IMX Resources

PERTH | ADELAIDE | COOBER PEDY | TANZANIA

21 March 2014

Drilling results confirm exploration model and presence of hematite at Mt Woods

IMX Resources (ASX: IXR, TSX: IXR, IXR.WT) is pleased to advise that results of a pilot drilling program at its Mt Woods tenements in South Australia, located near its operating Cairn Hill direct shipping magnetite operation (See Figure 3), have returned wide intersections showing hematite derived from alteration of a magnetite iron formation.

The results are considered significant for two reasons. First, they show that hematite-forming geological processes occur at Mt Woods and second, that economical exploration methods can detect it.

The drilling program, which was the first to test for hematite at Mt Woods, was undertaken in March 2014 to test two gravity anomalies. These anomalies generated muted magnetic responses and were therefore considered targets for direct shipping hematite.

The drilling comprised four reverse-circulation holes (total 521m), with two holes at the Tomahawk East prospect and two holes at the western tip of the Tomahawk prospect (See Figure 1).

The pilot program was based on the principle that hematite-bearing iron formations generate gravity anomalies similar to magnetite iron formations, but their magnetics responses are weakened because hematite is not magnetic. The hematite in this scenario is derived from geological alteration of magnetite and sometimes these processes can increase the iron grade to levels suitable for Direct Shipping Ore.

At the Tomahawk East prospect, two drill holes (THRC022, THRC023) confirmed the exploration model by intersecting a zone with hematite that is derived from alteration of a magnetite iron formation (see cross section in Figure 2).

Geological interpretation of the drill assay data and magnetic susceptibility measurements, supported by visual examination of the minerals in the drill chips, shows strong to moderate alteration of magnetite in the magnetite iron formation to crystalline hematite.

Significant iron intersections[1] are shown in Table 1 and include:

- **90m @ 30.8%** Fe predominantly in hematite, from 26m THRC022 – Tomahawk East (Figure 2, cross-section);
- **19m @ 36.6%** Fe predominantly in magnetite , from 27m THRC023 – Tomahawk East (Figure 2, cross-section) ;
- **54m @ 35.6%** Fe predominantly in hematite, from 72m THRC023 – Tomahawk East (Figure 2, cross-section); and
- **41m @ 27.2%** Fe in a mixture of hematite and magnetite, from 41m THRC024 – Tomahawk.

1.(Fe. ≥ 20%, maximum 4m internal dilution, XRF Total Fusion by Bureau Veritas; see Appendix 1 for details of sampling techniques and reporting see Appendix 1).

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Prior to the pilot drilling program, the gravity anomalies were modelled to be 60m wide, in line with the results from previous drilling at Axehead (see ASX Release dated 27 March, 2013). This indicated a target with high density and potentially high iron grade. The March 2014 drilling showed that the iron formation was significantly wider than modelled and consequently, the density and iron grade were lower. IMX can use this data in sensitivity modelling in future geophysical work to improve targeting.

Since announcing this exploration information on 27 March 2013, IMX is not aware of any new information or data that materially affects the information included in that announcement.

This program has shown conclusively that magnetite on the Mt Woods tenements can also host hematite. IMX's exploration efforts at Mt Woods are aimed at discovering rich sources of iron that could be mined for direct shipping hematite ore.

IMX has an exploration target tonnage of 0.9-1.2 billion tonnes of magnetite iron formation (ranging from 18-32% Fe) in an area of 60km (W-E) by 30km (N-S). The exploration target tonnage quantity and grades estimates are conceptual in nature only. These figures are not a Mineral Resource estimate as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves or Canadian National Instrument NI 43-101, as there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of mineral resources.

Figure 1. Location of pilot drilling for hematite at Tomahawk East and Tomahawk with coloured images generated from detailed ground gravity surveys completed in January 2014

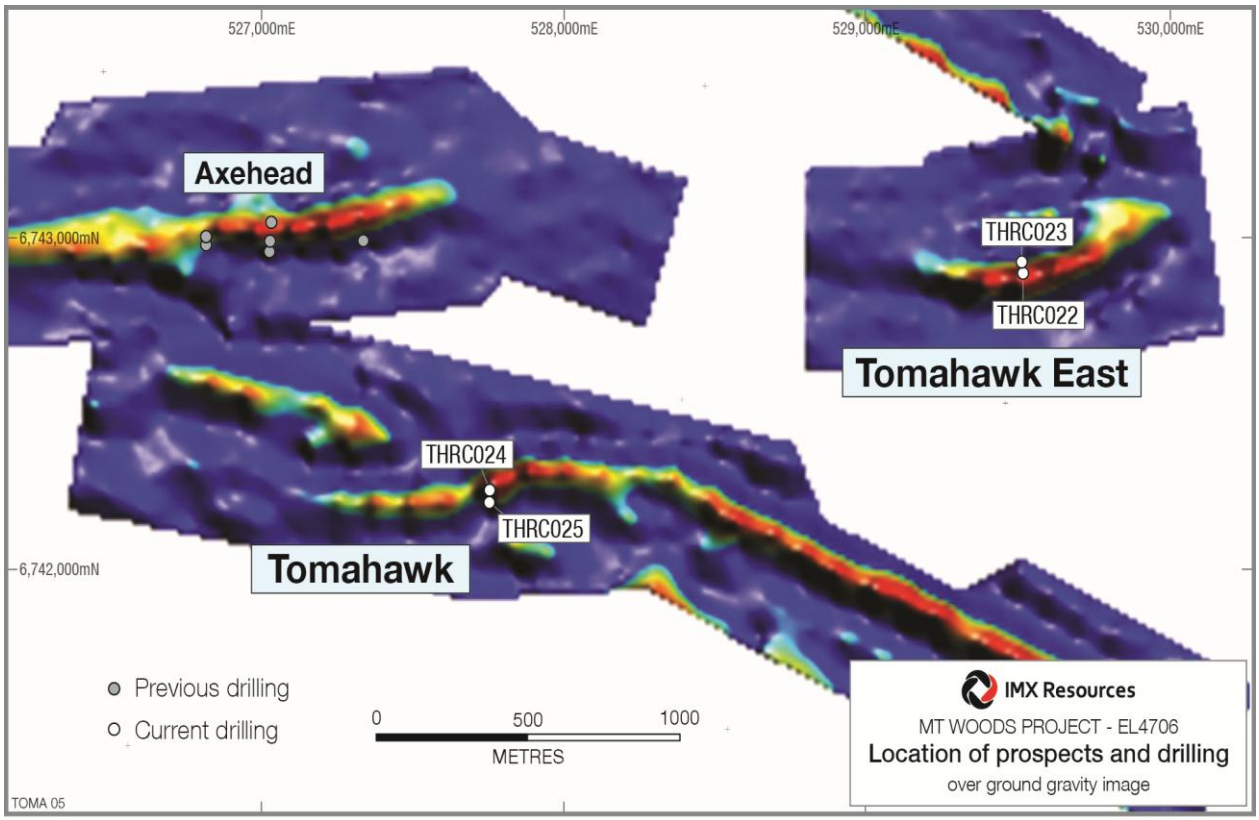


Figure 2. Drill cross section from Tomahawk East showing the iron formation comprises magnetite rich flanks and a hematite altered central core

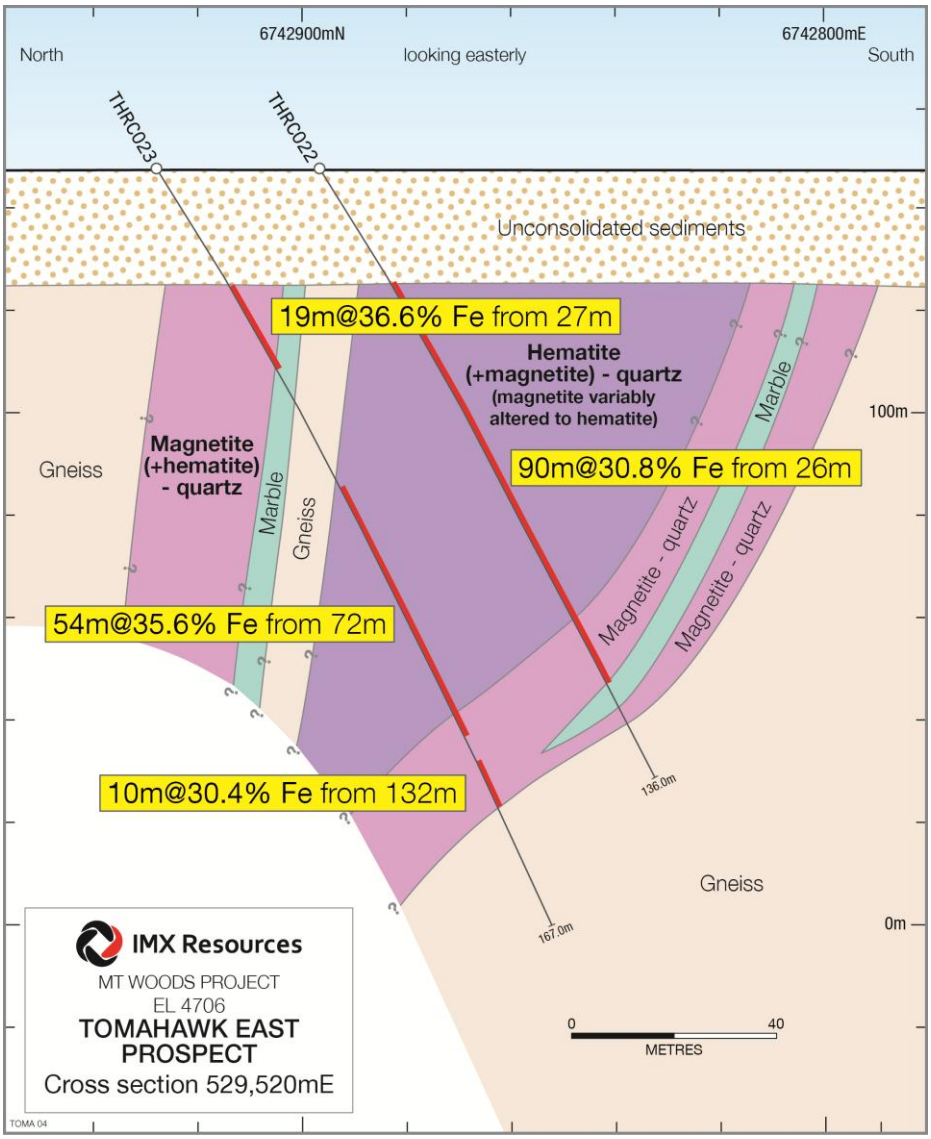
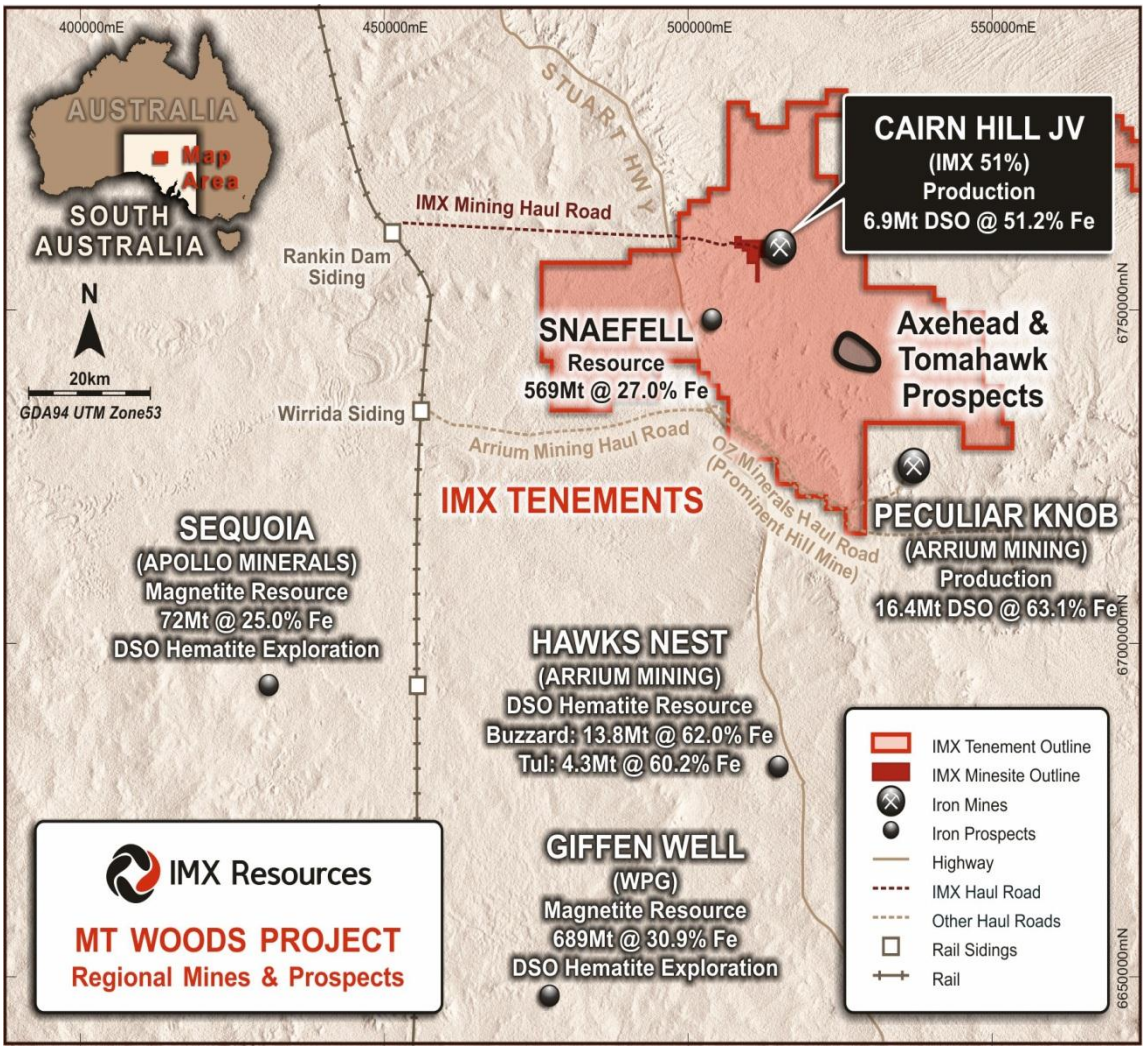


Table 1 – Significant Iron Intervals

Hole	From	To	Interval	Fe	SiO_2	Al_2O_3	P	S	LOI	Drill hole details
	m	m	m	%	%	%	%	%	%	
THRC022	26	116	**90**	**30.8**	35.6	1.15	0.37	0.05	1.33	529520mE, 674289mN, 147mRL; 170 azi; -57 dip
THRC023	27	46	**19**	**36.6**	30.3	0.57	0.45	0.12	3.33	529514mE, 674928mN, 147mRL; 170 azi; -57 dip
	72	126	**54**	**35.6**	34.6	0.37	0.31	0.03	0.94	
	132	142	**10**	**30.4**	45.3	3.34	0.20	0.05	0.42	
THRC024	25	66	**41**	**27.2**	27.1	0.68	0.35	0.03	7.24	527754mE, 6742240mN, 147mRL; 360 azi; -57 dip
	86	100	**14**	**27.6**	26.5	0.58	0.35	0.01	5.96	
THRC025	34	52	**18**	**27.7**	26.4	0.71	0.26	0.06	8.21	527754mE, 6742205mN, 147mRL; 360 azi; -57 dip

Significant intersections were calculated using: Fe ≥ 20%, Intervals ≥10m, Internal waste ≤ 4m, for details of sampling techniques and reporting, see Appendix 1.

Figure 3 – Location of Mt Woods Project, infrastructure and regional iron deposits/prospects



Appendix 1: JORC 2012 Table 1

Section 1. Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	• All drill chips generated by the RC (Reverse Circulation) drill rig are collected at 1 m intervals. Samples for laboratory assay were 2 m cone splits and 6 m spear composites. • All basement rock was sampled for analysis. Cover sediments are know not to be mineralised and were not sampled.
Drilling techniques	• Reverse Circulation Drill rig, 5 3/4 inch face sampling hammer, holes angled at -57 degrees.
Drill sample recovery	• Visual assessment of chip bags and cyclone cleaning indicates near 100 % recovery. • No significant water intersected and sample quality was good and were generally dry. Some samples contained damp chips due to dust water injections to aid chip recovery and for dust suppression. • Cyclone and cone splitter cleaned between holes and every 40 m drilling or when needed.
Logging	• Geological logging of 1 m drill chips, describing lithology, weathering, grain size, alteration, mineralogy, colour, sample quality with ability to describe to half-metre geological logging intervals. • magnetic susceptibility measurements, Niton (Portable XRF) iron measurements. • Magnetic susceptibility measurements on chip bags using Fugro GMS2 meter.
Sub-sampling techniques and sample preparation	• A portable X-Ray Fluorescence meter (Niton XLt) analysed a 200g sub sample of the chip bag to indicate the iron content. If the iron content was less than 15 % over a several successive intervals a composite sample was taken for lab assay in place of the equivalent 2 m splits. • A core splitter mounted on the cyclone creates a 3 kg representative sub sample of a 2 m interval. This sub sample is assayed (according to iron content indicated by portable XRF). • For intervals with low iron, a PVC tube/spear was used to collect a 6 m composite sample.
Quality of assay data and laboratory tests	• Every 20th sample a standard or a duplicate or a blank was inserted (alternating successively). • Standards were specifically for magnetite iron analysis, made by Geostats Pty Ltd. • Blanks comprise 8mm crushed quartzite sourced from Adelaide. • All 2m splits and 6 m composites were analysed by the same method at Bureau Veritas Minerals, Adelaide. • The samples were cast using a 12:22 flux to form a glass bead • Suite of 24 elements have been determined by X-Ray Fluorescence Spectrometry on oven dry (105'C) sample. XRF is the most reliable method for assaying magnetite and hematite for iron at the levels in this report. • Laboratory QAQC consisted of standards, blanks and laboratory duplicates (both coarse and pulp) used at a ratio of 1 in 20. The QAQC sample results showed acceptable levels of accuracy and precision.
Verification of sampling and assaying	• Independent verification has not been undertaken on these results, independent review will take place during resource modelling. • Assay results were loaded into Datashed database by IMX database manager in Perth. • Below detection limit values have been replaced by the negative of the detection limit for each element. • Primary data was recorded on paper at the rig then entered into Excel spreadsheet templates (validation formatted) at the end of each day.

Section 1. Sampling Techniques and Data (cont.)

Criteria	Commentary
Location of data points	• Drill holes collars have been surveyed utilising a stand-alone Garmin 60 GPS, +- 4m error for Easting and Northing and +- 10 for elevation. • Down-hole surveys were undertaken using an Reflex tool, a magnetic based multi shot survey instrument with a reading taken approximately every 50m metres. Only the hole dip reading is used due to the tool inside the steel rods could not read the magnetic field. The azimuth was measured at the collar. Grid system is GDA94 UTM Zone 53 datum and projection.
Data spacing and distribution	• Drill holes on each of the two targets were drilled as fences of two holes, collars spaced approx. 40 m apart. • There is insufficient data to estimate a resource but the drill data, in conjunction with in-house gravity and magnetics data can be used as the basis to calculate a reasonable exploration target tonnage.
Orientation of data in relation to geological structure	• Drill hole sections are orientated east-west orthogonal to the interpreted strike of the gravity anomaly. • The -57 degree dip is close to the -60 degree standard RC drill rig dip and is suitable for estimating the true thickness of vertical bodies such as in this report. The drilling orientation is adequate for a non-biased assessment of the deposit with respect to interpreted structures and interpreted controls on mineralisation..
Sample security	• Labelling and submission of samples complies with industry standard • IMX employees and contractors delivered the samples directly to the depot of a transport company in Coober Pedy where they were despatched directly to Bureau Veritas, who confirmed the receipt of the delivery.
Audits or reviews	• No Audits have been conducted on this data.

Section 2. Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	• The exploration results reported in this announcement are from work carried out on Exploration Licence 4706, owned 100% by IMX. • IMX has a Native Title Mining Agreement with the Antakirinja, the holders of native title in the area of this report. A heritage survey gave clearance to the drilling of these holes. • IMX has a deed of Access with the Department of Defence that allows IMX access to explore the tenements in the Woomera Prohibited Zone. • The tenement is in good standing. • The term 'Mt Woods Project' refers to the seven exploration licences near Coober Pedy held by IMX.
Exploration done by other parties	• The general area subject of this report has been explored in the past by various companies. • This drill program is the first program to target the magnetite formation intersected at both prospects. There are some historical holes are nearby that targeted separate geological and geophysical anomalies for a different commodity.
Geology	• The holes of this report targeted iron formations of the Palaeoproterozoic Mt Woods Domain. • The basement rock iron formation is covered by approx. 22m of unconsolidated sand and silt of the Cadna-Owie Formation. • The identification of hematite in the drill chips is through visual inspection, colour scratch tests and comparisons of the magnetic susceptibility to iron assay levels. The ratio of magnetic susceptibility to iron assay levels in these two prospects in this report were compared by IMX geologists experienced in magnetite and hematite exploration and the geology of Mt Woods. • By natural geological processes of oxidation, hematite replaces its magnetite precursor and the term 'alteration' refers to this change. There is insufficient information to specify the geological process that causes the alteration of the magnetite to hematite.
Drill hole Information	• Easting, northing and RL of the drill hole collars are in GDA94 UTM Zone 53. • The required drill hole information is presented in Table 1. • All four holes drilled in this program are shown on Figure 1 • Figure 2 shows the interpreted cross section and drill intersections. • Table 1 shows calculated average drill intersections. • Dip is the inclination of the hole from the horizontal. For example a vertically down drilled hole from the surface is -90°. The azimuth of the hole is the alignment of the rig at the surface, measured with a magnetic compass and corrected for grid declination. The azimuth is degrees grid North. • Down-hole length of the hole is the distance from the surface to the end of the hole, as measured along the drill trace. Intersection depth is the distance down the hole as measured along the drill trace. Intersection width is the down-hole distance of an intersection as measured along the drill trace.
Data aggregation methods	• Drill intersections are length weighted averages of intervals greater or equal to 20% Fe for intervals greater than 10 m, maximum internal dilution less than or equal to 4 m. • Also calculated with 35% Fe minimum cut off and a 40% Fe cut off. • Assays are rounded to 3 significant figures for percentage values above 1% and two decimal places for percentages below 1%. • No metal equivalent reporting is used or applied.

Section 2. Reporting of Exploration Results (cont.)

Criteria	Explanation
Relationship between mineralisation widths and intercept lengths	• The intersection width is measured down the hole trace and is not be the true width of the magnetite/hematite formation. • There is insufficient drilling to estimate the thickness of the iron formation to better than +- 20 m accuracy. The uncertainty of the iron formation boundary is indicated on the cross section by question marks and the termination of boundary annotation. • All drill results are down-hole intervals only due to the variable orientation of the mineralisation.
Diagrams	• Figure 2 is a geological cross section showing the context of the iron assays and the interpreted distribution of the hematite and magnetite mineralogy in the iron formation • Figure 1 shows the location of all 4 drill holes of the report and how they relate to the gravity anomaly (shaded image of IMX's detailed ground gravity surveys) generated by the iron formations.
Balanced reporting	• All significant assays are presented in Table 1 and non-reported intervals are considered non-mineralised with respect to iron. • The cut off grades for reporting iron levels in Table 1 are reasonable cut off grades for magnetite iron deposits and are comparable to other IMX ASX reports on similar magnetite iron formation in the Mt Woods Project. • The elevated Loss On Ignition (LOI) in Table 1 for the intervals from holes THRC024 and 025 are due to presence of marble mixed in with the iron formation.
Other substantive exploration data	• All material results from Mt Woods Project drilling and geophysical surveys have been previously reported to the ASX and this report is within the greater context of the history of Public Reports and publically available data.
Further work	• Future exploration may involve the drilling of more drill holes, both diamond core and reverse circulation, to further extend the mineralised zones and to collect additional detailed data on known mineralized zones.

Competent Person's Statement

Information in this announcement relating to exploration results in connection with the Mt Woods hematite exploration program is based on data compiled by Mr Peter Hill who is a Member of the Australian Institute of Geoscientists, and who is a full-time employee of IMX. Mr Hill has sufficient relevant experience to qualify as a Competent Person under the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves and as a qualified person under Canadian National Instrument 43-101. Mr Hill approves and consents to the inclusion of the information in the form and context in which it appears.

About IMX Resources Limited

IMX Resources Limited is an Australian-based mining and exploration company, listed on the Australian Securities Exchange and Toronto Stock Exchange, with projects located in Australia and East Africa.

In Australia, IMX operates and owns 51% of the Cairn Hill Mine, located 55km south-east of Coober Pedy in South Australia, where it produces a premium coarse-grained magnetite-copper-gold DSO product at a rate of 1.8Mtpa. This operation generates cash flow which underpins the IMX investment proposition.

IMX is also actively exploring for direct shipping hematite at its Mt Woods tenements, located near the Cairn Hill Mine, and progressing development options for its Mt Woods Magnetite Project. Studies indicate that a smaller scale, lower cost project may be developed utilising existing infrastructure already in use at the Cairn Hill Mine. Efforts to secure a partner to support development of the Mt Woods Magnetite Project are continuing.

In Africa, IMX owns the highly prospective Ntaka Hill Nickel Sulphide Project, located within the broader 6,800km^2 Nachingwea Exploration Project in south-eastern Tanzania which is prospective for nickel and copper sulphide, gold and graphite mineralization. Ntaka Hill is a potentially world-class nickel sulphide project which is being explored under a US$60 million exploration joint venture with MMG Exploration Holdings Limited.

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These forward-looking statements are based on certain assumptions, the opinions and estimates of management and qualified persons at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements or information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, the ability of contracted parties to provide services as contracted, uncertainty concerning relevant regulatory approvals, uncertainties relating to the availability and costs of financing needed in the future and other factors.

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