granted under the Plan

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2011 No.	2011 WAEP	2010 No.	2010 WAEP
Outstanding at the beginning of the year	12,375,000	0.52	11,360,000	\$0.52
Granted during the year	3,610,000	0.45	1,475,000	\$0.41
Exercised during the year	(60,000)	0.41	(100,000)	\$0.34
Cancelled/expired during the year	(950,000)	0.54	(360,000)	\$0.50
Outstanding at the end of the year	14,975,000	0.50	12,375,000	\$0.52

(d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2011 is 2.57 years (2010: 2.84 years)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year is 29 cents to 57 cents.

(f) Option pricing model

The fair value of the equity settled share options granted under the Plan is estimated as at the date of grant/issue using a Black-Scholes Option pricing model taking into account the terms and conditions upon which the options were granted/issued.

The following table lists the inputs to the model used for the years 30 June 2011 and 30 June 2010:

	2011	2010
Dividend Yield	0%	0%
Expected volatility	55%	55%
Risk free interest rate	4.5%	4.5%
Expected life (years)	5	5
Option exercise price (cents)	38 - 57	38
Share price at grant date (cents)	38 - 57	38

The expected life of the options is fixed at the time of issue and is not necessarily indicative of when they may be exercised. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

30. EMPLOYEE SUPERANNUATION COMMITMENTS

The Group contributes to superannuation for employees in accordance with the Government Superannuation Guarantee Legislation. The Group has no obligation to meet any shortfall in the superannuation funds obligations to provide benefits to employees on retirement.

Directors' Declaration

31. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2011 the parent company of the Group was IMX Resources Limited.

Results of the parent entity	30 June 2011	30 June 2010
	\$'000	\$'000
Profit/(loss) for the period	1,017	(5,619)
Other comprehensive income	(13,249)	(10,542)
Total comprehensive income for the period	(12,232)	(16,161)
Financial position of the parent entity at year end		
Current assets	21,341	23,998
Total assets	61,570	58,293
Current liabilities	881	4,972
Total liabilities	988	5,019
Total equity of the parent entity comprising of:		
Share capital	100,976	86,005
Reserves	3,348	12,027
Retained earnings	(43,742)	(44,759)
Total Equity	60,582	53,274

The parent entity does not have any contingent liabilities and is not aware of any legal or other actions that have or are being brought against the company.

32. SUBSEQUENT EVENTS

On 17 August 2011, Duncan McBain announced his resignation as Managing Director of the Company after five and a half years in the role. The Company has commenced both a local and international search for the most suitably credentialed replacement. In the interim period, Andrew Steers has assumed the position of Acting Chief Executive Officer.

On 31 August 2011, the Group proposed, subject to a number of conditions, to distribute the shares it holds in Uranex NL to the Company's shareholders. The in specie distribution would be part capital reduction and part payment of a dividend. The distribution is subject to shareholder approval and requires amendments to the Company's constitution that will be sought at the AGM in early November 2011.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Audited Annual Financial Statements for the Year Ended June 30, 2010

(See attached)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMX RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of IMX Resources Limited, which comprises the statement of financial position as at 30 June 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

- (a) the financial report of IMX Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (a) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

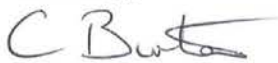
Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of IMX Resources Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Perth, Western Australia
Dated this 22nd day of September 2010

Income Statement

YEAR ENDED 30 JUNE 2010

	Notes	Consolidated	
		2010	2009
		\$	\$
Operating Revenue		-	-
Net Operating Costs	2	(2,705,800)	-
Gross Operating Loss		(2,705,800)	-
Other income	3	758,810	6,816,142
Investment Related Expenses		-	(241,342)
Corporate & Administration Expenses		(2,227,157)	(1,432,446)
Exploration Expenses		(3,933,549)	(2,310,089)
Development Activities		(1,354,361)	(913,021)
Other expenses	3	(882,080)	(1,639,652)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX AND FINANCE		(10,344,137)	279,592
Finance Costs		(48,687)	-
OPERATING PROFIT / (LOSS) BEFORE INCOME TAX		(10,392,824)	279,592
Income tax attributable to operating profit/(loss)	4	1,896,102	-
NET PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF IMX		(8,496,722)	279,592

Earnings Per Share (Cents per share)

Basic	19	(4.4)	0.2
Diluted	19	N/A	0.2

The above Income Statement is to be read in conjunction with the Notes to the Financial Statements.

Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	2009
	\$	\$
Profit/(Loss) for the financial period	(8,496,722)	279,592
Other comprehensive income:		
Foreign exchange translation differences	52,127	(651,402)
Net change in fair value of available-for-sale financial assets	(16,820,360)	(19,016,052)
Total comprehensive expense for the financial year	(25,264,955)	(19,387,862)

The above Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

Balance Sheet

AT 30 JUNE 2010

	Notes	Consolidated 2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	16(b)	22,368,333	7,658,517
Trade and other receivables	6(a)	692,521	448,003
Inventory	7	151,675	-
Other financial assets	8(a)	236,604	124,499
		23,449,133	8,231,019
Assets classified as held for sale	9	817,080	-
TOTAL CURRENT ASSETS		24,266,213	8,231,019
NON-CURRENT ASSETS			
Trade and other receivables	6(b)	994,030	1,001,205
Other financial assets	8(b)	12,550,509	29,247,673
Deferred tax assets	4(c)	1,896,102	-
Property, plant and equipment	10	17,778,523	8,335,816
Development expenditure	11(b)	-	5,621,789
TOTAL NON-CURRENT ASSETS		33,219,164	44,206,483
TOTAL ASSETS		57,485,377	52,437,502
CURRENT LIABILITIES			
Trade and other payables	12	6,345,619	742,106
Provisions	13(a)	261,326	289,905
TOTAL CURRENT LIABILITIES		6,606,945	1,032,011
NON-CURRENT LIABILITIES			
Provisions	13(b)	802,846	364,581
TOTAL NON-CURRENT LIABILITIES		802,846	364,581
TOTAL LIABILITIES		7,409,791	1,396,592
NET ASSETS		50,075,586	51,040,910
EQUITY			
Contributed equity	14(a)	86,005,462	61,781,754
Reserves	15(a)	14,511,061	31,203,371
Accumulated losses	15(b)	(50,440,937)	(41,944,215)
TOTAL EQUITY		50,075,586	51,040,910

The above Balance Sheet is to be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2010

Notes	Issued Capital	Reserves	Retained Earnings	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2008	61,644,504	50,321,671	(42,223,807)	69,742,368
Total Comprehensive Income for the 30 June 2009 financial year:				
- Profit for the year	-	-	279,592	279,592
- Foreign exchange translation differences	-	(651,402)	-	(651,402)
- Net change in fair value of available-for-sale financial assets		(19,016,052)	-	(19,016,052)
Transactions with owners in their capacity as owners:				
- Contributions of equity, net of transaction costs	137,250	-	-	137,250
- Employee share options – value of employee services	-	549,154	-	549,154
Balance at 30 June 2009	61,781,754	31,203,371	(41,944,215)	51,040,910
Total Comprehensive Income for the 30 June 2010 financial year:				
- Loss for the year	-	-	(8,496,722)	(8,496,722)
- Foreign exchange translation differences	-	52,127	-	52,127
- Net change in fair value of available-for-sale financial assets	-	(16,820,360)	-	(16,820,360)
Transactions with owners in their capacity as owners:				
- Contributions of equity, net of transaction costs	24,223,708	-	-	24,223,708
- Employee share options – value of employee services	-	75,923	-	75,924
Balance at 30 June 2010	86,005,462	14,511,061	(50,440,937)	50,075,586

The above Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

Statement of Cash Flows

YEAR ENDED 30 JUNE 2010

	Notes	Consolidated	
		2010	2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(7,595,499)	(2,219,523)
Interest received		505,967	753,629
Interest Paid		-	(1,603)
Other income received		355,424	423,078
Net cash flows (used in)/from operating activities	16(a)	(6,734,108)	(1,044,419)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of exploration expenditure		(4,048,631)	(2,213,008)
Payment of development expenditure		(598,626)	(3,909,517)
Purchase of investments (non-controlled entities)		(235,301)	-
Proceeds on sale of property, plant & equipment		140,061	1,180
Proceeds on sale of investments		-	5,463,646
Acquisition of property, plant & equipment		(50,331)	(424,744)
Payments for capital works in construction		(2,076,208)	(8,720,431)
Refund (payment) of security bond		(6,131)	(822,934)
Net cash flows used in investing activities		(6,875,167)	(10,625,808)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		24,660,470	-
Proceeds received in advance of the allotment of ordinary shares		4,100,000	-
Direct costs of equity issues		(436,762)	-
Proceeds from sale of forfeited shares		-	778,279
Net cash flows from financing activities		28,323,708	778,279
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		14,714,433	(10,891,948)
Add opening cash and cash equivalents brought forward		7,658,517	18,546,754
Effect of exchange rates on cash holdings in foreign currencies		(4,617)	3,711
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	16(b)	22,368,334	7,658,517

The above Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements as at and for the year ended 30 June 2010 comprise the IMX Resources Limited and its controlled entity (the "Consolidated Entity"). Disclosures on IMX Resources Limited (the "Company") as an individual entity are included at Note 17 to these financial statements.

IMX Resources Limited (the "Company") is a company domiciled in Australia. The consolidated entity is primarily involved in the exploration for minerals and the mining of iron and copper.

This financial report was authorised for issue in accordance with a resolution of the directors on 22 September 2010.

(a) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ("AASBs"), other authoritative pronouncements of the Australian Accounting Standards Board ("ASSB"), Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the IMX Resources Limited group also comply with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

These financial statements have been prepared on a going concern basis and under the historical cost convention, except for the following which is measured at fair value (if applicable):

- Available-for-sale financial assets.

Financial statement presentation

The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate disclosure of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequent, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Critical accounting estimates

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimate are significant to the financial statements are detailed at Note 1(b) below.

Changes in accounting policies

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the annual reporting period beginning 1 July 2009:

Financial Statement Presentation

The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Segment Reporting

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that use for internal reporting purposes. This has resulted in a change of reported segments (refer note 23). In addition the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. There has been no other impact on the measurement of the Group's assets and liabilities. Comparatives for 2009 have been restated

Business Combinations

A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

The changes were implemented prospectively from 1 July 2009 and did not have any impact on the Group.

Notes to the Financial Statements

30 JUNE 2010

(b) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Critical accounting estimates and assumptions

(i) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Development in relation to the Cairn Hill Phase 1 Project commenced being capitalised in the financial year to 30 June 2008, upon the signing of the heads of agreement with Tonghua Mining Group of China and the granting of a mineral lease.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

(ii) Mine rehabilitation and restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the accounting policy at Note 1(g). These provisions include future cost estimates which are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, engineering and other costs and discount rates. A change in any of these assumptions used may have a material impact on the carrying value of mine rehabilitation and restoration provisions.

(iii) Ore reserves and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment, intangible assets, provision for mine rehabilitation and restoration, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the income statement.

(iv) Income tax, deferred tax assets and liabilities

The consolidated entity is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the group provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is not certain. The consolidated entity recognises provision for potential tax issues based on estimates of amounts that were initially recorded. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax position in the period in which the determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Critical judgements in applying the consolidated entity's accounting policies

(i) Functional currency

An entity's functional currency is the currency of the primary economical environment in which the entity operates in accordance with accounting policy 1(k). Determination of an entity's function currency requires management judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations which impact sales prices. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

Notes to the Financial Statements

30 JUNE 2010

(c) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IMX Resources Limited (the "Company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries for the year ended. IMX Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the separate financial statements of IMX Resources Limited.

(d) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses recognised. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economical benefits associated with the item will flow to the consolidated entity and that the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability (including the ability to finance the project) of an area of interest are demonstrable, and also includes subsequent costs to develop the mine to the production phase.

Depreciation of mine property and development assets is calculated on the basis of units of production. The depreciation of mine, property and development assets commence when the mine starts commercial production. Depreciation is based on assessments of proven and probable reserves and a proportion of mineral resources available to be mined by the current production equipment to the extent that such resources are considered to be economically recoverable.

Other assets including surface plant are depreciated over the shorter of the asset's useful life and the life of mine. Gains and losses on disposals are determined by comparing proceeds with asset carrying amounts. These are included in the income statement.

Overburden and waste removal

Overburden and other waste removal costs (stripping costs) incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units of production basis.

Costs incurred in the removal of waste once an operation commences production activity (production stripping costs) are capitalised as mine property and development assets. A proportion of these deferred mine development costs, including both development stripping costs and production stripping costs, is charged to the income statement as an operating costs on the basis of the quantity of ore mined, or the quantity of the minerals contained in the ore, as a proportion of the operations' total quantity of ore estimated to be mined.

Changes in the technical and or other economic parameters that impact on reserves will also have an impact on the depreciation of capitalised mine property and development assets. These changes are accounted for prospectively from the date of change.

Amortisation of deferred stripping costs is included in depreciation of property, plant and equipment.

Notes to the Financial Statements

30 JUNE 2010

Depreciation

Depreciation of plant and equipment is calculated on a straight line basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 2% and 50% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(e) IMPAIRMENT OF ASSETS

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

Exploration and evaluation expenditure incurred is not carried forward as an asset in the Balance Sheet, and is written off in the year they are incurred.

Development costs are accumulated for each area of interest and is only capitalised if they can be measured reliably, the process is technically feasible, future economic benefits are probable and the Group intends to have sufficient resources to complete development and exploit the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Development in relation to the Cairn Hill Phase 1 Project commenced being capitalised in the financial year to 30 June 2008, upon the signing of the heads of agreement with Jilin Tonghua (Mining) Group of China and the granting of a mineral lease and was transferred to Mine Property and Development Assets as the asset has begun commercial operations.

(g) MINE REHABILITATION AND RESTORATION OBLIGATIONS

Provisions are made for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during the mine's operations up to the reporting date but not yet rehabilitated. Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated costs include the current cost of rehabilitation necessary to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation and restoration obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time.

The provision is recognised as a liability, separated into current (estimated costs arising within twelve months if applicable) and non-current components based on the expected timing of these cash flows. A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation and restoration provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved. Changes in the liability relating to mine rehabilitation and restoration obligations are added to or deducted from the related asset (where it is possible that future economic benefits will flow to the entity), other than the unwinding of the discount which is recognised as financing expenses in the income statement. Changes to capitalised cost result in an adjustment to future depreciation charges. The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

Notes to the Financial Statements

30 JUNE 2010

(h) OPERATING LEASES

Operating leases are not recognised in the Group's balance sheet.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(i) INCOME TAX

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account either as a deferred tax liability or as a deferred tax asset at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. When deferred tax relates to items that may be credited directly to equity, the deferred tax is adjusted directly against equity.

Deferred tax assets are not brought to account unless it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Company and its wholly owned Australian resident entities are not part of a tax consolidated group.

(j) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), unless the GST incurred is not recoverable from taxation authorities. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included with other receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, taxation authorities are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to taxation authorities. The net of GST payable and receivable is remitted to the appropriate tax body in accordance with legislative requirements.

(k) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Financial Statements of foreign operations

The financial results and position of foreign operations whose functional currency is not Australian dollars, the group's presentation currency, are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for each month during the period.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

Notes to the Financial Statements

30 JUNE 2010

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(l) ACCOUNTS PAYABLE

Trade and other payables are recognised when the Group becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non interest-bearing, unsecured and are usually paid within 30 days of recognition.

(m) PROVISIONS

Provisions for legal claims and other liabilities are recognised when:

- The consolidated entity has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised in the income statement as financing expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity from a contract is lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(n) EMPLOYEE BENEFITS

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, inclusive of on costs, when the liabilities are settled. The expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Long-term employee benefits

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government notes with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Employee bonuses

A provision is recognised for the amount expected to be paid under short-term bonus entitlements if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the director or employee and the obligation can be estimated reliably.

Share-based payment transactions

The fair value of options previously granted under IMX Resources Share and Option Incentive Plan and equity instruments granted under the Long-Term Incentive Scheme are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Notes to the Financial Statements

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The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

The market value of shares issued to employees for no cash consideration under the IMX Resources Share and Option Incentive Plan are recognised as an employee benefits expense with a corresponding increase in equity over the vesting period.

The fair value of these equity instruments does not necessarily relate to the actual value that may be received in future by the recipients.

(o) REVENUE RECOGNITION

Interest revenue is recognised on a time proportionate basis.

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of risks and rewards to the customer, no further processing is required by the consolidated entity, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. This is generally when title passes which for the majority of commodity sales represents the bill of lading date when the commodity is delivered for shipment.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable.

Revenue is reported net of discounts and pricing adjustments. Royalties paid and payable are separately reported as expenses.

(p) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) EARNINGS PER SHARE (EPS)

Basic earnings per share

Basic EPS is calculated as the profit (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(s) NON-DERIVATIVE FINANCIAL INSTRUMENTS

Classification

The consolidated entity classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and in the case of assets classified as held-to-maturity investments, re-evaluates this designation at each reporting date.

Notes to the Financial Statements

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(i) Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. Attributable transaction costs are recognised in profit or loss when incurred. Fair value is determined by reference to the quoted price at the reporting date.

(ii) Available-for-sale financial assets

The consolidated entity's investment in equity securities, excluding financial assets at fair value through profit or loss and investments accounted for using the equity method, are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised as a separate component of equity, net of related tax. Impairment losses are recognised in the income statement.

When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement. Fair value is determined by reference to the quoted price at the reporting date.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iv) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity, and are classified as held-to-maturity.

Recognition and derecognition

Regular purchases and sales of investments and other financial assets are recognised on trade-date being the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue when the consolidated entity's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the income statement and other changes are recognised in equity.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(t) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) INTERESTS IN JOINT VENTURES

The Group's interest in unincorporated joint ventures and jointly controlled assets are brought to account by including in the respective classifications, the share of individual assets employed, and liabilities and expenses incurred.

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(v) GOVERNMENT GRANTS

Grants that compensate the Group for expenses incurred are recognised in profit or loss when receipt of them is assured.

(w) SEGMENT REPORTING

Operating segments are components of the consolidated entity about which separate financial information is available that is evaluated regularly by the consolidated entity's key management personnel in deciding how to allocate resources and in assessing performance.

Segment information that is evaluated by key management is prepared in conformity with the accounting policies adopted for preparing the financial statements of the consolidated entity.

The division of the consolidated entity's results into segments has been ascertained by reference to direct identification of revenue/cost centres and where interrelated segment costs exist, an allocation has been calculated on a pro rata basis of the identifiable costs.

(x) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New and revised Standards and Interpretations issued but not yet applicable are not expected to have a significant impact on the financial position or performance of the Company. At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective and have not been early adopted by the Group for the 30 June 2010 financial year:

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	These amendments affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes.	1 January 2010	1 July 2010
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	1 July 2010

Notes to the Financial Statements

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AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1 January 2013	1 July 2013
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.	1 January 2011	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.	1 January 2011	1 July 2011
AASB 2009-13	Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	This amendment to AASB 1 allows a first-time adopter may apply the transitional provisions in Interpretation 19 as identified in AASB 1048.	1 July 2010	1 July 2010

(y) GOING CONCERN

The Directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The ability of the Company to continue as a going concern will be dependent on the ability to raise further funds as required.

Notes to the Financial Statements

30 JUNE 2010

	Consolidated	
	2010	2009
	\$	\$
2. NET OPERATING COSTS		
Mining costs	1,241,452	-
Mine Planning and survey	78,452	-
Geology	195,716	-
Environmental and rehabilitation	40,127	-
Mine administration and depreciation	554,691	-
Crushing	14,547	-
Haulage	486,404	-
Marketing	25,487	-
Shipping and Port operations	68,924	-
Total Operating Costs	2,705,800	-
3. OTHER INCOME AND EXPENSES		
Profit or loss from ordinary activities included the following items of revenue and expense:		
(a) Other Income		
Interest receivable from other persons	591,267	689,106
Profit on sale of royalty rights	-	5,462,641
Government grants and rebates received	116,241	653,515
Other	51,302	10,880
(b) Other Expenses		
Write down abandoned civil works	-	1,639,652
Write down in fair value of surplus rail equipment held for sale	882,080	-
4. INCOME TAX		
(a) Income Tax Expense		
The major components of income tax expense are:		
<i>Income Statement</i>		
<i>Current income tax</i>		
Current income tax charge/(benefit)	(3,134,142)	(45,491)
Adjustments in respect of current income tax of previous years	(131,729)	(169,652)
<i>Deferred income tax</i>		
Utilisation of unrecognised tax losses from prior years	-	(108,648)
Relating to origination and reversal of temporary differences	(2,330,734)	323,791
Amounts not brought to account as a deferred tax asset	3,700,503	-
Income tax expense/(benefit) reported in the income statement	(1,896,102)	-

Notes to the Financial Statements

30 JUNE 2010

Consolidated
2010 **2009**
\$ **\$**

(b) Numerical reconciliation between aggregate tax expenses recognised in the income statement and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

<i>Accounting Profit Before Tax</i>	(10,392,824)	279,592
At the parent entity's statutory income tax rate of 30% (2009: 30%)	(3,117,847)	83,878
Adjustments in respect of current income tax or previous years	(131,729)	(169,652)
Research and development deduction received	(30,728)	(273,142)
Entertainment	755	2,312
Legal fees	16,645	-
Share based payments	13,679	141,461
Foreign exchange gains and other translation adjustments	882	-
Other	(2,348,262)	323,791
Utilisation of losses from prior years not recognised	-	(108,648)
Losses not brought to account as deferred tax assets	3,700,503	-
Income tax expense/(benefit)	(1,896,102)	-

(c) Recognised deferred tax assets

Amounts recognised in the statement of financial position

Deferred tax asset	1,896,102	-
Deferred tax liability	-	-
	1,896,102	-

No income tax is payable by the Group. The Directors have considered it prudent not to bring to account the future income tax benefit of income tax losses and exploration deductions until there is a strong possibility of deriving assessable income of a nature and amount to enable such benefit to be realised. At 30 June 2010 the Group has recognised deferred tax assets for the first time in relation to losses and timing difference for Termite Resources NL, the owner of ML6303, which will be earning assessable income in the next financial year. Losses in relation to the remainder of the Group have not been brought to account and as such no other deferred tax assets or liabilities have been recorded.

Deferred tax at 30 June 2010 relates to the following:

Consolidated

(i) Deferred tax liabilities

Interest receivable	31,368	-
Inventory	45,503	-
Prepayments	523	-
Investments in publicly listed companies	3,744,090	-
Depreciation differences	190,611	-
Works in progress	810,959	-
Development costs	1,565,292	-
Gross deferred tax liability	6,388,346	-
Set-off of deferred tax assets	(6,388,346)	-
Net deferred tax liability	-	-

Notes to the Financial Statements

30 JUNE 2010

	Consolidated	
	2010	2009
	\$	\$
(i) Deferred tax assets		
Foreign currency balances	882	-
Accruals	15,000	-
Provision:		
Rehabilitation and restoration	226,687	97,500
Make good (office premises)	6,088	2,507
Annual, LSL & Superannuation	86,532	51,516
Section 40-880 costs	118,171	
Other (including carried forward losses)	12,068,603	7,896,335
Carried forward losses not brought to account as a deferred tax asset	(4,237,515)	(8,047,858)
Gross deferred tax asset	8,284,448	-
Set-off of deferred tax liabilities	(6,388,346)	-
Net deferred tax asset	1,896,102	-

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

6. TRADE AND OTHER RECEIVABLES

(a) Current

Accounts and other receivables	170,560	234,294
Accrued interest	104,560	19,288
Prepayments	22,999	-
Goods and services tax receivable	394,402	194,421
	<u>692,521</u>	<u>448,003</u>

(b) Non-Current

Security Bonds	994,030	1,001,205
	<u>994,030</u>	<u>1,001,205</u>

The company does not have any factors on hand to suggest that any of the above receivables will not be received and accordingly not provisions or fair value adjustments have been made.

7. Inventory

Diesel fuel on hand	151,675	-
	<u>151,675</u>	<u>-</u>

8. OTHER FINANCIAL ASSETS

(a) Current

Other	236,604	124,499
	<u>236,604</u>	<u>124,499</u>

(b) Non-Current

Investment in Uranex NL	5,285,233	17,820,054
Investment in Continental Nickel Ltd	7,265,276	11,427,619
	<u>12,550,509</u>	<u>29,247,673</u>

Notes to the Financial Statements

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Other financial assets (discussion)

Other financial assets are investments in listed entities valued at the fair market value in accordance with the quoted market price at 30 June 2010. The market values (AUD) of Uranex NL and Continental Nickel Ltd as at 21 September 2010 were \$6,111,051 and \$8,233,979 respectively.

IMX retains significant investments in Uranex NL of 26.67% and Continental Nickel Ltd of 37.2%. At 30 June 2010 the directors determined that IMX does not have significant influence over those entities as it does not have the power to participate in the financial and operating policy decisions of them. In reaching this determination the board considered:

- IMX does not have board representation for Continental Nickel Ltd;
- IMX did not have board representation for Uranex NL at 30 June 2010. Ms B Manzi, a key management person was a director of Uranex NL until she resigned on 24 August 2010. From 4 August 2009 until Ms Manzi's resignation, Mr Jooste-Jacobs was appointed as an alternate director. On 30 August 2010 Mr Jooste-Jacobs and Mr Hunt joined the board of Uranex as directors. The Uranex board currently comprises 5 directors;
- IMX does not participate in policy making processes including participation in decisions about dividends or other distributions;
- There are no material transactions between the entities;
- There is no interchange of managerial personnel; and
- There is no provision of essential technical information.

Despite the appointments of Messrs Jooste-Jacobs and Hunt to the Uranex Board, the directors of IMX Resources do not believe that they have significant influence over Uranex. Although the appointment of Messrs Jooste-Jacobs and Hunt was a result of IMX's significant shareholding their appointments were to strengthen the Uranex Board and to re-focus the company. Messrs Jooste-Jacobs and Hunt must act at all times in the best interest of Uranex NL of which they are now directors. IMX will be obtaining independent external advice to properly assess the impact of these appointments in relation to the Australian Accounting Standards to determine if the method of accounting applied at 30 June 2010 can be applied going forward.

9. ASSETS HELD FOR SALE

Current Assets Held for Sale

		Consolidated 2010 \$	Consolidated 2009 \$
Rail materials and equipment	10(c)	817,080	-
		817,080	-

The group currently holds track materials and signalling and other rail equipment that relates to purchases made for the intended rail shipping from the Cairn Hill site to Port Darwin. The change in rail shipping to Port Adelaide has resulted in these materials and equipment being surplus to requirements by the Group. Where possible the materials and equipment have been used.

The Group currently has an interested party in the equipment and some sales have been made, however, the Group understands that the sale of such equipment will be based on an as needs basis from potential purchasers.

10. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment (a)	530,948	705,488
Mine property and development (b)	9,180,702	-
Construction in progress (c)	8,066,873	7,630,328
	17,778,523	8,335,816

(a) Plant and Equipment		
<i>Plant and equipment</i>		
At cost	1,068,961	1,011,002
Accumulated depreciation	(538,013)	(305,514)
Carrying amount	530,948	705,488

Notes to the Financial Statements

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	Consolidated	
	2010	2009
	\$	\$
Carrying amount at beginning	705,488	519,393
Additions	57,959	421,184
Disposals	-	(37,330)
Depreciation expense	(232,499)	(197,759)
Carrying amount at end	530,948	705,488

(b) Mine Property and Development

Mine Property and Development

At cost		9,186,618	-
Accumulated depreciation		(5,916)	-
Carrying amount		9,180,702	-
Carrying amount at beginning		-	-
Transfer from Development Expenditure	11	5,714,414	-
Additions		471,614	-
Increase in rehabilitation and restoration asset		387,851	-
Capitalisation of deferred waste and pre-strip		2,612,739	-
Amortisation of rehabilitation and restoration asset		(5,916)	-
Carrying amount at end		9,180,702	-

(c) Construction in Progress

Construction in Progress

At cost		8,066,873	7,630,328
Accumulated depreciation		-	-
Carrying amount		8,066,873	7,630,328
Carrying amount at beginning		7,630,328	316,692
Additions		2,135,705	8,953,288
Surplus equipment transferred to Assets Held for Sale	9	(817,080)	-
Write-down in value of rail equipment		(882,080)	-
Abandoned civil works		-	(1,639,652)
Carrying amount at end		8,066,873	7,630,328

11. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

(a) Exploration and Evaluation

Expenditure incurred during the year	3,933,549	2,310,089
Expenditure written off during the year	(3,933,549)	(2,310,089)
	-	-

(b) Development

Balance 1 July	5,621,789	1,763,069
Expenditure incurred during the year	92,625	3,858,720
Transfer to Mine Property and Development	(5,714,414)	-
	-	5,621,789

All exploration and revaluation costs are written off in the period in which they occur. Development costs are only carried forward if there is certainty that they will be recoverable from future cash flows from the relevant area of interest. Once the project has demonstrated technical and commercial viability, including the ability of the Group to finance the project the development assets are transferred to Mine Property and Development Assets.

Notes to the Financial Statements

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Consolidated

2010 2009
\$ \$

12. TRADE AND OTHER PAYABLES

Current

Payables (creditors and accruals)	2,245,619	742,106
Other creditors	4,100,000	-
	<u>6,345,619</u>	<u>742,106</u>

Other creditors at 30 June 2010 includes the amount of \$4,100,000 which was paid to the Company by Sichuan Taifeng Group in advance of the placement of ordinary shares in the company. The placement was not approved by FIRB until 12 July 2010 and as a result the funds were held in advance of the allotment of the shares, accordingly the amount was recognised as a current liability at 30 June 2010.

13. PROVISIONS

(a) Current

Employee benefits	261,326	289,905

(b) Non-Current

Employee benefits	26,932	27,891
Minesite Rehabilitation	755,622	325,000
Office Restoration	20,292	11,690
	<u>802,846</u>	<u>364,581</u>

14. CONTRIBUTED EQUITY

(a) Issued and Paid up Capital

	2010		2009	
	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	230,802,803	86,005,462	174,472,803	61,781,754

(b) Movement in Fully Paid Ordinary Shares

	2010		2009	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	174,472,803	61,781,754	174,147,803	61,636,004
Placement of shares (net of cost) – OZ Minerals ⁽¹⁾	26,150,000	10,067,750	-	-
Placement of shares (net of cost) – Taifeng ⁽²⁾	30,080,000	14,121,958	-	-
Issue of shares for Mining Native Title Agreements	-	-	325,000	137,250
Exercise of employee stock options	100,000	34,000	-	-
Cancellation of partly paid shares	-	-	-	8,500
End of the financial year	<u>230,802,803</u>	<u>86,005,462</u>	<u>174,472,803</u>	<u>61,781,754</u>

(1) On 2 December 2009, the Company issued 26,150,000 Ordinary Shares at 38.5 cents per share in consideration for entering into a Heads of Agreement to establish the Mount Woods Joint Venture with OZ Minerals covering the non-iron ore mineral rights within the Mt Woods tenements.

(2) On 7 May 2010, the Company issued 30,080,000 Ordinary Shares at 48.4 cents per share in a private placement under a Heads of Agreement with the Sichuan Taifeng Group to assist in the development of the Cairn Hill Phase 1 Project.

Notes to the Financial Statements

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(c) Movement in Partly Paid Shares on Issue

	2010		2010	
	Number of partly paid shares	\$	Number of partly paid shares	\$
Beginning of the financial year (including uncalled capital)	-	-	850,000	8,500
Cancelled during the year	-	-	(850,000)	(8,500)
Converted to fully paid shares during the year	-	-	-	-
Less uncalled capital	-	-	-	-
End of the financial year	-	-	-	-

(d) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote. Upon a poll, each fully paid share shall have one vote and each partly paid share shall have such number of votes as bears the same proportion to the total of such shares as the amount of the issue price thereof paid up bears to the total issue price. There are no partly paid shares on issue.

(e) Movements in Options on Issue

	2010		2009	
	Number of options	\$	Number of options	\$
Beginning of the financial year	11,360,000	-	5,960,000	-
Issued during the year ⁽¹⁾	1,475,000	-	5,400,000	-
Exercised during the year	(100,000)	-	-	-
Cancelled/expired during the year	(360,000)	-	-	-
End of the financial year	12,375,000	-	11,360,000	-

⁽¹⁾ Issued during the year, includes those options granted and those options issued by way of a legal obligation under employment agreements with employees. At 30 June 2010 there are 500,000 options that have been issued (under a legal obligation) but are yet to be granted.

15. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	Consolidated	
	2010	2009
	\$	\$
Foreign currency translation reserve	(315,259)	(367,386)
Share based remuneration reserve	2,346,021	2,270,097
Available for sale investment reserve	12,480,300	29,300,660
	14,511,062	31,203,371

Movements:

<i>Foreign currency translation reserve</i>		
Balance at beginning of year	(367,386)	284,016
Currency translation differences arising during the year	52,127	(651,402)
Balance at end of year	(315,259)	(367,386)

Share based remuneration equity reserve

Balance at beginning of year	2,270,097	1,720,943
Employee Share Remuneration	75,924	549,154
Balance at end of year	2,346,021	2,270,097

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Consolidated

2010 2009
\$ \$

Available for sale investment reserve

Balance at beginning of year	29,300,660	48,316,712
Mark to Market	(16,820,360)	(19,016,052)
Balance at end of year	12,480,300	29,300,660

(b) Accumulated Losses

Balance at beginning of year	41,944,215	42,223,807
Net loss / (profit) attributable to members of IMX	8,496,722	(279,592)
Balance at end of year	50,440,937	41,944,215

(c) Nature and Purpose of Reserves

(i) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of the Company's net investment in a foreign subsidiary.

(ii) Share based remuneration reserve

The share based remuneration reserve is used to recognise the fair value of partly paid shares and options issued.

(iii) Available for sale investments reserve

Comprises the cumulative net change in the fair value of available for sale financial assets until the asset is derecognised or impaired.

16. STATEMENT OF CASH FLOWS

(a) Reconciliation of Operating Loss after Income Tax to Net Cash Used in Operating Activities

Operating profit / (loss) for the year after income tax	(8,496,722)	279,592
Add / (deduct) non-cash items		
Foreign currency movement in assets	56,743	(651,402)
Profit on sale of royalty rights	-	(5,462,641)
Profit on loss of subsidiary	-	-
Depreciation	232,499	197,759
Exploration expenditure written off	3,933,549	2,310,089
Abandoned capital works written off	-	1,639,652
Fair value adjustment of other financial assets	-	241,342
Write down of surplus rail equipment	882,080	-
(Gain)/Loss on sale of non-current assets	(34,878)	-
Amortisation of rehabilitation/restoration provision	(5,916)	-
Employee share based remuneration	45,598	417,538
Changes in assets and liabilities		
(Increase) / decrease in receivables	(65,821)	(168,982)
(Increase)/decrease in inventory	(151,675)	-
(Increase)/decrease in current tax assets	(1,896,102)	-
(Increase)/decrease in deferred waste costs	(2,612,739)	-
(Increase)/decrease in other assets	(22,999)	-
Increase/(decrease) in payables	1,423,211	-
Increase/(decrease) in provision	(20,936)	(27,443)
Net cashflows used in operating activities	(6,734,108)	(1,044,419)

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Consolidated

2010 2009
\$ \$

(b) Reconciliation of Cash and Cash Equivalents

Cash Balance comprises:

Cash at Bank	264,516	198,672
Cash at Deposit	22,102,729	7,458,285
Cash at Hand	1,088	1,560
	<u>22,368,333</u>	<u>7,658,517</u>

Included in the above cash at deposit balance is an amount of \$4.1 million representing the advance payment from the Sichuan Taifeng Group for an allotment of ordinary shares. The allotment of ordinary shares did not occur until 12 July 2010.

17. INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

Name	Country of incorporation	Class of shares	Equity Holding*	
			2010 %	2009 %
Backyard Exploration Pty Ltd	Australia	Ordinary	100	100
Frugal Mining Pty Ltd	Australia	Ordinary	100	100
Pan African Resources Pty Ltd	Australia	Ordinary	100	100
Tausi Mining Pty Ltd	Australia	Ordinary	90	90
Outback Iron Pty Ltd	Australia	Ordinary	100	100
Termite Resources NL	Australia	Ordinary	100	100
Cairn Hill Phase 2 Pty Ltd	Australia	Ordinary	100	100
Cairn Hill Phase 3 Pty Ltd	Australia	Ordinary	100	100
Thrifty Mining Pty Ltd	Australia	Ordinary	100	100
Zanzibar Gold Pty Ltd	Australia	Ordinary	92	92
Duma Minerals (T) Ltd	Tanzania	Ordinary	92	92
Nyati Mining (T) Ltd	Tanzania	Ordinary	100	100
Pan African Resources (T) Ltd	Tanzania	Ordinary	100	100
Tausi Minerals Company Ltd	Tanzania	Ordinary	90	90
Warthog Resources (T) Ltd	Tanzania	Ordinary	100	100
Kudu Ltd	Tanzania	Ordinary	100	100
IMX Mozambique Limitada	Mozambique	Ordinary	100	100
Swynlay Pty Ltd	Australia	Ordinary	100	100
Noble Mineral Resources Pvt Ltd	India	Ordinary	100	100

* Percentage of voting power is in proportion to ownership.

Consolidated

2010 2009
\$ \$

18. EXPENDITURE COMMITMENTS

(a) Exploration Commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

not later than one year	<u>4,705,088</u>	<u>2,942,860</u>

Exploration expenditure commitments beyond twelve months cannot be reliably determined.

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Consolidated

2010 2009
\$ \$

(b) Capital Commitments

Plant & Equipment

not later than one year

440,453 385,147

(c) Lease and Operating Contract Expenditure Commitments

Operating leases (non-cancellable):

Minimum lease payments

- not later than one year

264,191 270,209

- later than one year and not later than five years

103,670 382,081

Aggregate lease expenditure contracted for at reporting date

367,861 652,290

The Group leases a number of office premises with fixed termed leases with lives of between one year to five years. Currently all leases will expire by 30 June 2013. Lease payments are increased each year to reflect market rentals under the terms of the lease.

Mining Lease Rentals:

Expected lease payments

- not later than one year

312,507 312,507

- later than one year and not later than five years

1,250,028 1,250,028

Aggregate lease expenditure contracted for at reporting date

1,562,535 1,562,535

The Group has one active mining lease, being ML 6303 for the Cairn Hill operations. This lease has a yearly rental of \$312,507 and currently expires in April 2018.

The Group has also entered into two operating leases in relation to the Cairn Hill mine site. A lease has been entered into with Cronos Containers Limited for the lease of the custom built containers that will be used to rail the ore to Port Adelaide. A small amount of the containers to be delivered under this lease have, at the date of this report, been delivered to Port Adelaide. An agreement has also been made with Gemco Rail Pty Ltd for the lease of the rail wagons of which no wagons have yet been delivered. The lease terms are consistent with the life of the Cairn Hill Phase 1 mine and upon delivery of the wagons and containers the Group will have an ongoing monthly lease commitment. The Group has also entered into agreements for mining services, road haulage and rail haulage that all contain early termination payments. Details of the key lease terms and the termination payments on the supply contracts are summarised in the table below:

Supply/Lease	Contract Term	Key Terms and obligations
Lease of rail containers	60 months	Total lease commitment of \$20,986,328 over the 60 month lease (annual cost of \$4,197,266)
Lease of rail wagons	60 months	Total lease commitment of \$12,047,400 over the 60 month lease (annual cost of \$2,409,480)
Provision of rail haulage for ore	56 months	Under the agreement the Group will be required to pay termination fees for the early termination of this agreement. The fee's represent the actual and reasonable demobilisation costs and a sliding scale termination fee. At 30 June 2010 the termination fee amounts to \$1,245,545.
Mining and road haulage services	Approx. 56 months	Under the agreement the Group will be required to pay early termination fees for the termination of this agreement prior to its natural expiry. At 30 June 2010 the termination fee amounts to \$2,185,000.

(d) Remuneration Commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in note 21 that are not recognised as liabilities and are not included in the key management personnel compensation.

not later than one year

321,821 355,247

later than one year and not later than five years

208,672 476,964

530,493 832,211

(e) Other Commitments

- The Group acquired mining tenements in Australia and India from Anglo American Group ("Anglo"). Anglo has a once only right to acquire a 70% interest in any prospect or prospects on any of the tenements. Upon definition of an Indicated Mineral Resource by IMX, Anglo must notify IMX of its intention to exercise its right to acquire a 70% interest in

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the tenement(s), hosting the resource. If Anglo elects to acquire a 70% interest, it may do so by sole funding exploration (that is carrying IMX's 30% interest) through to completion of a Bankable Feasibility Study. Anglo will also pay to IMX a cash amount equivalent to 200% of IMX's expenditure on the tenement(s) hosting the resource up to the point of Anglo's election. Should Anglo not exercise its right to acquire that 70% interest, IMX will have 100% of the resource and Anglo will be entitled to a 2% Net Smelter Royalty. IMX has undertaken to spend a minimum of \$1.5 million on the tenements as long as they remain in existence.

- Anglo American Investments Ltd (a wholly owned subsidiary of Anglo American Plc) has the right to maintain its shareholding in the Company at 8% by participating in share placements at the average market price.

Consolidated

2010	2009
\$	\$

19. PROFIT PER SHARE

Reconciliation of Earnings to Profit of Loss

Net profit / (loss)	(8,496,722)	279,592
Profit/(loss) used in calculating basis loss per share	(8,496,722)	279,592

Number of shares

Weighted average number of ordinary shares used in calculating basic profit per share	193,986,830	174,426,433
Weighted average number of ordinary shares used in calculating diluted profit per share	N/A	183,907,529

20. AUDITORS' REMUNERATION

Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:

- an audit or review of the financial report of the entity	50,000	-

Amounts received or due and receivable by other auditors of subsidiaries or former subsidiaries for:

- an audit or review of other financial report	8,356	-

Amounts received or due and receivable by Stantons International (previous auditors) for:

- an audit or review of the financial report of the entity	23,000	36,291

Amounts received or due and receivable by other auditors of subsidiaries or former subsidiaries for:

- an audit or review of the financial report of the subsidiaries	500	11,091

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

The following persons were directors of IMX during the financial year:

Johann C Jooste-Jacobs	Non-Executive Chairman (appointed 12 August 2007)
Duncan R McBain	Managing Director (appointed 30 March 2006)
Stephen B Hunt	Non-Executive Director (appointed 3 July 2007)
Anthony J Haggarty	Non-Executive Director (appointed 29 January 2008)
Cao Xiangkui	Non-Executive Director (appointed 12 March 2008)
John S Nitschke	Non-Executive Director (appointed 23 December 2009)

(ii) Senior Executives

Bianca Manzi	General Manager Exploration (appointed 1 January 2007)
Andrew Steers	Chief Financial Officer/Company Secretary (appointed 2 February 2010)
Simon Parsons	General Manager – Cairn Hill Project (appointed 11 July 2008)
Kim France	Chief Financial Officer/Company Secretary (resigned 12 February 2010)

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(b) Remuneration Policy of Key Management Personnel

Details of the remuneration policy of key management personnel, including the Directors, is included in the audited Remuneration Report.

(c) Directors and Executives Remuneration (KMP)

Remuneration of individual directors and key management personnel is disclosed in the Remuneration Report section of the Director's Report.

The totals of remuneration paid to Key Management Personnel of the company and the Group during the year are as follows:

	Consolidated	
	2010	2009
	\$	\$
Short term employee benefits	1,153,706	1,037,871
Post employment benefits	89,156	77,385
Other long term employee benefits	3,330	3,980
Termination benefits	108,044	-
Share based payments	56,858	417,538
	1,411,094	1,528,803

(d) Related Party Transactions

Transactions with Directors Related Entities

Identity of Related Party	Nature of Relationship	Type of Transaction	Terms & Conditions of Transaction	Aggregate Amount
Mr S B Hunt – Director and shareholder of Minerals and Metals Marketing Pty Ltd	Director of parent entity	Consulting fees paid to Minerals and Metals Marketing Pty Ltd	Normal commercial terms	\$1,000 (2009: \$13,000)
Mr A J Haggarty	Director of parent entity	Consulting fees paid to XLX Pty Ltd	Normal commercial terms	Nil (2009:\$65,250)

The above does not include director's fees as disclosed in Remuneration Report.

Transactions with Associated Companies

Identity of Related Party	Nature of Relationship	Type of Transaction	Terms & Conditions of Transaction	Aggregate Amount
Uranex NL	34.25% ownership of Uranex NL	Service agreement for sharing of rental premises and personnel	Normal commercial terms	Nil (2009: \$67,142)
Continental Nickel Ltd	47.5% ownership of Continental Nickel Ltd	Charges for direct costs on CNI projects	Normal commercial terms	Nil (2009: Nil)

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(e) Director's & KMP Holding of Shares

(i) Fully Paid Shares

	Balance 1 July 2009	Issued	Other Changes	Balance 30 June 2010
Specified Directors:				
J C Jooste-Jacobs (appointed 12 August 2007)	904,000	-	67,908	971,908
D R McBain	255,000	-	-	255,000
S B Hunt (appointed 3 July 2007)	150,000	-	-	150,000
A J Haggarty (appointed 29 January 2008)	7,064,522	-	-	7,064,522
Cao Xiangkui	-	-	-	-
J S Nitschke	-	-	-	-
Total	8,373,522	-	67,908	8,441,430
Specified Executive:				
B Manzi	100,710	-	-	100,710
A N Steers	-	-	-	-
S Parsons	-	-	-	-
Total	100,710	-	-	100,710

	Balance 1 July 2008	Issued	Other Changes	Balance 30 June 2009
Specified Directors:				
J C Jooste-Jacobs (appointed 12 August 2007)	705,000	-	199,000	904,000
D R McBain	255,000	-	-	255,000
S B Hunt (appointed 3 July 2007)	150,000	-	-	150,000
A J Haggarty (appointed 29 January 2008)	6,454,522	-	610,000	7,064,522
Total	7,564,522	-	819,000	8,373,522
Specified Executive:				
B Manzi	100,710	-	-	100,710
K G France	43,780	-	12,000	55,780
S Parsons	-	-	-	-
Total	144,490	-	12,000	156,490

(ii) Options

	Balance 1 July 2009 Number	Issued	Exercised	Balance 30 June 2010 Number
Specified Directors:				
J C Jooste-Jacobs (appointed 12 August 2007)	2,100,000	-	-	2,100,000
D R McBain	3,750,000	-	-	3,750,000
S B Hunt (appointed 3 July 2007)	1,550,000	-	-	1,550,000
A J Haggarty (appointed 29 January 2008)	1,550,000	-	-	1,550,000
Cao Xiangkui (appointed 12 March 2008)	500,000	-	-	500,000
Total	9,450,000	-	-	9,450,000
Specified Executive:				
B Manzi	600,000	-	-	600,000
A N Steers	-	500,000	-	500,000
S Parsons	-	500,000	-	500,000
Total	600,000	1,000,000	-	1,600,000

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	Balance 1 July 2008 Number	Issued	Exercised	Balance 30 June 2009 Number
Specified Directors:				
J C Jooste-Jacobs (appointed 12 August 2007)	1,000,000	1,100,000	-	2,100,000
D R McBain	2,500,000	1,250,000	-	3,750,000
S B Hunt (appointed 3 July 2007)	500,000	1,050,000	-	1,550,000
A J Haggarty (appointed 29 January 2008)	500,000	1,050,000	-	1,550,000
Cao Xiangkui (appointed 12 March 2008)	500,000	-	-	500,000
Total	5,000,000	4,450,000	-	9,450,000
Specified Executive:				
B Manzi	300,000	300,000	-	600,000
K G France	300,000	650,000	-	950,000
S Parsons	-	-	-	-
Total	600,000	950,000	-	1,550,000

22. RELATED PARTY DISCLOSURES

(a) Parent Entity

IMX Resources Limited is the ultimate Australian parent entity of the consolidated entity. IMX Resources Limited is a company limited by shares that is incorporated and domiciled in Australia.

(b) Wholly-Owned Group Transactions

Controlled entities made payments and received funds on behalf of IMX and other controlled entities by way of inter-Company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand, however demand for repayment is not expected in the next twelve months.

(c) Key Management Personnel

IMX has applied the option to transfer Key Management Personnel disclosures required by AASB 124 : Related Parties, disclosure paragraph AUS 25.4 to AUS 25.7.2 to the remuneration report section of the Director's Report. These transferred disclosures have been audited.

23. OPERATING SEGMENTS

Segment products and locations

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

The consolidated entity operates in the Resources Industry. During the 2009/2010 financial year the Group commenced mining activities on the Cairn Hill Phase 1 Project representing the Group's first operating asset. The Cairn Hill Project has been in the development phase for the past two years and the expenses associated with that development phase are included in the Cairn Hill Operating Segment. In addition to this operating asset, the Group's other operating segment is Exploration, which represents the Group's other exploration assets.

The Exploration Operating Segment is further split between the geographic location of the projects, being Australia, Tanzania, Mozambique and India.

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2010	Operating Cairn Hill Project \$	Australia \$	Tanzania \$	Mozambique \$	India \$	Totals \$
Revenue	-	-	-	-	-	-
Net Operating Costs	(2,705,800)	-	-	-	-	(2,705,800)
As represented by:						
Mining	(1,241,452)	-	-	-	-	(1,241,452)
Planning and survey	(78,452)	-	-	-	-	(78,452)
Geology	(195,716)	-	-	-	-	(195,716)
Environment & rehab	(40,127)	-	-	-	-	(40,127)
Site administration	(554,691)	-	-	-	-	(554,691)
Crushing	(14,547)	-	-	-	-	(14,547)
Haulage	(486,404)	-	-	-	-	(486,404)
Marketing	(25,487)	-	-	-	-	(25,487)
Shipping & Port operations	(68,924)	-	-	-	-	(68,924)
Gross Profit	(2,705,800)	-	-	-	-	(2,705,800)
Other Income	48,691	-	-	-	-	48,691
Exploration Expenses	-	(2,307,187)	(1,492,966)	(119,939)	(13,457)	(3,933,549)
Development Expenditure	(1,354,361)	-	-	-	-	(1,354,361)
Other Expenditure	(882,080)	-	-	-	-	(882,080)
Profit before tax and finance	(4,893,550)	(2,307,187)	(1,492,966)	(199,939)	(13,457)	(8,827,099)
Finance Costs	(48,687)	-	-	-	-	(48,687)
Profit before tax	(4,942,237)	(2,307,187)	(1,492,966)	(199,939)	(13,457)	(8,875,786)

2009	Operating Cairn Hill Project \$	Australia \$	Tanzania \$	Mozambique \$	India \$	Totals \$
Revenue	-	-	-	-	-	-
Net Operating Costs	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
Other Income	242,411	-	-	-	-	242,411
Exploration Expenses	-	(2,140,578)	(121,053)	(9,421)	(39,037)	(2,310,089)
Development Expenditure	(913,021)	-	-	-	-	(913,021)
Other Expenditure	(1,639,652)	-	-	-	-	(1,639,652)
Profit before tax and finance	(2,310,232)	(2,140,578)	(121,053)	(9,421)	(39,037)	(4,620,321)
Finance Costs	-	-	-	-	-	-
Profit before tax	(2,310,232)	(2,140,578)	(121,053)	(9,421)	(39,037)	(4,620,321)

Reconciliation of profit before tax for the operating segments to the group profit before tax is provided as follows:

	2010 \$	2009 \$
Profit before tax for Operating Segments (see table above)	(8,875,786)	(4,620,321)
- Corporate and administration costs	(2,227,157)	(1,432,446)
- Other income	710,119	6,573,701
- Investment related expenses	-	(241,342)
Profit before tax for the Group	(10,392,824)	279,592

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Geographic segments

	2010		2009	
	Revenues	Non-Current Assets	Revenues	Non-Current Assets
	\$	\$	\$	\$
Australia	758,810	31,319,723	6,816,139	44,201,083
Tanzania	-	3,339	3	5,400
India	-	-	-	-
Mozambique	-	-	-	-
Consolidated	758,810	31,323,062	6,816,142	44,206,483

Reconciliation of non-current assets for geographical segments to the group's total non-current assets is provided as follows:

	2010 \$	2009 \$
Consolidated		
Non-current assets for Geographical Segments (see above)	31,323,062	44,206,483
- Deferred tax assets	1,896,102	-
Non-current assets for Group (see Balance Sheet)	33,219,164	44,206,483

24. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and consolidated entity's activities expose it to a variety of financial risks, including market, credit and liquidity risk. For the Group market risk includes interest rate risk, foreign currency risk and equity securities price risk.

Financial risk management is carried out by the Group's Chief Financial Officer and Managing Director, in close co-operation with the Board. The Group obtains independent external advice as required to assist it in understanding and managing its exposures and risks. The Consolidated entity held the following financial instruments at reporting date:

		2010 \$	2009 \$
Consolidated	Note		
<i>Financial assets</i>			
Cash and cash equivalents	16(b)	22,368,333	7,658,517
Bonds and deposits	6(b)	994,030	1,001,205
Trade and other receivables	6	692,521	448,003
Other financial assets	8	12,787,113	29,247,673
Total Financial Assets		36,841,997	38,355,398
<i>Financial liabilities</i>			
Trade and other payables	12	6,345,619	742,106
Total Financial Liabilities		6,345,619	742,106

Recognised Financial Instrument	Balance Sheet Notes	Accounting Policies	Terms & Conditions
i) Financial Assets			
Receivables – Other	6	Receivables are carried at nominal amounts due	
Shares in listed entities	8	Other financial assets are carried at market value where market prices are readily available, or at cost subject to impairment testing	
Investments	8	Investments are carried at market value where market prices are readily available, or at cost	

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subject to impairment testing.

Recognised Financial Instrument	Balance Sheet Notes	Accounting Policies	Terms & Conditions
ii) Financial Liabilities			
Payables	12	Liabilities are recognised for the amounts to be paid in the future for goods and services received, whether or not billed to the Company.	Trade liabilities are nominally settled on 30 day terms.
Interest bearing liabilities		Other loans are carried at the principal amount. Interest is charged as it accrues.	
iii) Equity			
Ordinary Shares	14	Ordinary share capital is recognised at the issue price of the shares less capital raising costs.	

(a) Market Rate Risk

(i) Interest Rate Risk

The consolidated entity and the Company are exposed to interest rate volatility on deposits. Deposits at variable rates expose the consolidated entity and the Company to cash flow interest rate risk. Deposits at fixed rates expose the consolidated entity to fair value interest rate risk. The consolidated entity and the Company are not exposed to an interest rate risk on borrowings or convertible securities, as no such facilities are in place.

The exposure to interest rates is noted below recognised and unrecognised at the balance date, are as follows:

	Effective Average Interest Rate (%)	Variable Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$
2010 (Consolidated)					
<i>Financial assets</i>					
Cash and cash equivalents	5.3	5,176,952	17,111,267	80,114	22,368,333
Bonds and deposits	5.0	-	965,884	28,146	994,030
		5,176,952	18,077,151	108,260	23,362,363
2009 (Consolidated)					
<i>Financial assets</i>					
Cash and cash equivalents	3.4%	458,285	7,000,000	200,232	7,658,517
Bonds and deposits	3.7%	-	965,884	35,646	1,001,530
		458,285	7,965,884	235,878	8,660,047

All fixed deposits are held for periods of less than 6 months.

(i) Interest Rate Risk

Sensitivity Analysis

The following tables summarise the sensitivity of the Group' financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2010 and 2009.

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2010 (Consolidated)	Carrying Amount	Interest Rate Risk -100 basis points (-1%)		Interest Rate Risk +100 basis points (+1%)	
		Net Profit/ (Loss) \$	Equity \$	Net Profit/ (Loss) \$	Equity \$
Financial Assets					
Cash and cash equivalents	\$5,176,952	(51,769)	(51,769)	51,769	51,769
2009 (Consolidated)					
	Carrying Amount	Interest Rate Risk -100 basis points (-1%)		Interest Rate Risk +100 basis points (+1%)	
		Net Profit/ (Loss) \$	Equity \$	Net Profit/ (Loss) \$	Equity \$
Financial Assets					
Cash and cash equivalents	\$458,285	(4,583)	(4,583)	4,583	4,583

(ii) Foreign Currency Exchange Risk

The Group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies other than Australian dollars, the Group's presentation currency.

The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures to the United States dollar, the Canadian dollar, Indian rupees, Mozambique New Meticals and to Tanzania schillings.

The Group has not formalised a foreign currency risk management policy and it holds only limited amounts of cash in foreign currencies at any point in time. The Group monitors foreign currency expenditure in light of exchange rate movements and retains the right to withdraw from the foreign exploration commitments after minimum expenditure targets have been met.

It is anticipated that during the forthcoming 2011 financial year the Group will commence earning revenues that are likely to be denominated in United States dollars. The Board is currently assessing its exposure that will result from these revenues as only limited natural currency hedges exist in relation to a small amount of the operating entities operating costs. The Board and Management will be assisted by independent external experts as and when required to assist in developing its foreign currency risk management policies and exposures.

No sensitivity has been made for foreign currency risk as management considers it does not have any material impact.

(iii) Equities securities price risk management

The Group is exposed to equity securities price risk which arises from investments held in other publicly listed companies. The Group does not actively trade these investments and they are carried at fair value based on the quoted share prices as stipulated by AASB 7.

As the market adjustments to fair value are made through equity accounts, the sensitivity of the Group to share price movements does not impact the income statement. An increase in the share price of these listed securities of 1% and 25% will increase Group's equity position by \$127,872 and \$3,196,800 respectively and a decrease of 1% and 25% will decrease the Group's equity position by \$127,872 and \$3,196,800 respectively.

(b) Credit Risk Exposures

The Group has accounts receivable arising primarily through transactions with associate companies, joint venture partners and government authorities. The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the balance sheet and notes to the financial statements.

The Group monitors its accounts receivable and provides for doubtful debts to the extent it considers the Group to be exposed to any credit risk. As the Group does not have any trading debtors or significant stock levels, a formal credit risk management policy is not maintained.

It is anticipated that sales revenue from mining operations will commence during the 2010/2011 financial year and as a result credit risk will be reviewed. The sales to be made during the forthcoming year are under a life of mine sales contract to a large IMX shareholder, Jilin Tonghua. As such the Group's credit risk exposure on product sales is limited to this single customer. The credit risk of this customer has been assessed by the Board and Management when the contract was entered and has been regularly assessed since that date. Credit assessments will be performed regularly to ensure that this customer is performing under the life of mine sales contract.

Notes to the Financial Statements

30 JUNE 2010

No sensitivity has been made for credit risk exposures.

(c) Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost effective manner.

The Group's treasury function continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The Group does not have any long term liabilities or borrowings and thus liquidity is to manage the current financial commitments and requirements of the Group against the available cash resources.

(d) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, IMX Resources Limited has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (h) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (i) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (j) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the Group's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
<i>Equity securities (shares in other listed entities)</i>				
- Current	236,604	-	-	236,604
- Non-Current	12,550,509	-	-	12,550,509
	<u>12,787,113</u>	<u>-</u>	<u>-</u>	<u>12,787,113</u>

25. JOINT VENTURE

The Company has interests in unincorporated joint ventures as follows:

Joint Venture	Principal Activities	Interest	Interest	Carrying value
		2010	2009	30 June 2010

Dingo Well On 23 June 2009 Regis Resources NL advised they had no further interest.

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit. Refer to Note 18(a) for exploration commitments.

Notes to the Financial Statements

30 JUNE 2010

The Company has interests in joint ventures entities as follows:

Joint Venture	Principal Activities	Interest 2010	Interest 2009	Carrying value 30 June 2010
Nachingwea	Mineral exploration. Continental Nickel Ltd may earn a further 5% interest by spending in aggregate \$15m CAD and a further 5% interest on completion of a feasibility study. If both the aggregate spending and feasibility study are completed each shareholder must pro-rata fund future work programs or dilute.	30%	30%	-

The Group has the following royalty interests.

Gawler and Curnamona	A 1% net smelter return on EL 2874. On 20 March 2009, IMX entered into a Royalty Sale Agreement with Southern Cross Royalties Limited of the United Kingdom to sell its interests in the 1% net smelter return for \$6,000,000.
Craton	A \$1 per metric tonne for ore mined and treated royalty from EL 3258, up to \$2,000,000.

Consolidated	
2010	2009
\$	\$

26. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

Expense arising from equity-settled share based payment transactions

- vested	30,326	417,538
- not vested ⁽¹⁾	45,598	131,616
	75,924	549,154

⁽¹⁾ The amount expensed in relation to not-vested amounts relates to options that had, at 30 June 2010, not met their vesting conditions. A further amount of \$53,528 will be expensed during the 30 June 2011 financial year in relation to these options.

(b) Employee Share Scheme

On 27 November 2007, shareholders adopted the IMX Resources NL Share and Option Incentive Plan ("Plan") and subsequently adopted amendments on 25 June 2008. The Plan entitles Directors, key management personnel and employees to purchase shares in the Company.

All options granted under the Plan expire on the earlier of the expiry date being a maximum of 5 years after the grant date or 6 months after the Eligible Employee ceases to be employed by the Group. The exercise price shall not be less than the 5 day volume weighted average price of the Company's ordinary shares immediately prior to the Board Determination Date.

As at 30 June 2010 12,375,000 (30 June 2009: 11,060,000) options have been issued to Eligible Employees

(c) Summary of Options Granted under the Plan

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2010 No.	2010 WAEP	2009 No.	2009 WAEP
Outstanding	11,360,000	\$0.52	5,960,000	\$0.52
Granted during the year	1,475,000	\$0.41	5,400,000	\$0.54
Exercised during the year	(100,000)	\$0.34		
Cancelled/expired during the year	(360,000)	\$0.50		
Outstanding at the end of the year	12,375,000	\$0.52	11,360,000	\$0.53

(d) Weighted average remaining contractual life

Notes to the Financial Statements

30 JUNE 2010

The weighted average remaining contractual life of the share options outstanding as at 30 June 2010 is 2.84 years (2009: 4.0 years)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year is 29 cents to 56.8 cents.

(f) Option pricing model

The fair value of the equity settled share options granted under the Plan is estimated as at the date of grant/issue using a Black-Scholes Option pricing model taking into account the terms and conditions upon which the options were granted/issued.

The following table lists the inputs to the model used for the years 30 June 2010 and 30 June 2009:

	2010	2009
Dividend Yield	0%	0%
Expected volatility	55%	60%
Risk free interest rate	4.50%	4.72 - 5.58%
Expected life (years)	5	5
Option exercise price (cents)	38	49 – 56.8
Share price at grant date (cents)	38	27 - 40

The expected life of the options is fixed at the time of issue and is not necessarily indicative of when they may be exercised. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

27. EMPLOYEE SUPERANNUATION COMMITMENTS

The Group contributes to superannuation for employees in accordance with the Government Superannuation Guarantee Legislation. The Group has no obligation to meet any shortfall in the superannuation funds obligations to provide benefits to employees on retirement.

28. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2010 the parent company of the Group was IMX Resources Limited.

Results of the parent entity

	Note	30 June 2010	30 June 2009
Profit/(loss) for the period		(5,619,223)	1,970,145
Other comprehensive income		(10,541,938)	(21,491,722)
Total comprehensive income for the period		(16,161,161)	(19,521,577)

Financial position of the parent entity at year end

Current assets	23,998,409	7,877,630
Total assets	58,292,910	45,910,228
Current liabilities	4,971,750	735,182
Total liabilities	5,018,974	774,763
Total equity of the parent entity comprising of:		
Share capital	86,005,462	61,781,754
Reserves	12,027,073	22,493,087
Retained Earnings	(44,758,599)	(39,139,376)
Total Equity	53,273,936	45,135,465

The parent entity does not have any contingent liabilities and is not aware of any legal or other actions that have or are being brought against the company.

Notes to the Financial Statements

30 JUNE 2010

29. SUBSEQUENT EVENTS

On 12 July 2010 the Company issued 29,450,000 ordinary shares at a price of 48.4 cents per share. Taifeng Yuanchuang International Development Co., Ltd ("Taifeng") was issued 21,691,000 ordinary shares and OZ Minerals Investments Pty Ltd was issued 7,759,000 ordinary shares.

On 12 July 2010 the Company received Foreign Investments Review Board ("FIRB") conditional approval for the investment from Taifeng into IMX and Outback Iron Pty Ltd (the subsidiary that holds Termite Resources NL, the owner of ML 6303). On 15 July FIRB confirmed all the conditions for its approval had been met. The company expects to receive the first tranche of investment from Taifeng in Outback Iron Pty Ltd ("Outback") in mid September 2010. Under the Heads of Agreement between IMX and Taifeng and as a result of the payment of these monies Outback has issued new share capital to Taifeng to represent their 49% shareholding in Outback. Outback represents an incorporate Joint Venture company between IMX and Taifeng, which remains under the control of IMX.

On 29 July 2010 the Company issued 2,550,000 options to directors, including the Managing Director. The issue represent the initial director's allocations for John Nitschke and Song Yuan Gang, both new directors, with allocations of 500,000 options each at an exercise price of \$0.44 per option. These options have a life of 5 years and vest immediately. In addition Mr Jooste-Jacobs, Mr Hunt and Mr Haggarty were issued 350,000 options each and Mr McBain was issued 500,000 options, all with a life of 5 years, an exercise price of \$0.49 per option and immediate vesting. Approval for the issue of options to directors is required from shareholders and will be sought at the next Annual General Meeting.

On 13 August 2010 the Company cancelled 950,000 expired options. These options had vested but were issued to an employee who has subsequently left the employment of IMX and under the terms of the IMX Share and Option Incentive Plan were cancelled.

On 27 August 2010 the Company issued options to purchase ordinary shares in IMX to employees. A total of 1,525,000 were granted at an exercise price of \$0.41 per ordinary share with a life of 5 years.

On 27 August 2010 the Company announced that it had requested a meeting of shareholders Uranex NL in which it holds a significant investment. This meeting was called to vote on the removal of the Messrs Daley, Cottle, Udovenya and Cusworth, being directors of Uranex and the appointment of Messrs Jacobs and Hunt to the Board. Messrs Jacobs and Hunt are both non-executive directors of IMX Resources Limited. Subsequent to this request Messrs Daley, Cottle, Udovenya and Cusworth resigned as directors of Uranex.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Audited Annual Financial Statements for the Year Ended June 30, 2009

(See attached)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMX RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of IMX Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of IMX Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

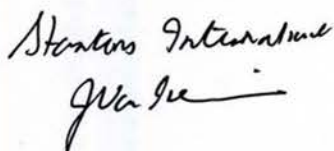
Report on the Remuneration Report

We have audited the remuneration report included in pages 13 to 17 of the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of IMX Resources Limited for the year ended 30 June 2009 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

A handwritten signature in blue ink, appearing to read 'John Van Dieren', is written over a light blue rectangular background.

John Van Dieren
Director

West Perth, Western Australia
24 September 2009

Income Statements

YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
REVENUE FROM CONTINUING OPERATIONS					
Interest receivable from other persons		689,106	778,478	688,011	778,337
Net proceeds from sale of royalty rights		5,462,641	-	5,462,641	-
Net proceeds from sale of materials		10,880	-	-	-
Profit on deconsolidation on loss of subsidiary		-	1,126,666	-	-
Joint venture cost recovery		-	-	-	-
Government grant received		71,542	84,032	71,542	84,032
		<u>6,234,169</u>	<u>1,989,176</u>	<u>6,222,194</u>	<u>862,369</u>
EXPENDITURE					
Provision for non recovery of loans		-	-	1,528,325	(84,826)
Exploration expenditure written off	9	2,310,089	4,498,016	1,512,243	3,875,260
Mineral lease rental		-	250,400	-	-
Depreciation		197,759	62,555	112,856	58,249
Write down in investment in controlled entity		-	-	-	81
Fair value adjustment of investments		241,342	-	241,342	-
Salaries and wages		2,008,629	1,152,111	1,214,793	1,051,889
Rental expenses relating to operating leases		279,269	264,395	269,966	261,806
Write down abandoned civil works		1,639,652	-	-	-
Foreign exchange loss/(gain)		43,438	114,207	(700,192)	602,245
Interest paid		-	1	-	1
Employee share remuneration	24	417,538	883,103	417,538	883,103
Other expenses from ordinary activities		1,629,848	1,335,397	1,279,695	1,240,885
Office overheads recouped		(2,231,014)	(1,597,030)	(1,272,981)	(1,597,030)
		<u>6,536,550</u>	<u>6,963,155</u>	<u>4,603,585</u>	<u>6,291,663</u>
OPERATING PROFIT / (LOSS) BEFORE RELATED TAX BENEFIT					
		(302,381)	(4,973,979)	1,618,609	(5,429,294)
Research and development rebate		581,973	-	351,536	-
OPERATING PROFIT / (LOSS) BEFORE INCOME TAX					
		279,592	(4,973,979)	1,970,145	(5,429,294)
Income tax attributable to operating profit		-	-	-	-
NET PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF IMX					
		279,592	(4,973,979)	<u>1,970,145</u>	<u>(5,429,294)</u>
Basic profit / (loss) per share (cents per share)	17	<u>0.2</u>	<u>(3.0)</u>		
Diluted profit / (loss) per share (cents per share)	17	<u>0.2</u>	<u>(3.0)</u>		

The above Income Statements are to be read in conjunction with the Notes to the Financial Statements

Balance Sheets

AT 30 JUNE 2009

	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	14(b)	7,658,517	18,546,754	7,650,066	18,537,202
Trade and other receivables	6(a)	448,003	1,237,752	103,065	1,118,515
Other financial assets	7(a)	124,499	169,959	124,499	169,959
TOTAL CURRENT ASSETS		8,231,019	19,954,465	7,877,630	19,825,676
NON-CURRENT ASSETS					
Trade and other receivables	6(b)	1,001,205	178,271	17,364,480	3,095,375
Other financial assets	7(b)	29,247,673	48,459,607	20,334,984	42,022,587
Property, plant and equipment	8	8,335,816	836,085	333,134	382,652
Development expenditure	9(b)	5,621,789	1,763,069	-	-
TOTAL NON-CURRENT ASSETS		44,206,483	51,237,032	38,032,598	45,500,614
TOTAL ASSETS		52,437,502	71,191,497	45,910,228	65,326,290
CURRENT LIABILITIES					
Trade and other payables	10	742,106	1,299,720	485,167	1,213,013
Provisions	11(a)	289,905	123,092	250,015	116,322
TOTAL CURRENT LIABILITIES		1,032,011	1,422,812	735,182	1,329,335
NON-CURRENT LIABILITIES					
Provisions	11(b)	364,581	26,317	39,581	26,317
TOTAL NON-CURRENT LIABILITIES		364,581	26,317	39,581	26,317
TOTAL LIABILITIES		1,396,592	1,449,129	774,763	1,355,652
NET ASSETS		51,040,910	69,742,368	45,135,465	63,970,638
EQUITY					
Issued capital	12(a)	61,781,754	61,644,504	61,781,754	61,644,504
Reserves	13(a)	31,203,371	50,321,671	22,493,087	43,435,655
Accumulated losses	13(b)	(41,944,215)	(42,223,807)	(39,139,376)	(41,109,521)
TOTAL EQUITY		51,040,910	69,742,368	45,135,465	63,970,638

The above Balance Sheets are to be read in conjunction with the Notes to the Financial Statements.

Statements of Changes in Equity

YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR		69,742,368	7,478,017	63,970,638	8,680,157
Change in Available for Sale Shares Reserve	13(a)	(19,016,052)	48,316,712	(21,491,722)	41,714,712
Change in Foreign Currency Reserve	13(a)	(651,402)	(83,445)	-	-
Change in Share Based Remuneration Reserve	13(a)	549,154	883,103	549,154	883,103
NET INCOME RECOGNISED DIRECTLY IN EQUITY PROFIT / (LOSS) FOR THE YEAR		(19,118,300)	49,116,370	(20,942,568)	42,597,815
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF IMX		(18,838,708)	44,142,391	(18,972,423)	37,168,521
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	12(b)	137,250	13,934,900	137,250	13,934,900
Partly paid shares converted to fully paid during the year		-	4,187,060	-	4,187,060
		137,250	18,121,960	137,250	18,121,960
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		51,040,910	69,742,368	45,135,465	63,970,638

The above Statements of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements

Statements of Cash Flows

YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(2,219,523)	(2,009,988)	(964,871)	(1,519,485)
Interest received		753,629	699,065	753,389	698,924
Interest Paid		(1,603)	(1)	(1,603)	(1)
Refund of research and development rebate		351,536	103,799	351,536	103,799
Government grant received		71,542	83,709	71,542	83,709
NET CASH FLOWS (USED IN)/ FROM OPERATING ACTIVITIES	14(a)	(1,044,419)	(1,123,416)	209,993	(633,054)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment of exploration expenditure		(2,213,008)	(5,112,657)	(1,441,874)	(4,422,675)
Payment of development expenditure		(3,909,517)	(1,105,200)	-	-
Proceeds on sale of property, plant & equipment		1,180	1,779	1,180	-
Proceeds on sale of investments		5,463,646	-	5,463,646	-
Advance from (to) controlled entities		-	-	(14,980,627)	(798,841)
Acquisition of property, plant & equipment		(424,744)	(447,724)	(104,228)	(306,678)
Payments for capital works in construction		(8,720,431)	(141,999)	-	-
Refund (payment) of security bond		(822,934)	(117,431)	(816,803)	(117,431)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(10,625,808)	(6,923,232)	(11,878,706)	(5,645,625)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from sale of forfeited shares		778,279	17,346,681	778,279	17,346,681
NET CASH FLOWS FROM FINANCING ACTIVITIES		778,279	17,346,681	778,279	17,346,681
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(10,891,948)	9,300,033	(10,890,434)	11,068,002
Add opening cash and cash equivalents brought forward		18,546,754	7,542,858	18,537,202	7,480,982
Effect of deconsolidation of former subsidiary		-	1,716,566	-	-
Effect of exchange rates on cash holdings in foreign currencies		3,711	(12,703)	3,298	(11,782)
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	14(b)	7,658,517	18,546,754	7,650,066	18,537,202

The above Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report covers the consolidated group of IMX Resources Ltd (IMX) and its controlled entities (the Group), and IMX (the Company) as an individual entity. IMX is a company limited by shares incorporated in Australia whose shares are publicly traded on Australian Securities Exchange Limited.

This financial report was authorised for issue in accordance with a resolution of the directors on 23 September 2009.

(a) BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the consolidated entity and parent entity also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied to all years presented unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(b) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgements

Determination of mineral resources

The determination of mineral resources impacts the accounting for asset carrying values. IMX Resources Ltd estimates its mineral resources in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC' Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

Significant accounting estimates and assumptions

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Development in relation to the Cairn Hill Phase 1 Project commenced being capitalised in the financial year to 30 June 2008, upon the signing of the heads of agreement with Tonghua Mining Group of China and the granting of a mineral

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lease.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

(c) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising IMX (the parent entity) and all entities which IMX controlled from time to time during the year and at balance date. A controlled entity is any entity over which IMX has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in note 15.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances have been eliminated on consolidation. Inter group transactions, involving the allocation of certain staff salaries to exploration and development have not been eliminated. No profit element is included in these allocations. Unrealised losses are eliminated unless costs cannot be recovered.

Investments in subsidiaries are accounted for at cost in the individual financial statements of IMX less any impairment charges.

Minority interests, being that portion of profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

(d) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the assets and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Provisions for rehabilitation are considered on a site basis not an asset basis.

Plant and equipment

Plant and equipment are stated on a cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation of plant and equipment is calculated on a straight line basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 2% and 50% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(e) IMPAIRMENT OF ASSETS

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

Exploration and evaluation expenditure incurred is not carried forward as an asset in the Balance Sheet, and is written off in the year they are incurred.

Development costs are accumulated for each area of interest and is only capitalised if they can be measured reliably, the process is technically feasible, future economic benefits are probable and the Group intends to have sufficient resources to complete development and exploit the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Development in relation to the Cairn Hill Phase 1 Project commenced being capitalised in the financial year to 30 June 2008, upon the signing of the heads of agreement with Tonghua Mining Group of China and the granting of a mineral lease.

Restoration, rehabilitation and environmental expenditure to be incurred during the production phase of operations will be accrued when the need for such expenditure is established, and then written off as part of the cost of production of the mine property concerned. At the conclusion of trial mining, a provision was raised for the rehabilitation of the completed works. As at the 30 June 2009, no further work requiring rehabilitation has been done.

(g) OPERATING LEASES

Operating leases are not recognised in the Group's balance sheet.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(h) INCOME TAX

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account either as a deferred tax liability or as a deferred tax asset at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. When deferred tax relates to items that may be credited directly to equity, the deferred tax is adjusted directly against equity.

Deferred tax assets are not brought to account unless it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Company and its wholly owned Australian resident entities are not part of a tax consolidated group.

(i) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST

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is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheets.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Financial Statements of foreign operations

The financial results and position of foreign operations whose functional currency is not Australian dollars, the group's presentation currency, are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for each month during the period.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(k) ACCOUNTS PAYABLE

Trade and other payables are recognised when the Group becomes obliged to make payments resulting from the purchase of goods and services.

(l) PROVISIONS

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

(m) EMPLOYEE BENEFITS

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave when it is probable that settlement will be required.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled including related on-costs, such as workers compensation insurance and payroll tax. Non accumulating non monetary benefits, such as medical care, cars or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Defined contribution superannuation funds

Obligations, if any, for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

Share based payment transactions

The grant date fair value of partly paid shares and options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which employees become unconditionally entitled to them.

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(n) REVENUE RECOGNITION

Interest revenue is recognised on a time proportionate basis.

Revenue from the disposal of assets is recognised when the consolidated entity has passed control of the asset to the buyer.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(o) ISSUED CAPITAL

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) EARNINGS PER SHARE (EPS)

Basic earnings per share

Basic EPS is calculated as the profit (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(r) FINANCIAL INSTRUMENTS

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual right to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Available for sale financial assets

The Group's investments in equity securities are classified as available for sale financial assets. Subsequent to initial recognition, they are valued at fair value and changes therein, are recognised directly in a separate component of equity.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

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(ii) Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity, net of any related income tax benefit.

(s) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) INTERESTS IN JOINT VENTURES

The Group's interest in unincorporated joint ventures and jointly controlled assets are brought to account by including in the respective classifications, the share of individual assets employed, and liabilities and expenses incurred.

(u) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

(v) GOVERNMENT GRANTS

Grants that compensate the Group for expenses incurred are recognised in profit or loss when receipt of them is assured.

(w) SEGMENT REPORTING

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(x) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New and revised Standards and Interpretations issued but not yet applicable are not expected to have a significant impact on the financial position or performance of the Company. At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective.

(i) Revised AASB 3 - Business Combinations

The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The application date of the standard is from 1 July 2009 and the Group will apply the standard from that date. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.

(ii) Revised AASB 127 - Consolidated and Separate Financial Statements

Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in a change of control) will be accounted for as an equity transaction. The application date of the standard is from 1 July 2009 and the Group will apply the standard from that date. If the Group changes its ownership interest in its existing subsidiary in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.

(iii) AASB 2008-3 - Amendments to Australian Accounting Standard arising from AASB 3 and AASB 127

Amending standard issued as a consequence of revisions to AASB 3 and AASB 127. The application date of the standard is from 1 July 2009 and the Group will apply the standard from that date.

(iv) Amendments to International Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e. parent company's accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has

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also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value. The application date of the standard is from 1 July 2009 and the Group will apply the standard from that date. If the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.

(y) GOING CONCERN

The Directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The ability of the Company to continue as a going concern will be dependent on the ability to raise further funds as required.

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short term deposits, receivables, available for sale investments and payables.

The Company and Group have exposure to the following risks from their use of financial instruments:

- Interest rate risk
- Credit risk
- Foreign currency risk

Each of these risks is described and discussed at note 22.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
3. PROFIT FROM ORDINARY ACTIVITIES				
Profit or loss from ordinary activities included the following items of revenue and expense:				
(a) OPERATING REVENUE				
Interest receivable from other persons	689,106	778,478	688,011	778,337
Profit on sale of royalty rights	5,462,641	-	5,462,641	-
(b) OPERATING EXPENSES				
Provision for employee entitlements	176,937	50,140	138,600	43,370
Foreign exchange losses / (gains)	43,438	114,207	(700,192)	602,245
4. INCOME TAX				
(a) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE				
Profit /(loss) from ordinary activities before income tax expense	(302,381)	(4,973,979)	1,618,609	(5,429,294)
Prima facie tax on profit from ordinary activities at 30%	(90,714)	-	485,583	-
Prima facie tax benefit on loss from ordinary activities at 30%	-	1,492,194	-	1,628,788
Reduction in income tax from available losses	(108,648)	-	(1,338,214)	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	199,362	(290,019)	852,631	(459,372)
Tax effect of current year profit for which no deferred tax asset has been recognised	-	(1,202,175)	-	(1,169,416)
Income tax benefit	-	-	-	-

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	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
(b) INCOME TAX LOSSES				
Unused tax losses for which no deferred tax asset has been recognised	26,438,892	27,972,839	20,415,726	26,048,226
Write back research & development claim 2006	(273,142)	(1,171,787)	(273,142)	(1,171,787)
Adjustment to prior year	169,652	-	169,652	-
Adjustment to difference in depreciation rates	(14,286)	-	(14,286)	-
Amended unused tax losses for which no deferred tax asset has been recognised	26,321,116	26,801,052	20,297,950	24,876,439
Potential tax benefit @ 30%	7,896,335	8,040,316	6,089,385	7,462,932
(c) DEFERRED TAX ASSETS				
Tax losses	7,896,335	8,040,316	6,089,385	7,462,932
Provisions and accruals	151,523	111,076	44,087	223,415
	8,047,858	8,151,392	6,133,472	7,686,347

(d) THERE ARE NO DEFERRED TAX LIABILITIES.

No income tax is payable by the Group. The directors have considered it prudent not to bring to account the future income tax benefit of income tax losses and exploration deductions until there is virtual certainty of deriving assessable income of a nature and amount to enable such benefit to be realised.

The benefit of these losses and timing differences will only be obtained if:

- the group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised.
- the Company continues to comply with the condition of deductibility imposed by the group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised.
- the Company continues to comply with the condition of deductibility imposed by law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

6. TRADE AND OTHER RECEIVABLES

(a) CURRENT

Accounts receivable	234,294	995,495	30,483	985,683
Accrued interest	19,288	83,811	18,433	83,811
Prepayments	-	20,996	-	18,439
Goods and services tax receivable	194,421	137,450	54,149	30,582
	448,003	1,237,752	103,065	1,118,515

(b) NON-CURRENT

Loans to controlled entities	-	-	23,423,356	8,442,729
Less: provision for non-recovery	-	-	(7,046,450)	(5,518,125)
Security Bond	1,001,205	178,271	987,574	170,771
	1,001,205	178,271	17,364,480	3,095,375

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Receivables past due but not considered impaired are : Consolidated \$28,824 (2008: nil); Parent \$28,824 (2008: nil). Payment terms have not been re-negotiated. The Company is in contact with the relevant debtor and is confident payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
7. OTHER FINANCIAL ASSETS				
(a) CURRENT				
Other	124,499	169,959	124,499	169,959
	<u>124,499</u>	<u>169,959</u>	<u>124,499</u>	<u>169,959</u>
(b) NON-CURRENT				
Investment in Uranex NL	17,820,054	13,200,021	8,907,365	6,763,001
Investment in Continental Nickel Ltd	11,427,619	35,259,586	11,427,619	35,259,586
	<u>29,247,673</u>	<u>48,459,607</u>	<u>20,334,984</u>	<u>42,022,587</u>

Other financial assets are investments in listed entities valued at the fair market value in accordance with the quoted market price at 30 June 2009. The market values (AUD) of Uranex NL and Continental Nickel Ltd as at 21 September 2009 were \$12,552,431 and \$14,140,170 respectively.

IMX retains significant investments in Uranex NL of 34.25% and Continental Nickel Ltd of 47.4%. The directors have determined that IMX does not have significant influence over those entities as it does not have the power to participate in the financial and operating policy decisions of them. In reaching this determination the board considered:

- IMX does not have board representation. Ms B Manzi, a key management person is a director of Uranex NL. On 4 August 2009 Mr Jooste-Jacobs was appointed as an alternate director for Ms Manzi in Uranex NL.
- IMX does not participate in policy making processes including participation in decisions about dividends or other distributions.
- There are no material transactions between the entities.
- There is no interchange of managerial personnel.
- There is no provision of essential technical information.

8. PROPERTY, PLANT AND EQUIPMENT

At cost	1,011,002	628,282	549,439	487,235
Accumulated depreciation	(305,514)	(108,889)	(216,305)	(104,583)
Under construction	7,630,328	316,692	-	-
	<u>8,335,816</u>	<u>836,085</u>	<u>333,134</u>	<u>382,652</u>

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Included in property, plant and equipment under construction is \$5,272,724 capital works in progress and \$2,357,604 prepaid against delivery of materials. Depreciation is not provided on capital works in progress.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Reconciliations				
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year				
<i>Plant and equipment</i>				
Carrying amount at beginning	836,085	142,666	382,652	94,513
Additions	9,336,008	804,127	62,204	346,388
Disposals	1,134	(48,153)	1,134	-
Abandoned civil works	(1,639,652)	-	-	-
Depreciation expense	(197,759)	(62,555)	(112,856)	(58,249)
Carrying amount at end	8,335,816	836,085	333,134	382,652

9. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

(a) EXPLORATION AND EVALUATION

Expenditure incurred during the year	2,310,089	4,498,016	1,512,243	3,875,260
Expenditure written off during the year	(2,310,089)	(4,498,016)	(1,512,243)	(3,875,260)
	-	-	-	-

(b) DEVELOPMENT

Balance 1 July	1,763,069	-	-	-
Expenditure incurred during the year	3,858,720	1,763,069	-	-
Expenditure written off during the year	-	-	-	-
	5,621,789	1,763,069	-	-

All exploration and revaluation costs are written off in the period in which they occur. Development costs are only carried forward if there is certainty that they will be recoverable from future cashflows from the relevant area of interest.

10. TRADE AND OTHER PAYABLES (CURRENT)

Payables (creditors and accruals)	742,106	1,299,720	485,167	1,213,013

11. PROVISIONS

(a) CURRENT

Employee benefits	289,905	123,092	250,015	116,322

(b) NON-CURRENT

Employee benefits	27,891	22,984	27,891	22,984
Minesite Rehabilitation	325,000	-	-	-
Office Restoration	11,690	3,333	11,690	3,333
	364,581	26,317	39,581	26,317

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	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

12. ISSUED CAPITAL

(a) ISSUED AND PAID UP CAPITAL

	2009		2008	
	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	174,472,803	61,781,754	174,147,803	61,636,004
Ordinary shares partly paid	-	-	850,000	8,500
	<u>174,472,803</u>	<u>61,781,754</u>	<u>174,997,803</u>	<u>61,644,504</u>

(b) MOVEMENTS IN FULLY PAID SHARES ON ISSUE

	2009		2008	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	174,147,803	61,636,004	147,709,214	43,413,598
Placement of shares (net of cost)	-	-	16,394,000	13,934,900
Issue of shares for Mining Native Title Agreements	325,000	137,250	-	-
Conversion of partly paid shares to fully paid shares	-	-	10,044,589	4,287,506
Cancellation of partly paid shares	-	8,500	-	-
End of the financial year	<u>174,472,803</u>	<u>61,781,754</u>	<u>174,147,803</u>	<u>61,636,004</u>

(c) MOVEMENTS IN PARTLY PAID SHARES ON ISSUE

	Number of partly paid shares	\$	Number of partly paid shares	\$
	2009	2009	2008	2008
Beginning of the financial year (including uncalled capital)	850,000	8,500	10,894,589	4,624,486
Cancelled during the year	(850,000)	(8,500)	-	-
Converted to fully paid shares during the year	-	-	(10,044,589)	(4,115,986)
Less uncalled capital	-	-	-	(500,000)
End of the financial year	<u>-</u>	<u>-</u>	<u>850,000</u>	<u>8,500</u>

(d) ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote. Upon a poll, each fully paid share shall have one vote and each partly paid share shall have such number of votes as bears the same proportion to the total of such shares as the amount of the issue price thereof paid up bears to the total issue price. There are no partly paid shares on issue.

(e) MOVEMENTS IN OPTIONS ON ISSUE

	Number of options	\$	Number of options	\$
	2009	2009	2008	2008
Beginning of the financial year	5,960,000	-	-	-
Issued during the year	5,400,000	-	5,960,000	-
End of the financial year	<u>11,360,000</u>	<u>-</u>	<u>5,960,000</u>	<u>-</u>

Options do not have any entitlement to votes.

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	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
13. RESERVES AND ACCUMULATED LOSSES				
(a) RESERVES				
Foreign currency translation reserve	(367,386)	284,016	-	-
Share based remuneration reserve	2,270,097	1,720,943	2,270,097	1,720,943
Available for sale investment reserve	29,300,660	48,316,712	20,222,990	41,714,712
	31,203,371	50,321,671	22,493,087	43,435,655
Movements:				
<i>Foreign currency translation reserve</i>				
Balance at beginning of year	284,016	367,461	-	-
Currency translation differences arising during the year	(651,402)	(83,445)	-	-
Balance at end of year	(367,386)	284,016	-	-
<i>Share based remuneration equity reserve</i>				
Balance at beginning of year	1,720,943	837,840	1,720,943	837,840
Employee Share Remuneration	549,154	883,103	549,154	883,103
Balance at end of year	2,270,097	1,720,943	2,270,097	1,720,943
<i>Available for sale investment reserve</i>				
Balance at beginning of year	48,316,712	-	41,714,712	-
Mark to Market	(19,016,052)	48,316,712	(21,491,722)	41,714,712
Balance at end of year	29,300,660	48,316,712	20,222,990	41,714,712
(b) ACCUMULATED LOSSES				
Balance at beginning of year	42,223,807	37,249,828	41,109,521	35,680,227
Net loss / (profit) attributable to members of IMX	(279,592)	4,973,979	(1,970,145)	5,429,294
Balance at end of year	41,944,215	42,223,807	39,139,376	41,109,521
(c) NATURE AND PURPOSE OF RESERVES				
<i>(i) Foreign currency translation reserve</i>				
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of the Company's net investment in a foreign subsidiary.				
<i>(ii) Share based remuneration reserve</i>				
The share based remuneration reserve is used to recognise the fair value of partly paid shares and options issued.				
<i>(iii) Available for sale investments reserve</i>				
Comprises the cumulative net change in the fair value of available for sale financial assets until the asset is derecognised or impaired.				
14. STATEMENT OF CASH FLOWS				
(a) RECONCILIATION OF OPERATING LOSS FOR THE YEAR AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES				
Operating profit / (loss) for the year after income tax	279,592	(4,973,979)	1,970,145	(5,429,294)
Add / (deduct) non-cash items				
(Increase)/ decrease in foreign currency translation reserve	(651,402)	83,445	-	-
Profit on sale of royalty rights	(5,462,641)	-	(5,462,641)	-
Profit on loss of subsidiary	-	(1,126,666)	-	-
Depreciation	197,759	62,555	112,856	58,249
Exploration expenditure written off	2,310,089	4,498,016	1,512,243	3,875,260
Abandoned capital works written off	1,639,652	-	-	-

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Fair value adjustment of investments	241,342	-	241,342	-
Employee entitlements	171,720	(94,018)	138,600	(95,228)
Provision for non recovery of loans	-	-	1,528,325	(84,826)
Provision for office restoration	8,357	(41,001)	8,357	(41,001)
Employee share based remuneration	417,538	883,103	417,538	883,103
Changes in assets and liabilities				
(Increase) / decrease in receivables	(168,982)	147,484	(184,886)	212,265
Increase / (decrease) in creditors	(27,443)	(562,355)	(71,886)	(11,672)
Net cashflows (used in) / from operating activities	(1,044,419)	(1,123,416)	209,993	(633,144)

(b) RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash Balance comprises:

Cash at Bank	198,672	1,780,650	190,486	1,771,098
Cash at Deposit	7,458,285	16,765,677	7,458,285	16,765,677
Cash at Hand	1,560	427	1,295	427
Cash at end of year	7,658,517	18,546,754	7,650,066	18,537,202

15. INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

Name	Country of incorporation	Class of shares	Equity Holding*	
			2009 %	2008 %
Backyard Exploration Pty Ltd (formerly Continental Nickel NL)	Australia	Ordinary		100
Frugal Mining Pty Ltd	Australia	Ordinary		100
Pan African Resources Pty Ltd	Australia	Ordinary		100
Tausi Mining Pty Ltd	Australia	Ordinary		90
Outback Iron Pty Ltd	Australia	Ordinary		100
Termite Resources NL	Australia	Ordinary		100
Cairn Hill Phase 2 Pty Ltd	Australia	Ordinary		100
Cairn Hill Phase 3 Pty Ltd	Australia	Ordinary		100
Thrifty Mining Pty Ltd	Australia	Ordinary		100
Zanzibar Gold Pty Ltd	Australia	Ordinary		92
Duma Minerals (T) Ltd	Tanzania	Ordinary		92
Nyati Mining (T) Ltd	Tanzania	Ordinary		100
Pan African Resources (T) Ltd	Tanzania	Ordinary		100
Tausi Minerals Company Ltd	Tanzania	Ordinary		90
Warthog Resources (T) Ltd	Tanzania	Ordinary		100
Kudu Ltd	Tanzania	Ordinary		100
IMX Mozambique Limitada	Mozambique	Ordinary		100
Swynlay Pty Ltd	Australia	Ordinary		100
Noble Mineral Resources Pvt Ltd	India	Ordinary		100

* Percentage of voting power is in proportion to ownership.

Notes to the Financial Statements

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	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

16. EXPENDITURE COMMITMENTS

(a) EXPLORATION COMMITMENTS

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

not later than one year	2,942,860	6,044,649	1,452,000	1,760,000

Exploration expenditure commitments beyond twelve months cannot be reliably determined.

(b) CAPITAL COMMITMENTS

Plant & Equipment

not later than one year	385,147	48,200	-	-

(c) LEASE EXPENDITURE COMMITMENTS

Operating leases (non-cancellable):

Minimum lease payments

– not later than one year	270,209	226,674	243,483	181,538
– later than one year and not later than five years	382,081	717,125	382,081	605,125

Aggregate lease expenditure contracted for at reporting date

	652,290	943,799	625,564	786,663

The Group leases a number of office premises with fixed terms ranging from less than one year to five years. Lease payments are increased each year to reflect market rentals.

(d) REMUNERATION COMMITMENTS

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in note 19(b) that are not recognised as liabilities and are not included in the key management personnel compensation.

not later than one year	355,247	189,274	255,517	189,274
later than one year and not later than five years	476,964	-	476,964	-
	832,211	189,274	732,481	189,274

(e) OTHER COMMITMENTS

- The Group acquired mining tenements in Australia and India from Anglo American Group (“Anglo”). Anglo has a once only right to acquire a 70% interest in any prospect or prospects on any of the tenements. Upon definition of an Indicated Mineral Resource by IMX, Anglo must notify IMX of its intention to exercise its right to acquire a 70% interest in the tenement(s), hosting the resource. If Anglo elects to acquire a 70% interest, it may do so by sole funding exploration (that is carrying IMX’s 30% interest) through to completion of a Bankable Feasibility Study. Anglo will also pay to IMX a cash amount equivalent to 200% of IMX’s expenditure on the tenement(s) hosting the resource up to the point of Anglo’s election. Should Anglo not exercise its right to acquire that 70% interest, IMX will have 100% of the resource and Anglo will be entitled to a 2% Net Smelter Royalty. IMX has undertaken to spend a minimum of \$1.5 million on the tenements as long as they remain in existence.
- Anglo American Investments Ltd (a wholly owned subsidiary of Anglo American Plc) has the right to maintain its shareholding in the Company at 8% by participating in share placements at the average market price.

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	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

17. PROFIT PER SHARE				
(a) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS				
Net profit / (loss)	279,592	(4,973,979)		
Profit / (loss) used in calculating basic loss per share	279,592	(4,973,979)		
	Number of shares			
(b) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE YEAR USED IN CALCULATING BASIC PROFIT PER SHARE				
Weighted average number of ordinary shares used in calculating basic profit per share	174,426,433	165,322,655		
(c) EFFECT OF DILUTIVE SECURITIES				
Weighted average number of ordinary shares used in calculating diluted profit per share	183,907,529	167,011,051		

18. AUDITORS' REMUNERATION				
Amounts received or due and receivable by Stantons International for:				
– an audit or review of the financial report of the entity	36,291	47,022	35,291	47,022
Amounts received or due and receivable by other auditors of subsidiaries or former subsidiaries for:				
– an audit or review of the financial report of the subsidiaries	11,091	-	8,599	-

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) DETAILS OF KEY MANAGEMENT PERSONNEL

(i) Directors

The following persons were directors of IMX during the financial year:

Johann C Jooste-Jacobs	Non-Executive Chairman (appointed 12 August 2007)
Duncan R McBain	Managing Director (appointed 30 March 2006)
Stephen B Hunt	Non-Executive Director (appointed 3 July 2007)
Anthony J Haggarty	Non-Executive Director (appointed 29 January 2008)
Cao Xiangkui	Non-Executive Director (appointed 12 March 2008)

(ii) Executives

Bianca Manzi	Exploration Manager (appointed 1 January 2007)
Kim France	Chief Financial Officer/Company Secretary (appointed 1 October 2006/3 July 2007 respectively)
Simon Parsons	General Manager – Cairn Hill Project (appointed 11 July 2008)

(b) REMUNERATION POLICY OF KEY MANAGEMENT PERSONNEL

The Company formed a remuneration committee on 1 August 2008.

The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the Company is assessed annually at the end of each calendar year and are set by reference to the mineral exploration industry market place and are not directly linked to the Company's performance.

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Non-Executive Directors

The constitution of the Company provides that the non-executive directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (currently \$500,000).

Directors Fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs service outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Currently, non executive directors are remunerated by way of directors' fees.

Service Agreements

The Agreements relating to remuneration are set out below:

Duncan McBain - Managing Director

The Board of IMX proposes to rollover the expired Managing Directors' service contract, subject to the authorisation of the Nomination and Remuneration Committee.

The terms of the expired contract were:

- Term of agreement - 3 years commencing 30 March 2006.
- Mr McBain will be paid the sum of \$210,000 per annum plus the statutory superannuation guarantee of 9%.
- The agreement and the employment created by it may be terminated by either IMX or Mr McBain by that party giving the other six months written notice.

Mr McBain's remuneration will be reviewed annually and notwithstanding that review IMX has agreed to increase Mr McBain's salary by at least 5% per year.

(c) DIRECTORS AND EXECUTIVES REMUNERATION (KEY MANAGEMENT PERSONNEL)

Remuneration of individual directors and key management personnel is disclosed in the Director's Report.

The totals of remuneration paid to Key Management Personnel of the company and the Group during the year are as follows:

	2009	2008
	\$	\$
Short term employee benefits	1,118,479	871,205
Post employment benefits	77,385	67,122
Other long term employee benefits	3,980	-
Share based payments	417,538	1,053,730
	<u>1,617,382</u>	<u>1,992,057</u>

(d) RELATED PARTY TRANSACTIONS

Transactions with Directors Related Entities

Identity of Related Party	Nature of Relationship	Type of Transaction	Terms & Conditions of Transaction	Aggregate Amount
Mr S B Hunt – Director and shareholder of Minerals and Metals Marketing Pty Ltd	Director of parent entity	Consulting fees paid to Minerals and Metals Marketing Pty Ltd	Normal commercial terms	\$13,000 (2008: \$156,000)
Mr A J Haggarty	Director of parent entity	Consulting fees paid to XLX Pty Ltd	Normal commercial terms	\$65,250 (2008: nil)
Mr T A Robson – Director and shareholder of T A Robson Pty Ltd (resigned 27 November 2007)	Director of parent entity	Consulting fees paid to T A Robson Pty Ltd	Normal commercial terms	Nil (2008: \$2,760)

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Ms E Ellingham - Director and shareholder of Ellingham Consulting Ltd (Ceased being part of group on 8 January 2008)	Director of Continental Nickel Ltd	Consulting Fees paid to Ellingham Consulting Ltd	Normal commercial terms	Nil (2008: 45,454)

The above does not include directors fees as disclosed in remuneration report.

Transactions with Associated Companies

Identity of Related Party	Nature of Relationship	Type of Transaction	Terms & Conditions of Transaction	Aggregate Amount
Uranex NL	34.25% ownership of Uranex NL	Service agreement for sharing of rental premises and personnel	Normal commercial terms	\$67,142 (2008: \$371,048)
Continental Nickel Ltd	47.5% ownership of Continental Nickel Ltd	Charges for direct costs on CNI projects	Normal commercial terms	Nil (2008: \$41,237)

(e) DIRECTORS' HOLDING OF SHARES (KEY MANAGEMENT PERSONNEL)

i) Fully Paid Shares

	Balance 1 July 2008 Number		Other Changes	Balance 30 June 2009 Number
Specified Directors:				
J C Jooste-Jacobs (appointed 12 August 2007)	705,000	-	199,000	904,000
D R McBain	255,000	-	-	255,000
S B Hunt (appointed 3 July 2007)	150,000	-	-	150,000
A J Haggarty (appointed 29 January 2008)	6,454,522	-	620,000	7,074,522
Total	7,564,522	-	819,000	8,383,522
Specified Executive:				
B Manzi	100,710	-	-	100,710
K G France	43,780	-	12,000	55,780
S Parsons	-	-	-	-
Total	144,490	-	12,000	156,490

	Balance 1 July 2007 Number	Conversion of Partly Paid Shares	Other Changes	Balance 30 June 2008 Number
Specified Directors:				
J C Jooste-Jacobs (appointed 12 August 2007)	-	-	705,000	705,000
D R McBain	175,000	-	80,000	255,000
S B Hunt (appointed 3 July 2007)	20,000	-	130,000	150,000
A J Haggarty (appointed 29 January 2008)	-	-	6,454,522	6,454,522
T A Robson (resigned 27 November 2007)	219,582	-	(219,582)	-
G J Wallace (resigned 3 July 2007)	1,417,178	-	(1,417,178)	-
Total	1,831,760	-	5,732,762	7,564,522
Specified Executive:				
B Manzi	20,710	80,000	-	100,710
K G France	28,780	15,000	-	43,780
S Parsons	-	-	-	-
Total	49,490	95,000	-	144,490

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ii) Options

	Balance 1 July 2008 Number	Issued	Exercised	Balance 30 June 2009 Number
Specified Directors:				
J C Jooste-Jacobs (appointed 12 August 2007)	1,000,000	1,100,000	-	2,100,000
D R McBain	2,500,000	1,250,000	-	3,750,000
S B Hunt (appointed 3 July 2007)	500,000	1,050,000	-	1,550,000
A J Haggarty (appointed 29 January 2008)	500,000	1,050,000	-	1,550,000
Cao Xiangkui (appointed 12 March 2008)	500,000	-	-	500,000
Total	5,000,000	4,450,000	-	9,450,000
Specified Executive:				
B Manzi	300,000	300,000	-	600,000
K G France	300,000	650,000	-	950,000
S Parsons	-	-	-	-
Total	600,000	950,000	-	1,550,000
	Balance 1 July 2007 Number	Issued	Exercised	Balance 30 June 2008 Number
Specified Directors:				
J C Jooste-Jacobs (appointed 12 August 2007)	-	1,000,000	-	1,000,000
D R McBain	-	2,500,000	-	2,500,000
S B Hunt (appointed 3 July 2007)	-	500,000	-	500,000
A J Haggarty (appointed 29 January 2008)	-	500,000	-	500,000
Cao Xiangkui (appointed 12 March 2008)	-	500,000	-	500,000
Total	-	5,000,000	-	5,000,000
Specified Executive:				
B Manzi	-	300,000	-	300,000
K G France	-	300,000	-	300,000
S Parsons	-	-	-	-
Total	-	600,000	-	600,000

20. RELATED PARTY DISCLOSURES

(a) PARENT ENTITY

IMX is the ultimate Australian parent entity of the consolidated entity. IMX is a company limited by shares that is incorporated and domiciled in Australia.

(b) WHOLLY-OWNED GROUP TRANSACTIONS

Controlled entities made payments and received funds on behalf of IMX and other controlled entities by way of inter-Company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand, however demand for repayment is not expected in the next twelve months.

(c) KEY MANAGEMENT PERSONNEL

IMX has applied the option to transfer Key Management Personnel disclosures required by AASB 124 : Related Parties, disclosure paragraph AUS 25.4 to AUS 25.7.2 to the remuneration report section of the Director's Report. These transferred disclosures have been audited.

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21. SEGMENT INFORMATION

Segment products and locations

The consolidated entity's operations are in the mining industry. Geographically, the group operates in four countries, being Australia, Tanzania, India and Mozambique.. The head office and investment activities of the group take place in Australia.

Geographic segments	Segment Revenue		Segment Profits		Segment Assets		Segment Liabilities	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
Geographical Location								
Australia	6,816,139	1,989,035	445,262	(4,510,831)	58,056,661	79,609,184	1,376,318	5,786,130
Tanzania	3	141	(142,484)	(44,651)	9,477	17,051	4,766,557	3,509,718
India	-	-	(6,263)	(22,227)	5,634	3,095	234,636	205,935
Mozambique	-	-	(16,923)	(311,444)	-	4,896	653,351	390,075
Inter-segment eliminations	-	-	(84,826)	(84,826)	(5,634,270)	(8,442,729)	(5,634,270)	(8,442,729)
Total	6,816,142	1,989,176	279,592	(4,973,979)	52,437,502	71,191,497	(1,396,592)	1,449,129

Revenue includes research and development income tax rebate of \$581,973.

Geographic segments	Capital Expenditure		Depreciation	
	2009	2008	2009	2008
	\$	\$	\$	\$
Australia	7,696,356	804,127	197,759	62,555
Tanzania	-	-	-	-
India	-	-	-	-
Mozambique	-	-	-	-
Consolidated	7,696,356	804,127	197,759	62,555

22. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) INTEREST RATE RISK

The Group is exposed to movements in market interest rates on short-term deposits. The group ensures a balance is maintained between the liquidity of cash assets and the interest rate return.

The Group's accounting policies, including the terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at the balance date, are as follows:

	Weighted Average Interest Rate	Variable Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$
2009					
Financial assets					
Cash and cash equivalents	3.4%	7,658,517			7,658,517
Trade and other receivables				1,449,208	1,449,208
Shares in listed companies				29,372,172	29,372,172
		7,658,517		30,821,380	38,479,897
Financial liabilities					
Trade and other payables				742,106	742,106
				742,106	742,106
Net financial assets		7,658,517		30,079,274	37,737,791

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2008

Financial assets

Cash and cash equivalents	6.9%	18,546,754		18,546,754
Trade and other receivables			1,416,023	1,416,023
Shares in listed companies			48,629,566	48,629,566
		18,546,754	50,045,589	68,592,343
Financial liabilities				
Trade and other payables			1,299,720	1,299,720
			1,299,720	1,299,720
Net financial assets		18,546,754	48,745,869	67,292,623

Recognised Financial Instrument	Balance Sheet Notes	Accounting Policies	Terms & Conditions

i) Financial Assets

Receivables – Other	6	Receivables are carried at nominal amounts due	
Shares in listed entities	7	Other financial assets are carried at market value where market prices are readily available, or at cost subject to impairment testing	
Investments	8	Investments are carried at market value where market prices are readily available, or at cost subject to impairment testing.	

ii) Financial Liabilities

Payables	10	Liabilities are recognised for the amounts to be paid in the future for goods and services received, whether or not billed to the Company.	Trade liabilities are nominally settled on 30 day terms.
Interest bearing liabilities	10	Other loans are carried at the principal amount. Interest is charged as it accrues.	

iii) Equity

Ordinary Shares	12	Ordinary share capital is recognised at the issue price of the shares less capital raising costs.	

Sensitivity Analysis

The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2009 and 2008.

Consolidated Entity & Parent 30 June 2009

	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Profit/(Loss) \$	Equity \$	Net Profit/(Loss) \$	Equity \$
Financial Asset					
Cash and cash equivalents	7,658,517	(76,585)	(76,585)	76,585	76,585

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Consolidated Entity & Parent 30 June 2008

	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Profit/ (Loss) \$	Equity \$	Net Profit/ (Loss) \$	Equity \$
Financial Asset					
Cash and cash equivalents	18,546,754	(185,468)	(185,468)	185,468	185,468

(b) NET FAIR VALUES

All financial assets and liabilities have been recognised at the balance date at amounts approximating their carrying value.

(c) CREDIT RISK EXPOSURES

The Group has accounts receivable arising primarily through transactions with associate companies, joint venture partners and government authorities. The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the balance sheet and notes to the financial statements.

The Group monitors its accounts receivable and provides for doubtful debts to the extent it considers the Group to be exposed to any credit risk. As the Group does not have any trading debtors or significant stock levels, a formal credit risk management policy is not maintained.

No sensitivity has been made for credit risk exposures.

(d) FOREIGN CURRENCY RISK

The Group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies other than Australian dollars, the group's presentation currency.

The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures to the United States Dollar, the Canadian Dollar, Indian Rupees, Mozambique New Meticals and to Tanzanian Schillings.

The Group has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements, and retains the right to withdraw from the foreign exploration commitments after the minimum expenditure targets have been met.

No sensitivity has been made for foreign currency risk as management considers it does not have any material impact.

23. JOINT VENTURE

The Company has interests in unincorporated joint ventures as follows:

Principal Activities		Interest	Interest	Carrying value
Joint Venture		2009	2008	30 June 2009
Buhemba	Mineral exploration whereby Randgold Resources Limited may earn a 65% interest in the tenement by sole funding exploration to completion of a pre-feasibility study within five years. Randgold may earn a further 5% by completing a bankable feasibility study within a further two years. Randgold has committed to a minimum annual expenditure of US\$100,000.	92%	92%	-
Mibango	On 27 November 2008, Lonmin Plc advised their withdrawal from the Mibango JV. They did not earn an interest.			
Dingo Well	On 23 June 2009 Regis Resources NL advised they had no further interest.			

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit. Refer to Note 16 for exploration commitments.

Notes to the Financial Statements

30 JUNE 2009

The Company has interests in joint ventures entities as follows:

Joint Venture	Principal Activities	Interest	Interest	Carrying value
		2009	2008	30 June 2009
Nachingwea	Mineral exploration. Continental Nickel Ltd may earn a further 5% interest by spending in aggregate \$15m CAD and a further 5% interest on completion of a feasibility study. If both the aggregate spending and feasibility study are completed each shareholder must pro-rata fund future work programs or dilute.	30%	30%	-

The Group has the following royalty interests.

Gawler and Curnamona	A 1% net smelter return on EL 2874. On 20 March 2009, IMX entered into a Royalty Sale Agreement with Southern Cross Royalties Limited of the United Kingdom to sell its interests in the 1% net smelter return for \$6,000,000.
Craton	A \$1 per metric tonne for ore mined and treated royalty from EL 3258, up to \$2,000,000.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
24 SHARE BASED PAYMENTS				
(a) Recognised share based payment expenses				
Expense arising from equity-settled share based payment transactions	417,538	883,103	417,538	883,103
- vested				
- not vested	131,616	-	131,616	-
	549,154	883,103	549,154	883,103

(b) Employee Share Scheme

On 27 November 2007, shareholders adopted the IMX Resources NL Share and Option Incentive Plan ("Plan") and subsequently adopted amendments on 25 June 2008. The Plan entitles Directors, key management personnel and employees to purchase shares in the Company.

All options granted under the Plan expire on the earlier of the expiry date being a maximum of 5 years after the grant date or 6 months after the Eligible Employee ceases to be employed by the Group. The exercise price shall not be less than the 5 day volume weighted average price of the Company's ordinary shares immediately prior to the Board Determination Date.

As at 30 June 2009 11,060,000 options have been issued to Eligible Employees

(c) Summary of Options Granted under the Plan

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

No options were exercised during the year.

	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding	5,660,000	\$0.52	-	-
Granted during the year	5,400,000	\$0.54	5,660,000	\$0.52
Outstanding at the end of the year	11,060,000	\$0.53	5,660,000	\$0.52

Notes to the Financial Statements

30 JUNE 2009

(d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2009 is 4.0 years (2008: 4.7 years)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year is 50 cents to 56.8 cents.

(f) Option pricing model

The fair value of the equity settled share options granted under the Plan is estimated as at the date of grant using a Black-Scholes Option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years 30 June 2009 and 30 June 2008

	2009	2008
Dividend Yield	0%	0%
Expected volatility	60%	60%
Risk free interest rate	4.72 - 5.58%	6.53 - 6.75%
Expected life (years)	5	5
Option exercise price (cents)	49 - 56.8	50 - 53
Share price at grant date (cents)	27 - 40	50 - 60

The expected life of the options is fixed at the time of issue and is not necessarily indicative of when they may be exercised. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

25. EMPLOYEE SUPERANNUATION COMMITMENTS

The Group contributes to superannuation for employees in accordance with the Government Superannuation Guarantee Legislation. The Group has no obligation to meet any shortfall in the superannuation funds obligations to provide benefits to employees on retirement.

26. SUBSEQUENT EVENTS

On 29 July 2009 the Company cancelled 360,000 expired options which had not been exercised.

On 29 July 2009 the Company issued 500,000 options to employees as a condition of their employment at an exercise price of 49 cents and expiring 29 July 2014.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

APPENDIX I
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(See attached)

IMX RESOURCES LIMITED
PRO FORMA CONSOLIDATED BALANCE SHEET
(Expressed in thousands of Australian dollars unless otherwise stated)
March 31, 2012
(Unaudited)

A\$000s	IMX Resources	Continental Nickel	Pro forma adjustments	Notes	Pro forma consolidated
Current assets					
Cash and cash equivalents	17,238	6,445	-		23,683
Trade and other receivables	13,495	287	-		13,782
Inventory	11,223	-	-		11,223
Assets classified as held for sale	506	-	-		506
Total current assets	42,462	6,732	-		49,194
Non current assets					
Mine properties and development	-	307	27,112	3	27,419
Trade and other receivables	1,003	-	-		1,003
Investments accounted for using the equity method	10,439	-	(4,496)	3	5,943
Property, plant and equipment	59,706	72	-		59,778
Total non-current assets	71,148	379	22,616		94,143
Total assets	113,610	7,111	22,616		143,337
Current liabilities					
Trade and other payables	27,814	1,220	(144)	3	28,890
Provisions	371	-	3,928	3	4,299
Total current liabilities	28,185	1,220	3,784		33,189
Non-current liabilities					
Loans from related parties	20,474	2,569	(2,569)	3	20,474
Deferred tax liabilities	3,734	-	-		3,734
Provisions	863	-	-		863
Total non-current liabilities	25,071	2,569	(2,569)		25,071
Total liabilities	53,256	3,789	1,215		58,260
Net assets	60,354	3,322	21,401		85,077
Shareholder's equity					
Contributed equity	100,976	32,721	(12,165)	3	121,532
Reserves	1,476	3,546	(2,092)	3	2,930
Accumulated losses	(47,765)	(30,223)	32,936	3	(45,052)
Equity attributable to owners of the parent	54,687	6,044	18,679		79,410
Non-controlling interests	5,667	(2,722)	2,722	3	5,667
Total shareholders' equity	60,354	3,322	21,401		85,077

IMX RESOURCES LIMITED
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(Expressed in thousands of Australian dollars unless otherwise stated)
Nine months ended March 31, 2012
(Unaudited)

A\$000s	IMX Resources	Continental Nickel	Pro forma adjustments	Notes	Pro forma consolidated
Revenue from sale of goods	130,872	-	-		130,872
Cost of sales	(126,134)	-	-		(126,134)
Gross profit	4,738	-	-		4,738
Other income	1,936	83	-		2,019
Share of associates losses	(6,605)	-	4,589	3	(2,016)
Corporate & administration expenses	(5,011)	(2,332)	-		(7,343)
Exploration expenses	(4,253)	(7,163)	-		(11,416)
Finance income	-	20	-		20
Other expenses	(1,459)	-	-		(1,459)
Profit / (loss) before tax	(10,654)	(9,392)	4,589		(15,457)
Income tax expense	(635)	-	(1,377)	3	(2,012)
Net profit / (loss) for the period	(11,289)	(9,392)	3,212		(17,469)
Other comprehensive income / (expense)					
Foreign exchange translation differences	(75)	-	(16)	3	(91)
Hedge reserve movements	2,418	-	-		2,418
Net change in value of available for sale financial assets	960	-	-		960
Total other comprehensive income / (expense)	3,303	-	(16)		3,287
Total comprehensive income / (expense)	(7,986)	(9,392)	3,196		(14,182)
Net profit / (loss) is attributable to:					
Owners of IMX Resources					(18,283)
Non-controlling interests					814
Total					(17,469)
Total comprehensive income / (expense) is attributable to:					
Owners of IMX Resources					(16,128)
Non-controlling interests					1,946
Total					(14,182)
Basic loss per share (AUD/share)				6	(0.05)

IMX RESOURCES LIMITED
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(Expressed in thousands of Australian dollars unless otherwise stated)
Year ended June 30, 2011
(Unaudited)

A\$000s	IMX Resources	Continental Nickel	AIFRS adjustments	Pro forma Adjustments	Notes	Pro forma consolidated
Revenue from sale of goods	61,174	-	-	-		61,174
Cost of sales	(41,986)	-	-	-		(41,986)
Gross profit	19,188	-	-	-		19,188
Other income	18,733	102	-	-		18,835
Share of associates losses	(6,349)	-	-	3,499	3	(2,850)
Corporate & administration expenses	(5,046)	(3,215)	31	-	2, 3	(8,230)
Exploration expenses	(5,040)	(3,932)	-	-		(8,972)
Finance costs	(165)	(5)	-	-		(170)
Other expenses	(4,215)	-	-	-		(4,215)
Profit / (loss) before tax	17,106	(7,050)	31	3,499		13,586
Income tax (expense) / benefit	(4,632)	-	-	(1,050)	3	(5,682)
Net profit / (loss) for the period	12,474	(7,050)	31	2,449		7,904
Other comprehensive income / (expense)						
Foreign exchange translation differences	(2,559)	-	-	339	3	(2,220)
Hedge reserve movements	(2,419)	-	-	-		(2,419)
Net change in value of available for sale financial assets	(12,480)	-	-	-		(12,480)
Total other comprehensive income / (expense)	(17,458)	-	-	339		(17,119)
Total comprehensive income / expense	(4,984)	(7,050)	31	2,788		(9,215)
Net profit is attributable to:						
Owners of IMX Resources						3,509
Non-controlling interests						4,395
Total						7,904
Total comprehensive income / (expense) is attributable to:						
Owners of IMX Resources						(12,479)
Non-controlling interests						3,264
Total						(9,215)
Basic profit per share (AUD/share)					6	0.02

IMX RESOURCES LIMITED

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Australian dollars unless otherwise stated)

March 31, 2012 and June 30, 2011

(Unaudited)

1. Basis of preparation

On May 17, 2012, IMX Resources Limited (IMX Resources or the "Company") entered an agreement with Continental Nickel Limited ("Continental"), regarding a proposed acquisition by IMX Resources of all of the outstanding common shares of Continental whereby Continental shareholders would receive 3.7 IMX Resources ordinary shares plus 0.5 of IMX Resources ordinary share purchase warrant (equivalent to an option in Australian parlance) for each common share in the capital of Continental.

These unaudited *pro forma* consolidated financial statements have been prepared to give effect to the proposed transaction with Continental on the basis that each shareholder of Continental will receive ordinary shares of common stock and warrants of IMX Resources in exchange for their Continental common shares.

These unaudited *pro forma* consolidated financial statements have been compiled from and include:

- (a) An unaudited *pro forma* consolidated balance sheet combining the unaudited balance sheet of IMX Resources as at March 31, 2012 with the unaudited balance sheet of Continental as at March 31, 2012, giving effect to the transaction as if it occurred on March 31, 2012.
- (b) An unaudited *pro forma* consolidated interim statement of operations combining the unaudited consolidated interim statement of operations of the Company for the nine months ended March 31, 2012 with the unaudited consolidated interim statement of operations of Continental for the nine months ended March 31, 2012.
- (c) An unaudited *pro forma* consolidated statement of operations combining the audited consolidated statement of operations of the Company for the year ended June 30, 2011 with the audited consolidated statement of operations of Continental for the year ended June 30, 2011, giving effect to the transaction as if it occurred on July 1, 2010.

The unaudited *pro forma* consolidated financial statements have been compiled using the significant accounting policies as set out in the audited consolidated financial statement of IMX Resources for the year ended June 30, 2011. The unaudited *pro forma* consolidated financial statements should be read in conjunction with the historical financial statements and notes thereto of the Company.

Continental prepared its audited consolidated financial statements for the year ended June 30, 2011 in accordance with Canadian Generally Accepted Accounting Principles (CGAAP) and in Canadian dollars. Continental financial statements for the year ended June 30, 2011 included in the *pro forma* consolidated financial statements have been translated to Australian equivalents to International Financial Reporting Standards ("AIFRS"), as more fully described in Note 2. Continental transitioned to International Financial Reporting Standards ("IFRS") July 1, 2011 and as a result Continental prepared its unaudited consolidated financial statements for the nine month period ended March 31, 2012 in accordance with IFRS and in Canadian dollars. The conversion from Canadian dollars to Australian dollars has been reflected at the rates described in the following table:

As at March 31, 2012	1.0379
Average for the nine months ended March 31, 2012	1.0397
Average for the twelve months ended June 30, 2011	0.9887

IMX RESOURCES LIMITED

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Australian dollars unless otherwise stated)

March 31, 2012 and June 30, 2011

(Unaudited)

1. Basis of preparation (continued)

Management of IMX Resources has reclassified certain line items from Continental's financial statements in an attempt to conform the presentation to IMX Resources financial statements. It is management's opinion that these unaudited *pro forma* consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described in Note 3 in accordance with AIFRS. IMX Resources consolidated financial statements are prepared in accordance with AIFRS. The notes to the consolidated financial statements include a statement that the IMX Resources financial statements also comply with IFRS.

The unaudited *pro forma* consolidated financial statements are not intended to reflect the results of operations or the financial position of the Company which would have actually resulted had the transaction been effected on the dates indicated. Further, the unaudited *pro forma* financial information is not necessarily indicative of the results of operations that may be obtained in the future. The *pro forma* adjustments and allocations of the purchase price for Continental are based in part on provisional estimates of the fair value of the assets acquired and liabilities assumed. The final purchase price allocation will be completed after assets and liability valuations are finalised. The final valuation will be based on the actual common stock price of the Company and Continental as of the date of completion of the acquisition. Any final adjustments may change the allocation of purchase price which could affect the fair value assigned to the assets and liabilities and could result in a change in the unaudited *pro forma* consolidated financial statements. In addition, the impact of integration activities, the timing of completion of the acquisition and other changes in Continental's net tangible and intangible assets prior to the completion of the acquisition which have not been incorporated into these unaudited *pro forma* consolidated financial statements, could cause material differences in the information presented.

2. Reconciliation of CGAAP to AIFRS

Stock-based compensation and warrants

Under CGAAP, for grants of share-based awards with graded vesting, the total fair value of the award can be recognised on a straight-line basis over the employment period necessary to vest the award. Forfeitures of awards are recognised as they occur. Under AIFRS, each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortised over the vesting period of the respective tranches. An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate.

Under CGAAP, Continental's policy was to leave the value recorded for expired, unexercised share purchase options in equity reserve, and to record the value of expired, unexercised warrants in equity reserve. Under AIFRS, Continental has changed its policy whereby amounts recorded for expired, unexercised stock options and warrants are transferred to deficit on expiry.

As a result, the expense for share-based awards and warrants has been adjusted to reflect these differences. In adopting IFRS 2, a decrease in stock-based compensation of \$31,307 for the year ended June 30, 2011 has been determined.

In addition, Continental is required to estimate a forfeiture rate in its calculation of share-based compensation, unlike Canadian GAAP where this was an option but not required. The Company has determined that the forfeiture adjustment was not significant.

IMX RESOURCES LIMITED

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Australian dollars unless otherwise stated)

March 31, 2012 and June 30, 2011

(Unaudited)

3. Acquisition of Continental by IMX Resources

The transaction will be accounted for accounting purposes as an asset acquisition. In consideration for the acquisition of Continental, the Company will issue 3.7 ordinary shares of IMX Resources common stock for each outstanding common share of Continental not already held by IMX Resources. A total of approximately 99.8 million IMX Resources common shares will be issued, representing approximately A\$20.5 million total value based on the closing price of IMX Resources common shares on July 11, 2012 of A\$0.205 per IMX Resources common share.

Each Continental stock option which gives the holder the right to acquire shares in the common stock of Continental when presented for execution will be exchanged for a stock option which will give the holder the right to acquire shares in the common stock of IMX Resources on the same basis as the exchange of Continental common shares for IMX Resources common shares. These options have been included in the purchase consideration at their fair value of approximately \$1 million, based on the Black-Scholes pricing model.

The principal assumptions used in applying the Black-Scholes option-pricing model were as follows:

Risk-free interest rate	4.5%
Dividend yield	N/A
Volatility factor	67%
Expected life of replacement stock options (weighted average)	3.2 years
Expected life of ordinary share purchase warrants	3 years

The value of the purchase consideration for accounting purposes may differ from the amount assumed in the unaudited pro forma consolidated financial statement information due to any future changes in the negotiation process and fluctuations in the relative share prices of IMX Resources and Continental.

The following table sets forth a preliminary allocation of the purchase price to assets and liabilities acquired, based on preliminary estimates of fair value. The final valuation of assets and liabilities are not yet complete due to the timing of the acquisition and inherent complexity associated with the valuations. This preliminary purchase price allocation is therefore subject to adjustment over the period to completion of the valuation process and the differences may be material.

IMX RESOURCES LIMITED

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Australian dollars unless otherwise stated)

March 31, 2012 and June 30, 2011

(Unaudited)

3. Acquisition of Continental by IMX Resources (continued)

	A\$ '000
Common shares of IMX Resources issued on acquisition	20,464
IMX Resources options to be issued	983
IMX Resources warrants to be issued	466
Estimated transaction costs	2,400
	<u>24,313</u>
 Net assets acquired	 A\$ '000
Cash and cash equivalents	6,445
Trade and other receivables	287
Mine properties and development	22,827
Property, plant and equipment	72
Trade and other payables	(1,221)
Provisions	(1,528)
Loans payable to related parties	(2,569)
	<u>24,313</u>

4. Pro forma assumptions and adjustments

The unaudited *pro forma* consolidated financial statements incorporate the following *pro forma* assumptions:

- (a) The total acquisition cost of \$24,313,335, including accrued transaction costs, has been allocated to the acquired assets and liabilities on a *pro forma* basis as described in note 3.
- (b) Transaction costs have been assumed to be A\$2,400,000 representing management's best estimate. Transaction costs have been included in the *pro forma* financial information as unpaid as at acquisition date.
- (c) Contractual termination payments to Continental employees of \$1.6 million have been included in the *pro forma* based on management's best estimate.
- (d) Continental's capital stock, reserves and accumulated deficit have been eliminated in the *pro forma* adjustments.
- (e) Any related party balances or transactions between IMX Resources and Continental included in the *pro forma* financial information have been eliminated.
- (f) Tax has been included at the Australian statutory income tax rate of 30% where applicable.
- (g) The fair value allocated to the St. Stephen project is assumed to be C\$3 million.
- (h) IMX Resources' previously held equity accounted interest of 37% in Continental has been eliminated and transferred to Mine Properties and Development.
- (i) For determining the preliminary value of share consideration paid, share prices as at July 11, 2012 have been utilised.
- (j) For determining the value of ordinary share purchase warrants issued by IMX Resources as consideration, a Black Scholes valuation of \$0.035 (as at July 11, 2012) has been calculated.
- (k) The fair value of the replacement IMX Resources options issued has been determined using the Black Scholes model at \$0.0652 (as at July 11, 2012). The total fair value of replacement IMX Resources options of \$982,666 has been included in the purchase consideration, reflecting IMX Resources' obligation to replace all outstanding Continental options in accordance with the Agreement.
- (l) All IMX Resources options issued to replace outstanding Continental options have been treated as having vested before the acquisition. This treatment is in accordance with the terms of the replaced Continental options which are deemed to vest immediately in case of change of control over Continental.

IMX RESOURCES LIMITED

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Australian dollars unless otherwise stated)

March 31, 2012 and June 30, 2011

(Unaudited)

5. *Pro forma* share capital

Pro forma share capital as at March 31, 2012 has been determined as follows:

	Number of shares	Amount A'\$000
Issued common shares of IMX Resources	262,612,803	100,976
Shares issued for the acquisition of Continental	99,827,369	20,556
<i>Pro forma</i> balance	<u>362,440,172</u>	<u>121,532</u>

6. *Pro forma* profit (loss) per share

Pro forma basic loss per share for the nine months ended March 31, 2012 and profit per share for the year ended June 30, 2011 have been calculated based on actual weighted average number of IMX Resources ordinary shares outstanding for the respective periods and the assumed number of IMX Resources ordinary shares issued to Continental shareholders being effective on July 1, 2011 and July 1, 2010 respectively.

	9 months ended March 31, 2012	Year ended June 30, 2011
Actual weighted number of IMX Resources shares outstanding	262,612,803	256,504,593
Assumed number of IMX Resources shares issued to Continental shareholders	99,827,369	99,827,369
<i>Pro forma</i> weighted average number of IMX common shares outstanding	<u>362,440,172</u>	<u>356,331,962</u>
<i>Pro forma</i> net (loss)/profit (A'\$000)	(17,469)	7,904
<i>Pro forma</i> adjusted basic (loss)/profit per share (AUD/share)	(0.05)	0.02