

IMX RESOURCES LIMITED

ABN 67 009 129 560

ANNUAL REPORT

for the year ended 30 June 2013



Corporate Information

ABN 67 009 129 560

Directors

Mr John Nitschke (Non-Executive Chairman)
Mr Neil Meadows (Managing Director)
Ms Kellie Benda (Non-Executive Director)
Mr David Constable (Non-Executive Director)
Mr Robert Wei Sun (Non-Executive Director)

Company Secretary

Mr Stuart McKenzie

Registered Office

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Bankers

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Solicitors

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Finlaysons
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ADELAIDE SA 5000

Share Register

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Auditors

KPMG
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PERTH WA 6000

Website Address

www.imxresources.com.au

ASX / TSX Code

Shares are listed on the Australian Securities Exchange ("ASX") and the Toronto Stock Exchange ("TSX") under the code IXR.

IMX Resources Limited ("IMX" or the "Company") is a reporting issuer under the securities laws of certain provinces of Canada. IMX is also a "designated foreign issuer" as defined in National Instrument 71-102 of the Canadian Securities Administrators ("NI 71-102") and, as such, is generally permitted to meet certain Canadian disclosure requirements by complying with the disclosure requirements of a foreign regulatory authority. In the case of IMX, such foreign regulatory authorities are the ASX and the Australian Securities and Investments Commission. IMX files documents required by NI 71-102 in Canada on its profile at www.sedar.com.

Contents

Chairman's Letter	3
Managing Director's Report	5
Directors' Report	7
Remuneration Report	24
Corporate Governance Statement	35
Consolidated Statement of Comprehensive Income	45
Consolidated Statement of Financial Position	46
Consolidated Statement of Changes in Equity	47
Consolidated Statement of Cash Flows	48
Notes to the Financial Statements	49
Directors' Declaration	89
Independent Audit Report	90
Auditors' Independence Declaration	92
ASX Additional Information	93

Chairman's Letter

Dear Shareholders,

A challenging year marked by sharp declines in industrial metals prices, difficult capital markets conditions and uncertainty regarding global economic growth has come to a close.

Notwithstanding such challenges, the past year has seen IMX lay a solid foundation for growth and we remain confident in the development opportunities at both the Nachingwea Exploration and Mt Woods Magnetite Projects.

A disciplined approach to management of the Cairn Hill Mine has provided the financial resources that enabled the Company to achieve exploration success at the Nachingwea Exploration project and to further progress development work on the Mt Woods Magnetite Project.

While pleased that no lost-time injuries were recorded during the year, we are committed to improving safety performance and remain firmly focused on minimising the risk of injury to our employees and contractors.

The Company is somewhat uniquely positioned, in that continued positive cash flow from its Cairn Hill Mine has allowed for ongoing exploration and project development activities. In the 2013 financial year, this has been a significant advantage.

Completion of the acquisition of Continental Nickel Limited (CNI) early in the financial year saw the Company become listed on the Toronto Stock Exchange (TSX), in addition to the existing listing on the Australian Securities Exchange, and several North American institutional and professional investors joined the IMX share register.

More significantly, completion of the size and grade of the CNI acquisition allowed IMX to assume control of the Nachingwea Exploration Project, where a significant increase in the global Ntaka Hill Mineral Resource has been achieved. In addition, important progress has been made in better understanding the exploration opportunity at Nachingwea, in particular the potential for higher grade mineralisation at depth.

Subsequent to the end of the 2013 financial year, the Company reached agreement with MMG Exploration Holdings Limited, a wholly owned subsidiary of Hong Kong Stock Exchange listed MMG Limited, a diversified base metals mining and exploration company, on a joint venture arrangement for the Nachingwea Exploration Project. MMG brings significant technical and financial resources to the project to allow for a deeper exploration program, testing deep high nickel grade mafic intrusives, with the capacity to deliver significant returns to IMX that would not have been possible for IMX to pursue alone.

The Company continues to view the Mt Woods Magnetite Project as a key part of our growth strategy and the scoping study finalised in June 2013 validated the Company's commitment to proceeding with further development work. We are confident that the Inferred Mineral Resource and favourable metallurgy, along with existing key infrastructure, including available rail and port capacity currently being used for the Cairn Hill Mine, differentiates Mt Woods as an economically attractive, low risk, low capital and feasible near-term development opportunity.

The Company's activities have been underpinned by the consistent performance of our Cairn Hill Mine, where important operational improvements were implemented during the first quarter of the 2013 financial year which resulted in increased production, lower operating costs, enhanced margins and consistent positive cash flow, despite a significant slump in iron ore prices.

IMX has always taken pride in making a real contribution to the communities in which it operates and it was rewarding for the Company and its employees to be recognised for our community development work in both South Australia and Tanzania.

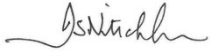
In August 2012, we welcomed Kellie Benda and David Constable to the board as Non-Executive Directors. With his background as a geologist and investor relations specialist in Canada and a long history of association with the Canadian nickel industry, David brings important expertise in geology to the Board and ensures that the Company maintains a meaningful presence in North America. Kellie brings strong commercial skills, legal skills and a sound track record of achievement in the financial sector and capital markets. The addition of David and Kellie has considerably strengthened our Board.

In May 2013, Robert Sun replaced Song Yuan Gang as a Director. Robert was previously alternate Director for Song Yuan Gang and brings considerable experience in dealing with companies involved in the Chinese mining and minerals processing industry. More recently, Stephen Hunt, who had been a Director since 2007 resigned from the Board. I would like to acknowledge the effort and contribution of both Stephen and Mr Song.

Chairman's Letter

The outlook for iron ore prices remains mixed, though recent increases, along with a lower AUD/USD exchange rate have combined to improve the operating environment. The Company has an established history and significant operational and logistics experience in both South Australia and Tanzania, two mining supportive jurisdictions. Together with the recently formed relationship with MMG, and supported by positive cash flow from the Cairn Hill Mine, the Company is well placed to advance project development at both Nachingwea and Mt Woods.

On behalf of my fellow Directors, I would like to take this opportunity to express my thanks to Neil Meadows and his management team for professionalism and dedication through what has been a challenging and eventful year. I also want to acknowledge the work done by the contractors and advisors who make such a valuable contribution to our business.



John Nitschke
Chairman

Managing Director's Report

The 2013 financial year saw IMX commit to an ambitious strategy focused on the exploration, development and operation of base metal projects in low-risk jurisdictions where the Company has experience and know-how.

Successful operation of the Cairn Hill Iron Ore Mine remains central to the Company's progress. During the year, Cairn Hill continued to produce at a rate of just under 1.8 million tonnes per year, at a substantially reduced operating cost to generate significant positive cash flow, particularly in the second half of the year. This success allowed the Company to focus its efforts on progressing the Nachingwea Exploration Project and the Mt Woods Magnetite Project, both of which represent strategic growth and value creation opportunities for the Company. Important progress has been made during the year with respect to both projects.

At IMX, safety is central to everything we do. Good safety performance, covering both our people and our operating facilities, is critical to our business success. During 2013, no lost-time injuries were recorded at our Cairn Hill Mine or at our Nachingwea and Mt Woods exploration projects. There was however an increase in the rate of recordable injuries at Cairn Hill during the year that resulted in the TRIFR increasing from 6.7 to 13.7. We have been working with the mining contractor to address the issues that have led to this increase as part of our ongoing focus on eliminating the hazards and risks that can lead to serious incidents and injuries at our Cairn Hill Mine.

The Company recently confirmed that shipping at Cairn Hill Phase 1 will continue until February 2015, with positive cash flow expected until that date. Notwithstanding the February 2015 date, the Company is reviewing options that may allow for an extension of operations at Cairn Hill. This includes investigation of mining and coarse dry magnetic processing from a potential Cairn Hill Phase 2 development, located immediately adjacent to the current mining operation within the Cairn Hill joint venture area, where there is an Indicated Mineral Resource of 3.77Mt @ 47.8% Fe for 1.8Mt of contained metal and an Inferred Mineral Resource of 4.60Mt @ 45.8% Fe for 2.1Mt of contained metal. The Company is also considering opportunities to extend the anticipated life of Pit 2 at Cairn Hill Phase 1.

Cash flow from Cairn Hill has enabled the Company to fund its Nachingwea exploration program and continue work on the development of its Mt Woods Magnetite Project in South Australia.

Since taking full responsibility for management of the Nachingwea exploration program, following completion of the acquisition of Continental Nickel Limited in September 2012, the results to date have been encouraging. Applying a multi-disciplinary approach, the Company has delineated a maiden Mineral Resource at the Zeppelin deposit, upgraded the Sleeping Giant Mineral Resource, both of which form part of the Ntaka Hill Nickel Sulphide Project, and reported a substantial increase in the global Ntaka Hill Mineral Resource, including a doubling of the grade of the Inferred Mineral Resource.

During the year, the Company advanced its understanding of the structural geology and the nature of the mineralisation at Ntaka Hill and concluded that the structural geology lends itself to an exploration model focussed on deeper, higher nickel grade mafic intrusives. While the potential for success from such a program is high, the higher costs incurred required to validate such a geological model were determined to be beyond IMX's capacity to fund from its own resources. This was an important consideration in the Company's recently announced decision to enter into a US\$60 million earn-in exploration joint venture agreement with MMG. This five year partnership with MMG brings their considerable financial and technical capacity to bear in support of a deeper drilling program, as well as more active regional exploration. MMG has mobilised to site and an ambitious drilling program for the next 12 months is already underway.

Outside of the Ntaka Hill Project area, we commenced a regional exploration program on the greater land package located within the Nachingwea Project area, designed to verify some of the regional magnetic and gravity survey data compiled at the end of the previous years' drilling season. One aim of this work was to test the prospectivity of the rest of the Ntaka-Lionja Trend, a 12 kilometre ultramafic belt that extends from our Ntaka Hill Project to beyond the village of Lionja in the south. IMX has also initiated a detailed exploration campaign over vast areas of the Nachingwea land package involving grass roots style exploration techniques such as regional mapping and soil sampling.

In relation to the Mt Woods Magnetite Project, a scoping study was finalised in June 2013 which assessed four annual production scenarios, ranging from 1.8Mt to 9.4Mt, with a 2.5Mt scenario selected as the preferred base case. The scoping study supported the Company's commitment to, and belief in, the development potential of the Mt Woods Magnetite Project.

During the study, a comprehensive review of power supply options identified that up to 30 MW of load could be supported with the installation of a 132 kV overhead power line from Prominent Hill to the Mt Woods site and higher loads could be supported by connection back to Olympic Dam. In addition, there is access to existing infrastructure used at the Cairn Hill Mine, including the rail siding used for loading product from the Cairn Hill Mine and the port handling facility at Port Adelaide, from where the product is shipped.

Managing Director's Report

When you combine the Inferred Mineral Resource at Mt Woods, the Company's established presence and our history of successful mining operations and excellent relationships with the local community and access to existing infrastructure, Mt Woods represents an attractive development opportunity. While cash flow from the Cairn Hill Mine supports ongoing minor development work, we are continuing with efforts to secure a strategic partner to assist in accelerating project development activity.

We take seriously our obligations to the local communities in the areas in which we operate and are committed to delivering initiatives that improve community well-being. It was therefore pleasing to recently receive formal recognition of the Company's community development work from the Ministry of Energy and Minerals in Tanzania at its 2013 Corporate Social Responsibility and Empowerment awards and in December 2012 to be recognised for our contribution to Coober Pedy and the Far North region of South Australia, as part of the 2012 Advantage South Australia Regional Awards.

Despite the difficult operating environment during 2013, we remain firmly committed to realising the value of the Nachingwea Exploration Project and the Mt Woods Magnetite Project and with work completed during the year and continued strong performance from the Cairn Hill Mine, we are confident that the Company is well placed to deliver on this commitment.

In closing, I would like to sincerely thank our board, my management team, our employees, contractors and advisors and our valued shareholders for their ongoing support and trust during the year and look forward to an exciting and rewarding year ahead.



Neil Meadows
Managing Director

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") comprising IMX Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013. IMX is a company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS

The following persons were Directors of IMX during the 2013 financial year and up to the date of this report:

J Nitschke

K Benda

D Constable

S Hunt (resigned 22 August 2013)

N Meadows

Song Yuan Gang (resigned 23 May 2013)

Robert Wei Sun (appointed 23 May 2013. Mr Sun was previously an Alternate Director for Song Yuan Gang.)

The names and particulars of the qualifications, experience and special responsibility of the Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

John Nitschke, B.Eng (Hons), MSc, DIC, FAusIMM, GAICD

Independent, Non-Executive Chairman - Age 60 (appointed Director 23 December 2009, Chairman 10 February 2012)

Experience, expertise and directorships

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 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 Sapon Copper Expansion Project. He is also a Non-Executive Director of ASX listed company, Venturex Resources Limited.

Special responsibilities

Chairman of the Board

Chairman of the Nomination and Remuneration Committee

Member of the Audit and Risk Management Committee

Interests in shares and options

2,500,000 ordinary shares in IMX

100,000 listed options over ordinary shares in IMX

500,000 unlisted options over ordinary shares in IMX

1,137,900 replacement options over ordinary shares in IMX

Kellie Benda, BA, LLB, MAppFin, ASIA, Harvard AMP, FAICD, FAIM

Independent, Non-Executive Director - Age 45 (appointed 1 August 2012)

Experience, expertise and directorships

Kellie Benda is currently Vice President Mergers and Acquisitions with ASX listed company, Aurizon Holdings Limited. She has worked for top international legal and professional services firms in senior positions including King & Wood, Mallesons and PricewaterhouseCoopers. She has worked in investment banking with global US and French banks, specialising in the mining and resources sector. Ms Benda has served as an Executive General Manager across operations, finance and corporate services and has been an Executive Director and Head of Corporate Finance for a stockbroker. She holds a Bachelor of Laws, a Bachelor of Arts, a Masters of Applied Finance and is a graduate of Harvard Business School AMP.

Ms Benda is a Fellow of the Australian Institute of Company Directors and a council member (WA), on the board of the Australia Youth Orchestra and Chair of the charity, Ready to Work Inc.

Special responsibilities

Chairman of the Audit and Risk Management Committee

Member of the Nomination and Remuneration Committee

Interests in shares and options

375,000 ordinary shares in IMX

Directors' Report

David Constable, B.Sc (Hons.), MBA

Independent, Non-Executive Director - Age 65 (appointed 1 August 2012)

Experience, expertise and directorships

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, specialising in mineral exploration, marketing and communications. He holds a Bachelor of Science (Hons.) degree, Masters of Business Administration and is a member of the Canadian Institute of Company Directors.

Mr Constable has a track record of success in helping grow small exploration and mining companies listed on the TSX. 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 TSX listed FNX Mining Co Inc. Mr Constable currently serves as a Non-Executive Director of Sandspring Resources Limited (TSXV: SSP), U3O8 Limited (TSXV: UWE), Woulfe Mining Corp. (TSXV: WOF) and Tiger Resources Limited (ASX/TSX: TGS).

Special responsibilities

Member of the Audit and Risk Management Committee
Member of the Nomination and Remuneration Committee

Interests in shares and options

Nil

Stephen Hunt, B.Bus (Marketing)

Independent, Non-Executive Director - Age 51 (appointed 3 July 2007, resigned 22 August 2013)

Experience, expertise and directorships

Stephen Hunt has more than 20 years' experience in the minerals marketing industry, 16 of which were gained with BHP. He was a Director of Australian Zircon NL until 28 April 2006, was appointed a Director of Uranex Limited on 27 August 2010, and currently holds directorships with several private resource focused companies.

Special responsibilities

Member of the Nomination and Remuneration Committee (resigned 22 August 2013)

Interests in shares and options

501,800 ordinary shares in IMX
7,000 listed options over ordinary shares in IMX
1,400,000 unlisted options over ordinary shares in IMX

Neil Meadows, M.App.Sc (Met), B.App.Sc (Met), Grad.Dip.(Bus.Admin), GAICD, MAusIMM

Managing Director - Age 51 (appointed 2 November 2011)

Experience, expertise and directorships

Neil Meadows holds a Masters of Applied Science in Metallurgy and is a Member of the Australasian Institute of Mining and Metallurgy. In 2007, Mr Meadows was recipient of the Mine Manager of the Year Award through the Sydney Mining Club and in 2009 was the Australasian Institute of Mining and Metallurgy North Queensland Resources Industry Professional of the Year. 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.

Mr Meadows previously worked with the Australian Premium Iron Ore Joint Venture on mine infrastructure, prior to which he was the Chief Operating Officer of Queensland Nickel, subsequent to the sale of the business by BHP Billiton. He was the Managing Director of Gladstone Pacific Nickel whilst the company was listed on the London AIM and was also the General Manager of the Yabulu Refinery site for BHP Billiton.

Special responsibilities

Managing Director

Interests in shares and options

2,000,000 unlisted options over ordinary shares in IMX
300,000 ordinary shares in IMX

Directors' Report

Song Yuan Gang

Non-Independent, Non-Executive Director - Age 42 (resigned 23 May 2013)

Experience, expertise and directorships

Song Yuan Gang is the Chairman of privately owned Chinese company Sichuan Taifeng Group. Song Yuan Gang has grown Sichuan Taifeng into a successful diversified group with trading, real estate and mining divisions. On 26 October 2010, Song Yuan Gang was appointed as a Non-Executive Director of Continental Nickel Limited and subsequently resigned from this position on 30 August 2011.

Special responsibilities

None.

Interests in shares and options

51,956,000 ordinary shares in IMX

25,000 listed options over ordinary shares in IMX

485,000 unlisted options over ordinary shares in IMX

Robert Sun, M.Econ(Commerce), M.Econ. (IEM)

Director - Age 50 (appointed 23 May 2013)

Experience, expertise and directorships

Robert (Wei) Sun is a resource investment analyst with significant experience in international trade and the resource industries of China, Canada and Australia. He has held positions as a business manager and resource and project analyst with major Chinese and Australian companies. Robert has exceptional communication skills being able to communicate on a corporate and technical level in Chinese and English. He has maintained a close association with major Chinese companies involved in the mining and minerals exploration industries and has well established contacts within the Asian investment sector. Prior to his appointment as a Director, since 16 March 2012 Mr Sun acted as Alternate Director for Mr Song Yuan Gang. Mr Sun is also a Non-Executive Director of Peppinini Minerals Limited (ASX:PNN) and Ferrowest Resources Limited (ASX: FWL).

Special responsibilities

Nil

Interests in shares and options

Nil

COMPANY SECRETARY

Stuart McKenzie, BEc, CSA (appointed 14 December 2012)

Stuart McKenzie is a chartered secretary with over 25 years' experience in senior commercial roles. He was previously Company Secretary with Anvil Mining Limited for almost six years, prior to which he held senior positions with Ok Tedi Mining Limited, Ernst and Young and HSBC. Mr McKenzie has a Bachelor of Economics (Honours) from Monash University and a Graduate Diploma in Applied Corporate Governance.

Caroline Rainsford, CPA, GAICD, CSA (Cert) (appointed 17 January 2012, resigned 14 December 2012)

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. 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.

Directors' Report

DIRECTORS' MEETINGS

The number of Directors' meetings held (including meetings of Board Committees) and number of meetings attended by each of the Directors of the Company during the financial year are:

	Meetings of Board Committees					
	Meetings of Directors		Audit and Risk Management		Nomination and Remuneration	
	A	B	A	B	A	B
Number of meetings attended:						
J Nitschke	15	15	6	6	5	5
K Benda	13	15	6	6	5	5
D Constable	14	15	6	6	*	*
S Hunt	15	15	*	*	5	5
N Meadows	15	15	*	*	*	*
R Sun (Director)	2	2	*	*	*	*
R Sun (Alternate Director)	12	13	*	*	*	*
Song Yuan Gang	4	13	*	*	*	*

Notes

A denotes number of meetings attended

B denotes number of meetings held during the time the Director held office during the year

*denotes that the Director is not a member of the relevant Board Committee

The Audit and Risk Management Committee comprises K Benda, J Nitschke and D Constable.

During the year ended 30 June 2013, the Nomination and Remuneration Committee comprised J Nitschke, S Hunt and K Benda.

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Group consisted of:

- (a) Prospecting and exploration for minerals
- (b) Mineral extraction and production

OPERATING AND FINANCIAL REVIEW

Information on the operations and financial position of the Group and its business strategies and prospects is set out below:

Australian Based Operations

During the year ended 30 June 2013, the Group's Australian based activities consisted of the Cairn Hill Mining Operation, the exciting development of the Mt Woods Magnetite Project and the continued exploration of the Mt Woods Inlier for copper-gold by OZ Minerals. The Cairn Hill Mining Operation experienced another stable year of production continuing to operate above nameplate capacity. Cairn Hill's stable production cost profile also resulted in significant cash flow generation of \$44.2m for the Group despite challenging commodity price and foreign exchange rate conditions during the beginning of the financial year.

During the year, IMX also completed a Preliminary Economic Assessment (scoping study) of the Snaefell project, part of the broader Mt Woods Magnetite Project.

Directors' Report

Cairn Hill (IMX 51%)

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%).

Production and shipments for the year ended 30 June 2013 were as follows (figures represent the full (100%) results of the Cairn Hill Mining Operation JV):

Production Statistics	2013 ('000)	2012 ('000)	Movement (%)
Total Material Mined (BCM)	2,019	4,831	(58%)
Ore Mined (BCM)	403	367	10%
Ore Mined (Tonnes)	1,734	1,530	13%
Ore Crushed (Tonnes)	1,764	1,640	8%
Road Haulage (Tonnes)	1,748	1,556	12%
Rail Haulage (Tonnes)	1,768	1,656	7%
Iron Ore Sold (Tonnes)	1,755	1,725	2%

Mining

During the year, the pre-stripping of Pit 2 was delayed, resulting in a reduction in mining volumes. This was achieved without impacting the JV's ore mining or shipping rates. The reduced mining volumes also had a permanent positive impact in reducing the JV's cash operating costs.

Stockpiles

At the end of the year, the ore stockpiles carried a total value of approximately \$12.0m and tonnages are as follows:

	Pre Crusher	Post Crusher	Rankin Dam	Port Adelaide	Total
Stockpiles (tonnes) ('000)	85	80	61	39	265

Shipping

During the year, 23 vessels were loaded with an average cargo size of 75,990 wet metric tonnes. The average grades of the ore shipped during the year were 52.43% Fe and 0.48% Cu.

Sales and Marketing

Demand for the product is well in excess of production with competition for cargoes increasing during the year. All cargoes for the 2013 calendar year are contracted. The JV expects to secure contracts for all 2014 calendar year cargoes in the December 2013 quarter.

Cash flow

Despite a challenging commodity price and foreign exchange rate environment, the JV remained cash flow positive during the year generating \$44.2m of cash including record quarters of \$13.4m and \$21.3m in the March 2013 and June 2013 quarters respectively.

Life of Mine

During the year, the JV completed an analysis of the mine and established that under the expected mine life, shipment of ore is expected to cease during the March quarter 2015. The Company is reviewing opportunities to increase the mine life from both Pit 1 and Pit 2 of the existing Cairn Hill Phase 1 resources as well as from the mining and coarse dry magnetic processing from the Phase 2 resource.

Directors' Report

EXPLORATION PROJECTS

1. Nachingwea Property, Ntaka Hill (IMX 100% – subject to JV with MMG)

The Nachingwea Project is located in the Lindi and Mtwara regions of south-eastern Tanzania. Its main asset is the Ntaka Hill Nickel Sulphide Project which is in an advanced stage of exploration, and the regional Nachingwea Project which covers the larger joint venture property holdings. Regional exploration has identified copper and gold mineralisation at Chilalo and HOG prospects, 23km and 20km respectively, north-east of Ntaka Hill.

During the year, IMX assumed 100% ownership of the Nachingwea Project after the acquisition of its previous joint venture partner; TSXV listed Continental Nickel Limited (CNI). Subsequent to year end, IMX entered into an Earn-In and Shareholders Agreement with MMG Exploration Holdings Limited (MMG) to form an incorporated joint venture over the project. This joint venture will see MMG spend up to US\$60m over 5 years to earn up to 60% of the project.

Ntaka Hill Nickel Sulphide Project

The exploration program to the end of the 2012 field season was designed by the CNI geological team to expand the existing mineral resource at Sleeping Giant, advance the Ntaka Hill nickel sulphide deposits towards mine development, and generate and explore priority regional exploration targets.

At Ntaka Hill, drilling focussed on in-fill drilling on 50 metre centres at Sleeping Giant, as well as exploration drilling of selected other targets within the Ntaka Hill intrusion. At Sleeping Giant, multiple new intersections of nickel mineralisation were reported, including new sulphide mineralisation in the footwall and additional wide intersections of disseminated sulphides in the hanging wall.

Elsewhere in the Ntaka Hill intrusion, three of six geochemical targets tested resulted in the intersection of significant nickel sulphide mineralisation including the discovery of the new Zeppelin Deposit. The Zeppelin Deposit is located 350 metres west of H Deposit and consists of both near surface disseminated sulphides and net-textured to semi-massive sulphides.

Whilst the Ntaka Hill camp had previously been closed over the wet season, IMX chose to keep the camp open to host a number of geological consultants to assist IMX's exploration team in developing an exploration model that would be successful in finding more near surface and higher grade mineralisation.

Exploration at Ntaka Hill during 2013 initially focused on:

- Increasing the shallow open-pit mineable resource via in-fill and extension drilling; and
- Utilising surface and down hole EM tools, but also introduce improved surface Induced Polarisation ('IP') techniques to help locate new shallow ore positions.

At the Lionja intrusion, located seven kilometres south-west of Ntaka Hill, six diamond drill holes totalling 1,279 metres were drilled to follow-up previous nickel intersections and to test Ni-Cu soil anomalies. Three of the follow-up holes intersected significant nickel sulphide mineralisation extending the area of known mineralisation an additional 400 metres to the west.

Since July 2012, surface geophysical data collection on the Ntaka Hill licence included 22.2 line kilometres of IP and three line kilometres of Electro Magnetic ("EM") surveying and gravity data from 3,501 stations. In addition, borehole EM data were collected from 27 diamond holes and borehole magnetic data were collected from 45 holes. Collectively, the geophysical data will help to identify additional exploration targets and new subsurface ultramafic target rocks, particularly between the Ntaka Hill and Lionja intrusions. The gravity data showed a broader area of prospective ultramafic rocks is interpreted to exist within the project area away from presently known mineralisation.

At Ntaka Hill, a total of 78 diamond holes for 16,992.75 and 24 Reverse Circulation ("RC") holes for 2400 metres were drilled during the period. This drilling focussed on Sleeping Giant, as well as selected other targets within the Ntaka intrusion with multiple intersections of nickel mineralisation reported. The mineral resource estimate for the Ntaka Hill Nickel Sulphide Project was updated to incorporate the results of this additional drilling.

As of July 2013, the global mineral resource for the Ntaka Hill Nickel Sulphide Project included 20.3Mt in the Measured and Indicated categories at an average 0.58% Ni and 0.13% Cu for 117,880 tonnes of contained nickel and Inferred Mineral Resources of 35.9Mt at 0.66% Ni for 238,500 tonnes of contained nickel.

2. Nachingwea Property, Regional Targets (IMX 100%)

Exploration targets on the regional land position have the potential to include nickel, copper, gold and graphite mineralisation as demonstrated with the discovery of the new HOG gold gossan 21 kilometres northeast of Ntaka Hill, where rock chip sampling returned up to 4.96g/t Au and 0.64% Cu. This new prospect builds on the 2011 discovery of copper sulphide mineralisation at Chilalo further highlighting the prospectivity of the regional property tenure.

At Chilalo, diamond drilling confirmed copper sulphide mineralisation over a 1 kilometre strike length with up to 5.27% Cu, 15.05 g/t Ag and 0.41% Zn over 0.4 metres intersected at Chilalo 6. In addition, a new untested copper soil anomaly was identified 450 metres north of current drilling.

An extensive regional exploration program is currently underway comprising ground and airborne geophysics, drilling, sampling, mapping and prospecting. Since July 2012, 2,432.3 line kilometres airborne Versatile Time Domain Electromagnetic ('VTEM') data were collected, 6 line kilometres of ground EM at Nditu and 9.5 line kilometres at the HOG prospect were surveyed, regional gravity stations enacted, six RC holes for 524 metres and 32 diamond holes for 7,912.45

Directors' Report

metres drilled.

The joint venture with MMG is expected to allow sufficient financial and technical resources to be allocated to the regional exploration effort.

3. Mt Woods Magnetite Project - Regional Targets (IMX 100%)

Twenty-five RC holes, totalling 3,486 metres were drilled during October and November 2012, with all holes returning significant magnetite iron intersections from five prospects near the Tomahawk prospect (see Figure 1), located 25 kilometres south-east of the Company's Cairn Hill mine in Coober Pedy, and Fitzgerald Dam which is located west of Cairn Hill.

When combined with the existing Inferred Mineral Resource at Snaefell and a review of regional magnetics data and historical exploration drilling, the global exploration target tonnage now totals 1.5-1.8 billion tonnes.

Target tonnage is a term that describes the Company's exploration objectives for the Mt Woods prospects if further drilling continues and enables the estimation of a mineral resource. Currently, there is insufficient drill coverage to estimate iron resources according to the JORC Code (2004) or NI 43-101 for all of these prospects and target tonnages are approximated based on this first round of iron exploration drilling, combined with interpretation of detailed ground magnetics conducted as part of the Mt Woods Project exploration program.

Samples from the RC drilling of these regional targets were taken for metallurgical test work to determine the metallurgical characteristics. The key outcomes from this test work were:

- All 21 samples from seven exploration targets tested demonstrated similar metallurgical properties to that of the Snaefell deposit when tested using similar techniques to the tests carried out on samples from RC drilling at the Snaefell deposit;
- High levels of metallurgical consistency were demonstrated and are therefore considered likely across the Mt Woods exploration targets;
- Concentrate grade of 68.6% Fe was produced (average of all tests) at a grind size of 80 microns, including an average of 69.3% Fe from the samples from the Tomahawk North target; and
- Mass yield averaged 35.5% across all samples tested including an average of 41.0% for the samples from the Tomahawk North target.

The potential quantity and grade of potential or target mineralisation, including Global Exploration Target tonnage quantity and grades estimates are conceptual in nature only. These figures are not a Mineral Resource estimate as defined by JORC 2012 or NI 43-101, as insufficient exploration has been conducted to define a Mineral Resource and it is uncertain if further exploration will result in the target being delineated as a Mineral Resource.

4. Mt Woods Copper – Gold JV Project, South Australia (IMX49%)

The Mt Woods Copper-Gold Project is a JV between IMX (49%) and OZ Minerals Limited ("OZ") (51%). Under the JV, OZ must spend \$20.0m over five years at a minimum cumulative average of \$4.0m per annum in order to maintain their 51% interest. JV field activities focussed on ground gravity surveys and the completion of a magneto-telluric survey line over part of the Brumby prospect. Data processing and a review of exploration data is ongoing to assist with future drill targeting across the Southern Domain area.

OZ plans to commence a \$2.6m field program to explore for haematite-hosted iron oxide copper gold deposits, involving 4,300 metres of diamond core drilling and delineation of targets using detailed ground based gravity and other geophysical surveys, the majority of which is expected to be carried out during the first half of 2014. Commencement of the exploration work is also subject to receipt of relevant approvals.

The Mt Woods JV's exploration campaigns are primarily focussed on the Southern Domain of the Mt Woods Inlier, which hosts the western extension of the Prominent Hill Mine sequence of rocks.

5. Deep Drilling at Cairn Hill

In April-May 2013, two angled diamond core holes, CHDCU01 (550.5 metres) and CHDCU02 (600.8 metres) tested geophysical and interpreted geological target zones beneath Cairn Hill Pit 1 and the proposed Pit 2 respectively. A third hole CHCU03 (to 449.8 metres) was drilled approximately one kilometre to the west of CHDCU02, to explore for western extensions to the magnetite hosted copper-gold mineralisation in an area that had not previously been drilled and is obscured by a relatively thick sequence of sediments.

The holes were drilled to explore for depth extensions to the Iron Oxide Copper Gold (IOCG) style of mineralisation currently being mined from Cairn Hill for its iron and copper.

Drilling found narrow intervals of weak copper mineralisation. The best copper intersections came from hole CHDCU02. The drilling of CHDCU02 revealed that the Northern Lode increases from 15 metres wide near the surface to a 50metres wide zone of dispersed magnetite at 300 metres below the surface. The structural broadening of the Northern Lode in CHDCU02 was associated with an increase in sulphide mineralisation (pyrite and pyrrhotite) and a dispersal of the magnetite alteration however with corresponding weakening of copper levels compared to the mine resource. While these results are encouraging from a geological perspective, they seem to indicate that there is unlikely to be an economic case for extending the current Cairn Hill Mining Operations any deeper than the current pit design.

Directors' Report

6. Tasmania – NW Nickel Project (IMX 96%)

IMX was exploring for Ni-Cu-PGE mineralisation in the Rocky Cape region on the north-west coast of Tasmania. The project comprised five granted exploration licences covering 571 kilometres² and was a joint venture between IMX and Barrett Exploration Pty Ltd (4%).

During the period, six RC holes were drilled to test geochemical anomalies generated in earlier field seasons, targeting disseminated, matrix or massive Ni-Cu sulphides in subvolcanic picritic flows or intrusions of the Spinks Creek Volcanics. The results returned from the drilling showed geochemical similarity with picrites of the Grimes Intrusive Suite on King Island which have unusually high PGE content. However, no significant Ni-Cu sulphides or associated metals were intersected. Consequently a decision was made to exit from the project in order to focus resources elsewhere. One licence - EL39/2011- was relinquished in May 2013 and the remaining four licences will be allowed to expire at the end of their terms of tenure in the second half of 2013.

7. Mibango Nickel Project, Tanzania (IMX 100%)

Minimal exploration was conducted at Mibango during the year. The Company will assess this prospect during the 2014 financial year.

8. Milange Nickel – Copper – PGE Project, Mozambique (IMX 100%)

Minimal exploration was conducted at Milange during the year. The Company will assess this prospect during the 2014 financial year.

9. St. Stephen Nickel – Copper JV Project (IMX 50%)

As part of the acquisition of CNI, the Company acquired an interest in the St. Stephen Ni-Cu Project located in south western New Brunswick, Canada during the September quarter 2012.

The St. Stephen project currently consists of two claim blocks totalling 42.9kilometres² centred on the St. Stephen intrusion which hosts magmatic Ni-Cu-Co sulphide mineralisation. Pursuant to work previously carried out by CNI, IMX has earned a 50% interest in the project from ABE Resources Inc. of Val d'Or, Quebec. The Company will assess this prospect during the 2014 financial year.

DEVELOPMENT PROJECTS

1. Ntaka Hill Nickel Sulphide Project, Tanzania (IMX 100%)

In addition to the exploration and in-fill drilling of Sleeping Giant conducted during the period, an updated Scoping Study or Preliminary Economic Assessment ("PEA") was released for the Ntaka Hill Nickel Sulphide Project in October 2012. Key highlights included:

- Estimated C1 cash costs of US\$5.00 per pound of payable nickel which is mid-range for global nickel producers (the Company has since revised this cash cost to US\$4.70 per pound);
- Clear cash operating margin demonstrated over various metal price assumptions, including current spot Ni price;
- Estimated mine life of approximately 15 years;
- Average annual contained nickel production of 10,000 to 15,000 tonnes per annum;
- Confirmed pre-production capital investment of US\$227.0m;
- Net Present Value ("NPV") of US\$212.0m after tax, based on 2011 PEA metal pricing (compared to the 2011 PEA analysis of US\$207.0m); and
- NPV of US\$147.0m using three-year trailing average prices in line with US Securities and Exchange Commission guidelines which compares favourably to the 2011 PEA analysis (US\$122.0m) using these same metal prices.

In support of the PEA and the longer term development of the project, a significant number of site investigations and other work has been carried out including metallurgical test work, sterilisation drilling, geotechnical investigations and drilling and hydrogeological investigations and drilling.

The metallurgical test work program has continued on from the previous work carried out, with the highlights including flotation of disseminated hanging wall mineralisation from Sleeping Giant and yielding an average recovery of 69% for Ni to a concentrate grade of over 11% Ni from a head grade of 0.32% Ni. Other test work carried out has been successful in improving the concentrate grade from the two higher pyrrhotite zones (J and G Deposits) utilising magnetic separation, regrinding of rougher concentrates and other conventional flotation techniques and reagents.

A total of 2,500 metres of preliminary sterilisation drilling was undertaken in the proposed locations of the processing plant, waste rock dump and tailings storage facilities. This drilling was undertaken to provide input for the development of the environmental and social impact assessment ("ESIA") that utilises the proposed site layout to assess the impact of activities.

A preliminary geotechnical investigation was carried out on site that consisted of re-logging 8,500 metres of existing core for geotechnical parameters, carrying out 726 point load tests, 5,700 metres of televiwer logging of existing drill holes to obtain fault orientation and other information and 831 metres of new diamond hole drilling and core logging. This information will provide open-pit geotechnical design information for future study work.

Directors' Report

In order to determine the source of process water and provide a design basis for pit dewatering for the project, a series of 10 hydrogeological bores were drilled and tested in the project area. This drilling and testing built on the 17 bores that were drilled in 2011 and the data was used in developing a groundwater model to prove up the project water supply and determine the impact of the project on surface and groundwater for the ESIA.

In addition to these technical investigations, the preparation of the draft ESIA for the project was finalised with additional stakeholder consultation, finalisation of baseline environmental reports and development of the impact assessment and mitigating strategies. Geochemical characterisation of both mine waste and plant tailings was undertaken along with development of a mining schedule for waste classified by geochemical characteristics.

A series of community consultations and investigations relating to land acquisition and stakeholder relocation was also carried out which resulted in the development of the relocation policy framework.

During 2012, IMX assisted with the construction of the Nditi Secondary School, a project carried out in conjunction with the Nditi community. This school was opened and accepted students late in 2012. In addition, IMX committed to, and commenced delivery of, a number of community development projects to be delivered in 2013, including supporting the building of the Nachingwea Girls Secondary School, refurbishment of a well at Lionja village, construction of teachers quarters at the Nditi Secondary school and assistance with completion of the Lionja village and ward office.

2. Mount Woods Magnetite Project, South Australia (IMX 100%)

In August 2012, an internal concept study was completed on the Mt Woods Magnetite Project focussing on the development of a project to exploit the identified Snaefell deposit of 569Mt @ 27.1% Fe (using an 18% Fe cutoff). This concept study identified the potential of the project to be developed using much of the infrastructure currently in use for the Cairn Hill mine. Based on this concept study the decision was made to proceed with additional metallurgical test work to confirm the metallurgical parameters for the project and also to initiate a more detailed Scoping Study or PEA.

The additional metallurgical test work was completed in March 2013 and was carried out on diamond drill core samples from the Snaefell Deposit. The test work included crushing of the sample, coarse low intensity magnetic separation followed by grinding and Davis Tube Recovery ("DTR") magnetic separation. The test work showed:

- Increase in anticipated overall yield from previous test work programs to approximately 28.5%;
- High grade, low impurity magnetite concentrate of above 68.5% iron at relatively coarse grind size of 75 to 80 micron (P80);
- Confirmed the ability to beneficiate mill feed to around 35% iron through dry magnetic separation on crushed product; and
- Coarse direct sinter feed product at 65% iron can still be produced with the same flow sheet giving the option to maximise project returns.

These outcomes delivered the potential for a sizeable reduction in anticipated operating costs over the Concept Study.

In June 2013 the Scoping Study, or PEA, on the Snaefell deposit within the Mt Woods Magnetite Project was completed. The key findings of this study were:

- Existing key infrastructure and favourable metallurgy differentiates Mt Woods as an economically attractive, lower risk and feasible near-term development opportunity;
- Available rail and port capacity currently being used for the Cairn Hill mine as well as the coarse grind, allows for lower capital costs and project complexity than most Australian magnetite projects;
- Base case 2.5 Mtpa option exporting through Port Adelaide provides a mine life in excess of 25 years, this option was selected as a base case as it balances capital expenditure with ability to finance given current market conditions and IMX's market capitalisation, while presenting a project that does not require third party investment in infrastructure development;
- Anticipated total pre-production cost of AUD 295m for the base case;
- High-grade concentrate produced for an estimated operating cost of AUD 77/tonne FOB giving an operating margin of AUD 45/tonne based on a CFR China 62% Fe benchmark price of US\$97.50/dmt, AUD/USD exchange rate of 0.85, grade premium of US\$3.50/dmt/%Fe above benchmark grade;
- Potential improvements were also identified via alternative port solutions utilising Capesize vessels, which would likely provide reduced rail and shipping costs; and
- Resource base supports the potential for larger scale project, with option producing 4.7 Mtpa and 9.4 Mtpa investigated in the study, providing unit operating cost savings due to scale and from alternative port solutions with reduced rail and shipping costs.

Based on the outcomes of the study, IMX believes that the project has the potential to provide very robust economic outcomes. In light of this IMX is proceeding with securing funding for the next phase of development and evaluation of the project. It should be noted that the analysis from the Scoping Study or PEA is preliminary in nature and based on Inferred Mineral Resources and estimates prepared at a scoping study level of accuracy ($\pm 35\%$). Inferred Mineral Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the analysis and outcomes presented above will be realised.

Directors' Report

Investments

Continental Nickel Limited

As at 30 June 2012, the Group held a 37% interest in CNI, a mineral exploration company listed on the TSX Venture Exchange. CNI's major project was their 75% interest in the Tanzanian Nachingwea Project referred to above, in which IMX held the remaining 25%.

IMX initiated an offer to shareholders of CNI to acquire all the remaining shares not already owned by IMX, to bring the ownership of the Nachingwea Project in Tanzania under the Company's ownership and control. This transaction was completed on 14 September 2012. Refer to Note 9 for further details.

Uranex Limited

The Group sold its interest in Uranex Limited subsequent to year end. As at 30 June 2013, the carrying value of the investment was \$2.7m being its market value on that date.

Operating Results for the Year

The net loss after income tax of the Group for the year ended 30 June 2013 was \$27.5m (2012: loss after income tax of \$17.8m). The result for the year is attributable to:

1. Operating loss from the Cairn Hill Mining Operation of \$0.6m (2012: profit of \$8.3m);
2. Administration costs of \$9.5m (2012: \$6.5m);
3. Exploration costs of \$11.1m (2012: \$6.2m) due to consolidation of Nachingwea exploration subsequent to acquisition of CNI; and
4. Share of associate's losses of \$3.4m (2012: \$13.5m). Lower than 2012, due to ceasing to equity account Ngwena and CNI subsequent to acquisition.

Summarised operating results are as follows:

	2013	2012
	\$'000	\$'000
Revenue from sale of goods	193,568	190,825
Gross Operating (Loss) / Profit	(615)	8,315
Net Loss Before Tax	(26,780)	(18,425)

The activities of the Group have been funded by cash flows from mining operations and the issue of new shares. Major expenditures during the year include mining production costs of \$194.2m (2012: \$182.5m) and exploration of \$11.1m (2012: \$6.2m). The net increase in cash resources during the year was \$9.4m (2012: Decrease of \$2.7m).

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 2013 is \$2.7m. The market value of these investments at 30 June 2013 was \$2.7m. During the year, the Group also took up its equity accounted share of losses in associates of \$3.4m and recognised an impairment loss of \$1.4m.

Shareholder Returns

	2013	2012
Basic profit / (loss) per share (cents)	(0.07)	(0.08)
Diluted profit / (loss) per share (cents)	(0.07)	(0.08)

Directors' Report

Dividends

Up until the date of this report, no dividends has been declared or paid by the Company.

STRATEGY

The Group's strategy is to enhance the exploration and development of its Tanzanian Nachingwea property and maximise the value from its South Australian assets and opportunities.

Nachingwea

Through the joint venture with MMG, enhance the exploration and development of the Group's Nachingwea exploration project including the Ntaka Hill Nickel Sulphide Project.

Cairn Hill Project

Maintain stable operations, good safety record and low staff turnover. Maximise cash flow from the existing operations and to explore development options to extend mine life.

Mount Woods Magnetite

Seek a strategic partner to develop the project with.

Mount Woods Copper – Gold JV

Continue to work with OZ Minerals on the exploration of the Mt Woods inlier for copper – gold mineralisation.

Fundamental to the Group maintaining its growth strategy is a culture of safety first and a safe workplace. The Group puts a heavy focus on continually improving the Group's underlying safety performance. Contractors working on the Group's workplaces and employees, irrespective of their position, are empowered to challenge any colleague if they believe safety is being compromised.

Discussions on issues that will impact The Group achieving its strategy are referred to in the section below.

BUSINESS RISKS AND ISSUES THAT AFFECT ACHIEVEMENT OF STRATEGY

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Board believes that it is crucial for all Directors to be a part of this process. The Board has included risk management as part of the responsibilities of the Audit and Risk Management Committee who provide regular updates to the Board.

Certain of the Group's operations are speculative due to the nature of the Group's business, the locations in which it operates and the present stage of development of some of the Group's assets. The Group's most significant risks are considered to comprise the following.

Exploration and development of resources / reserves

It is important to note that the mineral tenements of the Group 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 the Group, or any other tenements that may be acquired in the future by the Group, will result in the discovery of an economic mineral deposit. Furthermore, no assurances can be given that the Group will achieve commercial viability through the successful exploration and / or mining of its tenement interests.

Development of Projects

The Group's ability to grow and to maximise shareholder value for the long term is heavily dependent on its ability to convert its exciting exploration prospects into the development of new mining operations. As announced subsequent to year end, the Group has entered a joint venture with MMG Limited to advance the exploration and development of its Nachingwea project including the Ntaka Hill Nickel Sulphide Project by spending US\$60m over 5 years. This funding commitment should see the project through to a decision to develop.

The Group is also in discussions with a number of parties regarding the Mt Woods Magnetite Project with the aim of securing a partner to progress the project through to a decision to develop. The scoping study announced during June 2013 demonstrates the economics of the project and the Group is confident that it can progress this project through to production if the search for a partner is successful.

Although the Group is confident in its ability to develop the above projects, there remains a risk this is not achieved, as is normal with these types of projects.

Directors' Report

Operating risks

The operations of the Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Unsatisfactory performance of contractors also represents an operating risk to the Cairn Hill Mine as the efficiency of the mining operation is dependent on these contractors meeting targets. At the Cairn Hill Mine, mineral extraction, crushing and road haulage services are provided by Exact Mining Services Pty Ltd, the rail operations are conducted by Specialised Bulk Rail Pty Ltd and the port operations are carried out by Flinders Ports Pty Ltd.

Political risk

The Company has exploration activities in Australia, Canada, 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 future governments.

Commodity price risk and exchange rate risk

During the year, the Group continued mineral production at the Cairn Hill Mine and the revenue it derives through the sale of ore exposes the Group to commodity price and exchange rate 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 macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are primarily incurred in Australian dollars and are reported by the Group in Australian dollars, exposing the Company to fluctuations and volatility in the rate of exchange between the United States dollar and the Australian dollar, as determined in international markets.

The Group currently operates as an unhedged magnetite and copper producer and is therefore currently exposed to both commodity price and exchange rate risk.

Liquidity risks and future financings

The further development and exploration of the various mineral properties in which the Group holds interests depend upon the Company's ability to obtain financing through debt financing, equity financing, joint ventures or other means. There is no assurance that the Group will be successful in obtaining required financing as and when needed.

Environmental risks

The operations and proposed activities of the Company are subject to Australian State and Federal laws and regulations and Tanzanian, Mozambique and Canadian laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

Title risks and native title

The Group's interest in tenements in Australia, Tanzania, Canada and Mozambique 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, the Company 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 the Company 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 indigenous Australians exist. If such native title rights do exist, the ability of the Company 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.

Directors' Report

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the Group acquired Continental Nickel Limited ('CNI'). As a consequence, IMX acquired all of the outstanding common shares and became a dual listed company with listing and official quotations on both the ASX and TSX. Refer to Note 9 of the financial statements for further details.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to year end, a total of 1,400,000 unlisted options have expired unexercised.

On 21 August 2013, IMX sold its shares in Uranex Limited for proceeds of \$1.4m.

On 26 August 2013, IMX announced that Mr Stephen Hunt tendered his resignation as a Non-Executive Director of the Company effective 22 August 2013.

On 20 September 2013, IMX announced that it has reached an agreement with MMG Exploration Holdings Limited ('MMG'), on terms and conditions under which MMG may earn up to a 60% joint venture interest in the Group's Nachingwea project, which include the Ntaka Hill Nickel Sulphide Project by sole funding expenditure of US\$60m over a five year period. The Agreement is divided into three stages, the first stage requiring MMG to sole fund US\$10m within one year for a 15% interest in the Project.

Having met the minimum expenditure commitment for Stage 1, MMG has the right to form an incorporated JV with IMX to either jointly explore the tenements or proceed to earn an additional 25% JV interest by sole funding a further US\$25m within a further 18 months.

At the completion of Stage 2, MMG can elect to earn an additional 20%, taking its JV interest to 60% by sole funding a further US\$25m within a further 2.5 years.

Should MMG elect to cease sole funding during the Earn-in Period prior to incurring US\$60m expenditure, it will retain the JV interest that it earned up to and including the last fully sole funded earn-in stage. After completion of the sole funding period, if one JV partner does not contribute to its share of JV funding, it will be diluted, with the dilution formula based on historical costs until a DFS is completed and fair value thereafter.

IMX and MMG have also agreed a process whereby IMX can elect to continue to manage some exploration programs on the Nachingwea tenements, so long as those programs do not conflict with MMG's sole funded program. It is anticipated this work will be directed at potential Projects that do not meet MMG's investment criteria, such as smaller or non-base metals opportunities.

The Agreement is conditional upon approval by the Tanzanian Fair Competition Commission and consent from the Commissioner for Minerals in the Tanzania Ministry of Energy and Minerals.

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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, there is nothing else to report, except as reported in the Directors' Report, which relates to likely developments in the operations of the Group and the expected results of those operations in financial years subsequent to 30 June 2013.

MINERAL RESOURCES RENT TAX

Since the introduction of the Minerals Resources Rent Tax ("MRRT") legislation in 2012, the Company has undertaken a significant review and valuation of its projects to determine the extent of its liability. Based on these reviews, the Group does not expect that it will have any MRRT obligation in respect of the Cairn Hill Mine. In its scoping study of the Mt Woods Magnetite Project development, the Group modelled four annual production scenarios, each of which was exposed to an MRRT obligation. Should the MRRT legislation be repealed, the preliminary economic analysis indicates a significant improvement in the outcomes under each of those scenarios.

Directors' Report

ENVIRONMENTAL REGULATION

The Group's exploration activities and those of its partners in both Australia and overseas are subject to environmental regulations and guidelines operating in the licence area. Failure to meet environmental conditions attaching to the Group's mining tenements could lead to forfeiture of the tenements. The Group is committed to achieving a high standard of environmental performance. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2013.

The Cairn Hill Mine's main environmental approval document is the Program for Environmental Protection and Rehabilitation which was approved in May 2009. There have been no changes to this approval since it was issued. Ongoing annual reporting of environmental performance is conducted via the annual Mining Rehabilitation Compliance Reports submitted to the Regulator. A total of \$0.8m of cash backed deposits has been placed as bonds with the Department of Manufacturing, Innovation, Trade, Resources and Energy in South Australia.

UNLISTED OPTIONS

At the date of this report, there are 11,440,451 unlisted options issued under the IMX Share and Option Incentive Plan.

	Number of Options
Balance at the beginning of the year	11,100,000
Options issued during the year	7,890,451
Options cancelled during the year	(6,150,000)
Options exercised during the year	-
Total number of options issued at 30 June 2013	12,840,451
Issued subsequent to year end	-
Expired subsequent to year end	(1,400,000)
Total number of options issued at the date of this report	11,440,451

REPLACEMENT OPTIONS

At the date of this report, there are 3,320,000 unlisted replacement options issued under the Replacement Stock Option Plan as a result of the acquisition of CNI in September 2012. These options entitle the holder to acquire 3.793 shares per option.

	Number of Options
Balance at the beginning of the year	-
Options issued during the year	3,922,500
Options cancelled during the year	(602,500)
Options exercised during the year	-
Total number of options issued at 30 June 2013	3,320,000
Issued subsequent to year end	-
Expired subsequent to year end	-
Total number of options issued at the date of this report	3,320,000

Directors' Report

The balances are comprised of the following:

Number	Grant Date	Exercise Price	Expiry Date
Unlisted Options			
500,000	29 July 2009	49 cents	29 July 2014
500,000	3 November 2011	52 cents	3 November 2013
550,000	3 November 2011	56.8 cents	3 November 2013
200,000	20 October 2009	39 cents	26 October 2014
75,000	26 October 2009	39 cents	6 November 2014
640,000	27 August 2010	41 cents	26 August 2015
985,000	14 February 2011	45 cents	14 November 2015
350,000	14 November 2011	49 cents	14 November 2015
50,000	5 May 2011	57 cents	5 May 2016
250,000	7 August 2011	43 cents	7 August 2016
100,000	13 January 2012	32 cents	12 January 2017
2,550,000	24 August 2012	27 cents	23 August 2017
1,000,000	26 November 2012	35 cents	25 November 2016
1,000,000	26 November 2012	42 cents	25 November 2016
2,690,451	19 March 2013	17.4 cents	2 January 2016
11,440,451			
Replacement Options			
75,000	17 September 2012	40 cents	30 October 2013
182,500	17 September 2012	26 cents	10 September 2014
205,000	17 September 2012	16 cents	27 May 2015
425,000	17 September 2012	45 cents	7 March 2016
150,000	17 September 2012	37 cents	13 June 2016
750,000	17 September 2012	35 cents	27 June 2016
250,000	17 September 2012	26 cents	4 November 2016
832,500	17 September 2012	24 cents	12 March 2017
450,000	17 September 2012	16 cents	15 August 2017
3,320,000			

LISTED OPTIONS

As a result of the acquisition of CNI in September 2012, IMX was required to issue 0.5 listed options for each CNI share being acquired. At the date of this report, there are 13,490,201 listed options issued. The options are listed on the ASX / TSX under the code IXRO and expire on 14 September 2015.

	Number of Options
Balance at the beginning of the year	-
Listed options issued during the year	13,490,201
Listed options cancelled during the year	-
Listed options exercised during the year	-
Total number of listed options issued at 30 June 2013	13,490,201
Issued subsequent to year end	-
Expired subsequent to year end	-
Total number of listed options issued at the date of this report	13,490,201

Directors' Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Article 74.1 of the IMX Constitution allows the Company to indemnify each Director or Officer of the Company, to the extent permitted by law, against liability incurred in or arising out of the conduct of the business of the Company or the discharge of the duties of the Directors or Officers.

The Group has granted indemnities under Deeds of Indemnity with its current Directors and Officers. In conformity with Article 74.1, each Deed of Indemnity indemnifies the relevant Director or Officer to the full extent permitted by law. Where applicable, each Deed of Indemnity indemnifies the relevant Director, Officer or employee to the fullest extent permitted by law for liabilities incurred whilst acting as a Director, Officer or employee of IMX, any of its related bodies corporate and any outside entity, where such an office is held at the request of the Company.

The Group has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Group.

No indemnity has been granted to an auditor of the Group in their capacity as auditors of the Group.

During the financial year, the Group paid insurance premiums (inclusive of fees and charges) in respect of Directors' and Officers' liability insurance in line with industry norms. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against Officers in their capacity as Officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE GROUP

At the date of this report there are no leave applications or proceedings brought on behalf of the Group under section 237 of the *Corporations Act 2001*.

AUDIT AND NON-AUDIT SERVICES

The Company may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important, and where these services will not impair the external auditor's independence.

Details of the amounts paid or payable to the external auditors (KPMG) and its related parties for services provided during the financial year are set out in Note 25 to the financial statements.

AUDITOR INDEPENDENCE

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2013 has been received and is disclosed on page 92.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

COMPETENT PERSONS STATEMENT

The Ntaka Hill global mineral resource estimate includes mineral resource estimates for the Sleeping Giant deposit, the Zeppelin deposit and other zones located in the Ntaka Hill Nickel Sulphide Project area.

The updated Mineral Resource estimate for Sleeping Giant was prepared in accordance with JORC 2012 by Cube Consulting Pty Ltd of Perth ("Cube"), Western Australia under the supervision of Patrick Adams, B.Sc., Grad Cert. Geostats, CP (GEO), Principal Consulting Geologist. Mr Adams is a registered member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient relevant experience to qualify as a Competent Person under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC 2012") and an independent qualified person under Canadian National Instrument 43-101 ("NI 43-101"). Mr Adams has verified the data underlying the information contained in this annual report and approves and consents to the inclusion of the data in the form and context in which it appears.

Directors' Report

Information relating to the 2012 Mineral Resource estimate (other zones in the Ntaka Hill Nickel Sulphide Project) and the 2013 Zeppelin Mineral Resource estimate was prepared in accordance with JORC 2004 by Roscoe Postle Associates Inc. of Toronto, under the supervision of Chester Moore, P. Eng., P. Geo., Principal Geologist. Mr. Moore is an independent qualified person as defined by NI 43-101 and a Competent Person under JORC 2012. This information, which forms part of the Ntaka Hill global Mineral Resource estimate, has been reviewed by Patrick J. Adams, B.Sc., Grad Cert. Geostats, Principal Consulting Geologist, of Cube who approves and consents to the inclusion of the data in the form and context in which it appears.

Information in this annual report relating to technical information on exploration results is based on data collected by the Company's former joint venture partner at the Nachingwea Project, CNI, under the supervision of joint venture company geologists since 2006 and on data collected by IMX. Ernest Poole B.Sc, Dip.Ed., in his capacity as Exploration Manager for IMX has been working on the Ntaka Hill Project since November 2012, and has had the benefit of a comprehensive due diligence process and handover from CNI geologists to IMX geologists following IMX's acquisition of 100% ownership of the Ntaka Hill Project in September 2012. Mr Poole is a registered member of the Australian Institute of Geoscientists and has sufficient relevant experience to qualify as a Competent Person under JORC 2012 and as a qualified person under NI 43-101. Mr Poole has verified the data underlying the information contained in this announcement and approves and consents to the inclusion of the data in the form and context in which it appears.

Information relating to exploration results and target tonnages at Mt Woods, is based on data compiled by Mr Peter Hill who is a Member of the Australian Institute of Geoscientists, and a full-time employee of the Company. Mr Hill has sufficient relevant experience to qualify as a Competent Person under JORC 2012 and as a Qualified Person for the purpose of NI 43-101. Mr Hill approves and consents to the inclusion of the data in the form and context in which it appears.

Information in this annual report that relates to the estimation of metallurgical performance at Mt Woods is based on test work completed by Amdel Pty Ltd, an independent, professional laboratory. This test work has been supervised and reviewed by Mr Stewart Watkins (BEng), the Company's General Manager Projects, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Watkins has sufficient experience to qualify as a Competent Person under JORC 2012 and as a Qualified Person for the purpose of NI 43-101. Mr Watkins approves and consents to the inclusion of the data in the form and context in which it appears.

Information in this annual report that relates to the estimation of Mineral Resources at the Snaefell deposit is based on information compiled by Ms Vanessa O'Toole, supervised by Ms Bianca Manzi and reviewed by Mr Alistair Stevenson. At the time, Ms Manzi was a Member of the Australian Institute of Geoscientists, and was a full-time employee of IMX. Mr Stevenson is a Fellow of the Australasian Institute of Mining and Metallurgy, a member of the Mineral Industry Consultants Association and is a full time employee of Runge Pincock Minarco. Mr Stevenson has sufficient relevant experience to qualify as a Competent Person under JORC 2012. Mr Stevenson approves and consents to the inclusion of the data in the form and context in which it appears.

REMUNERATION REPORT

The Remuneration Report which has been audited by KPMG is set out on pages 24 to 34 and forms part of the Directors Report.

This report is made in accordance with a resolution of the Directors.



Neil Meadows
Managing Director
PERTH

On the 26th day of September 2013

Remuneration Report

Glossary of key terms

Key terms and abbreviations used in the Remuneration Report and Corporate Governance Statement as they apply to the Group are set out below.

Term	Definition
ARMC	Audit and Risk Management Committee of the Board.
Approvals Framework	A policy that defines the limits of authority designated to nominated positions of responsibility within the Group and establishes the type and maximum amount of obligations that may be approved.
Board	The Board of Directors of the Group.
Board Committee	A committee of the Board.
Cairn Hill Mine	The Group's magnetite-copper mine located in South Australia.
Corporations Act	An act of the Commonwealth of Australia to make provision in relation to corporations and financial products and services and other purposes.
Director	A Director of IMX Resources Limited.
Executives	The CEO and Group Executives are collectively referred to as Executives.
Key Management Personnel (KMP)	Persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.
Long-term Incentive (LTI)	A remuneration arrangement which grants benefits to participating executives that may vest if, and to the extent that, performance hurdles are met over a designated period of time.
NRC	Nomination and Remuneration Committee of the Board.
Performance Rights	Rights to acquire an IMX ordinary share with no payment by the recipient if relevant performance hurdles are met.
Share Appreciation Right	A right granted to an employee with an entitlement on vesting to reward of a payment equal to the difference between the Share Price at exercise and the Share Price at grant. Typically, a Share Appreciation Right is settled in equity.
Total Fixed Remuneration	Consists of base salary plus employer contributions to superannuation.

Remuneration Report

UNAUDITED INTRODUCTION TO THE REMUNERATION REPORT

At the 2011 Annual General Meeting (“AGM”), the resolution for the adoption of the Remuneration Report received more than 25% ‘no’ votes, resulting in the Company’s ‘first strike’.

In response to this, under the direction of the Nomination and Remuneration Committee (the “NRC”), the Board and Management undertook a comprehensive review of the Company’s remuneration practices, taking into account the views and opinions expressed by the shareholders at the 2011 AGM, industry leading practice and advice from external advisers. This work commenced in the 2012 financial year and has continued during the 2013 financial year.

The review resulted in the implementation of a range of remuneration initiatives, the objective of which has been to ensure that remuneration for Directors and Executives is benchmarked against relevant industry peers and current market practices and delivers transparent, performance-based incentives that enable the Company to attract and retain high quality Directors, Executives and employees.

At the 2012 AGM, shareholders approved the Company’s Remuneration Report. Details of the remuneration initiatives adopted in response to the ‘first strike’, along with further information on the Company’s approach to remuneration, are set out below.

REMUNERATION REPORT (AUDITED)

The Directors of IMX present the Remuneration Report for the Group for the financial year ended 30 June 2013. This Remuneration Report forms part of the Directors’ Report and has been audited against the disclosure requirements of the *Corporations Act 2001*.

1.0 Remuneration: key points for 2013

During 2013, the NRC focused on embedding a remuneration framework that is appropriate for our different businesses with transparency in design, strong governance and risk oversight; monitored the implementation of the STI scheme; recommended that the Board approve the design of the LTI scheme for adoption during the 2014 financial year; and agreed on amendments to its charter that better reflected its role and responsibilities.

Completed review of executive remuneration framework	- Engagement of specialist to carry out a benchmarking exercise in relation to Executive salaries - Adoption of human resources and remuneration related policies
Implementation of short-term incentive (“STI”) scheme	Establishment of STI scheme, with awards aligned to performance against specific indicators
Proposal to implement long-term incentive (“LTI”) scheme	- The design of a long-term incentive (“LTI”) scheme approved by the NRC - LTI scheme expected to be introduced during the 2014 financial year - LTI scheme replaces the discretionary grant of options to employees
No change to Non-Executive Director remuneration	- The Non-Executive Director fee structure remained unchanged in 2013 - No stock options were granted to Non-Executive Directors during the 2013 financial year
No salary reviews for Executives	During the 2013 financial year, executives did not receive salary reviews

Remuneration Report

2.0 Details of key management personnel

This Remuneration Report sets out information relating to the remuneration of the key management personnel (“KMP”) of the Group during the 2013 financial year. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and Group, directly or indirectly. The KMPs include the persons who were the Non-Executive Directors, Managing Director and Senior Executives of the Company during the 2013 financial year (or part of the 2013 financial year), as set out below.

Name	Position	Details if changed position during 2013 financial year
Neil Meadows	Managing Director	
Philip Hoskins	Chief Financial Officer	
Simon Parsons	General Manager – Cairn Hill Operations	
Michael Hannington	General Manager – Exploration	Appointed 6 August 2012
Stewart Watkins	General Manager – Projects	Appointed 18 September 2012
Stuart McKenzie	Company Secretary	Appointed 14 December 2012
Caroline Rainsford	Company Secretary	Resigned 14 December 2012
Bianca Manzi	General Manager – Exploration	Resigned 14 December 2012

Non-Executive Directors during 2013 financial year

Name	Position	Details if changed position during 2013 financial year
John Nitschke	Director / Chairman	
Kellie Benda	Director	Appointed 1 August 2012
David Constable	Director	Appointed 1 August 2012
Stephen Hunt ⁽¹⁾	Director	
Song Yuan Gang	Director	Resigned 23 May 2013
Robert Sun ⁽²⁾	Director	Appointed 23 May 2013

⁽¹⁾ Mr Hunt resigned from the Board on 22 August 2013.

⁽²⁾ Prior to being appointed to the Board of the Company as a Non-Executive Director, Robert Sun acted as Alternate Director for Song Yuan Gang.

3.0 Overview of approach to remuneration

The Group's approach to remuneration is designed to attract and retain key executive talent, recognise the individual contributions of the Group's people, and motivate them to achieve strong performance aligned to our business strategy, whilst discouraging excessive risk taking.

In summary, the Group's approach to remuneration is to:

- Provide remuneration that is competitive and consistent with market standards;
- Align remuneration with the Company's overall strategy and shareholder interests;
- Reward superior performance within an objective and measurable incentive framework;
- Ensure that Executives understand the link between individual reward and Group and individual performance; and
- Apply sufficiently flexible remuneration practices that enable the Company to respond to changing circumstances.

The NRC is responsible for researching, assessing and making recommendations to the Board in relation to KMP remuneration. During 2013, the NRC sought independent advice from PricewaterhouseCoopers (“PwC”) as external remuneration consultants to provide information on leading practice in relation to executive remuneration and assistance in the design and implementation of an LTI scheme for KMP's and other staff members. The role and composition of the NRC is further discussed at section 3.1 below.

Remuneration Report

All entitled KMPs receive a superannuation guarantee contribution as legislated by government (9% of gross salary during the year) and do not receive any other retirement benefits. The Board does not intend to put in place any form of retirement benefits for the Managing Director, Non-Executive Directors and Senior Executives beyond Federal and State legislative requirements.

The Company has adopted a policy that the remuneration of KMPs should be comprised of fixed and 'at-risk' components. The Company understands that the mix of fixed and at-risk remuneration will vary depending upon the role and responsibility of KMPs, as well as the performance of the Company and of the individual KMP. Where applicable, salaries have been benchmarked against industry peers and the NRC has in general, directed the Managing Director to pay salaries within the second quartile salary bands so benchmarked (ie. at median market rates as compared with industry peers).

The 'at-risk' component of a KMP's remuneration package is supported by their entitlement to participate in the Company's STI scheme which was implemented for operation during the 2013 financial year. The purpose of the STI scheme is to ensure that individual performance is aligned with appropriate indicators which are linked with the overall strategy and objectives of the Company. Under the STI scheme, awards are payable in respect of the six month periods ended 31 December and 30 June.

The Company plans to introduce an LTI scheme during the 2014 financial year, the purpose of which is to enable the Company to reward those KMPs (and other eligible employees), where agreed performance hurdles are met. Awards under the LTI scheme will be linked to total shareholder return to align the interests of KMPs and employees with shareholders.

3.1 Nomination and Remuneration Committee

The primary function of the NRC is to make specific recommendations to the IMX Board of Directors on matters pertaining to nomination and remuneration.

The current members of the NRC are:

Mr John Nitschke (Chairman of the NRC)

Ms Kellie Benda

Mr David Constable

The responsibilities of the NRC are outlined in its Charter, which is reviewed annually by the Board. The Charter is available on the Group's website at <http://imxresources.com.au/corporate-profile/corporate-governance>.

Under the NRC's Charter, members of the NRC are appointed by the Board and shall include the Chair of the Board and at least two other independent Directors. The Chair of the NRC will be the Chairman of the Board. The Managing Director will, at the invitation of the Chairman, attend the Committee meetings. The NRC may also invite external professional advisers to address the NRC to assist it in achieving its objectives. Attendance of other Directors is at the discretion of the Chairman. The NRC does not have authority to commit the Board to any actions. The NRC is limited in its actions to submitting recommendations to the Board for consideration or acting on a specific delegation from the Board.

In summary, the NRC is responsible for:

- Establishing the Group's strategy and overall approach to remuneration;
- Reviewing the remuneration and incentives for the Managing Director and Executive team, including both short and long-term incentive plans as often as required;
- Annually reviewing the compensation of Board members and members of Board Committees;
- Engaging remuneration consultants as deemed necessary and receive reports directly from such consultants; and
- Annually reviewing the composition of the Board and its suitability to meet the Company's requirements.

Further information about the NRC can be found within the Corporate Governance Statement included within the Annual Report.

3.2 Use of remuneration consultants

In performing its role, the Board and the NRC seek advice from independent remuneration consultants where appropriate, to make recommendations as to the nature and amount of remuneration payable to KMPs. Remuneration consultants are engaged by, and report directly to, the NRC.

During 2013, PwC was engaged by the NRC to assist with the design of the LTI scheme and the Company sought input from a number of human resource consultants, in order to ascertain the appropriateness of KMP remuneration.

The Board is satisfied that the recommendations made by PwC in respect of the design of the LTI scheme, were made free from undue influence by the KMPs to whom the recommendations related.

Remuneration Report

In addition to providing remuneration recommendations, PwC also provided tax-related services to the Company in relation to tax structuring.

Table 3.2.1: Remuneration consultants

Remuneration consultant	Advice and/or services provided	Fees
PricewaterhouseCoopers (PwC)	Assessment of alternatives, and design recommendations for Long Term Incentive plans against remuneration objectives	\$15,510
	TSX listing pursuant to CNI acquisition	\$37,300
	Tax related advice (corporate advice with respect to CNI transaction)	\$150,610

4.0 Performance based remuneration

The Company considers performance based remuneration to be a critical component of the overall remuneration framework, by providing a remuneration structure that rewards employees for achieving goals that are aligned to the Group's strategy and objectives.

4.1 Short-term performance

The STI scheme operates to link performance and reward with measurable financial and non-financial performance indicators to provide employees with clear and understandable targets that are aligned with the Group's objectives.

The applicable performance indicators relate to the following areas of the Group's activities, performance against which determines STI outcomes:

- Safety results at the Group's exploration projects and Cairn Hill Mine;
- Operational performance at the Cairn Hill Mine;
- Growth through exploration success, both at the Nachingwea Exploration Project and at the Mt Woods Magnetite Project;
- Growth through project development, in particular, the Mt Woods Magnetite Project and extending the Cairn Hill Mine's operating life;
- Capacity to finance the Group's strategy;
- Productivity, with a focus on maximising the efficiency of operations; and
- Governance, risk management and compliance.

The Board sets the objectives of the Managing Director and these are then cascaded down through the organisation to ensure alignment of objectives. The STI performance objectives are communicated to executives and eligible employees at the beginning of the six month performance period, with performance evaluations conducted following the end of the respective six month performance period. For the 2013 financial year, performance evaluations were conducted in January 2013 and July 2013.

4.2 Long-term performance

The KMP remuneration structure also seeks to drive performance and align with shareholder interests through the award of equity based remuneration. Up until 30 June 2013, this had been undertaken through the award of unlisted stock options. This approach is expected to be replaced during the 2014 financial year with a structured LTI scheme based on equity related remuneration of KMPs and other senior employees. The proposed LTI scheme includes both Performance Rights and Share Appreciation Rights, with awards under the LTI scheme to be determined by results achieved by the Company and the employee against agreed performance hurdles.

Remuneration Report

The Group's performance for the last five years is shown below.

Group performance 2009-2013

	2009	2010	2011	2012	2013
Profit / (Loss) attributable to the owners of the Company	280	(8,497)	8,079	(20,710)	(25,484)
Basic EPS (cents per share)	0.20	(4.40)	3.10	(0.08)	(0.07)
Share Price as at 30 June	0.23	0.41	0.42	0.17	0.06

5.0 Managing Director and Senior Executive remuneration and employment arrangements

5.1 Managing Director remuneration

Mr Meadows was appointed on 2 November 2011 as Managing Director, commencing on 28 November 2011. The terms of his contract were set by the Board. His contract provides for permanent employment and his salary is fixed at \$475,000 (inclusive of base salary and statutory employer contribution to superannuation). Since commencing his role as Managing Director, owing to market conditions, Mr Meadows has not had a salary increase.

Mr Meadows' contract allows for an award under the STI scheme of up to 30% of Total Fixed Remuneration to be paid in cash and an LTI award, beginning on the third anniversary of his commencement, of up to 30% of Total Fixed Remuneration, received in the form of options.

Mr Meadows' employment contract provided for the grant of 1,000,000 unlisted options exercisable at 25% above the closing market price on his commencement date or the first trading date thereafter and an additional 1,000,000 unlisted options exercisable at 50% above the closing market prices on his commencement date or the first trading day thereafter. At the Company's annual general meeting of shareholders on 22 November 2012, the grant of such options to Mr Meadows was approved.

Details of Mr Meadows' remuneration for the 2013 financial year are shown in section 7.0.

5.2 Current Senior Executives

The remuneration arrangements for Senior Executives are formalised in employment contracts. These contracts provide only for the payment of annual fixed remuneration and for the participation, at the Board's discretion, in the operating STI scheme, with an eligible award up to 20% of Total Fixed Remuneration and the LTI scheme when introduced, with an eligible award up to 20% of Total Fixed Remuneration.

The key terms of the Senior Executive employment contracts are set out below:

Key terms of service contracts

Name	Term of Contract	Notice period by either party	Base salary including superannuation ⁽¹⁾
Philip Hoskins	Permanent	Three (3) months	\$266,000
Stewart Watkins	Permanent	Twelve (12) weeks	\$360,000
Michael Hannington	Permanent	Twelve (12) weeks	\$310,000
Simon Parsons	Permanent	Eight (8) weeks	\$343,470
Stuart McKenzie	Permanent	Three (3) months	\$210,000

⁽¹⁾ Base salaries quoted are current as of the date of this report and are reviewed annually by the NRC.

The termination entitlements do not deliver windfall payments on termination that are unrelated to performance. The STI Policy was amended in March 2013 such that, subject to the Board's discretion, employees are not entitled to an award under the STI scheme where they cease employment or have given notice prior to the date on which STI awards are paid.

Remuneration Report

6.0 Non-Executive Director remuneration

Non-Executive Directors are paid fees at market rates for comparable companies in recognition of their contribution to the work of the Board and the associated Board Committees on which they serve. The NRC annually reviews the remuneration of Board members and members of Board Committees and may seek independent external advice as required. No fee increases for Non-Executive Directors were awarded during the 2013 financial year.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the AGM and is currently set at \$500,000 (as approved by shareholders on 29 October 2008). Fees for Non-Executive Directors are not linked to the performance of the Group. However, in order to align Non-Executive Directors' interests with shareholder interests, the Non-Executive Directors are encouraged to hold shares in the Company. Details of Directors' shareholdings are included in pages 7-9 of the Directors' Report.

Non-Executive Directors fees have been set by the Board as follows:

	Chairman⁽¹⁾ (\$ per year)	Non-Executive Director⁽¹⁾ (\$ per year)
Base fee rate	120,000	55,000
Audit and Risk Management Committee	5,000	-
Nomination and Remuneration Committee	5,000	-

⁽¹⁾ Non-Executive Director fees are stated inclusive of the legislative requirement to pay superannuation.

The Board has determined that should a Non-Executive Director incur or be asked to incur excessive time in assisting the Executive team on specific operational or contractual matters, the Non-Executive Director is entitled to charge the Company for this additional time. If a Non-Executive Director is requested to perform such duties they must be approved by both the Chairman and Managing Director and if the duties are expected to be excessive, the Board will be consulted to ensure that the Non-Executive Director is the most appropriate officer to assist management. During the year ended 30 June 2013, no such additional fees were paid.

Remuneration Report

7.0 Total Rewards Table: 2013 financial year

	Short Term		Post-Employment	Bonus (STI Scheme)	Other Long Term	Termination	Share Based Payments	Total	Performance based	Proportion of Remuneration Performance Related	Value of Options as a Proportion of Remuneration
	Salary & Fees	Non-Monetary	Super				Options				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Directors											
J Nitschke	125,416	5,995	-	-	-	-	-	131,411	-	-	-
S Hunt	55,000	5,995	-	-	-	-	-	60,995	-	-	-
D Constable	50,417	5,324	-	-	-	-	-	55,741	-	-	-
K Benda	50,458	5,324	-	-	-	-	-	55,782	-	-	-
S Y Gang	50,416	5,480	-	-	-	-	-	55,896	-	-	-
R W Sun	4,583	516	-	-	-	-	-	5,099	-	-	-
N Meadows	442,298	10,363	17,245	110,047	-	-	58,060	638,013	-	26	9
Other key management personnel											
P Hoskins	249,531	10,363	16,328	36,210	-	-	28,309	340,741	-	19	8
S McKenzie ⁽¹⁾	124,028	6,080	10,689	-	-	-	-	140,797	-	-	-
C Rainsford ⁽²⁾	71,004	5,084	-	-	-	-	-	76,088	-	-	-
S Parsons	333,267	5,995	25,000	52,200	-	-	28,309	444,771	-	18	6
B Manzi ⁽³⁾	110,928	5,086	9,631	30,512	-	277,316	-	433,473	-	7	-
M Hannington ⁽⁴⁾	277,254	9,328	16,470	18,888	-	-	28,309	350,249	-	13	8
S Watkins ⁽⁵⁾	271,963	5,324	12,353	14,428	-	-	-	304,068	-	5	-
Total	2,216,563	86,257	107,716	262,285	-	277,316	142,987	3,093,124	-	8	5

⁽¹⁾ Mr McKenzie commenced employment on 14 December 2012

⁽²⁾ Ms Rainsford resigned on 14 December 2012

⁽³⁾ Ms Manzi resigned on 14 December 2012

⁽⁴⁾ Mr Hannington commenced employment on 6 August 2012

⁽⁵⁾ Mr Watkins commenced employment on 18 September 2012

Remuneration Report

7.1 Total Rewards Table: 2012 financial year

	Short Term		Post-Employment	Bonus	Other Long Term	Termination	Share Based Payments	Total	Performance based	Proportion of Remuneration Performance Related	Value of Options as a Proportion of Remuneration
	Salary & Fees	Non-Monetary	Super				Options				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Directors											
J Jooste-Jacobs ⁽¹⁾	134,737	3,726	-	-	-	170,000	-	308,463	-	-	-
J Nitschke	80,403	6,413	-	-	-	-	-	86,816	-	-	-
S Hunt	55,000	6,413	-	-	-	-	-	61,413	-	-	-
A Haggarty ⁽²⁾	60,000	6,413	-	-	-	-	-	66,413	-	-	-
Cao Xiangkui ⁽³⁾	55,000	6,413	-	-	-	-	-	61,413	-	-	-
S Y Gang	105,831	6,413	-	-	-	-	-	112,244	-	-	-
D McBain ⁽⁴⁾	283,564	2,260	17,938	22,710	-	-	-	326,472	-	7	-
N Meadows ⁽⁵⁾	270,029	8,213	14,560	-	-	-	-	292,802	-	-	-
Other key management personnel											
B Manzi	240,828	9,113	25,235	39,565	-	-	-	314,742	-	13	-
S Parsons	310,283	6,413	30,335	51,378	-	-	-	398,410	-	13	-
A Steers	153,608	4,538	17,384	66,630	-	-	-	242,160	-	28	-
P Hoskins	175,259	5,925	15,897	32,750	-	-	-	229,831	-	14	-
C Rainsford	71,605	1,350	-	-	-	-	-	72,955	-	-	-
Total	1,996,146	73,606	121,349	213,033	-	170,000	-	2,574,134	-	8	-

⁽¹⁾ IMX paid JC Jooste-Jacobs \$170,000 in compensation for 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 until 10 February 2012.

⁽²⁾ Mr Haggarty resigned on 23 May 2012.

⁽³⁾ Cao Xiangkui resigned on 21 June 2012.

⁽⁴⁾ Mr Steers resigned on 17 January 2012. Mr Hoskins was appointed on 17 January 2012 as Chief Financial Officer.

⁽⁵⁾ Mr Meadows commenced on 28 November 2011.

Remuneration Report

8.0 Analysis of bonus included in remuneration

Details of the vesting profile of short term incentive cash bonuses awarded as remuneration to each Director of the Company, and other KMP are detailed below.

	Included in remuneration \$ ⁽¹⁾	% vested in year	% forfeited in year ⁽²⁾
Directors			
Mr N Meadows	110,047	80	20
Executives			
Mr P Hoskins	36,210	73	27
Mr S McKenzie	-	-	-
Ms C Rainsford	-	-	-
Mr S Parsons	52,200	80	20
Ms B Manzi	30,512	100	-
Mr M Hannington	18,888	64	36
Mr S Watkins	14,428	42	58

⁽¹⁾ Amounts included in the remuneration for the financial year represent the amount related to the financial year based on achievement of personal goals and satisfaction of specified performance criteria. The remuneration committee has approved these amounts.

⁽²⁾ The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

9.0 Equity based compensation and holdings

As part of the remuneration policy, the Company may, in accordance with the Share and Option Incentive Plan, at the determination of the Board, grant equity based compensation, in the form of options to purchase ordinary shares in the Company, to Directors, KMPs and Group employees. Options granted under the Share and Option Incentive Plan carries no dividend or voting rights and when exercisable, each option is convertible into one ordinary share.

During the 2013 financial year, 4,000,000 options were granted to KMPs, 2,000,000 of which were awarded to the Managing Director pursuant to his employment contract and approved by shareholders at the 2012 AGM. These options will vest after a twelve month service period. Options held upon resignation expire six months after the relevant resignation date if not exercised, in accordance with the Share and Option Incentive Plan.

During the 2013 financial year, there were no alterations to the terms and conditions of options granted as remuneration since their grant date. Details on options over ordinary shares in the Company that were granted as compensation to each KMP during the period and details on options that vested during the reporting period are as follows:

	Number of options granted in 2013	Grant Date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	Number of options vested in 2013
Directors						
Mr N Meadows	1,000,000	22 Nov 2012	0.04	0.42	22 Nov 2017	-
Mr N Meadows	1,000,000	22 Nov 2012	0.05	0.35	22 Nov 2017	-
Executives						
Mr P Hoskins	500,000	24 Aug 2012	0.07	0.27	24 Aug 2017	-
Mr S McKenzie	-	-	-	-	-	-
Ms C Rainsford	-	-	-	-	-	-
Mr S Parsons	500,000	24 Aug 2012	0.07	0.27	24 Aug 2017	-
Ms B Manzi	500,000	24 Aug 2012	0.07	0.27	24 Aug 2017	-
Mr M Hannington	500,000	24 Aug 2012	0.07	0.27	24 Aug 2017	-
Mr S Watkins	-	-	-	-	-	-

Remuneration Report

Details of vesting profiles of the options granted as remuneration to each KMP of the Group are detailed below.

	Options Granted				Financial year in which grant vests
	Number	Date	% vested in year	% forfeited in year ⁽¹⁾	
Directors					
Mr N Meadows	1,000,000	22 Nov 2012	-	-	2014
	1,000,000	22 Nov 2012	-	-	2014
Executives					
Mr P Hoskins	500,000	24 Aug 2012	-	-	2014
Mr S McKenzie	-	-	-	-	-
Ms C Rainsford	-	-	-	-	-
Mr S Parsons	500,000	24 Aug 2012	-	-	2014
Ms B Manzi	500,000	24 Aug 2012	-	-	2014
Mr M Hannington	500,000	24 Aug 2012	-	-	2014
Mr S Watkins	-	-	-	-	-

⁽¹⁾ The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to performance criteria not being achieved.

The movement during the reporting period, by value of options over ordinary shares in the Company held by each KMP is detailed below.

	Granted in year (\$) ⁽¹⁾	Value of options exercised in year (\$) ⁽²⁾	Lapsed in Year (\$) ⁽³⁾
Directors			
Mr N Meadows	40,000	-	-
	50,000	-	-
Executives			
Mr P Hoskins	35,000	-	-
Mr S McKenzie	-	-	-
Ms C Rainsford	-	-	-
Mr S Parsons	35,000	-	-
Ms B Manzi	35,000	-	-
Mr M Hannington	35,000	-	-
Mr S Watkins	-	-	-

⁽¹⁾ The value of options granted in the year was the fair value of the options calculated at grant date using the Black Scholes option pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

⁽²⁾ The value of the options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

⁽³⁾ The value of the options that lapsed during the year represents the benefit foregone and is calculated at the date the option lapsed using the Black Scholes option pricing model assuming the criteria had been achieved.

END OF AUDITED REMUNERATION REPORT

Corporate Governance Statement

This statement outlines the key aspects of the Group's corporate governance framework. The Board is responsible for the overall corporate governance of the Company and places great importance on good corporate governance practices, which it considers fundamental to the Group's well-being. The Board has adopted a comprehensive framework of corporate governance guidelines and practices as set out below.

The purpose of such a framework is to enable the Group to undertake, in an effective manner, the prudent risk-taking activities which are the basis of its business. The corporate governance guidelines and practices of the Group comply with the revised "Corporate Governance Principles and Recommendations", dated 30 June 2010, released by the ASX Corporate Governance Council.

1.0 The Board of Directors

(a) Board composition and expertise

During the 2013 financial year there were six Directors and details of their period of office, experience, qualifications, special responsibilities and attendance at meetings is set out in the Directors' Report. Membership of the Board and Board Committees during the 2013 financial year is set out below.

Director	Board Membership	Position Title	Board Committee Membership	
			Audit and Risk Management	Nomination and Remuneration
John Nitschke	Non-Executive, Independent	Chairman	Member	Chairman
Neil Meadows	Executive	Managing Director	-	-
Kellie Benda	Non-Executive, Independent	-	Chairman	Member
David Constable	Non-Executive, Independent	-	Member	-
Stephen Hunt ⁽¹⁾	Non-Executive, Independent	-	-	Member
Song Yuan Gang ⁽²⁾	Non-Executive, Non-Independent	-	-	-
Robert Sun ⁽³⁾	Non-Executive, Non-Independent	-	-	-

⁽¹⁾ Stephen Hunt resigned from the Board on 22 August 2013.

⁽²⁾ Song Yuan Gang retired from the Board on 23 May 2013.

⁽³⁾ Robert Sun was appointed to the Board on 23 May 2013.

The Company's Constitution provides that the number of Directors shall not be less than three or more than 12. In assessing the composition of the Board and in accordance with its Charter, the Directors have regard to the following:

- The Chairman shall be Non-Executive and independent;
- The role of the Chairman and Managing Director should not be filled by the same person;
- The Managing Director should be a full-time employee of the Company; and
- The Board should include a majority of Independent, Non-Executive Directors.

During the 2013 financial year, the Board's composition included five Non-executive Directors, three of whom were independent Directors, and one Executive Director.

Corporate Governance Statement

(b) Charter

The Board's role and responsibilities are formalised in the Board Charter. The Board Charter defines in detail the matters that are reserved for the Board and the Board Committees, and those that the Board has delegated to management. The Board's responsibilities include:

The Group's corporate governance arrangements;

- Overseeing and approving the Company's strategic direction, to select and appoint a Managing Director / CEO, to oversee the Company's management and business activities and report to shareholders;
- Charting the direction, strategies and financial objectives of IMX and ensuring appropriate resources are available;
- Monitoring the implementation of those policies and strategies and the achievement of those financial objectives;
- Monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- Ensuring the preparation of accurate financial reports and statements;
- Reporting to shareholders and the investment community on the performance and state of the Company;
- Appointing and removing the Managing Director and determining his or her terms and conditions of employment;
- Reviewing on a regular and continuing basis, executive succession planning (in particular for the Managing Director) and executive development activities; and
- Determining the Company's approach to remuneration of employees of the Company.

In carrying out its duties, the Board recognises its responsibilities to the interests of the Group's people, shareholders, other stakeholders where relevant and the communities and environments in which it operates.

A copy of the Board Charter is available on the Company's website.

(c) Delegation of authority

The Board delegates to the Managing Director such powers as it considers necessary in order for the day-to-day business of the Company to be carried out. The Managing Director is responsible for the day-to-day management of the business and maintaining a comprehensive set of management delegations under the Group's Approvals Levels Framework which sets out the levels of authority in respect of management decision making in financial and non-financial aspects of the Group's business.

(d) Chairman

The Board elects one of the Directors to be Chairman and may determine the period for which that Director is to be Chairman. The Chairman presides over meetings of the Board and general meetings of shareholders and is responsible for leading and managing the Board in the discharge of its duties.

(e) Director independence

The Board has approved the Board Charter which details the Non-Executive Director's independence rules.

The rules provide that the independence of a Non-Executive Director will be assessed by determining whether the Non-executive 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 Non-Executive Director. Materiality is considered from the perspective of IMX, the persons or organisations with which the Non-Executive Director has an affiliation and from the perspective of the Non-executive Director. In assessing independence, the Board takes into account:

- The specific disclosures made by each Non-Executive Director;
- Where applicable, the related party dealings referable to each Non-Executive Director;
- Existing or previous employment of the Non-Executive Director with the Group;
- Any association of the Non-Executive Director with a supplier, professional adviser, consultant to or customer of the Group which is material under the accounting standards;
- Any direct association of the Non-Executive Director with a substantial shareholder of the Company, a substantial shareholder being someone who holds greater than 5% of the voting capital of IMX;
- Whether the Non-Executive Director personally carries on any role for the Group, other than as a Director;

Corporate Governance Statement

- Any material contractual relationship with the Group, other than as a Director; and
- Service on the Board for a period exceeding ten years is a period which could, or could reasonably be perceived to, materially interfere with a Director's ability to act in the best interests of the Company.

Mr Song Yuan Gang is not regarded as being independent, as he is the Chairman and co-owner of the Sichuan Taifeng Group that controls more than 5% of IMX's voting power. Taifeng is also the entity that owns a majority shareholding in the processing plant to which ore from the Cairn Hill Mining Operation is delivered under sales contracts.

Robert Sun is not regarded as being independent, as he is an executive with the Sichuan Taifeng Group.

Mr Stephen Hunt has a beneficial interest in a company to which IMX pays a commission for securing sales to a major customer. Mr Hunt resigned on 22 August 2013.

(f) Directors' retirement and re-election

No policy exists for the retirement of Non-Executive Directors, however, the Constitution requires that at each annual general meeting, one-third of Directors, or if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire. The Directors to retire by rotation at an annual general meeting are those Directors who have been the longest in office since their last election.

(g) Board succession planning

The Board, in conjunction with the NRC, reviews the size and composition of the Board and the mix of existing and required competencies across members from time to time.

(h) Board performance evaluation

Under the terms of the Board Charter, the Board undertakes to carry out an annual performance evaluation that compares the performance of the Board with the requirements of its Charter. During the 2013 financial year, the evaluation process involved a survey of individual Directors concerning their perceptions about the performance of the Board, the Board Committees, Directors and the Chairman. The Board performance evaluation sought to assess effectiveness across a range of areas that encompass the Board's responsibilities and activities, including:

- Board and Board Committee organisation, which considers size and composition, capability, succession planning, Director induction and Director training;
- Board performance which looks at the Board's capacity to carry out its responsibilities and Directors' perceptions of Board performance;
- Company strategy which addresses the role of the Board in strategic planning, goal setting and performance monitoring;
- Board and Board Committee meetings;
- The relationship between the Board and the Managing Director;
- The relationship between the Board and Company management;
- Compensation of Directors and Company management;
- External communication; and
- Any other matter that a Director considers relevant.

Results from the survey were compiled into a report prepared by the Company Secretary that formed the basis of the Board's adoption of various initiatives targeted to improve Board performance.

(i) Nomination and appointment of new Directors

Recommendations for nominations of new Directors are considered by the NRC and approved by the Board as a whole. New appointments are referred to the next general meeting of shareholders for approval.

(j) Professional advice

Directors may, in carrying out their Company-related duties, seek external professional advice. If external professional advice is sought, a Director is entitled to reimbursement for all reasonable costs, where such a request for advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by at least two Board members.

(k) Conflicts of interest

In accordance with the Company's Constitution and the *Corporations Act*, Directors are required to disclose to the Board any material contract in which they may have an interest.

In the event that there is, or may be, a conflict between the personal or other interests of a Director, then the Director with an

Corporate Governance Statement

actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter. When the matter comes before the Board for discussion, the Director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision making process.

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards. The Directors are required to gain the approval of the Board before being appointed to any new directorships.

A standing agenda item is included at all Board meetings to confirm the Directors potential conflicts of interests and Directors are required to advise the Chairman and Company Secretary prior to the meeting of any change to an existing or potential conflict of interest.

(l) Share trading

The Company has adopted a policy on share trading (the “Share Trading Policy”) which applies to Directors, Executives and employees in dealing in the Company’s securities.

The Share Trading Policy prohibits the Group’s Directors (and employees) from dealing in the Group’s securities if they are in possession of unpublished price-sensitive information and from communicating such information to other people. The Share Trading Policy requires that Directors do not engage in short-term or speculative dealing in IMX securities. Directors are also restricted from entering into any transaction that has the effect of hedging any fluctuation in the value of any unvested entitlement in the Company’s securities and from entering into a margin loan or other financing arrangement, without obtaining prior written consent from the Chairman, where there is a risk that IMX securities will be traded.

The Share Trading Policy also provides for the implementation of blackout periods around the release of quarterly, half yearly and annual results and the day of general meetings of shareholders, and any such other blackout periods as determined by the Board.

(m) Directors’ remuneration

Details of the arrangements and practices relevant to remuneration are set out in the Remuneration Report.

(n) Board meetings and Company Secretary

The Managing Director sets the agenda for each meeting in conjunction with the Chairman and Company Secretary. Any Director may request additional matters be added to the agenda. Members of senior management attend meetings of the Board by invitation.

Directors are entitled to request additional information where they consider the information is necessary to support informed decision making.

The Company Secretary is responsible for the secretarial function, including providing advice to Directors and Executives on corporate governance and regulatory matters, recording minutes of Directors’ and Board Committee meetings, developing IMX’s corporate governance framework and giving effect to the Board’s decisions. All Directors have access to advice from the Company Secretary.

2.0 Board Committees

(a) Board Committees and Membership

The Board currently has two standing committees to assist in the discharge of its responsibilities. These are:

- Audit and Risk Management Committee; and
- Nomination and Remuneration Committee.

Charters for the Board Committees, detailing the roles and duties of each Board Committee were reviewed by the Board in 2013 and are available on the Company’s website.

At the date of this report, the membership of each Board Committee is as follows:

Audit and Risk Management Committee	Nomination and Remuneration Committee
Kellie Benda (Chairman)	John Nitschke (Chairman)
John Nitschke	Kellie Benda
David Constable	David Constable

Members are chosen for the skills, experience and other qualities they bring to the Board Committees. Executives attend Board Committee meetings by invitation. The Company Secretary provides secretariat services for each Board Committee. The ARMC members should all be Non-Executive Directors, the majority being independent.

All papers considered by the Board Committees are available on request to Directors who are not on that Board Committee. Following each Board Committee meeting, generally at the next Board meeting, the Board is given a verbal update by the

Corporate Governance Statement

Chair of each Board Committee, with minutes of all Board Committee meetings included in the papers for subsequent meetings of the Board.

From time-to-time, the Board may convene a special committee of the Board to address major transactions or other matters that the Board considers warrant specific attention.

(b) Audit and Risk Management Committee

The purpose of the ARMC is to assist the Board in fulfilling its statutory and fiduciary responsibilities. It provides an objective and independent review of the effectiveness of the external reporting of financial information and the internal control environment of the Group, as well as obtaining an understanding of the Group's tax and accounting risks and overseeing accounting policies, professional accounting requirements, internal audit, external audit, statutory and regulatory reporting requirements, and the external auditor's appointment.

The ARMC reviews the performance of the external auditors on an annual basis. The auditors are invited to attend ARMC 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 Board meetings. The auditors, by request, may attend ARMC meetings and Board meetings to discuss any matter that they believe warrants attention by the Board. The auditors also attend shareholder meetings of the Group.

The ARMC Charter contains a number of measures to ensure that the ARMC is independent and effective, including:

- The ARMC shall comprise three members, each and all being a Non-Executive Director of the Company who are financially literate;
- At least one member of the ARMC must have relevant qualifications and experience as referred to in the technical expertise guidance of the ASX Corporate Governance Principles and Recommendations;
- The Chairman of the ARMC should not be the Chairman of the Board;
- The ARMC may take independent legal, accounting or other professional advice or assistance, at the reasonable expense of the Company; and
- Meetings will be held at least quarterly or more frequently as required.

A copy of the ARMC Charter is available on the Company's website.

(c) Nomination and Remuneration Committee

The primary functions of the NRC are to make specific recommendations to the Board on remuneration of Directors, Managing Director and senior executives.

Tasks associated with forming these recommendations are included in the Remuneration Report on page 24 to 34.

A copy of the NRC Charter is available on the Company's website.

(d) Board and Board Committee Meetings during the 2013 financial year

Attendance by Directors at Board and Board Committee Meetings during the 2013 financial year is provided in the Directors' Report.

3.0 Audit arrangements

(a) Approach to audit and governance

The Board is committed to the basic principles that:

- IMX's financial reports represent a true and fair view of the Company's financial position and financial performance;
- IMX's accounting practices are comprehensive, relevant and in compliance with applicable accounting standards and regulatory requirements; and
- The external auditor is independent and serves shareholders' interests.

(b) Auditor

KPMG was appointed as the Group's external auditor on 22 November 2012. The KPMG partner managing the Group's external audit will attend the 2013 AGM and be available to respond to shareholder questions relating to the external audit.

Any written matters raised by the auditors are discussed and dealt with at full Board meetings. The auditors, by request, may attend ARMC meetings and Board meetings to discuss any matter that they believe warrant the attention of the Board.

Corporate Governance Statement

The Board has adopted an external auditor selection and rotation policy which requires the Board to review the performance of the external auditor and their independence at least annually.

The ARMC oversees the guidelines covering the terms of engagement of IMX's external auditor. The guidelines include provisions directed at maintaining the independence of the external auditor and in assessing whether the provision of any proposed non-audit services by the external auditor is appropriate. Such provisions are referenced to the Code of Ethics published by the International Federation of Accountants ("IFAC").

The guidelines applied by the ARMC contain a set of controls which address threats to the independence of the external auditor including, in particular, any threat which may arise by reason of self-interest, self-review, advocacy, familiarity or intimidation (all terms defined by the IFAC's Code of Ethics). These guidelines classify a range of non-audit services which are considered not acceptable for provision by the external auditor.

(c) Auditor independence and non-audit services

At least annually, the ARMC is required to 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 the *Corporations Act*.

Where the external auditor provides non-audit services, reporting will state whether the ARMC is satisfied that provision of those services has not compromised the external auditor's independence.

4.0 Risk management and internal control

(a) Approach to risk management

The Board and senior executives are responsible for overseeing the implementation of the Company's approach to risk management.

The Company's approach to risk management is based on the identification, assessment, monitoring, management and reporting of material risks related to its business and management systems.

(b) Risk management roles and responsibilities

Risk management governance originates at Board level and flows through to the Managing Director and the Group's business units through the Group's risk register, management and reporting against the risk register and delegated authorities in accordance with the Group's Approvals Framework.

The Group's risk register identifies risks to which the Group is exposed, designating such risks by business function. For each risk in the Group's risk register, the likelihood and consequence of each risk materialising is assessed and risks are then ranked accordingly. Existing risk mitigation measures are recorded in the risk register and risk rankings are adjusted according to existing risk mitigation initiatives in place.

The Board is responsible for reviewing and ratifying systems of risk management and internal control and compliance, codes of conduct and legal compliance. It uses a number of mechanisms to ensure that Management's objectives and activities are aligned with the risks identified by the Board. These include:

- The Board receives monthly reports on the performance of the Group's Cairn Hill Mine, including the management of operational risks;
- The implementation of Board approved annual operating budgets and plans which are monitored against the actual cost and progress;
- The ARMC reports to the Board on financial risks and financial risk management;
- Application of the Group's risk register which identifies risks by aspect of the Group's business, assesses the likelihood and consequence of each risk and ranks each risk, taking account of existing control measures; and
- Ensuring the executive management team is responsible for developing policies, processes and procedures to identify, prioritise and manage risks related to IMX's activities.

Levels of insurance cover on insurance policies maintained by the Group to mitigate some operational risks are disclosed to the ARMC for review.

(c) Managing Director and Chief Financial Officer assurance on corporate reporting

The Board receives monthly management reports on the financial condition and operational results of IMX and its controlled entities.

The Managing Director and Chief Financial Officer provide, at the end of each reporting period, a formal statement confirming that the Company's financial reports present a true and fair view, in all material respects, and the Group's financial condition and operational results have been prepared in accordance with the relevant accounting standards.

Corporate Governance Statement

The statement also confirms that the integrity of the Company's financial statements and notes to the financial statements is founded on a sound system of risk management and internal compliance and control. This system implements the policies approved by the Board and ensures that the risk management, internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

5.0 Promoting Ethical and Responsible Behaviour

(a) Ethical Standards and Codes of Conduct

The Board has approved a Code of Conduct for Directors and a Code of Conduct for Employees which describes the standards of ethical behaviour that Directors and employees are required to maintain. These Codes were reviewed and updated in March 2013 to ensure that they provided the most appropriate and current guidance to Directors and Employees.

Compliance with the respective Codes of Conduct by Directors and Employees will also assist IMX in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing the Company's culture of ethical behaviour.

The Codes of Conduct describe IMX's requirements on such matters as confidentiality, conflicts of interest, sound employment practices, bribery and corruption, compliance with laws and regulations, the protection and proper use of IMX's assets and the responsibilities and accountabilities of individuals for reporting and investigating concerns regarding unethical practices.

A copy of each Code of Conduct is available on the Company's website.

(b) Share Trading Policy

The Share Trading Policy is binding on all Directors and employees. This policy provides a brief summary of the law on insider trading and other related laws, along with details of restrictions on dealing in IMX securities by people who work for or who are associated with IMX, and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The Share Trading Policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that has not been disclosed to the market. A Director wishing to deal in the Company's securities may only do so after obtaining written consent from the Chairman and providing confirmation to the Chairman that the Director does not have inside information, is not involved in speculative dealing and the dealing does not occur during a blackout period. Confirmation of any dealing in IMX securities by a Director or Senior Executive must be provided to the Company Secretary within two business days after the dealing.

Dealings in the Company's securities by Directors and Executives are also subject to specified blackout periods, as set out in the Share Trading Policy. These include periods around the release of quarterly, half yearly and annual results, the day of general meetings of shareholders and other such blackout periods as determined by the Board from time to time.

A copy of the Company's Share Trading Policy is available on the Company's website.

(c) Concern reporting and whistleblowing

The Board has in place a Whistleblowing Policy that provides employees and contractors with the means by which concerns regarding suspected criminal or unethical conduct may be reported to the Company. To the extent possible, all such reports are treated confidentially.

A copy of the Company's Whistleblowing Policy is available on the Company's website.

(d) Diversity in the workplace

Diversity includes but is not limited to gender, age, ethnicity and cultural background. IMX values diversity across its business and is committed to embracing diversity when employing new staff, promoting existing staff and determining the composition of the Board. Diversity recognises and values the contribution of people with differences in background, experience and perspectives and accordingly, the Company's business practices, policies and behaviours promote diversity and equal opportunity.

In 2013, the Board approved a Diversity Policy which requires recruitment, selection and promotion practices be designed to attract and retain the best talent from a diverse talent pool, with related decisions to be equitable, consistent and aligned to diversity and equal opportunity principles.

Diversity of gender is considered by the Board in determining the composition of the Board and senior management. Kellie Benda joined the Board as a Non-Executive Director in August 2012 and continues to act in that capacity. Refer page 7. The proportion of female employees in the whole organisation is 24%.

Corporate Governance Statement

6.0 Shareholders and Corporate Responsibility

IMX aims to produce positive outcomes for all stakeholders in managing its business and to maximise financial, social and environmental value from its activities.

In practice, this means having a commitment to transparency, fair dealing, responsible treatment of employees and customers and meaningful relationships with the communities in which it operates.

Sustainable and responsible business practices within IMX are viewed as an important long-term driver of performance and shareholder value. Through such practices, IMX seeks to reduce operational and reputational risk and enhance operational efficiency while contributing to a more sustainable society.

IMX accepts that responsibilities on the Board and Management, which flow from this approach, go beyond strict legal and financial obligations. In particular, the IMX Board seeks to take a practical and broad view of Directors' fiduciary duties, in line with stakeholders' expectations.

(a) Continuous Disclosure

IMX is committed to maintaining disclosure practices that meets the highest standards and provide all investors with timely and equal access to information.

IMX's Continuous Disclosure Policy, which was reviewed by the Board in March 2013 reinforces IMX's commitment to the ASX continuous disclosure requirements and outlines Management's accountabilities and the processes to be followed for ensuring compliance.

A copy of the Continuous Disclosure Policy is available on the Company's website.

(b) Shareholder communications and participation

IMX is committed to respecting the rights of shareholders by giving all shareholders comprehensive, timely and equal access to information about its activities so that they can make informed decisions. Similarly, prospective investors are entitled to be able to make informed investment decisions when considering the purchase of shares in IMX.

IMX believes that shareholder and market confidence in all its dealings is paramount, and is committed to ensuring it complies with continuous disclosure obligations so that its investors have timely and equal access to important company information.

A wide range of communication approaches are employed including direct communications with shareholders and presentations to shareholders at the Company's AGM. Publication of all relevant Company information, including the Company's annual report, is in the 'Investors & Media' section of IMX's website at www.imxresources.com.au. Shareholders are also given the opportunity to receive information in print or electronic format.

A copy of the Communications Policy is available on the Company's website.

7.0 Remuneration Framework

Details of IMX's remuneration framework are included in the Remuneration Report.

A checklist of the company's compliance to the ASX Principles has been provided below:

ASX PRINCIPLES COMPLIANCE STATEMENT

ASX corporate governance council's best practice recommendations	Annual Report Reference	Compliance
Principle 1 Lay solid foundation for management and oversight		
Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	1(b)	Comply
Companies should disclose the process for evaluating the performance of senior executives.	Remuneration report	Comply
Companies should provide the information indicated in the Guide to reporting on Principle 1.	Remuneration report	Comply
Principle 2 Structure the Board to add value		
A majority of the Board should be independent Directors.	1(a), 1(d)	Comply

Corporate Governance Statement

The Chair should be an independent Director.	1(a), 1(c)	Comply
The roles of Chair and chief executive officer should not be exercised by the same individual.	1(a), 1(b)	Comply
The Board should establish a nomination committee.	1(h), 2(c)	Comply
Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	1(g), 2(c)	Comply
Companies should provide the information indicated in the Guide to reporting on Principle 2.	Directors' report, 1(a), 1(d), 1(e), 1(f), 1(h), 1(i), 1(j), 2(a), 2(c)	Comply
Principle 3		
Promote ethical and responsible decision-making		
Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the company's integrity; - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	5(a)	Comply
Companies should establish a policy concerning trading in Company securities by Directors, senior executives and employees and disclose the policy or a summary of that policy.	1(c), 5(b)	Comply
Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Directors' report, 5(d)	Comply
Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	5(d)	Comply
Companies should provide the information indicated in the Guide to reporting on Principle 3.	5(a), 5(b), 5(c), 5(d)	Comply
Principle 4		
Safeguard integrity in financial reporting		
The Board should establish an audit committee.	2(a), 2(b)	Comply
The audit committee should be structured so that it: - consists only of Non-Executive Directors; - consists of a majority of independent Directors; - chaired by an independent Chair, who is not Chair of the Board; and - has at least three members.	2(a), 2(b) 2(a), 2(b) 2(a), 2(b) 2(a), 2(b)	Comply Comply Comply Comply
The audit committee should have a formal charter.	2(a), 2(b)	Comply
Companies should provide the information indicated in the Guide to reporting on Principle 4.	2(a), 3(b) Directors' report	Comply
Principle 5		
Make timely and balanced disclosure		
Companies should establish written policies designed to ensure compliance and ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	6, 6(a)	Comply

Corporate Governance Statement

Companies should provide the information indicated in the Guide to reporting on Principle 5.	6(a)	Comply
Principle 6 Respect the rights of shareholders		
Companies should design a Communications Policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	6, 6(b)	Comply
Companies should provide the information indicated in the Guide to reporting on Principle 6.	6, 6(b)	Comply
Principle 7 Recognise and manage risk		
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	2(b), 4(a), 4(b)	Developing
The Board should require management to design and implement the risk management and internal control systems to manage the company's material business risks and disclose that management has reported to it on the effectiveness of the Group's management of such risks.	4(b)	Comply
The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	4(c)	Comply
Companies should provide the information indicated in the Guide to reporting on Principle 7.	4(a), 4(b), Directors' report	Developing
Principle 8 Remunerate fairly and responsibly		
The Board should establish a Remuneration Committee.	Remuneration report	Comply
Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.	Remuneration report	Comply
Companies should provide the information indicated in the Guide to reporting on Principle 8.	Remuneration report, 1(c), 2(a)	Comply

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2013

Notes

2013
\$'000

2012
\$'000

Continuing Operations

Revenue from the sale of goods		193,568	190,825
Cost of sales	2	(194,183)	(182,510)
Gross (Loss) / Profit		(615)	8,315

Other income	3 (a)	837	1,993
Corporate & administration expenses		(9,467)	(5,643)
Exploration expenses		(11,068)	(6,162)
Other expenses	3 (b)	(1,465)	(1,469)

RESULTS FROM OPERATING ACTIVITIES

		(21,778)	(2,966)
Finance costs		(1,570)	(1,921)
Share of associates losses	10	(3,432)	(13,538)

LOSS BEFORE TAX

		(26,780)	(18,425)
Income tax (expense) / benefit	4 (a)	(678)	665

NET LOSS FOR THE YEAR

		(27,458)	(17,760)
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Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Foreign exchange translation differences, net of tax		2,253	2
Hedge reserve movements		-	1,760
Share of other comprehensive income of equity accounted investees		13	995
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(25,192)	(15,003)

Net loss is attributable to:

Owners of IMX Resources Limited		(25,484)	(20,710)
Non-controlling interest		(1,974)	2,950
		(27,458)	(17,760)

Total loss is attributable to:

Owners of IMX Resources Limited		(23,218)	(18,503)
Non-controlling interest		(1,974)	3,500
		(25,192)	(15,003)

Earnings per share attributable to owners of the Company:

Basic EPS	24	(0.07)	(0.08)
Diluted EPS	24	(0.07)	(0.08)

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 2013

	Notes	2013 \$'000	2012 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	26,363	17,006
Trade and other receivables	7(a)	2,601	27,633
Inventory	8	12,151	11,254
Assets classified as held for sale	11	383	506
TOTAL CURRENT ASSETS		41,498	56,399
NON-CURRENT ASSETS			
Trade and other receivables	7(b)	1,000	500
Investments accounted for using the equity method	10	2,712	7,849
Exploration and evaluation expenditure assets	9	25,294	2,218
Property, plant and equipment	12	31,695	53,082
TOTAL NON-CURRENT ASSETS		60,701	63,649
TOTAL ASSETS		102,199	120,048
CURRENT LIABILITIES			
Trade and other payables	14(a)	34,316	32,853
Loans and borrowings	15	-	9,000
Loans from related parties	17	12,786	-
Provisions	16(a)	431	442
TOTAL CURRENT LIABILITIES		47,533	42,295
NON-CURRENT LIABILITIES			
Loans from related parties	17	-	20,474
Deferred tax liabilities	4(d)	4,076	2,433
Provisions	16(b)	873	885
TOTAL NON-CURRENT LIABILITIES		4,949	23,792
TOTAL LIABILITIES		52,482	66,087
NET ASSETS		49,717	53,961
EQUITY			
Contributed equity	18(a)	120,336	100,976
Reserves	19(a)	5,408	1,554
Retained earnings	19(b)	(81,856)	(56,372)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		43,888	46,158
Non-controlling interest	20	5,829	7,803
TOTAL EQUITY		49,717	53,961

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

YEAR ENDED 30 JUNE 2013

	Contributed Equity	Foreign Currency Translation Reserve	Share Based Equity Reserve	Options Reserve	Hedge Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	100,976	(2,873)	3,348	-	(1,234)	(35,662)	3,722	68,277
Total comprehensive income for the year								
- Profit for the year	-	-	-	-	-	(20,710)	2,950	(17,760)
- Foreign exchange translation differences	-	2	-	-	-	-	-	2
- Hedge reserve movements	-	-	-	-	1,234	-	1,131	2,365
- Share of other comprehensive income of associates	-	995	-	-	-	-	-	995
Total comprehensive income 30 June 2012	-	997	-	-	1,234	(20,710)	4,081	(14,398)
Transactions with owners in their capacity as owners:								
- Employee share options – value of employee services	-	-	82	-	-	-	-	82
Balance at 30 June 2012	100,976	(1,876)	3,430	-	-	(56,372)	7,803	53,961
Total comprehensive income for the year								
- Profit for the year	-	-	-	-	-	(25,484)	(1,974)	(27,458)
- Foreign exchange translation differences	-	3,219	-	-	-	-	-	3,219
- Tax on items that may be reclassified subsequently to profit or loss	-	(966)	-	-	-	-	-	(966)
- Share of other comprehensive income of equity accounted investees	-	13	-	-	-	-	-	13
Total comprehensive income 30 June 2013	-	2,266	-	-	-	(25,484)	(1,974)	(25,192)
Transactions with owners in their capacity as owners:								
- Issue of shares, net of transaction costs	3,388	-	-	-	-	-	-	3,388
- Issue of shares as part of acquisition	15,972	-	-	-	-	-	-	15,972
- Employee share options – value of employee services	-	-	540	-	-	-	-	540
- Options and warrants issued as part of acquisition	-	-	-	1,048	-	-	-	1,048
Balance at 30 June 2013	120,336	390	3,970	1,048	-	(81,856)	5,829	49,717

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2013

Notes

		2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		218,724	194,937
Payments to suppliers and employees		(178,861)	(167,992)
Interest and other receipts		575	1,731
Payment of exploration expenditure		(16,066)	(6,202)
Net cash inflow from operating activities	21	24,372	22,474
CASH FLOWS FROM INVESTING ACTIVITIES			
Contributions to Nachingwea Joint Venture		-	(4,886)
Purchase of investments (non-controlled entities)		-	(2,545)
Transaction costs incurred in acquisition of CNI		(2,440)	-
Cash acquired through acquisition of CNI		4,651	-
Acquisition of property, plant & equipment		(2,644)	(23,304)
Payments for capital works in construction		-	(113)
Due diligence costs		-	(573)
Payment of security bond		(494)	(201)
Net cash outflow from investing activities		(927)	(31,622)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares in IMX Resources		3,731	-
Direct costs of equity issues		(356)	-
Repayment of Sichuan Taifeng loan		(7,688)	-
Loans from related parties – Sichuan Taifeng		-	4,121
Loan to equity accounted investees		-	(3,768)
Finance costs		(775)	(1,209)
Settlement of hedge position		-	(2,172)
(Repayment) / proceeds from borrowings		(9,000)	9,000
Net cash (outflow) / inflow from financing activities		(14,088)	5,972
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		9,357	(3,176)
Opening cash and cash equivalents		17,006	20,173
Effect of exchange rates on cash holdings in foreign currencies		-	9
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	5	26,363	17,006

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 2013

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 2013 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 32 to these financial statements.

IMX Resources Limited is a company domiciled in Australia, and its registered address is Level 2, 41-47 Colin Street, West Perth 6005, Australia. The Group is primarily involved in the exploration for minerals and the mining of iron ore and copper.

This financial report was authorised for issue in accordance with a resolution of the Directors on 26 September 2013.

(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 the historical cost basis, except for the following items in the statement of financial position:

- share based payments

(iii) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company’s functional and presentation currency.

(iv) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS 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 estimates 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 2012:

Presentation of transactions recognised in other comprehensive income

From 1 July 2012, the Group has applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. 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 require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the Statement of Comprehensive Income.

(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.

Notes to the Financial Statements

30 JUNE 2013

Factors that could impact future recoverability include the level of reserves and resources (see Note 1(b)(iv)), future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices and foreign exchange rates.

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) Impairment of capitalised mine property and development and mine infrastructure

Development costs include direct and indirect cost associated with mine infrastructure, pre-production development costs, development excavation, project execution costs and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment. The definition of an area of interest is the area serviced by a given mining operations centre.

Development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, development assets are allocated to CGUs to which the development activity relates. The CGU shall not be larger than the area of interest. Factors assessed in this process include ore reserve and resource estimates (see Note 1(b)(iv)), forecast commodity prices, forecast foreign exchange rates, discount rate and contract costs.

(iii) 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.

(iv) 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.

(v) 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 at Note 1(m). Determination of an entity's functional currency requires 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.

Notes to the Financial Statements

30 JUNE 2013

(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 2013 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.

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, less impairment provisions (see Note 1(f)).

(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.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

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.

Notes to the Financial Statements

30 JUNE 2013

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed 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 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.

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

Costs arising from acquisition of exploration and evaluation activities are carried forward where these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ongoing exploration

Notes to the Financial Statements

30 JUNE 2013

activities are expensed as incurred.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the Group.

All costs carried forward are in respect of areas of interest in the exploration and evaluation phases and accordingly, production has not commenced.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, in particular when exploration for and evaluation of mineral resource in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the company has decided to discontinue such activities in the specific area.

(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 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.

(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

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements

30 JUNE 2013

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Company and its wholly owned Australian resident entities are not part of a tax consolidated group.

(l) OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") or value added tax ("VAT"), unless the GST / VAT 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 / VAT receivable or payable. The net amount of GST / VAT 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 / VAT. The GST / VAT 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 / VAT recoverable from, or payable to taxation authorities. The net of GST / VAT 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

Transactions in foreign currencies are translated to the respective financial currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss. However, foreign currency 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 are recognised in other comprehensive income.

Notes to the Financial Statements

30 JUNE 2013

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations 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 proportion 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 initially recognised at fair value and subsequently measured at amortised cost 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

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(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

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,

Notes to the Financial Statements

30 JUNE 2013

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 as it accrues in profit or loss, using the effective interest method.

Revenue from sale of goods and disposal of assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or 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 reasonably assured. 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. These sales agreements also allow for an adjustment to the sales price based on a survey of the goods by the customer (an assay for mineral content) therefore recognition of the sales revenue is based on the most determined estimate of product specifications. Revenue is not reduced for royalties and other taxes payable from the Group's production.

Provisional values are recognised on ore which are provisionally priced at the date of the sale. Adjustments to the sale price then occur subsequent to the date of sale based on movement in quoted market prices on which the final price is based, with adjustments reflected in sales and trade receivables. The period between provisional invoicing and final pricing is typically between 60 and 120 days. The revenue adjustment which is embedded within the provisionally priced sale arrangements is measured at fair value and is re-estimated continuously until final pricing is determined.

(r) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(s) 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.

Notes to the Financial Statements

30 JUNE 2013

(t) CASH AND CASH EQUIVALENTS

For Consolidated Statement of Cash Flow 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.

(u) FINANCIAL INSTRUMENTS

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they 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.

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 Consolidated 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 recognised 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.

Notes to the Financial Statements

30 JUNE 2013

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 at call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities 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.

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.

(v) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(w) 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.

Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operations.

(x) GOVERNMENT GRANTS

Grants that compensate the Group for expenses incurred are recognised in profit or loss when receipt of them is assured.

(y) SEGMENT REPORTING

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

(z) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Other borrowing costs are expensed.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to

Notes to the Financial Statements

30 JUNE 2013

another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(aa) PARENT ENTITY INFORMATION

The financial information for the parent entity, IMX Resources Limited, disclosed in Note 32 has been prepared on the same basis as the consolidated financial statements.

(ab) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning 1 July 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoptions permitted. The Group has not yet made an assessment of the impact of these amendments.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosures of Interests in Other Entities (2011)

AASB 10 introduces a single control model to determine whether an investee should be consolidated. As a result the Group may need to change its consolidation conclusion in respect of investees, which may lead to changes in the current accounting for these investees.

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.
- The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

The Group may need to reclassify its joint arrangements, which may lead to changes in the current accounting for these interests.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interest in subsidiaries, joint arrangements, associated and unconsolidated structured entities. The Group has not yet made an assessment of the impact of these disclosure requirements for interests in subsidiaries, interest in joint arrangements and associates and unconsolidated structured entities in comparison with existing disclosures. AASB 12 requires the disclosure of information about the nature, risks and financial effects of those interests.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

AASB 13 Fair Value Measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurements guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The Group is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short term and other long term employee benefits to clarify the distinction between the two. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

Notes to the Financial Statements

30 JUNE 2013

(ad) GOING CONCERN

For the year ended 30 June 2013, the Group has incurred a loss after tax of \$27.5m and its current liabilities exceed current assets by \$6.0m. The Group's net assets are \$49.7m. As set out in note 17, the working capital deficiency has arisen predominantly due to classifying the shareholder loan from the non-controlling interest of \$12.8m as a current liability.

At year end, Outback Iron Pty Ltd (owned 51% by IMX and 49% by Sichuan Taifeng Group), owed \$12.8m to Taifeng, a controlled entity of Sichuan Taifeng Group. This loan forms part of the investment made by Sichuan Taifeng Group into Outback. IMX and Sichuan Taifeng Group 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 Iron to IMX of \$13.3m is eliminated upon consolidation. The loans are repayable out of cash flows from the Cairn Hill Mining Operation.

The classification of the loan from Sichuan Taifeng Group has been assessed as current due to the expectation of estimated cash flow distributions to both shareholders in their respective proportions from the Cairn Hill Mining Operation from 1 July 2013 through to the end of June 2014. These forecast distributions have been determined based on the Group's expectations of production levels, iron ore prices and exchange rates being met. There is no contractual obligation to repay the loan over this period and if these expected cash flows do not eventuate, all or part of the loan will not be repaid.

The Company is also reliant on the forecast distributions by Outback to fund its operational expenditure and planned exploration expenditure, particularly in relation to the Tanzanian tenements. Should the distributions not eventuate to the level expected, a substantial proportion of the Group's planned exploration expenditure is discretionary and can be deferred. In addition to funds achieved from Outback, the Company's Directors (the "Directors") are confident that further funding can be obtained as necessary to fund the next stage of development of the Group's exploration tenements. Sources of funding could include asset sales, debt or equity raisings, and / or securing suitable arrangements with new JV partners.

On 20 September 2013, the Company entered into an earn-in and joint venture agreement with MMG Limited in connection with the Nachingwea Exploration Project. Under the terms of this agreement, MMG may earn up to a 60% joint venture interest in the Nachingwea Project by sole funding expenditure of US\$60m over a five year period, structured with three stages. As a result, during the next 12 months, costs that the Company would have incurred for exploration work carried out at Nachingwea, and which would ordinarily have been funded by positive cash flow from the Cairn Hill Mine, are now expected to be incurred by MMG in accordance with the earn-in and joint venture agreement.

For the reasons set out above, the financial report has been prepared on a going concern basis. The Directors are confident that the Group will obtain sufficient funds through the Cairn Hill Mining Operation and alternative sources of funding where required such that the Group can realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

(ae) ROUNDING

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to the Financial Statements

30 JUNE 2013

	2013 \$'000	2012 \$'000
2. COST OF SALES		
Mining costs	37,691	35,713
Mine planning and survey	471	527
Geology	858	964
Environmental, rehabilitation and traditional land owners	423	440
Mine administration	1,510	2,590
Depreciation and amortisation	20,348	4,202
Crushing	8,349	9,184
Road and rail haulage	69,919	65,847
Marketing and royalties	2,600	3,618
Impairment loss on mine property and development	4,036	-
Ore inventory movements	(928)	4,020
Shipping and port operations	48,906	55,405
Total Cost of Sales	194,183	182,510

3. INCOME AND EXPENSE ITEMS

Net profit / (loss) included the following items of revenue and expense:

(a) Other Income

Interest receivable from other persons	293	1,383
Guarantee fee	-	200
Foreign exchange gain	396	350
Other	148	60
	837	1,993

(b) Other Expenses

Loss on disposal of assets	2	10
Impairment loss – equity accounted investee	1,463	-
Realised loss on derivatives used for hedging	-	1,459
	1,465	1,469

4. INCOME TAX

(a) Income Tax Expense recognised in profit or loss

The major components of income tax expense / (benefit) are:

Current income tax

Current income tax expense / (benefit)	-	-
Adjustments in respect of current income tax of previous years	-	-

Deferred income tax

Relating to origination and reversal of temporary differences	(1,422)	416
Adjustments in respect of temporary differences of previous years	2,100	(1,081)
Income tax expense / (benefit) reported in the consolidated statement of comprehensive income	678	(665)

(b) Income Tax recognised directly in equity

Foreign currency translation	966	-
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Notes to the Financial Statements

30 JUNE 2013

(c) 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:

	2013 \$'000	2012 \$'000
Accounting Loss Before Tax	(26,780)	(18,425)
At the parent entity's statutory income tax rate of 30% (2012: 30%)	(8,034)	(5,528)
Adjustments in respect of deferred income tax of previous years	2,100	(1,081)
Research and development expenditure	(187)	-
Share based payments	162	25
Other	-	435
Deferred tax assets not recognised	6,637	5,484
Income tax expense / (benefit)	678	(665)

(d) Recognised deferred liabilities

Amounts recognised in the statement of financial position

Deferred tax liability	(4,076)	(2,433)
	(4,076)	(2,433)

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 it is probable that assessable income will be made of a nature and amount to enable such benefit to be realised. At 30 June 2013 the Group has recognised deferred tax assets in relation to losses and timing difference for Termite, the owner of ML6303, as Termite has earned assessable income during the financial year. Losses in relation to the remainder of the Group have not been brought to account other than to offset deferred tax liabilities. Unrecognised deferred tax assets in relation to Australia are \$12.0m (2012: \$9.7m), and Tanzania \$12.4m (2012: \$11.6m).

Deferred tax at 30 June 2013 relates to the following:

Consolidated

(i) Deferred tax liabilities

Interest receivable	8	4
Inventory	44	55
Unrealised foreign exchange movements	40	330
Depreciation differences	75	174
Exploration and evaluation expenditure	966	-
Mine property and development	7,783	13,472
Gross deferred tax liability	8,916	14,035
Set-off of deferred tax asset	(4,840)	(11,602)
Net deferred tax liability	4,076	2,433

Notes to the Financial Statements

30 JUNE 2013

	2013 \$'000	2012 \$'000
(ii) Deferred tax assets		
Accruals	-	23
Provision:		
Rehabilitation and restoration	251	235
Make good (office premises)	11	11
Annual, long service leave & superannuation	129	151
Section 40-880 costs	114	57
Unrealised foreign exchange movements	530	-
Investment in equity accounted investees	3,411	-
Carried forward tax losses	24,817	32,497
Carried forward losses and other temporary differences not brought to account as a deferred tax asset	(24,423)	(21,372)
Gross deferred tax asset	4,840	11,602
Set-off against deferred tax liability	(4,840)	(11,602)
Net deferred tax asset	-	-

The Minerals Resource Rent Tax Act 2012

On 19 March 2012, the Australian Government passed through the Senate, the Minerals Resource Rent Tax Act 2012 ("MRRT"), with application to certain profits arising from the iron ore and coal extracted in Australia. In broad terms, the tax is imposed on a project-by-project basis.

This tax applies to upstream mining operations only, and the effective rate of MRRT is 22.5%.

This tax is considered to be an "income tax" for the purposes of AASB 112.

Certain transitional measures are contained in the legislation which can give rise to deductions in future years, for MRRT purposes.

Based on modelling and valuations performed on behalf of the Group, there will be no MRRT payable on Cairn Hill. The Group will assess other projects if and when required.

5. CASH AND CASH EQUIVALENTS

Cash at bank	13,791	1,085
Cash on deposit	12,569	15,920
Cash on hand	3	1
	<u>26,363</u>	<u>17,006</u>

Refer to Note 29 for the Group's exposure to interest rate and credit risk.

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.

Notes to the Financial Statements

30 JUNE 2013

	2013 \$'000	2012 \$'000
7. TRADE AND OTHER RECEIVABLES		
(a) Current		
Accounts and other receivables	249	20,482
Accrued interest	27	40
Prepayments	145	413
Security bonds	1,189	1,195
Goods and services tax, value added tax and fuel tax credits receivable	991	1,735
Receivable from equity accounted investees	-	3,768
	<u>2,601</u>	<u>27,633</u>
(b) Non-Current		
Restricted cash	1,000	500
	<u>1,000</u>	<u>500</u>
8. INVENTORY		
Finished goods ⁽¹⁾	8,961	7,656
Work in progress ⁽²⁾	3,043	3,420
Diesel fuel on hand	147	178
	<u>12,151</u>	<u>11,254</u>

⁽¹⁾ Finished goods represent crushed ore stocks on the mine site or held in storage.

⁽²⁾ Work in progress represents uncrushed ore stocks extracted from the mine pits.

9. EXPLORATION & EVALUATION EXPENDITURE ASSETS

Exploration & evaluation expenditure assets	25,294	2,218
	<u>25,294</u>	<u>2,218</u>
<i>Reconciliation of exploration and evaluation expenditure assets</i>		
Carrying amount at beginning of year	2,218	-
Additions	19,857	2,218
Foreign currency translation	3,219	-
Carrying amount at the end of the year	<u>25,294</u>	<u>2,218</u>

On 17 September 2012, IMX completed the acquisition of Continental Nickel Limited ("CNI"). As a consequence of the completion of the transaction, IMX acquired all of the outstanding common shares of CNI and became a dual-listed company with listings and official quotations on both the ASX and TSX. IMX shares commenced trading on the TSX on 18 September 2012 under the ticker code IXR.

The transaction has been accounted for as an asset acquisition.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Consideration transferred

	Note	\$'000
Equity instruments (99,827,342 ordinary shares)	18 (b)	15,972
Options issued (3,922,500 unlisted options)	18 (d)	727
Warrants Issued (13,490,201 listed options)	18 (e)	323
		<u>17,022</u>

Under the terms of the plan, each CNI shareholder received 3.7 IMX ordinary shares plus 0.5 of an ordinary share purchase warrant for each CNI common share held. Each whole warrant entitles the holder to acquire one IMX ordinary share at an exercise price of \$C0.60 or C\$0.62 (at the sole election of the holder) and will expire three years from completion of the Plan of Arrangement.

The net assets acquired comprise cash and cash equivalents of \$4.7m, trade and other receivables of \$0.3m, property, plant and equipment of \$0.1m, exploration and evaluation expenditure asset of \$21.9m, trade and other payables of \$3.6m and

Notes to the Financial Statements

30 JUNE 2013

loans payable to related parties of \$4.0m.

As a result of the acquisition, the Group now recognises an exploration and evaluation expenditure asset on the Consolidated Statement of Financial Position. IMX previously held an equity accounted interest of 37% in CNI which has been eliminated and transferred to exploration and evaluation expenditure assets.

Acquisition related costs

The Group incurred acquisition costs of \$2.4m related to external legal fees and due diligence costs. These costs have been capitalised as part of the exploration and evaluation expenditure assets.

	2013 \$'000	2012 \$'000
10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Uranex Limited	2,712	5,408
Continental Nickel Limited	-	2,441
	<u>2,712</u>	<u>7,849</u>

	Uranex Limited \$'000	Continental Nickel \$'000	Total \$'000
Opening carrying amount (01/07/2012)	5,408	2,441	7,849
Share of other comprehensive income	13	-	13
Share of losses after income tax	(1,246)	(2,186)	(3,432)
Impairment loss	(1,463)	-	(1,463)
Acquisition of controlling interest in CNI (Note 9)	-	(255)	(255)
Closing carrying amount	<u>2,712</u>	<u>-</u>	<u>2,712</u>
No. of shares	<u>54,246,482</u>	<u>-</u>	<u>-</u>

During the year, the Group recognised an impairment loss of \$1.4m to reflect the market value of its investment in Uranex Limited. Subsequent to year end, the Group sold its interest in Uranex Limited.

Summarised financial information of associates

The Group's share of the results of its associates and its aggregated assets and liabilities are as follows:

	Ownership	Assets	Group's share of:	Revenues	Net Loss
2013	%	\$'000	Liabilities \$'000	\$'000	\$'000
Uranex Limited	25.65	1,059	420	162	(1,246)
		<u>1,059</u>	<u>420</u>	<u>162</u>	<u>(1,246)</u>

	2013 \$'000	2012 \$'000
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11. ASSETS HELD FOR SALE

Current assets held for sale

Rail materials and equipment	383	506
	<u>383</u>	<u>506</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

30 JUNE 2013

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Furniture and Fittings	Motor vehicles	Mine property and development	Mine infrastruc- ture	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2013						
Carrying amount at beginning of year	272	218	252	46,042	6,298	53,082
Additions	1,073	97	-	1,840	-	3,010
Disposals	-	(13)	-	-	-	(13)
Impairment ⁽¹⁾	-	-	-	(4,036)	-	(4,036)
Amortisation of rehabilitation and restoration asset	-	-	-	(350)	-	(350)
Amortisation of deferred waste	-	-	-	(13,094)	-	(13,094)
Depreciation expense	(498)	(68)	(86)	(3,498)	(2,754)	(6,904)
Carrying amount at end of year	847	234	166	26,904	3,544	31,695
Cost	1,867	607	487	39,211	9,151	51,323
Accumulated depreciation	(1,020)	(373)	(321)	(12,307)	(5,607)	(19,628)
Carrying amount	847	234	166	26,904	3,544	31,695
Year ended 30 June 2012						
Carrying amount at beginning of year	263	114	363	24,264	8,021	33,025
Additions	156	177	6	23,943	21	24,303
Disposals	-	-	(10)	-	-	(10)
Amortisation of rehabilitation and restoration asset	-	-	-	(34)	-	(34)
Depreciation expense	(147)	(73)	(107)	(2,131)	(1,744)	(4,202)
Carrying amount at end of year	272	218	252	46,042	6,298	53,082
Cost	803	523	487	49,554	9,152	60,519
Accumulated depreciation	(531)	(305)	(235)	(3,512)	(2,854)	(7,437)
Carrying amount	272	218	252	46,042	6,298	53,082

- (1) The recoverable amount of mine related assets was assessed in accordance with accounting policy 1(f) using the value in use method by applying a post-tax discount rate of 10% to forecast future cash flows. An impairment charge of \$4.0m was recognised for the year ended 30 June 2013.

Notes to the Financial Statements

30 JUNE 2013

	2013 \$'000	2012 \$'000
13. EXPLORATION AND EVALUATION EXPENDITURE		
(a) Exploration and Evaluation		
Expenditure incurred during the year	11,068	6,162
Expenditure written off during the year	(11,068)	(6,162)
	-	-

All exploration and evaluation costs are written off in the period in which they occur.

14. TRADE AND OTHER PAYABLES

(a) Current

Trade creditors	19,683	28,348
Accrued expenses	7,421	4,226
Current liabilities due to customers	7,061	-
Other creditors	151	279
	34,316	32,853

At 30 June 2013 there was a current liability due to customers. At the time a shipment leaves Port Adelaide, an invoice is issued to the customer based on the contract specification grades and the iron ore and copper commodity prices prevailing at the time. A final adjustment invoice is later issued to the customer using the actual shipment grades and the iron ore and copper commodity prices 30 days after the shipment left Port Adelaide. Therefore, in an environment of falling iron commodity prices as seen in June 2013, the final adjustment invoice amount can be a credit - an amount owing to the customer.

15. LOANS AND BORROWINGS

(a) Current

Interest bearing loan	-	9,000
	-	9,000

During the year ended 30 June 2013, the loan from LinQ Capital Limited was repaid in full. This \$15.0m facility incurred interest at the rate of 13.0% per annum on drawn amounts and 6.5% per annum on undrawn amounts. This one year loan facility agreement, originally due to expire in May 2013, was terminated by the Cairn Hill Mine Operation in January 2013. Payment of interest on the undrawn portion for the full term of the facility (\$0.5m) was made in January 2013.

16. PROVISIONS

(a) Current

Employee benefits	431	442
	431	442

(b) Non-Current

Employee benefits	-	62
Minesite rehabilitation	836	785
Office restoration	37	38
	873	885

17. LOANS FROM RELATED PARTIES

(a) Current

Loan from Sichuan Taifeng Group	12,786	-
	12,786	-

(b) Non-Current

Loan from Sichuan Taifeng Group	-	20,474
	-	20,474

Notes to the Financial Statements

30 JUNE 2013

The classification of the loan from Sichuan Taifeng Group at 30 June 2013 has been assessed as current due to the expectation of estimated cash flow distributions to both shareholders in their respective proportions from the Cairn Hill Mining operation from 1 July 2013 through to the end of June 2014. These forecast distributions have been determined based on the Group's expectations of production levels, iron ore prices and exchange rates being met. There is no contractual obligation to repay the loan over this period and if these expected cash flows do not eventuate, all or part of the loan will not be repaid. The loan is interest free, unsecured and there is no fixed repayment date.

18. CONTRIBUTED EQUITY

(a) Issued and Paid up Capital

		2013		2012
	Number of shares	\$'000	Number of shares	\$'000
Ordinary shares fully paid	396,497,145	120,336	262,612,803	100,976

(b) Movement in Fully Paid Ordinary Shares

		2013		2012
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial year	262,612,803	100,976	262,612,803	100,976
Shares issued as part of acquisition of CNI (Note 9)	99,827,342	15,972	-	-
Issue of shares, net of cost ⁽¹⁾	33,909,000	3,375	-	-
Shares issued to ABE Resources Inc. ⁽²⁾	148,000	13	-	-
End of the financial year	396,497,145	120,336	262,612,803	100,976

⁽¹⁾ Issue of 33,909,000 ordinary shares at \$0.11 per share on 21 November 2012.

⁽²⁾ Issue of 148,000 ordinary shares to ABE Resources Inc. to complete the earn-in acquisition of 50% interest in the St. Stephen nickel-copper project.

(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 Unlisted Options on Issue

		2013		2012
	Number of options	\$'000	Number of options	\$'000
Beginning of the financial year	13,100,000	-	14,975,000	-
Share options and warrants issued as part of acquisition of CNI (Note 9)	3,922,500	727	-	-
Issued to employees during the year	3,200,000	-	-	-
Issued during the year	2,690,451	-	2,350,000	-
Cancelled / expired during the year	(6,752,500)	-	(4,225,000)	-
End of the financial year	16,160,451	727	13,100,000 ⁽¹⁾	-

⁽¹⁾ Issued during the 2012 financial year, includes those options granted and those options issued by way of a legal obligation under employment agreement with employees. At 30 June 2012, there were 2.0m options that had been issued under obligation but were yet to be granted. These were granted in the year ended 30 June 2013.

Notes to the Financial Statements

30 JUNE 2013

(e) Movements in Listed Options on Issue

	Number of options	2013 \$'000	Number of options	2012 \$'000
Beginning of the financial year	-	-	-	-
Share options and warrants issued as part of acquisition of CNI (Note 9)	13,490,201	322	-	-
End of financial year	13,490,201	322	-	-

(f) Share Option Program

	Employees ⁽¹⁾	Key Management Personnel ⁽²⁾		
Grant Date	24 Aug 2012	24 Aug 2012	22 Nov 2012	22 Nov 2012
Fair value at grant date (\$)	0.07	0.07	0.04	0.05
Share price at grant date (\$)	0.15	0.15	0.14	0.14
Exercise price (\$)	0.27	0.27	0.42	0.35
Expected volatility	67.0%	67.0%	67.0%	67.0%
Option life	5 years	5 years	5 years	5 years
Expected dividends	0%	0%	0%	0%
Risk free interest rate	2.77%	2.77%	2.81%	2.81%

⁽¹⁾ Options issued pursuant to Company's long-term incentive plan which vest subject to satisfying a twelve month service period.

⁽²⁾ Options issued to key management personnel (24 Aug 2012) and options issued pursuant to the Managing Director's employment agreement (22 Nov 2012) which vest subject to satisfying a twelve month service period.

Notes to the Financial Statements

30 JUNE 2013

	2013 \$'000	2012 \$'000
19. RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Foreign currency translation reserve	390	(1,876)
Share based remuneration reserve	3,970	3,430
Hedge reserve	-	-
Options reserve	1,048	-
	<u>5,408</u>	<u>1,554</u>
Movements:		
<i>Foreign currency translation reserve</i>		
Balance at beginning of year	(1,876)	(2,873)
Currency translation differences arising during the year	2,266	997
Balance at end of year	<u>390</u>	<u>(1,876)</u>
<i>Share based remuneration equity reserve</i>		
Balance at beginning of year	3,430	3,348
Employee share remuneration	540	82
Balance at end of year	<u>3,970</u>	<u>3,430</u>
<i>Hedge reserve</i>		
Balance at beginning of year	-	(1,234)
Hedge reserve movements after tax	-	1,234
Balance at end of year	<u>-</u>	<u>-</u>
<i>Options Reserve</i>		
Balance at beginning of year	-	-
Options reserve movements after tax	1,048	-
Balance at end of year	<u>1,048</u>	<u>-</u>
(b) Accumulated Losses		
Balance at beginning of year	56,372	35,662
Net loss attributable to members of IMX	25,484	20,710
Balance at end of year	<u>81,856</u>	<u>56,372</u>

(c) Nature and Purpose of Reserves

(i) Foreign currency translation reserve

The foreign currency 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 options issued.

(iii) Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows.

Notes to the Financial Statements

30 JUNE 2013

2013
\$'000

2012
\$'000

20. NON-CONTROLLING INTERESTS

Interests in:

Share capital	7,158	7,158
Dilution effect of shares issued to non-controlling interests	(6,700)	(6,700)
Retained earnings	5,371	7,345
Closing balance	5,829	7,803

21. STATEMENT OF CASH FLOWS

Reconciliation of Net Loss after Tax to Net Cash used in Operating Activities

Loss after income tax	(27,458)	(17,760)
Add / (deduct) non-cash items:		
Income tax expense / (benefit)	678	(665)
Depreciation	6,904	4,202
Amortisation of rehabilitation / restoration provision	350	34
Amortisation of deferred waste	13,094	-
Employee share based remuneration	540	82
Share of associate's loss	3,432	13,538
Unrealised foreign exchange gain	-	(461)
Realised hedge loss	-	1,459
Impairment loss on mine property and development	4,036	-
Impairment loss of equity accounted investees	1,463	-
Changes in assets and liabilities:		
Change in receivables	20,008	8,089
Change in inventory	(897)	6,110
Change in payables	(1,433)	7,880
Change in provisions	(23)	(34)
Net cash flows used in operating activities	24,372	22,474

Material Non-Cash Investing and Financing Transactions

The acquisition of CNI occurred through the issue of shares. The purchase consideration amounted to \$17.0m, comprising of the fair value of common shares IMX issued of \$16.0m and the fair value of IMX options and listed options issued of \$0.7m and \$0.3m respectively. Refer to Note 9 for further details of assets acquired and liabilities assumed.

Notes to the Financial Statements

30 JUNE 2013

22. 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*	
			2013 %	2012 %
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	51
Termite Resources NL	Australia	Ordinary	51	51
Thrifty Mining Pty Ltd	Australia	Ordinary	100	100
Zanzibar Gold Pty Ltd	Australia	Ordinary	92	92
Duma Minerals (Tanzania) Limited	Tanzania	Ordinary	92	92
Nyati Mining (Tanzania) Limited	Tanzania	Ordinary	100	100
Pan African Resources (Tanzania) Limited	Tanzania	Ordinary	100	100
Tausi Minerals Company Limited	Tanzania	Ordinary	90	90
Warthog Resources Limited	Tanzania	Ordinary	100	100
Kudu limited	Tanzania	Ordinary	100	100
Goldstream Mozambique Limitada	Mozambique	Ordinary	100	100
Swynlay Pty Ltd	Australia	Ordinary	100	100
Noble Mineral Resources Pte Ltd	India	Ordinary	100	100
Continental Nickel Limited	Canada	Ordinary	100	37
Anga Resources Limited	Tanzania	Ordinary	100	25
Ngwena Limited	Tanzania	Ordinary	100	25

* Percentage of voting power is in proportion to ownership.

Notes to the Financial Statements

30 JUNE 2013

2013	2012
\$'000	\$'000

23. 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	6,262	4,920
- beyond one year	4,521	1,093
	<u>10,783</u>	<u>6,013</u>

(b) Capital Commitments

Plant & Equipment

- not greater than one year	-	434
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(c) Lease and Operating Contract Expenditure Commitments

Operating leases (non-cancellable):

Minimum lease payments

- not later than one year	609	438
- later than one year and not later than five years	1,212	850
Aggregate lease expenditure contracted for at reporting date	<u>1,821</u>	<u>1,288</u>

The Group leases a number of office premises with fixed term leases with lives of between one year and five years. Lease payments are increased each year at either a fixed rate or to reflect market rentals under the terms of the lease.

2013	2012
\$'000	\$'000

Mining Lease Rentals:

Expected lease payments

- not later than one year	105	313
- later than one year and not later than five years	315	937
Aggregate lease expenditure contracted for at reporting date	<u>420</u>	<u>1,250</u>

The Group has one active mining lease, being ML 6303 for the Cairn Hill operations. This lease has a yearly rental of \$0.1m and currently expires in April 2018.

The Group is a party to 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 are used to rail the ore to Port Adelaide. The Group also has an agreement with Gemco Rail Pty Ltd for the lease of the rail wagons. The lease terms are consistent with the life of the Cairn Hill Phase 1 mine and the Group has an ongoing monthly lease commitment. The Group is also a party to agreements for mining services, road haulage, rail haulage, ship loading and other port services 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:

Notes to the Financial Statements

30 JUNE 2013

Supply / Lease	Contract Term	Key Terms and obligations
Lease of rail containers	60 months	Total lease commitment of \$19.0m over the 60 month lease (annual commitment of \$3.8m) expiring October 2015.
Lease of rail wagons	60 months	Total lease commitment of \$12.0m over the 60 month lease (annual commitment of \$2.4m) expiring September 2015.
Provision of rail haulage for ore	56 months	Under the agreement the Cairn Hill JV 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 2013 the termination fee amounts to \$3.6m.
Mining and road haulage services	Approx. 56 months	Under the agreement the Cairn Hill JV will be required to pay early termination fees for the termination of this agreement within the first two years of the contract term. Accordingly, the termination fee reduces during each year of the contract. At 30 June 2013 the termination fee amounts to nil. The Group may terminate the contract by giving no less than three months' notice in writing. The cost of terminating the contract would amount to approximately \$0.2m of demobilisation costs.
Port services	60 months	Under the agreement the Group will be required to pay early termination fees for the termination of this agreement. The termination fee reduces during each year of the contract by pre-determined amounts. At 30 June 2013 the termination fee amounts to \$6.0m. The Group may terminate the contract by giving no less than six months' notice in writing.

2013
cents

2012
cents

24. EARNINGS PER SHARE

Earnings per share

Basic	(0.07)	(0.08)
Diluted	(0.07)	(0.08)

2013
\$'000

2012
\$'000

Reconciliation of Earnings to Profit of Loss

Net Loss attributable to shareholders of the Company	(25,484)	(20,710)
Loss used in calculating basic earnings per share	(25,484)	(20,710)

Reconciliation of weighted average number of ordinary shares used to calculate basic and diluted earnings / (loss) per share

	2013 Basic	2013 Diluted	2012 Basic	2012 Diluted
Opening balance of ordinary shares	262,612,803	262,612,803	262,612,803	262,612,803
Opening balance of options on issue	-	-	-	14,975,000
Cancellation of options	-	-	-	(32,377)
Issue of new options	-	-	-	258,197
Expiry of options	-	-	-	(984,153)
Issue of shares as part of CNI acquisition	78,220,876	78,220,876	-	-
Issue of shares – 21 November 2012	20,531,203	20,531,203	-	-
Issue of shares to ABE Resources Inc.	33,249	33,249	-	-
Weighted average number of ordinary shares	361,398,131	361,398,131	262,612,803	276,829,470

Notes to the Financial Statements

30 JUNE 2013

25. AUDITORS' REMUNERATION

	2013 \$	2012 \$
Audit and review services		
Auditors of the Company – KPMG Australia: Audit and Review of financial statements	100,000	-
Auditors of the subsidiaries – KPMG Tanzania: Audit and Review of financial statements	12,000	-
Amounts paid to BDO Audit (WA) Pty Ltd: Audit and Review of financial statements	-	128,131
Other services		
Auditors of the Company - KPMG		
In relation to other advisory services	8,260	-
Amounts paid or due and payable to other BDO subsidiaries for:		
In relation to taxation and other advisory services	-	14,467
	<u>120,260</u>	<u>142,598</u>

Notes to the Financial Statements

30 JUNE 2013

26. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

The following persons were Directors of the Company during the financial year:

John Nitschke	Non-Executive Chairman (appointed 23 December 2009)
Neil Meadows	Managing Director (appointed 28 November 2011)
Kellie Benda	Non-Executive Director (appointed 1 August 2012)
David Constable	Non-Executive Director (appointed 1 August 2012)
Stephen Hunt	Non-Executive Director (appointed 3 July 2007, resigned 22 August 2013)
Song Yuan Gang	Non-Executive Director (appointed 29 July 2010, resigned 23 May 2013)
Robert Sun	Alternate Director (appointed 15 March 2012), Director (appointed 23 May 2013)

(ii) Senior Executives

Bianca Manzi	General Manager Exploration (appointed 1 January 2007, resigned 14 December 2012)
Simon Parsons	General Manager – Cairn Hill Project (appointed 11 July 2008)
Philip Hoskins	Chief Financial Officer (appointed 17 January 2012)
Caroline Rainsford	Company Secretary (appointed 17 January 2012, resigned 14 December 2012)
Stuart McKenzie	Company Secretary (appointed 12 November 2012)
Stewart Watkins	General Manager – Projects (appointed 18 September 2012)
Michael Hannington	General Manager Business Development and Exploration – Africa (appointed 6 August 2012)

(b) Remuneration Policy of Key Management Personnel (KMP)

Details of the remuneration policy of Key Management Personnel, including the Directors, are included in the audited Remuneration Report.

(c) Directors and Executives Remuneration

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:

	2013	2012
	\$	\$
Short term employee benefits	2,565,106	2,282,785
Post-employment benefits	107,715	121,349
Termination benefits	277,316	170,000
Share based payments	142,987	-
	<u>3,093,124</u>	<u>2,574,134</u>

Notes to the Financial Statements

30 JUNE 2013

(d) Directors & KMP Holding of Shares

(i) Fully Paid Shares

	Balance 1 July 2012	Issued	Other Changes	Balance 30 June 2013
Specified Directors:				
J Nitschke ⁽²⁾	-	-	2,500,000	2,500,000
N Meadows ⁽²⁾	-	-	300,000	300,000
S Hunt ⁽²⁾	150,000	-	351,800	501,800
Song Yuan Gang ⁽¹⁾	51,771,000	-	(51,771,000)	-
Robert Sun	-	-	-	-
K Benda ⁽²⁾	-	-	375,000	375,000
D Constable	-	-	-	-
Total	51,921,000	-	(48,244,200)	3,676,800
Specified Executives:				
B Manzi ⁽¹⁾	100,710	-	(100,710)	-
A Steers	-	-	-	-
S Parsons	-	-	-	-
P Hoskins	-	-	-	-
C Rainsford	-	-	-	-
S McKenzie ⁽²⁾	-	-	100,000	100,000
S Watkins	-	-	-	-
M Hannington	-	-	-	-
Total	100,710	-	(710)	100,000

⁽¹⁾ Neither were key management personnel as at 30 June 2013 and therefore have been removed from the above table.

⁽²⁾ On-market purchases of shares in accordance with the Company's policy on share trading.

	Balance 1 July 2011	Issued	Other Changes	Balance 30 June 2012
Specified Directors:				
J Jooste-Jacobs*	1,021,908	-	(1,021,908)	-
D McBain*	255,000	-	(255,000)	-
J Nitschke	-	-	-	-
N Meadows	-	-	-	-
S Hunt	150,000	-	-	150,000
A Haggarty*	7,064,522	-	(7,064,522)	-
Song Yuan Gang	51,771,000	-	-	51,771,000
Chen Yu	-	-	-	-
Robert Sun	-	-	-	-
Cao Xiangkui	-	-	-	-
Total	60,262,430	-	(8,341,430)	51,921,000
Other Key Management Personnel:				
B Manzi	100,710	-	-	100,710
A Steers	-	-	-	-
S Parsons	-	-	-	-
P Hoskins	-	-	-	-
C Rainsford	-	-	-	-
Total	100,710	-	-	100,710

*None of these directors were key management personnel as at 30 June 2012 and therefore have been removed from the above table.

Notes to the Financial Statements

30 JUNE 2013

(ii) Options

	Balance 1 July 2012 Number of options	Issued	Other changes	Balance 30 June 2013 Number of options
Specified Directors:				
J Nitschke ⁽²⁾	500,000	1,237,900	-	1,737,900
N Meadows	-	2,000,000	-	2,000,000
S Hunt ⁽³⁾	1,900,000	-	(493,000)	1,407,000
Song Yuan Gang ⁽¹⁾	485,000	-	(485,000)	-
K Benda	-	-	-	-
D Constable	-	-	-	-
Total	2,885,000	3,237,900	(978,000)	5,144,900
Other Key Management Personnel:				
B Manzi ⁽¹⁾	800,000	500,000	(1,300,000)	-
S Parsons	1,000,000	500,000	-	1,500,000
P Hoskins	-	500,000	-	500,000
C Rainsford	-	-	-	-
S McKenzie	-	-	-	-
S Watkins ⁽²⁾	-	268,000	-	268,000
M Hannington	-	500,000	-	500,000
Total	1,800,000	2,268,000	(1,300,000)	2,768,000

⁽¹⁾ Neither were key management personnel as at 30 June 2013 and therefore have been removed from the above table.

⁽²⁾ These are replacement options in exchange for unlisted CNI options and listed options pursuant to the acquisition of CNI.

⁽³⁾ Lapsed unexercised at expiry date.

	Balance 1 July 2011 Number of options	Issued	Exercised	Balance 30 June 2012 Number of options
Specified Directors:				
J Jooste-Jacobs*	2,450,000	-	(2,450,000)	-
D McBain*	3,750,000	-	(3,750,000)	-
J Nitschke	500,000	-	-	500,000
N Meadows	-	-	-	-
S Hunt	1,900,000	-	-	1,900,000
A Haggarty*	1,900,000	-	(1,900,000)	-
Song Yuan Gang	485,000	-	-	485,000
Chen Yu	-	-	-	-
Cao Xiangkui	500,000	-	-	500,000
Total	11,485,000	-	(8,100,000)	3,385,000
Other Key Management Personnel:				
B Manzi	800,000	-	-	800,000
A Steers*	500,000	-	(500,000)	-
S Parsons	1,000,000	-	-	1,000,000
P Hoskins	-	-	-	-
C Rainsford	-	-	-	-
Total	2,300,000	-	(500,000)	1,800,000

* None were key management personnel as at 30 June 2012 and therefore have been removed from the above table.

Notes to the Financial Statements

30 JUNE 2013

(iii) Other transaction with key management personnel

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\$0.45/tonne (30 June 2012: US\$1.00/tonne). Standout Enterprises is related to IMX because ex-Director, Mr Hunt is a 50% beneficiary of Standout Enterprises. For the year ended 30 June 2013, Termite paid \$US0.5m to Standout Enterprises for its services.

Mr Hunt ceased to be a Director on 22 August 2013.

27. 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 Directors' Report and Note 26 to the financial statements. These transferred disclosures have been audited.

(d) Joint venture partner

Sichuan Taifeng Group owns the remaining 49% of the Cairn Hill operation in South Australia as well as being a life of mine customer for Phase 1 ore. They are also the Company's largest shareholder. As disclosed in Note 17, the Group also owes \$12.8m to Sichuan Taifeng Group. During the year, sales to Sichuan Taifeng Group from the Cairn Hill operation totalled \$66.9m.

(e) Transactions with related parties

Refer section (iii) of Note 26 to the financial statements.

Notes to the Financial Statements

30 JUNE 2013

28. OPERATING SEGMENTS

Segment products and locations

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, the Managing Director.

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 Canada.

	Mine Operations		Exploration		Unallocated		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	193,568	190,825	-	-	-	-	193,568	190,825
Reportable segment profit before tax	(1,365)	6,284	(11,051)	(5,528)	-	-	(12,416)	756
Depreciation and Amortisation	(20,348)	(4,202)	-	-	-	-	(20,348)	(4,202)
Impairment	(4,036)	-	-	-	(1,463)	-	(5,499)	-
Interest Revenue	171	80	-	-	122	1,303	293	1,383
Interest Expense	-	(1,932)	-	-	-	-	-	(1,932)
Segment assets	68,779	98,990	30,708	13,209	2,712	7,849	102,199	120,048
Segment liabilities	43,574	62,975	2,570	100	6,338	3,012	52,482	66,087

Reconciliation of loss before tax for the operating segments to the Group loss before tax is provided as follows:

	2013	2012
	\$'000	\$'000
Profit / (loss) before tax for Operating Segments (see table above)	(12,416)	756
- Corporate and administration costs	(9,467)	(5,643)
- Share of associate's losses	(3,432)	(13,538)
- Other expenses	(1,465)	-
Loss before tax for the Group	(26,780)	(18,425)

Geographical Information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2013		2012	
	Revenues (\$'000)	Segment Assets ⁽¹⁾ (\$'000)	Revenues (\$'000)	Segment Assets ⁽¹⁾ (\$'000)
Australia	193,568	68,779	190,825	98,990
All foreign countries				
Tanzania	-	30,708	-	140
Mozambique	-	-	-	-
India	-	-	-	-
	193,568	99,487	190,825	99,130

⁽¹⁾ Excludes unallocated assets.

Notes to the Financial Statements

30 JUNE 2013

29. 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	2013 '000	2012 '000
<i>Financial Assets</i>			
Cash and cash equivalents	5	26,363	17,006
Trade and other receivables – current	7(a)	2,601	27,633
Trade and other receivables – non-current	7(b)	1,000	500
Investments accounted for using the equity method	10	2,712	7,849
Total Financial Assets		32,676	52,988
<i>Financial Liabilities</i>			
Trade and other payables	14	34,316	32,853
Loans and borrowings	15	-	9,000
Loans from related parties	17	12,786	20,474
Total Financial Liabilities		47,102	62,327

(a) Market Rate Risk

(i) Interest Rate Risk

The Group and the Company are exposed to interest rate volatility on deposits and short term borrowings. 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's fixed rate borrowings are carried at amortised cost and are not subject to subject to interest rate risk as defined in AASB 7 *Financial Instruments Disclosure*.

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
2013 (Consolidated)					
<i>Financial Assets</i>					
Cash and cash equivalents	1.9%	13,339	1,000	12,024	26,363
Bonds and deposits	3.9%	-	2,152	38	2,190
		13,339	3,152	12,062	28,553
<i>Financial Liabilities</i>					
Borrowings		-	-	-	-
		-	-	-	-
2012 (Consolidated)					
<i>Financial Assets</i>					
Cash and cash equivalents	3.6%	16,239	500	767	17,506
Bonds and deposits	5.3%	-	1,157	38	1,195
		16,239	1,657	805	18,701
<i>Financial Liabilities</i>					
Borrowings	10.4%	-	9,000	-	9,000
		-	9,000	-	9,000

All fixed deposits are held for periods of less than 3 months.

Notes to the Financial Statements

30 JUNE 2013

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 2013 as for 2012.

2013 (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
<i>Financial Assets</i>					
Cash and cash equivalents	13,340	(133)	(133)	133	133

2012 (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
<i>Financial Assets</i>					
Cash and cash equivalents	16,239	(162)	(162)	162	162

(ii) Foreign 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, and to Tanzanian shillings.

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.

During the year, 100% of the Group's operating revenues were denominated in United States dollars. The Group's revenue is currently fully exposed to foreign exchange movements.

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group based on its risk management policy was as follows:

	2013			2012		
	USD (\$'000)	CAD (\$'000)	TZS (\$'000)	USD (\$'000)	CAD (\$'000)	TZS (\$'000)
Cash at bank	10,965	12	4,615	775	-	-
Trade receivables	-	-	-	20,597	-	-
Trade Payables	(11,413)	(72)	(18,410)	(3,639)	-	-
Net Statement of Financial Position exposure	(448)	(60)	(13,795)	17,733	-	-

Notes to the Financial Statements

30 JUNE 2013

Sensitivity Analysis

A strengthening of the USD, as indicated below, against the AUD 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.

	Equity \$'000	Strengthening Net Profit / (Loss) \$'000	Equity \$'000	Weakening Net Profit / (Loss) \$'000
2013 (Consolidated)				
USD (10% movement)	(41)	19,357	(45)	(17,597)
CAD (10% movement)	5	-	(6)	-
TZS (10% movement)	1	-	(1)	-
2012 (Consolidated)				
USD (10% movement)	(1,587)	19,083	1,746	(17,348)

(iii) Commodity price risk

The Group is exposed to commodity price risk through iron ore and copper price movements. Contract iron ore prices are based on an international iron ore index. The Group's revenue is currently fully exposed to movements in these commodity prices.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to commodity price risk as at 30 June 2013. The Group has calculated the sensitivity to commodity price risk using a 25% fluctuation in commodity prices. This was considered reasonable compared to the historical fluctuations of the active market price indices of iron and copper.

	Carrying amount \$'000	Commodity price risk -25% Profit \$'000	Equity \$'000	Commodity price risk +25% Profit \$'000	Equity \$'000
At 30 June 2013					
Financial liabilities					
Current liabilities owed to customers	7,061	(1,765)	-	1,765	-
Total increase / (decrease)		-	-	-	-

(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 investments.

Subsequent to year end, the Group is no longer exposed to this risk following the disposal of its investment in Uranex Limited.

Notes to the Financial Statements

30 JUNE 2013

(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:

	2013	2012
	\$'000	\$'000
Cash and cash equivalents ⁽¹⁾	26,363	17,006
Trade and other receivables ⁽²⁾	3,601	28,133
	<u>29,964</u>	<u>45,139</u>

⁽¹⁾ The Group's cash and cash equivalents are held with Australian banks with AA- credit ratings.

⁽²⁾ Trade and other receivables do not have an external credit rating.

The Group's maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

Cairn Hill customers	-	20,109
Government authorities	2,281	3,064
Other	1,320	4,960
	<u>3,601</u>	<u>28,133</u>

The Group generally has trade receivables arising through sales of ore under the Cairn Hill sales contracts. 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 customers 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 customers are performing under their sales contracts. At the date of this report, all amounts due from the Group's major customers 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.

Contractual maturities of financial liabilities

	Less than 1 year	Between 1 and 2 years	Total contractual cash flows	Carrying amount
At 30 June 2013	\$'000	\$'000	\$'000	\$'000
Trade payables	34,316	-	34,316	34,316
Loans from related parties – refer note 17	12,786	-	12,786	12,786
Total	<u>47,102</u>	<u>-</u>	<u>47,102</u>	<u>47,102</u>

Contractual maturities of financial liabilities

	Less than 1 year	Between 1 and 2 years	Total contractual cash flows	Carrying amount
At 30 June 2012	\$'000	\$'000	\$'000	\$'000
Trade payables	32,853	-	32,853	32,853
Borrowings	9,000	-	9,000	9,000
Loans from related parties – refer note 17	-	20,474	20,474	20,474
Total	<u>41,853</u>	<u>20,474</u>	<u>62,327</u>	<u>62,327</u>

Notes to the Financial Statements

30 JUNE 2013

(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 Group does not recognise any financial assets under levels 1, 2 or 3 and the carrying value of those shown in Note 29 are considered to approximate fair value. The fair value of equity accounted investees is shown under Note 10.

2013	2012
\$'000	\$'000

30. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

- vested	1,048	-
- not vested	540	82
Acquisition of St Stephen exploration asset	13	-
	<u>1,601</u>	<u>82</u>

(b) Summary of Options Granted under the Plan

Unlisted Options

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2013 No.	2013 WAEP (\$)	2012 No.	2012 WAEP (\$)
Outstanding at the beginning of the year	11,100,000	0.45	14,975,000	0.50
Granted during the year	11,812,951	0.28	350,000	0.38
Exercised during the year	-	-	-	-
Cancelled / expired during the year	(6,752,500)	0.52	(4,225,000)	0.48
Outstanding at the end of the year	<u>16,160,451</u>	<u>0.42</u>	<u>11,100,000</u>	<u>0.45</u>

Listed Options

	2013 No.	2013 WAEP (\$)	2012 No.	2012 WAEP (\$)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	<u>13,490,201</u>	<u>0.60</u>	-	-
Outstanding at the end of the year	<u>13,490,201</u>	<u>0.60</u>	-	-

Notes to the Financial Statements

30 JUNE 2013

(c) Weighted average remaining contractual life

The weighted average remaining contractual life of the unlisted share options outstanding as at 30 June 2013 is 3.20 years (2012: 1.95 years). The weighted average remaining contractual life of the listed share options outstanding as at 30 June 2013 is 2.25 years.

(d) Range of exercise prices

The range of exercise prices for the unlisted options outstanding at the end of the year is 16 cents to 62 cents. The exercise price for the listed options at the end of the year is 60 cents.

(e) 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 2013 and 30 June 2012:

	Unlisted Options		Listed Options	
	2013	2012	2013	2012
Dividend yield	0%	0%	0%	-
Expected volatility	67% - 83%	67%	67%	-
Risk free interest rate	2.8%	4.5%	4.5%	-
Expected life (years)	3 - 5	5	3	-
Option exercise price (cents)	16 - 42	32 - 57	60	-
Share price at grant date (cents)	14 - 17	32 - 57	19	-

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. Refer to Note 18(d) and (e) for further information regarding options on issue.

Notes to the Financial Statements

30 JUNE 2013

31. 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.

32. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2013 the parent company of the Group was IMX Resources Limited.

Results of the parent entity	2013	2012
	\$'000	\$'000
Loss for the year	(19,006)	(17,729)
Other comprehensive income	-	755
Total comprehensive income for the period	(19,006)	(16,974)
Financial position of the parent entity at year end		
Current assets	3,257	8,648
Total assets	55,762	50,913
Current liabilities	6,007	3,038
Total liabilities	6,045	3,137
Total equity of the parent entity comprising of:		
Share capital	120,336	100,976
Reserves	5,164	3,577
Retained earnings	(75,783)	(56,777)
Total Equity	49,717	47,776

Contingent Liabilities

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.

Guarantees

The parent entity had provided the shares it holds in Uranex Limited for the purpose of securing the loan facility previously in place for the Cairn Hill Joint Venture. The shares are now unencumbered following the termination of loan facility.

Commitments

Of the commitments in Note 23, \$2.5m of the exploration commitments and \$0.8m of the lease and operating contract expenditure commitments belong to the parent entity.

Notes to the Financial Statements

30 JUNE 2013

33. SUBSEQUENT EVENTS

Subsequent to year end, a total of 1,400,000 unlisted options have expired unexercised.

On 21 August 2013, IMX sold its shares in Uranex Limited for proceeds of \$1.4m.

On 26 August 2013, IMX announced that Mr Stephen Hunt has tendered his resignation as a Non-Executive Director of the Company effective 22 August 2013.

On 20 September 2013, IMX announced that it has reached an agreement with MMG Exploration Holdings Limited ('MMG'), on terms and conditions under which MMG may earn up to a 60% joint venture interest in the Group's Nachingwea project, which include the Ntaka Hill Nickel Sulphide Project by sole funding expenditure of US\$60m over a five year period. The Agreement is divided into three stages, the first stage requiring MMG to sole fund US\$10m within one year for a 15% interest in the Project.

Having met the minimum expenditure commitment for Stage 1, MMG has the right to form an incorporated JV with IMX to either jointly explore the tenements or proceed to earn an additional 25% JV interest by sole funding a further US\$25m within a further 18 months.

At the completion of Stage 2, MMG can elect to earn an additional 20%, taking its JV interest to 60% by sole funding a further US\$25m within a further 2.5 years.

Should MMG elect to cease sole funding during the Earn-in Period prior to incurring US\$60m expenditure, it will retain the JV interest that it earned up to and including the last fully sole funded earn-in stage. After completion of the sole funding period, if one JV partner does not contribute to its share of JV funding, it will be diluted, with the dilution formula based on historical costs until a DFS is completed and fair value thereafter.

IMX and MMG have also agreed a process whereby IMX can elect to continue to manage some exploration programs on the Nachingwea tenements, so long as those programs do not conflict with MMG's sole funded program. It is anticipated this work will be directed at potential Projects that do not meet MMG's investment criteria, such as smaller or non-base metals opportunities.

The Agreement is conditional upon approval by the Tanzanian Fair Competition Commission and consent from the Commissioner for Minerals in the Tanzania Ministry of Energy and Minerals.

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.

Directors' Declaration

- (1) In the opinion of the Directors:
- (a) the financial statements and notes set out on pages 45 to 88 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of the performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
 - (c) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a); and
 - (d) The audited remuneration disclosures as set out in the Director's Report comply with s300A of the *Corporations Act 2001*.
- (2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2013.

On behalf of the Board



Neil Meadows
Managing Director
PERTH
On this 26th day of September 2013



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 (the Company), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group 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(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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 Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards 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 the directors' report on pages 25 to 34 for the year ended 30 June 2013. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of IMX Resources Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Denise McComish
Partner

Perth

26 September 2013



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of IMX Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Denise McComish

Denise McComish
Partner

Perth

26 September 2013

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 19 September 2013.

(a) DISTRIBUTION OF EQUITY SECURITIES

The number of shareholders, by size of holding, in each class of share are:

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	294	189,803
1,001	- 5,000	954	2,815,999
5,001	- 10,000	576	4,816,722
10,001	- 100,000	1,226	44,613,210
100,001	and over	359	344,061,411
		3,409	396,497,145
The number of shareholders holding less than a marketable parcel of shares are:		1,362	3,674,794

		Unlisted Options	
		Number of holders	Number of options
10,001 – 100,000		28	1,250,000
100,001 and over		20	13,510,451
		48	14,760,451

		Listed Options	
		Number of holders	Number of options
0 – 100,000		160	1,354,296
100,001 and over		4	12,135,905
		164	13,490,201

There is no current on-market buy-back.

ASX Additional Information

(b) TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Taifeng Yuanchuang International Development Co., Ltd	51,771,000	13.06%
2	Canadian Register Control	38,542,213	9.72%
3	OZ Minerals Investments Pty Ltd	33,909,000	8.55%
4	Jilin Tonghua Iron and Steel (Group) Mining Co., Ltd	16,394,000	4.13%
5	Mr Benjamin Luke Thomas Miels	10,437,657	2.63%
6	Anglo American Investments (Aust) Limited	9,147,770	2.31%
7	Mr Graham Anthony Rogers	8,165,319	2.06%
8	Mr Allan Anthony Moffat	7,850,000	1.98%
9	Macquarie Bank Limited	7,443,700	1.88%
10	Haggarty Super Pty Ltd	7,064,522	1.78%
11	African Lion 3 Limited	5,211,450	1.31%
12	RBC Investor Services Australia Nominees Pty Ltd	4,670,000	1.18%
13	Mr Raymond Frank Thomas Stern	3,822,292	0.96%
14	J P Morgan Nominees Australia Ltd	3,694,975	0.93%
15	Mr John Francis Page Schmidt	3,453,479	0.87%
16	Citicorp Nominees Pty Ltd	3,322,453	0.84%
17	National Nominees Limited	3,125,158	0.79%
18	Mizpocha Pty Ltd	2,536,600	0.64%
19	UBS Wealth Management Australia Nominees Pty Ltd	2,347,298	0.59%
20	Anglo American Investments	2,300,000	0.58%
		225,208,886	56.80%

(c) SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Taifeng Yuanchuang International Development Co., Ltd	51,771,000
OZ Minerals Investments Pty Ltd	33,909,000
Geologic Resource Partners	23,140,170

(d) VOTING RIGHTS

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options have no voting rights until such time as they are exercised and shares issued.

ASX Additional Information

(e) TENEMENT SCHEDULE

Tenement Number	Tenement Name	Locality	Group Ownership
EL4963	Warrina North	South Australia	100
EL4964	Warrina South	South Australia	100
EL4866	Mt Paisley	South Australia	100
EL5048	Mt Brady	South Australia	100
EL4446	Yarrabolina Hill	South Australia	100
ML 6303	Cairn Hill	South Australia	100
EL 4649	Kangaroo Dam	South Australia	100
EL 4706	Mt. Woods	South Australia	100
EL17/2007	Dunns	Tasmania	100
PL4303/2006	Kongamale	Tanzania	100
PL4422/2007	Ntaka	Tanzania	100
PL6409/2010	Rappa	Tanzania	100
PL4917/2008	Mbangala	Tanzania	100
PL4918/2008	Lukumbi	Tanzania	100
PL6467/2010	Nepanga	Tanzania	100
PL5447/2008	Noli SE	Tanzania	100
PL7037/2012	Kampese	Tanzania	*100
PL8009/2012	Nyundwe Hill	Tanzania	*100
PL7535/2012	Wakabufisa	Tanzania	*100
PL8124/2012	Milanga	Tanzania	100
PL5971/2009	Matambare	Tanzania	100
PL5977/2009	Naujombo	Tanzania	100
PL5978/2009	Kihangara North	Tanzania	100
PL6073/2009	Chilalo	Tanzania	100
PL6148/2009	Mbwemburu North	Tanzania	100
PL6149/2009	Chilalo West	Tanzania	100
PL6153/2009	Mbwemburu	Tanzania	100
PL6154/2009	Nachingwea SW	Tanzania	100
PL6635/2010	Nachingwea NW	Tanzania	100
PL6156/2009	Noli SW	Tanzania	100
PL6158/2009	Kiperere East	Tanzania	100
PL6161/2009	Mtimbo	Tanzania	100
PL6414/2010	Kihangara	Tanzania	100
PL6397/2010	Kiperere West	Tanzania	100
PL6634/2010	Mihumo	Tanzania	100
PL7095/2011	Nditi	Tanzania	100
PL7226/2011	Ntaka South	Tanzania	100
PL6412/2010	Mujira	Tanzania	100
PL6466/2010	Mpinga	Tanzania	100
PL6489/2010	Lubalisi	Tanzania	100
PL7464/2011	Luegele	Tanzania	100
PL6895/2012	Mioni	Tanzania	100
PL8902/2013	Mpondwe	Tanzania	100
PL8901/2013	Sifumbi	Tanzania	100
PL8017/2012	Molumbo Hill	Tanzania	100
PL 8811/2013	Chimbo	Tanzania	100
PL 8812/2013	Mbemba	Tanzania	100
PL 8748/2012	Kihue	Tanzania	100
PL 8754/2012	Chikoweti	Tanzania	100
PL8628/2012	Kipendengwa	Tanzania	100
PL8627/2012	Lumpumbulu	Tanzania	100
PL8625/2012	Nambu West	Tanzania	100
PL8626/2012	Nambugu East	Tanzania	100

ASX Additional Information

2484L	Mozambique	#100
2486L	Mozambique	#100
2487L	Mozambique	#100
2488L	Mozambique	#100

*Licences are currently granted but a submission was made in August to relinquish the licence; outcome pending

Licences expired during 2013; however extension applications are in place.

Amendments in the 2010 Mining Act of Tanzania limiting the number and aggregate area of mineral licenses held by each company is under ongoing review by the Group and may impact renewals of licenses and future land holdings.