

IMX RESOURCES LIMITED

ABN 67 009 129 560

ANNUAL REPORT

for the year ended 30 June 2014



Corporate Information

ABN 67 009 129 560

Directors

Dr Derek Fisher (Non-Executive Chairman)
Mr Gary Sutherland (Managing Director)
Ms Kellie Benda (Non-Executive Director)
Mr Robert Wei Sun (Non-Executive Director)
Mr Nicholas Corlis (Executive Director)

Company Secretary

Mr Stuart McKenzie

Registered Office

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WEST PERTH WA 6005
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Bankers

Commonwealth Bank of Australia
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PERTH WA 6000

Solicitors

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PERTH WA 6000

Share Register

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Auditors

KPMG
235 St Georges Terrace
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.

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Chairman's Letter

Dear Shareholders,

I am pleased to introduce IMX Resources' 2014 Annual Report and to reflect on what has been a significant but challenging year for your Company. It has been a year of fluctuating fortunes for IMX, leading to major corporate, commercial and management rationalisation. We are now smaller and leaner with the path ahead rapidly clearing as we embark on an ambitious and exciting multi-targeted exploration campaign at our Nachingwea Property in Tanzania.

During my recent past, I managed a small DSO iron ore producer and as such followed with interest IMX's South Australian activities. As well, my career also includes considerable periods working with nickel and other metals used in specialty steels. As a spectator, I was particularly drawn to and fascinated by the Company's Tanzanian assets. Thus, when an invitation came to join the board of IMX as a non-executive director, it was an easy decision.

I came at a time when the Company's fortunes were rapidly changing, driven by the sudden and precipitous deterioration in the iron ore market, which from late April sent shockwaves through the industry. Our 51% owned Cairn Hill Mine became one of the first casualties of the sustained downturn in iron ore prices. Shortly afterwards, our joint venture partner at the Nachingwea Property in Tanzania, announced its withdrawal after completing its large Year 1 expenditure commitment of US\$10.0 million.

While this was a time of significant challenge and uncertainty for IMX, I am pleased to say that we responded quickly and proactively, allowing us to reshape our corporate focus and concentrate on those assets which we believe have the best chance of success. The structural changes in the world iron ore trade resulting from expansion in production by the major miners combined with adjustments in the Chinese markets, led the board to the conclusion that lower iron ore prices are likely to be the norm for a considerable period of time. As a result, the decision was made to seek a buyer for our South Australian properties. This process is moving rapidly with a sale agreement having been executed, which on completion will allow the Company to clear a liability to Flinders Ports resulting from the closure of Cairn Hill.

This will leave IMX as a purely Tanzanian focused exploration company. Your board has great belief in this country and in the continuing emergence of Africa as the powerhouse of future world mineral discoveries. Our Tanzanian landholding is large and highly prospective and is already yielding discoveries in commodities other than nickel.

At our Nachingwea Property, the large exploration program completed by our joint venture partner left the legacy of a substantial data base, which our small geological team is still sifting through. Already it has yielded three exciting, relatively mature exploration targets, two being graphite and one being gold. First was the discovery of the Kishugu Prospect, a very large, coherent, gold-in-soil anomaly which I rate as one of the best I have seen in my 44-year career as an exploration geologist. Second was the Chilalo Prospect, where rock chip sampling has returned high-grade graphite results with assays of up to 29.6 per cent carbon. This prospect is located within the Mozambique Belt, which is well known for hosting high-grade, coarse flake graphite deposits such as Syrah Resources' world-class Balama deposit and Magnis Resources (previously Uranex) nearby Nachu Project.

These two areas represent outstanding exploration opportunities and are already the focus of ongoing exploration leading up to drilling campaigns planned to commence in October this year. Graphite has also been recognised in drill-core from our Ntaka Hill nickel project and this is now being reviewed to ascertain if it has the potential to impact positively on the marginal economics of that project.

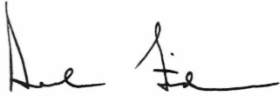
Finally, the last piece of the Company's metamorphosis has been the substantial corporate and management changes. The director list has been reduced to four members to better reflect the downsizing and changed focus away from mining and iron ore. During the year Stephen Hunt, who had been a Director since 2007 and David Constable, who had been a director since 2012 resigned from the Board. More recently, John Nitschke who had been a director since 2009 also stepped down. I would like to acknowledge the effort and contribution of Stephen, David and particularly John who assumed the role of Acting Managing Director at a particularly difficult time. In addition, our Managing Director, Gary Sutherland, will be leaving the Company on 1 October and we thank Gary for his efforts during these recent months.

Our management team has been restructured, with Exploration Manager Nick Corlis appointed Executive Director—Exploration, CFO Phil Hoskins appointed Acting CEO and Stuart Mackenzie now has the combined role of Company Secretary and General Manager Commercial. These changes, together with the permanent closure of our South Australian office, will also result in significant savings.

The fact that IMX has successfully weathered the many challenges presented over the past 12 months is a testament to the hard work, perseverance and dedication of our team. I would like to sincerely thank them for their efforts on behalf of the Company. Finally, I would like to thank you, our shareholders, for your ongoing support.

Chairman's Letter

IMX enters the 2015 financial year in a strong position. I believe we now have the right assets, and the right strategy for this next chapter in the Company's history, and I look forward to keeping you informed as we move forward and strive to create value for our shareholders.

A handwritten signature in black ink, appearing to read 'Derek Fisher', with a stylized flourish at the end.

Derek Fisher
Chairman

Acting Chief Executive Officer's Report

The 2014 financial year has seen a substantial shift in focus for IMX Resources, with a number of key developments combining to change the course of the Company's strategy.

Following a sustained decline in the iron ore price, the Cairn Hill Mine in South Australia became one of Australia's first casualties of the commodity downturn, with a decision in June 2014 that the mining operation was no longer economic. On 18 June 2014, Ferrier Hodgson was appointed as Voluntary Administrator to the Cairn Hill Mine holding company, Termite Resources NL, in which IMX holds a 51% interest, and since 18 June 2014 the Cairn Hill Mine has remained on Care & Maintenance.

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 2014, we are proud to say there were no lost time injuries at Cairn Hill and no major incidents reported at our exploration sites.

Subsequent to the end of the reporting period, IMX entered into an agreement with Cu-River Mining Australia Pty Limited to sell the Mt Woods tenements surrounding the Cairn Hill Mine for cash proceeds of \$3.68 million. The transaction is subject to various conditions precedent which are expected to be received in the coming months.

The sale of the Mt Woods tenements will enable IMX to extinguish a \$3.0 million liability to Flinders Ports associated with the closure of the Cairn Hill Mine, allowing the Company to entirely focus on exploring its highly prospective Nachingwea Property, in particular the newly identified Chilalo graphite and Kishugu gold prospects.

The sale of the Mt Woods tenements will complete IMX's withdrawal from iron ore in South Australia, marking the beginning of a new chapter for the Company as a Tanzanian-focused exploration company.

At the Nachingwea Property in Tanzania, IMX secured a US\$60.0 million joint venture with MMG Exploration Holdings Ltd (MMG) in September 2013 under which MMG could earn up to a 60% interest in the Nachingwea Project through a staged earn-in.

MMG's interest in the Nachingwea Property was based on the potential for large, high-grade nickel ore bodies at significant depth below the existing nickel resource at Ntaka Hill.

MMG completed an initial exploration program at Ntaka Hill during the reporting period, comprising extensive campaigns of geophysics, regional soil geochemistry surveys and reverse circulation and diamond drilling.

In July, MMG advised that it had completed 9,186 metres of reverse circulation drilling program, designed to test various massive sulphide geophysical targets located in the Ntaka-Lionja focus area. The program was partially successful in that mineralisation was intersected in several drill-holes, however this drilling did not identify the style or scale of mineralisation required to meet MMG's development criteria.

MMG satisfied its Stage 1 expenditure commitment of US\$10.0 million in August 2014, which entitles it to an initial 15% interest in the Nachingwea Property, and elected not to proceed to Stage 2 of the joint venture. As a result, IMX retains an 85% interest in the Nachingwea Property and is manager of the joint venture.

While MMG's hypothesis regarding the existence of deep, high-grade nickel ore bodies at Ntaka Hill did not come to fruition, the exploration programs conducted over the past 12 months have yielded some outstanding new prospects which have been identified and worked up by our exploration team in recent months.

The first of these is a very large, coherent, gold-in-soil anomaly at Kishugu, which represents an outstanding target for gold exploration. The anomaly measures 4 kilometres x 5.5 kilometres and is defined by 168 sample points on a broad reconnaissance grid 400 metres x 200 metres. The anomaly has not been closed off along strike.

Within the broader anomaly, the soil sampling program returned peak gold values of 904ppb Au, 793ppb Au and 437ppb Au, with these high values defining a two kilometre linear trend. This two kilometre trend is significant on its own, particularly given that the gold concentrations are the equivalent of 0.9, 0.8 and 0.4 g/t.

The anomaly also exhibits elevated levels of other elements typically associated with gold mineralisation, such as arsenic, bismuth and silver. The aeromagnetic data indicates that the anomaly may be related to a large north-east – south-west oriented structure(s) and a potential alteration zone denoted by decreased magnetic intensity.

Whilst this is a very early stage exploration target, the size of the anomaly at Kishugu is enormous with potential to host significant gold mineralisation.

In addition to Kishugu, the Nachingwea Property demonstrates strong potential for economic graphite mineralisation.

Acting Chief Executive Officer's Report

A rock chip sampling program has been completed, primarily focused on the Chilalo Prospect, located 25 kilometres to the north-west of Ntaka Hill. The program was highly successful with 65 rock chip samples returning grades of between 4.8% and 29.6% carbon, with an average grade of 12.9% carbon. A total of 41 rock chips returned grades of greater than 10% carbon.

The Chilalo Prospect is located within the Usagaran (Mozambique belt) system, which is well known for hosting high-grade, coarse flake graphite deposits such as Syrah Resources Limited's (ASX: SYR) Balama deposit and Magnis Resources Limited's Nachu Project. In fact, Magnis Resources Limited's (ASX: UNX) Nachu Project is located immediately adjacent to the Chilalo Prospect on IMX's eastern tenement boundary.

A Versatile Time Domain Electromagnetic (VTEM) geophysical survey has been completed over the majority of the Nachingwea Property, targeting nickel sulphides. Initial geophysical analysis of this VTEM survey data has been completed, with graphite targets apparent over the entire licence area.

The VTEM analysis has confirmed that the Chilalo Prospect is the highest priority graphite target within the broader Nachingwea Property, with the prospect composed of multiple layers of interpreted graphite horizons ranging in thickness from 50 metres to +200 metres. The horizons at the Chilalo Prospect alone, account for over 54 lineal kilometres of strike.

In addition, the analysis has identified the Chilalo North Prospect, located to the north-east of Chilalo, which represents as a very high intensity VTEM anomaly, measuring approximately 300 metres x 500 metres, with the potential to host a significant volume of high-grade graphite mineralisation. Three rock chip samples collected from the Chilalo North Prospect have been assayed, returning grades of 17.5%, 17.6% and 19.5% carbon.

Drilling at Chilalo is expected to commence in October 2014 to test the best targets, confirm the extent of the mineralisation, grades, flake size fractions and provide samples for metallurgical test work.

In order to support the upcoming exploration programs and support the Company's corporate and strategic repositioning, we have achieved a number of important milestones over the past three months. These have included:

- the completion of an underwritten share placement of 110 million shares at 2.7 cents per share to sophisticated investors to raise \$2.97 million before costs, to fund the upcoming exploration programs;
- as noted above, an agreement with Cu-River Mining Australia Pty Ltd to sell our 100%-owned Mt Woods tenements in South Australia, surrounding the Cairn Hill Mine, for cash proceeds of \$3.68 million. Following completion of this transaction, IMX will be debt-free with the discharge of the \$3.0 million liability to Flinders Ports, allowing us to focus on exploration at Nachingwea;
- a board and management restructure to ensure that we have scaled back to an appropriately resourced leadership team, with the strength and experience to lead the Company forward; and
- the closure of our South Australian office on 30 September and abovementioned board and management changes contribute to a significant reduction in corporate and administrative overheads.

In closing, I would like to sincerely thank our board, management team, employees, contractors and advisors and our valued shareholders for their ongoing support. We are all looking forward with great anticipation to what promises to be an exciting and rewarding year ahead.



Phil Hoskins
Acting Chief Executive Officer

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 2014. IMX is a company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS

The following persons were Directors of IMX during the 2014 financial year and up to the date of this report:

D Fisher (appointed 12 February 2014)

K Benda

G Sutherland (appointed 2 April 2014)

N Corlis (appointed 3 September 2014)

Robert Wei Sun

J Nitschke (resigned 31 July 2014)

D Constable (resigned 2 April 2014)

S Hunt (resigned 22 August 2013)

N Meadows (resigned 15 October 2013)

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.

Dr Derek Fisher, BSc (Hons 1) Geology, PhD Geology

Independent, Non-Executive Chairman - Age 65 (appointed 12 February 2014)

Experience, expertise and directorships

Dr Fisher has more than 40 years' experience in mining companies, spanning both corporate and operational roles, with a particular emphasis on iron ore and nickel projects. He has played key roles in listing and managing resources companies on both the ASX and TSX as well as identifying, evaluating, developing and operating quality mine developments. Dr Fisher was co-founder and a Director of successful African copper miner Anvil Mining from 1995-2000 and co-founder and CEO/Managing Director of Moly Mines Limited from 2003 until 2012.

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

Nil

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

Independent, Non-Executive Director - Age 46 (appointed 1 August 2012)

Experience, expertise and directorships

Kellie Benda is currently Executive General Manager Strategy and Corporate Development with ASX listed company, Emeco Holdings Limited. Formerly, she was with Aurizon Holdings Limited (ASX20) as Vice President – Mergers and Acquisitions. She has held senior positions with King & Wood Mallesons and PricewaterhouseCoopers and held senior roles in investment banking with global US and French banks and been an Executive Director and Head of Corporate Finance for a stockbroker. Ms Benda has been a council member of the Australian Institute of Company Directors and is on the board of the Australia Youth Orchestra and Chairman and Founder of the charity, Ready to Work Inc.

Special responsibilities

Chairman of the Board (15 October 2013 to 2 April 2014)

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

Gary Sutherland, B.App.Sc (Hons) AAICD

Managing Director - Age 52 (appointed 2 April 2014)

Experience, expertise and directorships

Mr Sutherland is a metallurgist with over 30 years' experience in the resources industry including executive roles in large resource companies. His previous role was as Managing Director of Flinders Mines Limited, where he led the successful transition from junior explorer to prospective iron ore developer. Before joining Flinders Mines, he spent twelve years in senior leadership roles at BHP Billiton's world-class Olympic Dam Mine and Pasminco's Century Mine.

Interests in shares and options

Nil

Nicholas Corlis, B.Sc (Hons), MSc, MAIG, MAICD

Executive Director - Age 46 (appointed 3 September 2014)

Experience, expertise and directorships

Nick is a geologist with over 20 years' of domestic and international experience in the resources industry across a broad range of commodities including, gold, iron ore, base metals and coal. He has significant experience in mineral exploration and project management; from project generation / M&A, discovery and resource definition, through to feasibility and development. His previous role was General Manager Business Development for Flinders Mines where he oversaw the discovery and delineation of a significant iron ore project. Prior to that, he held senior management roles with Perilya Limited, Golder Associates and WMC Limited.

Interests in shares and options

Nil

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

Director - Age 51

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. 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

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

Independent, Non-Executive Chairman - Age 61 (appointed Director 23 December 2009, resigned 31 July 2014)

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. During the last three years, Mr Nitschke has held directorships with Venturex Resources Limited, Toro Energy Limited and Continental Nickel Limited.

Special responsibilities

Acting Managing Director (15 October 2013 to 2 April 2014)

Chairman of the Board (1 July 2013 to 15 October 2013)

Chairman of the Nomination and Remuneration Committee

Member of the Audit and Risk Management Committee

Interests in shares and options at the date of resignation

3,000,000 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

Directors' Report

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

Independent, Non-Executive Director - Age 66 (resigned 2 April 2014)

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 is a member of the Canadian Institute of Company Directors. 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) and has been a director of Rockliff Resources Inc. (TSXV: RCR).

Special responsibilities

Member of the Audit and Risk Management Committee (resigned 2 April 2014)

Member of the Nomination and Remuneration Committee (resigned 2 April 2014)

Interests in shares and options at the date of resignation

61,000 ordinary shares in IMX

Stephen Hunt, B.Bus (Marketing)

Independent, Non-Executive Director - Age 52 (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 is a Director of Magnis Resources Limited.

Special responsibilities

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

Interests in shares and options at the date of resignation

501,800 ordinary shares in IMX

7,000 listed options over ordinary shares in IMX

350,000 unlisted options over ordinary shares in IMX (expired 22 February 2014)

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

Managing Director - Age 52 (appointed 2 November 2011, resigned 15 October 2013)

Experience, expertise and directorships

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 (resigned 15 October 2013)

Interests in shares and options at the date of resignation

300,000 ordinary shares in IMX

2,000,000 unlisted stock options (expired 15 April 2014)

COMPANY SECRETARY

Stuart McKenzie, BEc (Hons.), CSA, AGIA, ACIS

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.

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	12	12	3	3	3	3
K Benda	12	12	3	3	2	2
D Constable	9	9	2	2	2	2
S Hunt	2	2	*	*	1	1
N Meadows	4	4	*	*	*	*
D Fisher	6	6	1	1	0	0
G Sutherland	3	3	*	*	*	*
R Sun	11	12	*	*	1	1

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 was not a member of the relevant Board Committee

As at 30 June 2014, the Audit and Risk Management Committee comprised K Benda, D Fisher and J Nitschke. As at the date of this report, the Audit and Risk Management Committee comprises K Benda and D Fisher.

As at 30 June 2014, the Nomination and Remuneration Committee comprised K Benda, D Fisher and J Nitschke. As at the date of this report, the Nomination and Remuneration Committee comprises K Benda and D Fisher.

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:

MINING OPERATIONS

During the year ended 30 June 2014, the Group's mining operations consisted of the Cairn Hill Mine which was placed in voluntary administration on 18 June 2014 as a result of the declining iron ore price.

Cairn Hill (IMX 51%)

The Cairn Hill Mine is located on ML 6303, approximately 55 kilometres south-east of Coober Pedy, South Australia. ML 6303 was part of the joint venture between IMX (51%) and Taifeng (49%).

Production and shipments for the year ended 30 June 2014 were as follows (figures represent the full (100%) results of the Cairn Hill Mine JV):

Directors' Report

Production Statistics	2014 ('000)	2013 ('000)	Movement (%)
Revenue from Sale of Goods (\$AUD)	176,119	193,568	(9)
Total Material Mined (BCM)	2,440	2,019	21
Ore Mined (BCM)	487	403	21
Ore Mined (Tonnes)	1,644	1,734	(5)
Ore Crushed (Tonnes)	1,537	1,764	(13)
Road Haulage (Tonnes)	1,560	1,748	(11)
Rail Haulage (Tonnes)	1,593	1,768	(10)
Iron Ore Sold (Tonnes)	1,583	1,755	(10)

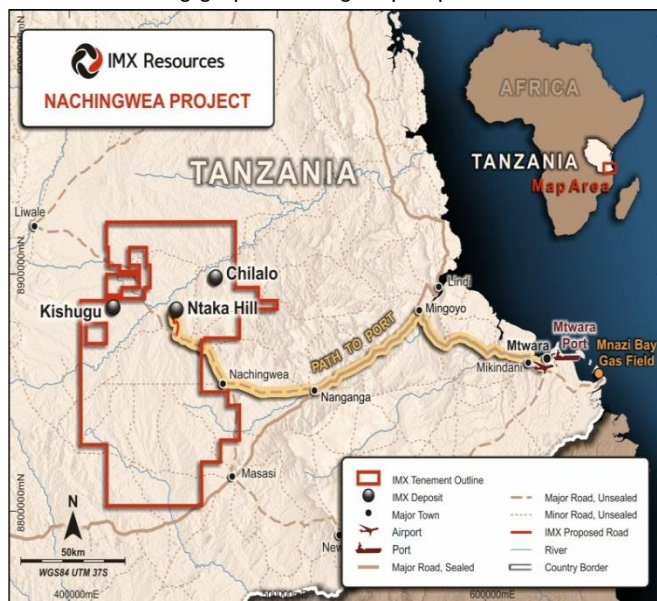
Voluntary Administration of Cairn Hill

On 18 June 2014, the board of directors of Termite Resources NL ("Termite"), the entity which owns the Cairn Hill Mine appointed voluntary administrators. The creditors meetings were held subsequent to year end and the decision of creditors was to place Termite in liquidation.

EXPLORATION PROJECTS

1. Nachingwea Property (IMX 85% – subject to JV with MMG)

The Nachingwea Property is a large landholding located in the Lindi and Mtwara regions of south-eastern Tanzania. It contains the Ntaka Hill Nickel Sulphide Project which is in an advanced stage of exploration, whilst regional exploration has identified exciting graphite and gold prospects at Chilalo and Kishugu respectively.



During the year, IMX entered into an Earn-In and Shareholders Agreement with MMG Exploration Holdings Limited (MMG) to form an incorporated joint venture over the project. Subsequent to year end, MMG notified IMX that, subsequent to spending US\$10.0 million on exploration, they would not be exercising their right to proceed to Stage 2 of the joint venture. As a result, IMX becomes the manager of the joint venture with an 85% interest.

Ntaka Hill Nickel Sulphide Project (within Nachingwea)

MMG commenced exploration in September 2013, focussed on high-grade mineralisation, targeting a resource in the order of 27 million tonnes at 1.5% nickel for 400,000 tonnes of contained nickel. There were some encouraging results during the year including the intersection of massive sulphides with 13.65 metres at 3.46% nickel and 0.62% copper (ASX announcement 1 November 2013).

A new zone of mineralisation, 'P Zone' was also discovered 400 metres east of the current Mineral Resources at Ntaka Hill, providing evidence of the potential for a single, large mineralised system over 1.5 kilometres wide (ASX announcement 10 December 2013).

Directors' Report

MMG elected to cease sole funding the joint venture as the style and scale of mineralisation at Ntaka Hill did not meet MMG's development criteria. MMG have left a number of un-drilled nickel sulphide targets. The consensus geological view is that there is strong potential for more shallow, disseminated sulphides around Ntaka Hill and potential for accumulations of massive sulphides regionally.

The mineral resource for the Ntaka Hill Nickel Sulphide Project is comprised of 20.3 million tonnes in the Measured and Indicated categories at an average 0.58% nickel and 0.13% copper for 117,880 tonnes of contained nickel and Inferred Mineral Resources of 35.9 million tonnes at 0.66% nickel for 238,500 tonnes of contained nickel.

Chilalo Graphite Prospect (within Nachingwea)

Subsequent to year end, IMX announced the results of several historical rock chip samples collected at the Chilalo Graphite Prospect 20 kilometres to the north-east of Ntaka Hill. Chilalo is located 20 kilometres to the north-east of Ntaka Hill and within the broader Mozambique belt which is renowned for high-grade and coarse flake graphite. Sixty-five rock chip samples collected at Chilalo returned grades of between 4.8% and 29.6% carbon, with an average grade of 12.9%. Geological mapping correlates with the rock chip samples defining a strike length 500 metres wide and over 10 kilometres long. At Chilalo North, 3 rock chip samples have also returned grades between 17% and 20% carbon.

Substantial VTEM datasets have been collected from many years of nickel sulphide exploration. These have allowed IMX to hone in on Chilalo which represents the strongest conductive response on the Nachingwea property. The geophysics have defined 54 kilometres of strike at Chilalo alone.

IMX intends to commence drilling at Chilalo in October 2014.

Kishugu Gold Prospect (within Nachingwea)

During the year, IMX identified a very large, coherent gold-in-soil anomaly at Kishugu which is approximately 20 kilometres west of Ntaka Hill. The anomaly measures 4 kilometres x 5.5 kilometres and is defined by 168 sample points on a broad reconnaissance grid 400 metres x 200 metres.

Within the broader anomaly, the soil sampling program returned peak gold values of 904ppb Au, 793ppb Au and 437ppb Au, with these high values defining a 2 kilometre linear trend. This 2 kilometre trend is significant on its own, particularly given that the gold concentrations are the equivalent of 0.9, 0.8 and 0.4 g/t. The anomaly also exhibits elevated levels of other elements typically associated with gold mineralisation, such as arsenic, bismuth and silver. The aeromagnetic data indicates that the anomaly may be related to a large north-east – south-west oriented structure(s) and a potential alteration zone denoted by decreased magnetic intensity.

IMX intends to commence drilling at Kishugu in October 2014.

2. Mt Woods Tenements (IMX 100% subject to sale agreement executed subsequent to year end)

The Mt Woods tenements comprise seven tenements covering approximately 3,200 square kilometres and are located approximately 55 kilometres south-east of Coober Pedy in South Australia. The tenements contained the Mt Woods Magnetite Project as well as being prospective for copper-gold mineralisation. Subsequent to year end, the Mt Woods tenements were sold for \$3.68 million, with the transaction being subject to a number of approvals as at the date of this report.

Mt Woods Magnetite Project

Following the completion of a scoping study during the 2013 financial year, work during this year focussed on optimising rail, power and port infrastructure solutions to improve project economics via assessment of different throughput scenarios to those contemplated in the scoping study. Significant effort was also put into a process to secure a partner for the project during the year.

Mt Woods Copper-Gold Exploration

During October 2013, OZ Minerals withdrew from the Mt Woods Copper-Gold joint venture. IMX commenced an internal process to find a partner to refresh the exploration effort. This process was reaching a conclusion when the tenements were sold subsequent to year end.

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

No exploration was conducted at Mibango during the year. The Company plans to assess this prospect during the 2015 financial year.

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

No exploration was conducted at St. Stephen during the year. The tenements remain in good standing and the Company will assess its options with respect to this project moving forward.

Directors' Report

Operating Results for the Year

The net loss after income tax of the Group for the year ended 30 June 2014 was \$23.2 million (2013: loss after income tax of \$27.5 million). The result for the year is attributable to:

1. Loss from discontinued operations (the Cairn Hill Mine) of \$7.6 million (2013: \$2.8 million) which includes a gain on deconsolidation of a subsidiary company of \$14.4 million (see Note 4(c));
2. Administration costs reduced to \$3.9 million (2013: \$9.3 million);
3. Exploration costs of \$6.9 million (2013: \$11.1 million), noting this excludes exploration conducted by MMG JV on the Tanzanian tenements; and
4. Other expenses of \$3.4 million (2013: \$1.6 million) including provision for loss on parent company guarantee of \$3.0 million.

During the year, the activities of the Group continued to be funded by cash flows from mining operations. Cash flows from mining operations also allowed the Group to repay Taifeng's shareholder loan to the Cairn Hill Mine with payments of \$14.9 million during the year (2013: \$7.7 million). IMX's shareholder loan repayments are not shown in the consolidated statement of cash flows as they are eliminated on consolidation.

On 18 June 2014, the deterioration in the iron ore price resulted in Termite being placed in administration. The results of the operations during the year and from the deconsolidation of Termite arising from voluntary administration are disclosed separately as a discontinued operation in the financial report. Cash receipts from mining operations for the year were \$178.0 million (2013: \$218.7 million) and were lower as a result of the administration and lower commodity prices in general compared to the comparative period. Major expenditures during the year include mining production costs of \$202.5 million (2013: \$194.2 million) and exploration of \$5.3 million (2013: \$16.1 million). The net decrease in cash resources during the year was \$22.2 million (2013: increase of \$9.4 million) and included \$2.4 million of cash held by Termite at the time of the administration that was derecognised in the consolidated financial statements of the Group.

Shareholder Returns

	2014	2013
Basic profit / (loss) per share (cents)	(0.05)	(0.07)
Diluted profit / (loss) per share (cents)	(0.05)	(0.07)

Directors' Report

Dividends

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

STRATEGY

Following the divestment of the Group's Australian assets subsequent to year end, the Group's clear strategy is to maximise shareholder value through exploration of its Tanzanian Nachingwea property. The four distinct opportunities for IMX within the Nachingwea Property at this time include:

Chilalo Graphite Prospect

The graphite mineralisation in this province is characterised by its high quality with a significant proportion of the graphite distributed at the coarse end of the flake sizing improving its marketability. The data collected at Chilalo indicates the potential for large quantities of high grade and coarse flake graphite.

Kishugu Gold Prospect

The scale of the Kishugu gold anomaly is significant. The amount of anomalous supporting geoscientific data is also highly encouraging.

Ntaka Hill Nickel Sulphide Project

The Company has a substantial existing nickel resource at Ntaka Hill. MMG left many un-drilled nickel sulphide targets that represent exploration upside.

Regional Exploration

Historically, the Company's focus has been on Ntaka Hill however numerous high quality datasets collected over the years reveal many targets are yet to be tested. There are gold targets with similarities to Kishugu as well as copper and gold-rich gossans and un-drilled nickel targets.

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 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 financial 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.

There can be no assurance that exploration of these licences, or any other licences that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a wide range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, tribal and traditional ownership processes, changing government regulations and many other factors beyond the control of the Company.

Directors' Report

The success of the Company will also depend on the Company having access to sufficient development capital to allow for progressing exploration opportunities towards mining operations, being able to maintain title to its licences and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful, this could lead to a diminution in the value of the licences, a reduction in the base reserves of the Company and possible relinquishment of the licences.

The exploration costs of the Company are based on certain assumptions with respect to method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially affect the Company's viability.

The Group's ability to grow and to maximise shareholder value for the long term is heavily dependent on its ability to convert its exploration prospects into the development of new mining operations. The focus of exploration in the short term is on the Chilalo Graphite and Kishugu Gold Prospects and while the Group is confident in its ability to carry out the exploration and evaluation work required to allow for development of these above projects, there remains a risk this will not be achieved, as is normal with these types of projects.

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.

Political risk

The Company carries out exploration in Tanzania, which has national and regional political jurisdictions. No assurances can be given that exploration activities in Tanzania will continue to be supported by the current or future governments.

Commodity price risk and exchange rate risk

Up until 18 June 2014, the Group produced iron-copper ore at the Cairn Hill Mine and the revenue it derived through the sale of such ore exposed the Group to commodity price and exchange rate risks. Proceeds from the sale of product from the Cairn Hill Mine was denominated in United States dollars, whereas the income and expenditure of the Group 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.

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity prices and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand for minerals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, prices of various commodities and services may be denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

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.

Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of shares and of securities convertible into shares in the future. The increase in the number of shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of shares. In addition, as a result of such additional shares, the voting power of the Company's existing shareholders will be diluted.

Directors' Report

Environmental risks

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

Title risks

The Group's interest in tenements in Tanzania and Canada 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.

Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party. Further, the Company is unable to predict the risk of insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity. The effects of such failures may have an adverse effect on the Company's operations.

Logistics and infrastructure

The Company's exploration projects in Tanzania are subject to logistical risk of a long supply line and lack of nearby engineering and other support facilities. They are located in remote areas of southern Tanzania which lack basic infrastructure, including sources of power, water, housing, food and transport.

Owing to a shortage of skilled local personnel, the Company engages expatriate workers to perform certain functions in Tanzania. In order to develop any of its exploration properties, the Company will need to establish the facilities and material necessary to support operations in the remote locations in which they are situated. The remoteness of the properties will also affect the potential viability of mining operations, as the Company will also need to establish more significant sources of power, water, physical plant and transport infrastructure in the area. The lack of availability of such sources may adversely affect mining feasibility and may, in any event, require the Company to arrange significant financing, locate adequate supplies and obtain necessary approvals from national regional governments, none of which can be assured.

Estimation of Mineral Resources and Ore Resources

There is a degree of uncertainty to the estimation of Mineral Resources and Ore Reserves and corresponding grades being mined or dedicated to future production. Until Mineral Resources or Ore Reserves are actually mined and processed, the quantity of Mineral Resources and Ore Reserves must be considered as estimates only. In addition, the grade of Mineral Resources and Ore Reserves may vary depending on, among other things, metal prices. Any material change in quantity and grades of Mineral Resources, Ore Reserves, or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in nickel and other base, industrial or precious metals prices, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources and / or Ore Reserves, could have a material adverse effect on the Company's financial condition.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 18 June 2014, Termite, the entity which owned and operated the Cairn Hill Mine was placed in Voluntary Administration.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to year end, a total of 500,000 unlisted options have expired unexercised.

On 4 August 2014, IMX announced that it had completed an underwritten placement of 110 million shares at an issue price of 2.7 cents per share to sophisticated and professional investors to raise \$2.97 million before costs (the "Placement"). The proceeds will be used to underpin drilling programs at the Company's highly prospective graphite and gold prospects in Tanzania. The Placement was undertaken in two tranches, the first of which comprised the issue of 55 million shares using the Company's existing placement capacity under ASX Listing Rule 7.1. The second tranche comprised the issue of 55 million shares and was approved by shareholders at a general meeting of the Company's shareholders held on 17 September 2014.

Directors' Report

On 6 August 2014, IMX announced that MMG Exploration Holdings Limited (MMG) had notified the Company that it would not exercise its right to proceed to Stage 2 of the joint venture agreement at the Nachingwea Property in south-east Tanzania. MMG had met its Stage 1 expenditure commitment of US\$10.0 million, which entitled it to an initial 15% interest in the Nachingwea property.

On 3 September 2014, the Company announced the appointment of Mr Phil Hoskins as Acting Chief Executive Officer, Mr Nick Corlis as Executive Director Exploration and Mr Stuart McKenzie as General Manager Commercial and Company Secretary.

On 10 September 2014, the Company announced that it had entered into an agreement with Cu-River Mining Australia Pty Limited to sell its 100%-owned Mt Woods tenements in South Australia for cash proceeds of \$3.68 million. Under the agreement, Cu-River Mining has paid a \$500,000 deposit to IMX, with the balance of the consideration payable once the conditions precedent have been satisfied, which include:

- Approval by the South Australian Government;
- Approval by the Federal Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cth); and
- Permission being granted under the Defence Act 1903 (Cth), given that the tenements are located in the Woomera Prohibited Area.

If the conditions precedent have not been satisfied within 12 weeks of executing the agreement, either party has the option to terminate the transaction.

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 2014.

ENVIRONMENTAL REGULATION

The Group's exploration activities and those of its partners are subject to environmental regulations and guidelines applicable to the tenements on which such activities are carried out. Failure to meet environmental conditions attaching to the Group's exploration tenements could lead to forfeiture of those 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 2014.

PERFORMANCE RIGHTS

At the date of this report, there are 1,000,000 performance rights issued under the IMX Share Appreciation Rights and Performance Rights Plan.

	Number of Performance Rights
Balance at the beginning of the year	-
Performance rights issued during the year	1,000,000
Total number of performance rights issued at the date of this report	<u>1,000,000</u>

UNLISTED OPTIONS

At the date of this report, there are 9,935,847 unlisted ordinary options issued under the IMX Share and Option Incentive Plan.

	Number of Options
Balance at the beginning of the year	12,840,451
Options issued during the year	3,105,396
Options cancelled during the year	(5,510,000)
Options exercised during the year	-
Total number of options issued at 30 June 2014	<u>10,435,847</u>
Issued subsequent to year end	-
Expired subsequent to year end	(500,000)
Total number of options issued at the date of this report	<u>9,935,847</u>

Directors' Report

REPLACEMENT OPTIONS

At the date of this report, there are 545,000 unlisted replacement options issued under the Replacement Stock Option Plan as a result of the acquisition of CNL 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	3,320,000
Options issued during the year	-
Options cancelled during the year	(2,767,500)
Options exercised during the year	-
Total number of options issued at 30 June 2014	552,500
Issued subsequent to year end	-
Expired subsequent to year end	(7,500)
Total number of options issued at the date of this report	545,000

The balances are comprised of the following:

Number	Grant Date	Exercise Price	Expiry Date
Unlisted Options			
200,000	20 October 2009	39.0 cents	26 October 2014
75,000	26 October 2009	39.0 cents	6 November 2014
640,000	27 August 2010	41.0 cents	26 August 2015
500,000	14 February 2011	45.0 cents	14 November 2015
2,690,451	19 March 2013	17.4 cents	2 January 2016
50,000	5 May 2011	57.0 cents	5 May 2016
738,478	23 October 2013	9.6 cents	30 May 2016
2,366,918	23 October 2013	8.1 cents	29 June 2016
250,000	7 August 2011	43.0 cents	7 August 2016
2,425,000	24 August 2012	27.0 cents	23 August 2017
<u>9,935,847</u>			

Replacement Options

25,000	17 September 2012	16.0 cents	27 May 2015
220,000	17 September 2012	45.0 cents	7 March 2016
50,000	17 September 2012	26.0 cents	4 November 2016
250,000	17 September 2012	24.0 cents	12 March 2017
<u>545,000</u>			

Number	Grant Date	Vesting Date
Performance Rights		
1,000,000	7 May 2014	30 September 2014
<u>1,000,000</u>		

Directors' Report

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	13,490,201
Listed options issued during the year	-
Listed options cancelled during the year	-
Listed options exercised during the year	-
Total number of listed options issued at 30 June 2014	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

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 24 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 2014 has been received and is disclosed on page 84.

Directors' Report

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.

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 Property, CNI, under the supervision of joint venture company geologists since 2006 and on data collected by IMX. Mr Nicholas Corlis, in his capacity as a full time employee of the Company, holding the position of Executive Director - Exploration, has been working on the Nachingwea Property since May 2014. Mr Corlis BSc (Hons) MSc, 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 Corlis 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.

REMUNERATION REPORT

The Remuneration Report which has been audited by KPMG is set out on pages 21 to 31 and forms part of the Directors Report.

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



Gary Sutherland
Managing Director
PERTH

On the 30th day of September 2014

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
AGM	Annual General Meeting of the Company's shareholders
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 magnetite-copper mine located in South Australia.
CEO	The Chief Executive Officer of the Group.
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 Managing Director, 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 employees 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

During the past two years, under the direction of the NRC, a significant overhaul of the Company's approach to remuneration has taken place. 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 2013 financial year and continued during the 2014 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 2013 AGM, the resolution for the adoption of the Remuneration Report received more than 25% 'no' votes, resulting in the Company's 'first strike'.

REMUNERATION REPORT (AUDITED)

The Directors of IMX present the Remuneration Report for the Group for the financial year ended 30 June 2014. 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 2014

During 2014, the NRC focused on embedding a remuneration framework that is appropriate for the Company's business with transparency in design, strong governance and risk oversight; monitored the implementation of the STI scheme; recommended that the Board approve the LTI scheme for implementation during the 2015 financial year; and agreed on amendments to its charter that better reflected its role and responsibilities.

Benchmarking of Executive and Director remuneration	- Completed benchmarking exercise in relation to Executive salaries and Directors' retainers - Adoption of human resources and remuneration related policies
Operation of short-term incentive ("STI") scheme	First full year of operation of the STI Scheme, with awards aligned to individual performance against specific key performance indicators
Approval to implement LTI scheme	Board approval of design and structure of LTI scheme for implementation during the 2015 financial year
No change to Non-Executive Director remuneration	- No equity based remuneration of Non-Executive Directors during the 2014 financial year - No change to Non-Executive Directors' fees
No salary reviews for Executives	During the 2014 financial year, with the exception of two Executives who received CPI adjustments following two years without a salary review, Executives did not receive salary increases

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 2014 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 2014 financial year (or part of the 2014 financial year), as set out below.

Name	Position	Details if changed position during 2014 financial year
Neil Meadows	Managing Director	Resigned 15 October 2013
Philip Hoskins ⁽¹⁾	Chief Financial Officer	
Simon Parsons ⁽²⁾	General Manager – Cairn Hill Operations	
Michael Hannington	General Manager – Exploration	Last day of employment 25 June 2014
Stewart Watkins ⁽³⁾	General Manager – Projects	
Stuart McKenzie ⁽⁴⁾	Company Secretary	
Gary Sutherland ⁽⁵⁾	Managing Director	Appointed 2 April 2014
Nicholas Corlis ⁽⁶⁾	Executive Director and General Manager Exploration	Commenced employment on 22 April 2014

⁽¹⁾ Mr Hoskins was appointed as Acting CEO on 3 September 2014.

⁽²⁾ Mr Parsons last day of employment was 25 July 2014.

⁽³⁾ Mr Watkins last day of employment was 29 August 2014.

⁽⁴⁾ Mr McKenzie was appointed as General Manager Commercial and Company Secretary on 3 September 2014.

⁽⁵⁾ Mr Sutherland's last day of employment is expected to be 30 September 2014.

⁽⁶⁾ Mr Corlis was appointed as an Executive Director on 3 September 2014.

Non-Executive Directors during 2014 financial year

Name	Position	Details if changed position during 2014 financial year
John Nitschke ⁽¹⁾	Director / Chairman / Acting Managing Director	Chairman 1 July 2013 – 14 October 2013; Acting Managing Director 15 October 2013 – 2 April 2014
Kellie Benda	Director	
Robert Sun	Director	
Derek Fisher ⁽²⁾	Director / Chairman	Appointed 12 February 2014
David Constable	Director	Resigned 2 April 2014
Stephen Hunt	Director	Resigned 22 August 2013

⁽¹⁾ Mr Nitschke resigned from the Board on 31 July 2014.

⁽²⁾ Mr Fisher was appointed as Chairman on 2 April 2014.

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;

Remuneration Report

- 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 2014, the NRC sought independent advice from PricewaterhouseCoopers (“PwC”) and specialist human resources 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.

All entitled KMPs receive the minimum superannuation guarantee contribution as legislated by government (9.25% of gross salary subject to the maximum superannuation threshold 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, CEO, Non-Executive Directors and 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 / CEO 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 during the 2013 financial year. The purpose of the STI scheme is to ensure that individual performance is aligned with appropriate key performance indicators which are linked to 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. No STI payments were made under the STI Scheme for the six month period ended 30 June 2014.

The Company plans to introduce an LTI scheme during the 2015 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 attainment of key milestones and 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 Board on matters pertaining to nomination and remuneration.

Under the NRC charter, membership of the NRC is comprised of the Chairman and at least two other independent directors. Owing to recent changes in the composition of the Board, there is currently a vacancy on the NRC. Current members of the NRC are:

Dr Derek Fisher (Chairman of the NRC)

Ms Kellie Benda

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 Chairman of the Board and whenever possible, at least two other independent Directors. The Chairman of the NRC will be the Chairman of the Board. The Managing Director / CEO 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, CEO 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.

Remuneration 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 2014, PwC was engaged by the NRC to assist with the LTI scheme and the Company sought input from a number of human resource consultants, in order to carry out benchmarking 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.

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

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	\$17,612
	Tax related advice (complex structuring advice with respect to MMG joint venture)	\$159,721
	Tax related advice (with respect to restructuring the Company's South Australian assets)	\$63,367
	General tax related matters	\$68,471

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.

During the 2014 financial year, the applicable performance indicators related 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, primarily at the Nachingwea Exploration 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 / CEO 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 2014 financial year, performance evaluations were conducted in January 2014 and July 2014, however no awards under the STI scheme were paid in respect of the six months ended 30 June 2014.

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. This had previously been undertaken through the award of unlisted stock options, the last of which were made in August 2012. A structured LTI scheme based on equity related remuneration of KMPs and other senior

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employees has been designed. The LTI scheme includes both Performance Rights and Share Appreciation Rights, with awards to be determined by results achieved by the Company and the employee against agreed performance hurdles. The LTI scheme is expected to become operational during the 2015 financial year.

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

Group performance 2010-2014

	2010	2011	2012	2013	2014
Profit / (Loss) attributable to the owners of the Company	(8,497)	8,079	(20,710)	(25,484)	(19,492)
Basic EPS (cents per share)	(4.40)	3.10	(0.08)	(0.07)	(0.05)
Share Price as at 30 June	0.41	0.42	0.17	0.06	0.02

5.0 Managing Director and Senior Executive remuneration and employment arrangements

5.1 Managing Director remuneration

Mr Sutherland was appointed as Managing Director on 2 April 2014. 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, Mr Sutherland has not had a salary increase.

Mr Sutherland's contract allows for an award under the STI scheme of up to 20% of Total Fixed Remuneration to be paid in cash and an LTI award, with any LTI payment to be equity settled and vest over a three-year period.

Details of Mr Sutherland's remuneration are shown in section 7.0.

During the period in which Mr Nitschke acted as Managing Director he received a salary of \$370,000 per year (inclusive of statutory employer contribution to superannuation).

5.2 Current Executives

The remuneration arrangements for 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 and the LTI scheme when introduced.

The key terms of employment contracts for current Executives for the 2014 financial year are set out below:

Name	Term of Contract	Notice period by either party	Maximum STI opportunity	Base salary including superannuation ⁽¹⁾
Philip Hoskins ⁽²⁾	Permanent	Twelve (12) weeks	20%	\$272,200
Nick Corlis	Permanent	Twelve (12) weeks	20%	\$250,000
Stuart McKenzie	Permanent	Twelve (12) weeks	20%	\$210,000

⁽¹⁾ Base salaries quoted are current as of the date of this report. These salaries will be permanently reduced by 10% from October 2014.

⁽²⁾ During the 2014 financial year, Mr Hoskins entered into a once off retention agreement with the Company, under which he agreed to remain as a full-time employee with the Company at least until 30 September 2014, in consideration for which he was granted 1,000,000 performance rights that vest on 30 September 2014 subject to satisfaction of certain conditions.

Any termination entitlements do not deliver windfall payments on termination that are unrelated to performance. The STI Policy was amended in 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.

With the Company now focused exclusively on exploration at its Nachingwea Property in Tanzania, and with no revenue from operations, the Board and Management have agreed that Board and Management remuneration be restructured to better reflect the changed circumstances of the Company. This restructure involves a 10% reduction in cash based remuneration and a greater proportion of total remuneration being 'at risk' and comprised of equity based payments.

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 2014 financial year.

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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 for the 2014 financial year were set by the Board as follows:

	Chairman⁽¹⁾ (\$ per year)	Non-Executive Director⁽¹⁾ (\$ per year)
Base fee rate	80,000	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 / CEO 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 2014, Ms Benda was paid \$4,000 for professional services rendered.

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7.0 Total Rewards Table: 2014 financial year

		Short Term	Post-Employment	Bonus (STI Scheme)	Termination	Share Based Payments	Total	Proportion of Remuneration Performance Related	Value of Options as a Proportion of Remuneration
	Salary & Fees	Non-Monetary	Super			Options			
	\$	\$	\$	\$	\$	\$	\$	%	%
Directors									
J Nitschke ⁽¹⁾	201,131	9,419	-	-	-	-	210,550	-	-
S Hunt ⁽²⁾	9,167	1,032	-	-	-	-	10,199	-	-
D Constable ⁽³⁾	45,833	5,301	-	-	-	-	51,134	-	-
K Benda	60,827	6,957	5,256	-	-	-	73,040	-	-
D Fisher ⁽⁴⁾	29,167	2,831	-	-	-	-	31,998	-	-
R W Sun	54,602	6,957	-	-	-	-	61,559	-	-
N Meadows ⁽⁵⁾	177,394	2,988	11,296	-	94,427	39,598	325,703	-	12
G Sutherland ⁽⁶⁾	116,063	1,656	25,000	-	-	-	142,719	-	-
Other key management personnel									
P Hoskins	256,089	9,419	17,775	40,066	-	21,702	345,051	12	1
S McKenzie	192,225	9,419	17,775	33,203	-	-	252,622	13	-
S Parsons ⁽⁷⁾	370,887	6,957	25,000	48,331	-	4,915	456,090	4	1
N Corlis ⁽⁸⁾	49,023	1,068	4,444	-	-	-	54,535	-	-
M Hannington ⁽⁹⁾	322,836	9,419	17,775	43,356	23,846	4,915	422,147	10	1
S Watkins ⁽¹⁰⁾	342,233	9,419	17,775	56,996	-	-	426,423	13	-
Total	2,227,477	82,842	142,096	221,952	118,273	71,130	2,863,770	7	2

⁽¹⁾ Mr Nitschke resigned on 31 July 2014. Mr Nitschke performed the role of Acting Managing Director from 15 October 2013 to 2 April 2014.

⁽²⁾ Mr Hunt resigned on 22 August 2013.

⁽³⁾ Mr Constable resigned on 2 April 2014.

⁽⁴⁾ Mr Fisher commenced employment on 12 February 2014.

⁽⁵⁾ Mr Meadows resigned on 15 October 2013.

⁽⁶⁾ Mr Sutherland commenced employment on 2 April 2014, resigned effective 30 September 2014.

⁽⁷⁾ Mr Parsons ceased employment on 25 July 2014.

⁽⁸⁾ Mr Corlis commenced employment on 22 April 2014.

⁽⁹⁾ Mr Hannington ceased employment on 25 June 2014.

⁽¹⁰⁾ Mr Watkins ceased employment on 29 August 2014.

Remuneration Report

8.0 Total Rewards Table: 2013 financial year

	Short Term		Post-Employment	Bonus (STI Scheme)	Termination	Share Based Payments	Total	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

9.0 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	-	-	-
Mr G Sutherland	-	-	-
Executives			
Mr P Hoskins	40,066	80	20
Mr S McKenzie	33,203	76	24
Mr S Parsons	48,331	73	27
Mr N Corlis	-	-	-
Mr M Hannington	43,356	74	26
Mr S Watkins	56,996	83	17

⁽¹⁾ Amounts included in the remuneration for the financial year represent the amounts paid during the financial year based on achievement of personal goals and satisfaction of specified performance criteria from January 2013 to December 2013. The NRC approved these amounts in respect of the six months ended 30 June 2013 and 31 December 2013. No short-term incentive cash bonuses were paid for performance during the six months ended 30 June 2014.

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

10.0 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 carry no dividend or voting rights and when exercisable, each option is convertible into one ordinary share.

During the 2014 financial year, no options were granted to Group employees. As mentioned in section 5.2 of this report, Phil Hoskins was granted 1,000,000 performance rights in connection with a retention arrangement.

During the 2014 financial year, there were no alterations to the terms and conditions of options granted as remuneration since their grant date.

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

Options and Performance Rights Granted					
	Number	Date	% vested in year	% forfeited in year ⁽¹⁾	Financial year in which grant vests
Directors					
Mr N Meadows	1,000,000	22 Nov 2012	100	-	2014
	1,000,000	22 Nov 2012	100	-	2014
Executives					
Mr P Hoskins	500,000	24 Aug 2012	100	-	2014
	1,000,000	7 May 2014	-	-	2015
Mr S McKenzie	-	-	-	-	-
Mr S Parsons	500,000	24 Aug 2012	100	-	2014
Mr M Hannington	500,000	24 Aug 2012	100	-	2014
Mr S Watkins	-	-	-	-	-

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

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

	Granted in year (\$) ⁽¹⁾	Value of options or performance rights exercised in year (\$) ⁽²⁾	Lapsed in Year (\$) ⁽³⁾
Directors			
Mr N Meadows	-	-	2,081
			2,703
Executives			
Mr P Hoskins	16,787	-	-
Mr S McKenzie	-	-	-
Mr S Parsons	-	-	-
Mr M Hannington	-	-	-
Mr S Watkins	-	-	-

⁽¹⁾ The value of performance rights is calculated using the volume weighted average price of the IMX ordinary shares in the period leading up to the grant date. The value relating to the 2014 financial year is included in the table above.

⁽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 second edition of the "Corporate Governance Principles and Recommendations", dated 30 June 2010 (the "ASX Principles and Recommendations"), released by the ASX Corporate Governance Council.

1.0 The Board of Directors

(a) Board composition and expertise

During the 2014 financial year there were eight 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 2014 financial year is set out below.

Director	Board Membership	Position Title	Board Committee Membership	
			Audit and Risk Management	Nomination and Remuneration
John Nitschke ⁽¹⁾	Non-Executive, Non-Independent	Chairman ⁽⁸⁾	Member ⁽¹⁾	Chairman ⁽¹⁾
Neil Meadows ⁽²⁾	Executive	Managing Director	-	-
Kellie Benda	Non-Executive, Independent	Chairman ⁽⁸⁾	Chairman	Member
David Constable ⁽³⁾	Non-Executive, Independent	-	Member ⁽³⁾	-
Stephen Hunt ⁽⁴⁾	Non-Executive, Independent	-	-	Member ⁽⁴⁾
Robert Sun ⁽⁵⁾	Non-Executive, Non-Independent	-	-	-
Derek Fisher ⁽⁶⁾	Non-Executive, Independent	Chairman ⁽⁸⁾	Member ⁽⁶⁾	Chairman ⁽⁶⁾
Gary Sutherland ⁽⁷⁾	Executive	Managing Director	-	-

⁽¹⁾ John Nitschke resigned from the Board on 31 July 2014.

⁽²⁾ Neil Meadows resigned from the Board on 15 October 2013.

⁽³⁾ David Constable resigned from the Board on 2 April 2014.

⁽⁴⁾ Stephen Hunt resigned from the Board on 22 August 2013.

⁽⁵⁾ Robert Sun was appointed to the Board on 23 May 2013.

⁽⁶⁾ Derek Fisher was appointed to the Board on 12 February 2014.

⁽⁷⁾ Mr Sutherland was appointed to the Board on 2 April 2014.

⁽⁸⁾ John Nitschke was Chairman until 15 October 2014; Kellie Benda was Chairman from 16 October 2014 to 1 April 2014 and Derek Fisher has been Chairman from 2 April 2014.

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.

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At different times during the 2014 financial year, the Board's composition included three Non-Executive Directors, two of whom were independent Directors; four Non-executive Directors, two of whom were independent Directors; and five Non-executive Directors, three of whom were independent Directors.

(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:

- 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 / CEO 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 / CEO) 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 / CEO such powers as it considers necessary in order for the day-to-day business of the Company to be carried out. The Managing Director / CEO is responsible for the day-to-day management of the business and maintaining a comprehensive set of management delegations under the Group's Approvals 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.

Owing to his appointment as Acting Managing Director on 15 October 2013, Mr John Nitschke is not regarded as being independent. Mr Nitschke resigned on 31 July 2014.

Robert Sun is not regarded as being independent, as he is an executive with 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 Mine was delivered under sales contracts.

Mr Stephen Hunt is not regarded as independent as he held a beneficial interest in a company to which IMX paid 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 2014 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.

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. The majority of such initiatives were implemented during the 2014 financial year and periodic reporting to the Board on the status of implementation was undertaken during the year.

(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 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.

Corporate Governance Statement

(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 / CEO 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 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)	Derek Fisher (Chairman)
Derek Fisher	Kellie Benda
Vacant position ⁽¹⁾	Vacant position ⁽¹⁾

⁽¹⁾ Owing to the resignation of Mr Nitschke on 31 July 2014, there is currently a vacancy on both the ARMC and NRC.

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 secretarial 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 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.

Corporate Governance Statement

(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 pages 21 to 31.

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

(d) Board and Board Committee Meetings during the 2014 financial year

Attendance by Directors at Board and Board Committee Meetings during the 2014 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 2014 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 warrants the attention of the Board.

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").

Corporate Governance Statement

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 / CEO 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 received 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 / CEO and Chief Financial Officer (or equivalent) 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 results have been prepared in accordance with the relevant accounting standards.

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.

Corporate Governance Statement

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. The Code of Conduct for Employees was reviewed and updated in September 2013 to ensure that it 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, which was last reviewed in February 2014 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 19%.

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.

Corporate Governance Statement

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 the responsibilities of the Board and Management, which flow from this approach, go beyond strict legal and financial obligations. In particular, the 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 meet 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, which was updated in June 2014, 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 and Recommendations has been provided below:

ASX PRINCIPLES AND RECOMMENDATIONS 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
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

Corporate Governance Statement

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.* * Owing to the resignation of Mr Nitschke on 31 July 2014, there are only two members of the Audit and Risk Management Committee.	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
Companies should provide the information indicated in the Guide to reporting on Principle 5.	6(a)	Comply

Corporate Governance Statement

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 2014

Notes

2014
\$'000

2013*
\$'000

CONTINUING OPERATIONS

Other income	2 (a)	189	736
Business development		(1,547)	-
Corporate & administration expenses		(3,958)	(9,268)
Exploration expenses		(6,865)	(11,052)
Other expenses	2 (b)	(3,422)	(1,619)

RESULTS FROM OPERATING ACTIVITIES

Finance costs		-	(2)
Share of associates losses		-	(3,432)

LOSS BEFORE TAX

Income tax (expense) / benefit	3 (a)	-	-
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NET LOSS FOR CONTINUING OPERATIONS

DISCONTINUED OPERATIONS

Loss on discontinued operations	4(a)	(7,627)	(2,821)
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NET LOSS AFTER TAX

Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Foreign exchange translation differences, net of tax		654	2,253
Share of other comprehensive income of equity accounted investees		(1,008)	13
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(23,584)	(25,192)

Net loss is attributable to:

Owners of IMX Resources Limited		(19,492)	(25,484)
Non-controlling interest		(3,738)	(1,974)
		(23,230)	(27,458)

Total loss is attributable to:

Owners of IMX Resources Limited		(19,846)	(23,218)
Non-controlling interest		(3,738)	(1,974)
		(23,584)	(25,192)

Earnings per share attributable to owners of the Company:

Basic EPS	23	(0.05)	(0.07)
Diluted EPS	23	(0.05)	(0.07)

The above Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

* Represented – refer to note 4

Consolidated Statement of Financial Position

AT 30 JUNE 2014

	Notes	2014 \$'000	2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	1,726	26,363
Trade and other receivables	7(a)	1,105	2,601
Inventory	8	-	12,151
Assets classified as held for sale	11	383	383
TOTAL CURRENT ASSETS		3,214	41,498
NON-CURRENT ASSETS			
Trade and other receivables	7(b)	-	1,000
Investments accounted for using the equity method	10	-	2,712
Exploration and evaluation expenditure assets	9	24,529	25,294
Property, plant and equipment	12	793	31,695
Loans to related parties	15(a)	2	-
TOTAL NON-CURRENT ASSETS		25,324	60,701
TOTAL ASSETS		28,538	102,199
CURRENT LIABILITIES			
Trade and other payables	13	1,013	34,316
Loans from related parties	15(b)	-	12,786
Provisions	14(a)	3,173	431
TOTAL CURRENT LIABILITIES		4,186	47,533
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3(d)	-	4,076
Provisions	14(b)	58	873
TOTAL NON-CURRENT LIABILITIES		58	4,949
TOTAL LIABILITIES		4,244	52,482
NET ASSETS		24,294	49,717
EQUITY			
Contributed equity	16(a)	120,336	120,336
Reserves	17(a)	5,304	5,408
Retained earnings	17(b)	(101,348)	(81,856)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		24,292	43,888
Non-controlling interest	18	2	5,829
TOTAL EQUITY		24,294	49,717

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 2014

	Contributed Equity	Foreign Currency Translation Reserve	Share Based Equity Reserve	Options Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	100,976	(1,876)	3,430	-	(56,372)	7,803	53,961
Total comprehensive income for the year							
- Loss 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
- Issues 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 1 July 2013	120,336	390	3,970	1,048	(81,856)	5,829	49,717
Total comprehensive income for the year							
- Loss for the year	-	-	-	-	(19,492)	(3,738)	(23,230)
- Foreign exchange translation differences	-	654	-	-	-	-	654
- Tax on items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
- Share of other comprehensive income of equity accounted investees	-	(1,008)	-	-	-	-	(1,008)
Total comprehensive income 30 June 2014	-	(354)	-	-	(19,492)	(3,738)	(23,584)
Transactions with owners in their capacity as owners:							
- Return of capital	-	-	-	-	-	(2,089)	(2,089)
- Employee share options – value of employee services	-	-	64	-	-	-	64
- Employee performance rights	-	-	50	-	-	-	50
- Options issued for consultant services	-	-	136	-	-	-	136
Balance at 30 June 2014	120,336	36	4,220	1,048	(101,348)	2	24,294

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 2014

	Notes	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		177,974	218,724
Payments to suppliers and employees		(182,581)	(178,861)
Interest and other receipts		395	575
Payment of exploration expenditure		(5,304)	(16,066)
Net cash (outflow) / inflow from operating activities	19	(9,516)	24,372
CASH FLOWS FROM INVESTING ACTIVITIES			
Transaction costs incurred in acquisition of CNI		-	(2,440)
Cash acquired through acquisition of CNI		-	4,651
Acquisition of property, plant & equipment		(91)	(2,644)
Proceeds from / payment of security bond		1,023	(494)
Proceeds from sale of investment		1,282	-
Net cash inflow / (outflow) from investing activities		2,214	(927)
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		(14,878)	(7,688)
Finance costs		(70)	(775)
Repayment of borrowings		-	(9,000)
Net cash outflow from financing activities		(14,948)	(14,088)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(22,250)	9,357
Opening cash and cash equivalents		26,363	17,006
Effect of deconsolidation of former subsidiary		(2,387)	-
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	5	1,726	26,363

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

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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 2014 comprise IMX Resources Limited (the “Company”) and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities. Disclosures relating to the Company are included at Note 31 to these financial statements.

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

This financial report was authorised for issue in accordance with a resolution of the Directors on 30 September 2014.

(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) Going Concern

For the year ended 30 June 2014, the Group has incurred a loss after tax of \$23.2 million and its current liabilities exceed current assets by \$1.0 million. The Group’s net assets are \$24.3 million. As set out in Note 14(a), the working capital deficiency has arisen predominantly due to the provision for a payment of \$3.0 million to Flinders Ports as satisfaction of the Company’s parent company guarantee obligation from the port logistics services contract for the Cairn Hill Mine.

Subsequent to year end, the Group has announced the agreement to sell the Mt Woods tenements to Cu-River Mining Australia Pty Ltd for \$3.68 million as a means to fund the liability to Flinders Ports. Under the sale agreement, Cu-River Mining has paid a \$500,000 deposit to IMX, with the balance of the consideration payable once the conditions precedent have been satisfied, which include:

- Approval by the South Australian Government;
- Approval by the Federal Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cth); and
- Permission being granted under the Defence Act 1903 (Cth), given that the tenements are located in the Woomera Prohibited Area.

Whilst there is always uncertainty regarding the satisfaction of conditions precedent such as those mentioned above, the Directors are confident that they will be met and the transaction will complete.

On 18 June 2014, Termite was placed in voluntary administration as a result of the decline in iron ore prices. Termite was subsequently placed into liquidation by its creditors. Following a review of the administrators’ report to Termite’s creditors, and having taken legal advice as appropriate, the Directors are confident that it is unlikely that the liquidators will make claims to recover loan repayments received by IMX from Termite prior to being placed in voluntary administration.

Following the Group’s only cash flow producing asset (the Cairn Hill Mine which was owned by Termite) being placed in voluntary administration on 18 June 2014, the Company has become reliant on alternative sources of funding to fund its operational expenditure and planned exploration expenditure. Whilst a substantial proportion of the Group’s planned exploration expenditure is discretionary and can be deferred, 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 joint venture partners.

The successful completion of the recent equity placement demonstrates the Company’s ability to access funding to continue as a going concern. The prospectivity of the Nachingwea Property underpins the Director’s belief that sufficient funding can continue to be raised to support the ongoing activities of the business.

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 either equity issues or asset sales 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.

Notes to the Financial Statements

30 JUNE 2014

(iii) 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

(iv) Functional and presentation currency

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

(v) 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.

(vi) 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 2013:

- IFRS 10 *Consolidated Financial Statements* (2011)
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- *Presentation of Items in Other Comprehensive Income (Amendments to IAS 1)*
- IAS 19 *Employee Benefits* (2011)
- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)* (2013)

The nature and effects of the changes are explained below.

1. Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that focusses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

There was no material impact from adopting AASB 10 on this financial report.

2. Joint Arrangements

As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously the structure of the arrangement was the sole focus of classification.

There was no material impact from adopting AASB 11 on this financial report.

3. Disclosure of interests in other entities

There was no material impact from adopting AASB 12 on this financial report.

4. Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

Notes to the Financial Statements

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5. *Presentation of items in OCI*

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

(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.

Factors that could impact future recoverability include the level of reserves and resources (see Note 1(b)(ii)), 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) 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.

(iii) 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.

(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 2014 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.

Notes to the Financial Statements

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(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which 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)

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

(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.

(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. These amounts are included within the loss on discontinued operations for the year.

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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 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.

Notes to the Financial Statements

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(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.

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

Notes to the Financial Statements

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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.

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.

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(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 IMX Resources Performance Rights and Share Appreciation Rights Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of comprehensive income with a corresponding adjustment to equity.

The market value of shares issued to employees for no cash consideration under the IMX Resources Share and Option Incentive Plan and the IMX Resources Performance Rights and Share Appreciation Rights 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

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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.

(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.

Notes to the Financial Statements

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The Group classifies its financial assets in the following categories:

- Loans and receivables;
- Available-for-sale financial assets; and
- Cash and cash equivalents.

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.

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).

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.

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.

Notes to the Financial Statements

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(y) SEGMENT REPORTING

Segment results that are reported to the Group's Managing Director / CEO (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) PARENT ENTITY INFORMATION

The financial information for the parent entity, IMX Resources Limited, disclosed in Note 31 has been prepared on the same basis as the consolidated financial statements.

(aa) 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 2014, 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.

(ab) 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

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	Notes	2014 \$'000	Represented 2013 \$'000
2. INCOME AND EXPENSE ITEMS			
Net profit / (loss) included the following items of revenue and expense:			
(a) Other Income			
Interest receivable from other persons		98	120
Foreign exchange gain		91	-
Other		-	616
		<u>189</u>	<u>736</u>
(b) Other Expenses			
Loss on disposal of assets		422	2
Impairment loss – equity accounted investee		-	1,463
Foreign exchange loss		-	154
Provision for loss on parent company guarantee	14(a)	3,000	-
		<u>3,422</u>	<u>1,619</u>
3. INCOME TAX			
(a) Income Tax Expense recognised in profit or loss			
The major components of income tax expense / (benefit) are:			
<i>Current income tax</i>			
Current income tax expense / (benefit)		-	-
<i>Deferred income tax</i>			
Relating to origination and reversal of temporary differences		-	-
Income tax expense / (benefit) reported in the consolidated statement of comprehensive income		<u>-</u>	<u>-</u>
(b) Income Tax recognised directly in equity			
Foreign currency translation		<u>-</u>	<u>966</u>
(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:			
<i>Accounting Loss Before Tax</i>		(15,603)	(24,637)
At the parent entity's statutory income tax rate of 30% (2013: 30%)		(4,681)	(7,391)
Non-deductible expense - share based payments		60	480
Deferred tax assets not recognised		4,621	6,911
Income tax expense / (benefit)		<u>-</u>	<u>-</u>

Notes to the Financial Statements

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	2014	2013
	\$'000	\$'000

(d) Recognised deferred liabilities

Amounts recognised in the statement of financial position

Deferred tax liability	-	(4,076)
	-	(4,076)

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. 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 \$16.9 million (2013: \$12.0 million), and Tanzania \$16.0 million (2013: \$12.4 million). The deferred tax liability at 30 June 2013 for the Group included timing differences and tax losses for Termite Resources NL ("Termite") as Termite had earned assessable income during the 2013 financial year. The net deferred tax liability of Termite was derecognised during the year following Termite being placed into voluntary administration, as set out in Note 4(c).

Deferred tax at 30 June 2014 relates to the following:

Consolidated

(i) Deferred tax liabilities

Interest receivable	-	8
Inventory	-	44
Unrealised foreign exchange movements	-	40
Depreciation differences	-	75
Exploration and evaluation expenditure	-	966
Mine property and development	-	7,783
Gross deferred tax liability	-	8,916
Set-off of deferred tax asset	-	(4,840)
Net deferred tax liability	-	4,076

(ii) Deferred tax assets

Accruals	22	-
Provision: Parent company guarantee	900	-
Rehabilitation and restoration	-	251
Make good (office premises)	11	11
Annual, long service leave & superannuation	52	129
Section 40-880 costs	64	114
Unrealised foreign exchange movements	-	530
Investment in equity accounted investees	-	3,411
Carried forward tax losses	32,863	24,817
Carried forward losses and other temporary differences not brought to account as a deferred tax asset	(33,912)	(24,423)
Gross deferred tax asset	-	4,840
Set-off against deferred tax liability	-	(4,840)
Net deferred tax asset	-	-

Notes to the Financial Statements

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	2014 \$'000	2013 \$'000
4. DISCONTINUED OPERATIONS		
(a) Results from discontinued operation		
Revenue	176,119	193,568
Expenses	(198,103)	(195,711)
Result from operating activities	(21,984)	(2,143)
Income tax expense	-	(678)
Result from operating activities, net of tax	(21,984)	(2,821)
Gain on deconsolidation (Note 4(c))	14,357	-
Loss on discontinued operation	(7,627)	(2,821)

(b) Cash flows from (used in) discontinued operation

Net cash from operating activities	3,769	44,187
Net cash used in investing activities	(3)	(2,447)
Net cash used in financing activities	(25,529)	(29,690)
Net cash flow for the year	(21,763)	12,050

The above cash flows from discontinued operations are included in the Consolidated Statement of Cash Flows for the Group.

(c) Effect of disposal on the financial position of the Group

On 18 June 2014, 51% owned subsidiary Termite Resources NL ("Termite") was placed into voluntary administration. The loss of control results in the Group no longer consolidating the assets and liabilities of Termite, which had the following carrying values as at the date of voluntary administration:

Cash and cash equivalents	2,387	-
Trade and other receivables	2,825	-
Inventories	5,380	-
Property, plant and equipment	4,768	-
Trade and other payables	(24,904)	-
Provisions	(1,703)	-
Loan from parent company (Outback Iron Pty Ltd)	(2,862)	-
Deferred tax liability	(3,110)	-
Net assets and liabilities as at 18 June 2014	(17,219)	-

The parent company of Termite, Outback Iron Pty Ltd ("Outback"), remains part of the Group as at 30 June 2014. However as at 18 June 2014, the intercompany loan receivable held by Outback from Termite was deemed uncollectible due to the voluntary administration. Therefore the loan was fully impaired by Outback. The overall impact on the Consolidated Statement of Comprehensive Income of the voluntary administration and subsequent deconsolidation of Termite can be summarised as follows:

Gain due to deconsolidation of Termite	17,219	-
Loss due to Outback impairment of loan receivable due from Termite	(2,862)	-
Net gain due to Termite voluntary administration	14,357	-

Notes to the Financial Statements

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	2014	2013
	\$'000	\$'000

5. CASH AND CASH EQUIVALENTS

Cash at bank	909	13,791
Cash on deposit	817	12,569
Cash on hand	-	3
	<u>1,726</u>	<u>26,363</u>

Refer to Note 28 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.

7. TRADE AND OTHER RECEIVABLES

(a) Current

Accounts and other receivables	238	249
Accrued interest	4	27
Prepayments	51	145
Security bonds	337	1,189
Goods and services tax, value added tax and fuel tax credits receivable	475	991
	<u>1,105</u>	<u>2,601</u>

(b) Non-Current

Restricted cash	-	1,000
	<u>-</u>	<u>1,000</u>

8. INVENTORY

Finished goods ⁽¹⁾	-	8,961
Work in progress ⁽²⁾	-	3,043
Diesel fuel on hand	-	147
	<u>-</u>	<u>12,151</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.

The movement in inventory reflects that the iron ore stockpiles for the Cairn Hill Mine were no longer controlled by the Group at 30 June 2014. See Note 4(c) for the carrying value of inventories derecognised in the Group financial statements as a result of Termite's voluntary administration.

9. EXPLORATION & EVALUATION EXPENDITURE ASSETS

Exploration & evaluation expenditure assets	24,529	25,294
	<u>24,529</u>	<u>25,294</u>

Reconciliation of exploration and evaluation expenditure assets

Carrying amount at beginning of year	25,294	2,218
Additions	-	19,857
Effect of movements in exchange rates	(765)	3,219
Carrying amount at the end of the year	<u>24,529</u>	<u>25,294</u>

During the year, MMG incurred US\$7.8 million under the Interim Agreement towards its US\$10.0 million expenditure obligation under Stage 1 of the Nachingwea Earn-In and JV Agreement. Refer to Note 32 for further information regarding the MMG agreement.

Notes to the Financial Statements

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	2014 \$'000	2013 \$'000
10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Magnis Resources Limited	-	2,712
	-	2,712

The investment in Magnis Resources Limited was sold during the year ended 30 June 2014.

11. ASSETS HELD FOR SALE

Current assets held for sale

Rail materials and equipment	383	383
	383	383

The Group currently holds track materials and signalling and other rail equipment that relates to purchases made for the intended rail shipping from the Cairn Hill site to Port Darwin. The change in rail shipping to Port Adelaide has resulted in these materials and equipment being surplus to requirements by the Group. Where possible the materials and equipment have been used.

Notes to the Financial Statements

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12. PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Furniture and Fittings	Motor vehicles	Mine property and development	Mine infrastruc- ture	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2014						
Carrying amount at beginning of year	847	234	166	26,904	3,544	31,695
Additions	68	14	10	7,694	-	7,786
Removal of discontinued operations ⁽¹⁾	(8)	-	(45)	(4,720)	-	(4,773)
Impairment ⁽²⁾	(115)	(30)	-	(18,759)	(1,857)	(20,761)
Amortisation of rehabilitation and restoration asset	-	-	-	(70)	-	(70)
Amortisation of deferred waste	-	-	-	(9,074)	-	(9,074)
Depreciation expense	(208)	(59)	(81)	(1,975)	(1,687)	(4,010)
Carrying amount at end of year	584	159	50	-	-	793
Cost	1,365	554	183	-	-	2,102
Accumulated depreciation	(781)	(395)	(133)	-	-	(1,309)
Carrying amount	584	159	50	-	-	793
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	-	-	-	(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

(1) Property, plant and equipment derecognised due to no longer being controlled by the Group at 30 June 2014.

(2) Impairment charge recognised for the six months ended 31 December 2013.

Notes to the Financial Statements

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	2014 \$'000	2013 \$'000
13. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	499	19,683
Accrued expenses	412	7,421
Current liabilities due to customers	-	7,061
Other creditors	102	151
	<u>1,013</u>	<u>34,316</u>

The movement reflects that trade and other payables relating to the Cairn Hill Mine were no longer owed by the Group as at 30 June 2014. See Note 4(c) for the carrying value of trade and other payables derecognised in the Group financial statements as a result of Termite's voluntary administration.

14. PROVISIONS

(a) Current

Employee benefits	173	431
Parent company guarantee – Flinders Ports ⁽¹⁾	3,000	-
	<u>3,173</u>	<u>431</u>

⁽¹⁾ As a result of the Cairn Hill Mine being placed into voluntary administration on 18 June 2014, Flinders Ports' ability to claim unpaid bills from guarantors under the port logistics service contract was triggered. Given the amounts deemed to be owed to Flinders Ports as a result of Termite's contract termination exceeded the \$3.0 million cap on the guarantee, the Group has made a provision for \$3.0 million payable to Flinders Ports under the parent company guarantee. Subsequent to year end, the amount owed to Flinders Ports has been re-characterised as a liability repayable on 30 June 2015. The liability is now secured against the Mt Woods exploration tenements.

(b) Non-Current

Minesite rehabilitation	-	836
Office restoration	37	37
Other non-current liabilities	21	-
	<u>58</u>	<u>873</u>

15. LOANS TO/FROM RELATED PARTIES

(a) Non-Current Asset

Loan to Sichuan Taifeng Group	2	-
	<u>2</u>	<u>-</u>

(b) Current Liability

Loan from Sichuan Taifeng Group	-	12,786
	<u>-</u>	<u>12,786</u>

During the year, the loan owing from Outback Iron Pty Ltd to Taifeng was fully repaid from distributions from the Cairn Hill Mine.

16. CONTRIBUTED EQUITY

(a) Issued and Paid up Capital

	Number of shares	2014 \$'000	Number of shares	2013 \$'000
Ordinary shares fully paid	396,497,145	120,336	396,497,145	120,336

Notes to the Financial Statements

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(b) Movement in Fully Paid Ordinary Shares

	2014		2013	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial year	396,497,145	120,336	262,612,803	100,976
Shares issued as part of acquisition of CNI	-	-	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	396,497,145	120,336

⁽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

	2014		2013	
	Number of options	\$'000	Number of options	\$'000
Beginning of the financial year	16,160,451	727	13,100,000	-
Share options and warrants issued as part of acquisition of CNI	-	-	3,922,500	727
Issued to employees during the year	-	-	2,200,000	-
Issued to consultants during the year	3,105,396	-	2,690,451	-
Cancelled / expired during the year	(8,277,500)	-	(6,752,500)	-
End of the financial year	10,988,347	727	15,160,451	727

(e) Movements in Listed Options on Issue

	2014		2013	
	Number of options	\$'000	Number of options	\$'000
Beginning of the financial year	13,490,201	322	-	-
Share options and warrants issued as part of acquisition of CNI	-	-	13,490,201	322
End of financial year	13,490,201	322	13,490,201	322

(f) Movements in Performance Rights

	2014		2013	
	Number of performance rights		Number of performance rights	
Beginning of the financial year	-		-	
Issued to employees during the year	1,000,000		-	
End of financial year	1,000,000		-	

Notes to the Financial Statements

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(g) Share Options And Performance Rights Issued

	Issued during the year ⁽¹⁾		
Grant Date	7 May 2014	28 Oct 2013	28 Oct 2013
Number of options	-	738,478	2,366,918
Number of performance rights	1,000,000	-	-
Fair value at grant date (\$)	0.04	0.04	0.04
Share price at grant date (\$)	0.05	0.07	0.07
Exercise price (\$)	-	0.096	0.081
Expected volatility	-	107.0%	107.0%
Option life	-	3 years	3 years
Expected dividends	-	0%	0%
Risk free interest rate	-	2.94%	2.94%

⁽¹⁾ Options / performance rights issued in consideration for services provided.

2014
\$'000

2013
\$'000

17. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Foreign currency translation reserve	36	390
Share based remuneration reserve	4,220	3,970
Options reserve	1,048	1,048
	<u>5,304</u>	<u>5,408</u>

Movements:

Foreign currency translation reserve

Balance at beginning of year	390	(1,876)
Currency translation differences arising during the year, net of tax	654	2,266
Share of other comprehensive income of associates transferred to profit and loss	(1,008)	-
Balance at end of year	<u>36</u>	<u>390</u>

Share based remuneration equity reserve

Balance at beginning of year	3,970	3,430
Employee share remuneration	64	540
Employee performance rights	50	-
Issued to consultants for services	136	-
Balance at end of year	<u>4,220</u>	<u>3,970</u>

Options Reserve

Balance at beginning of year	1,048	-
Options reserve movements after tax	-	1,048
Balance at end of year	<u>1,048</u>	<u>1,048</u>

(b) Accumulated Losses

Balance at beginning of year	81,856	56,372
Net loss attributable to members of IMX	19,492	25,484
Balance at end of year	<u>101,348</u>	<u>81,856</u>

Notes to the Financial Statements

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(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 and performance rights issued.

(iii) Options reserve

The options reserve is used to recognise the fair value of listed options issued. Listed options were issued as consideration for the Company's acquisition of Continental Nickel Limited during the 2013 financial year.

	2014	2013
	\$'000	\$'000

18. NON-CONTROLLING INTERESTS

Interests in:

Share capital	5,068	7,158
Dilution effect of shares issued to non-controlling interests	(6,700)	(6,700)
Retained earnings	1,634	5,371
Closing balance	2	5,829

The closing balance in the non-controlling interest reflects Taifeng's 49% share in Outback Iron Pty Ltd ("Outback"). The reduction in the non-controlling interest during the year is the result of Termite Resources NL which was also 49% owned by Taifeng being placed into voluntary administration and the carrying value of the net assets being derecognised.

19. STATEMENT OF CASH FLOWS

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

Loss after income tax	(23,230)	(27,458)
Add / (deduct) non-cash items:		
Income tax expense / (benefit)	-	678
Depreciation	4,010	6,904
Amortisation of rehabilitation / restoration provision	70	350
Amortisation of deferred waste	9,074	13,094
Share based payments	250	540
Share of associate's loss	-	3,432
Loss on sale of Magnis Resources Limited	422	-
Net cash flow from discontinued operations	(3,769)	-
Impairment loss on mine property and development	20,761	4,036
Impairment loss of equity accounted investees	-	1,463
Changes in assets and liabilities:		
Change in receivables	3,634	20,008
Change in inventory	12,151	(897)
Change in payables	(34,816)	(1,433)
Change in provisions	1,927	(23)
Net cash flows used in operating activities	(9,516)	24,372

Notes to the Financial Statements

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20. 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 ⁽¹⁾	
			2014 %	2013 %
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 ⁽²⁾	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	100
Anga Resources Limited	Tanzania	Ordinary	100	100
Ngwena Limited	Tanzania	Ordinary	100	100
IMX Resources UK Limited	United Kingdom	Ordinary	100	-

⁽¹⁾ Percentage of voting power is in proportion to ownership.

⁽²⁾ Termite Resources NL ("Termite") was placed into voluntary administration on 18 June 2014. The consolidated financial statements include the loss from Termite through until 18 June 2014 however the assets and liabilities are not included in the consolidated financial statements as at 30 June 2014 as IMX ceased to have control of Termite from that date.

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2014
\$'000

2013
\$'000

21. 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	7,816	6,262
- beyond one year	8,777	4,521
	<u>16,593</u>	<u>10,783</u>

(b) Lease and Operating Contract Expenditure Commitments

Operating leases (non-cancellable):

Minimum lease payments

- not later than one year	402	609
- later than one year and not later than five years	603	1,212
	<u>1,005</u>	<u>1,821</u>

Aggregate lease expenditure contracted for at reporting date

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.

Exploration Lease Rentals:

Expected lease payments

- not later than one year	744	105
- later than one year and not later than five years	1,005	315
	<u>1,749</u>	<u>420</u>

Aggregate lease expenditure contracted for at reporting date

22. CONTINGENCIES

On 18 June 2014, Termite was placed into voluntary administration as a result of the decline in iron ore prices and joint and several administrators from Ferrier Hodgson were appointed. During an administration process, administrators will generally assess whether any preferential payments have been made to creditors. On 4 September 2014 the Termite administrators provided their report to creditors. The administrators' view was that Termite was not insolvent until shortly before the appointment of administrators. As a result of this conclusion and from independent legal advice provided to the Company, it is considered unlikely that there will be a claim against the Company. On 15 September 2014, creditors resolved to appoint the administrators as joint and several liquidators of Termite. Should the liquidators investigate further and find that payments were made to IMX whilst Termite was insolvent, then there is a risk that the liquidators may make claims to recover those payments from IMX. From advice provided to the Company, the expected contingent liability is nil.

2014
\$

2013
\$

23. EARNINGS PER SHARE

Earnings per share

Basic	(0.05)	(0.07)
Diluted	(0.05)	(0.07)

2014
\$'000

2013
\$'000

Reconciliation of Earnings to Profit or Loss

Net Loss attributable to shareholders of the Company	(19,492)	(25,484)
Loss used in calculating basic earnings per share	<u>(19,492)</u>	<u>(25,484)</u>

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

	2014 Basic	2014 Diluted	2013 Basic	2013 Diluted
Opening balance of ordinary shares	396,497,145	396,497,145	262,612,803	262,612,803
Issue of shares as part of CNL 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	396,497,145	396,497,145	361,398,131	361,398,131

24. AUDITORS' REMUNERATION

	2014 \$	2013 \$
Audit and review services		
Auditors of the Company – KPMG Australia: Audit and Review of financial statements	114,325	100,000
Auditors of the subsidiaries – KPMG Tanzania: Audit and Review of financial statements	24,900	12,000
Other services		
Auditors of the Company - KPMG		
In relation to other advisory services	16,750	8,260
	<u>155,975</u>	<u>120,260</u>

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

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

Derek Fisher	Non-Executive Chairman (appointed 12 February 2014)
Kellie Benda	Non-Executive Director
Gary Sutherland	Managing Director (appointed 2 April 2014, resigned 30 September 2014)
John Nitschke	Non-Executive Chairman (resigned 31 July 2014)
Neil Meadows	Managing Director (resigned 15 October 2013)
Stephen Hunt	Non-Executive Director (resigned 22 August 2013)
David Constable	Non-Executive Director (resigned 2 April 2014)
Robert Sun	Non-Executive Director

(ii) Senior Executives

Simon Parsons	General Manager – Cairn Hill Mine (ceased employment 25 July 2014)
Philip Hoskins	Chief Financial Officer
Stuart McKenzie	Company Secretary
Stewart Watkins	General Manager – Projects (resigned 29 August 2014)
Nicholas Corlis	Executive Director – Exploration (appointed 22 April 2014)
Michael Hannington	General Manager Business Development and Exploration – Africa (resigned 25 June 2014)

(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:

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	2014	2013
	\$	\$
Short term employee benefits	2,532,271	2,565,106
Post-employment benefits	142,096	107,715
Termination benefits	118,273	277,316
Share based payments	71,130	142,987
	<u>2,863,770</u>	<u>3,093,124</u>

(d) Directors & KMP Holding of Shares

(i) Fully Paid Shares

	Balance 1 July 2013	Issued	Other Changes	Balance 30 June 2014
Specified Directors:				
J Nitschke ⁽¹⁾	2,500,000	-	(2,500,000)	-
N Meadows ⁽¹⁾	300,000	-	(300,000)	-
S Hunt ⁽¹⁾	501,800	-	(501,800)	-
Gary Sutherland	-	-	-	-
Robert Sun	-	-	-	-
K Benda	375,000	-	-	375,000
D Constable ⁽¹⁾	-	-	-	-
Total	<u>3,676,800</u>	<u>-</u>	<u>3,301,800</u>	<u>375,000</u>
Specified Executives:				
S Parsons	-	-	-	-
P Hoskins	-	-	-	-
N Corlis	-	-	-	-
S McKenzie	100,000	-	-	100,000
S Watkins	-	-	-	-
M Hannington	-	-	-	-
Total	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>

⁽¹⁾ None were key management personnel as at 30 June 2014 and therefore have been removed from the above table.

	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	<u>51,921,000</u>	<u>-</u>	<u>(48,244,200)</u>	<u>3,676,800</u>
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	<u>100,710</u>	<u>-</u>	<u>(710)</u>	<u>100,000</u>

⁽¹⁾ None 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.

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(ii) Options

	Balance 1 July 2013 Number of options	Issued	Other changes	Balance 30 June 2014 Number of options
Specified Directors:				
J Nitschke ⁽¹⁾	1,737,900	-	-	1,737,900
N Meadows ⁽¹⁾	2,000,000	-	(2,000,000)	-
S Hunt ⁽¹⁾	1,407,000	-	(1,400,000)	7,000
G Sutherland	-	-	-	-
K Benda	-	-	-	-
D Constable	-	-	-	-
Total	5,144,900	-	(3,400,000)	1,744,900
Other Key Management Personnel:				
S Parsons	1,500,000	-	-	1,500,000
P Hoskins	500,000	-	-	500,000
N Corlis	-	-	-	-
S McKenzie	-	-	-	-
S Watkins	268,000	-	-	268,000
M Hannington	500,000	-	-	500,000
Total	2,768,000	-	-	2,768,000

⁽¹⁾ None were key management personnel as at 30 June 2014 and therefore have been removed from the above table.

	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⁾ None 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.

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(iii) Performance rights

	Balance 1 July 2013 Number of performance rights	Issued	Other changes	Balance 30 June 2014 Number of performance rights
Specified Directors:				
J Nitschke ⁽¹⁾	-	-	-	-
N Meadows ⁽¹⁾	-	-	-	-
S Hunt ⁽¹⁾	-	-	-	-
G Sutherland	-	-	-	-
K Benda	-	-	-	-
D Constable	-	-	-	-
Total	-	-	-	-
Other Key Management Personnel:				
S Parsons	-	-	-	-
P Hoskins	-	1,000,000	-	1,000,000
N Corlis	-	-	-	-
S McKenzie	-	-	-	-
S Watkins	-	-	-	-
M Hannington	-	-	-	-
Total	-	1,000,000	-	1,000,000

⁽¹⁾ None were key management personnel as at 30 June 2014 and therefore have been removed from the above table.

26. RELATED PARTY DISCLOSURES

(a) Parent Entity

IMX Resources Limited is the ultimate Australian parent entity of the Group. IMX Resources Limited is a company limited by shares that is incorporated and domiciled in Australia.

(b) Wholly-Owned Group Transactions

Controlled entities made payments and received funds on behalf of IMX and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand; however demand for repayment is not expected in the next twelve months.

(c) Key Management Personnel

IMX has applied the option to transfer Key Management Personnel disclosures required by AASB 124: *Related Parties*, disclosure paragraph AUS 29.2 to AUS 29.9.3 to the remuneration report section of the Directors' Report and Note 25 to the financial statements. These transferred disclosures have been audited.

(d) Joint venture partner

Sichuan Taifeng Group owned the remaining 49% of Termite Resources NL, the entity through which the Cairn Hill mine in South Australia was operated 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 15(a), the Group is owed \$2,000 by the Sichuan Taifeng Group (2013: Group owed \$12.8 million). During the year, sales to Sichuan Taifeng Group from the Cairn Hill Mine totalled \$69.8 million (2013: \$66.9 million).

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27. OPERATING SEGMENTS

Segment products and locations

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

The Group operates in the resources industry. The Group carried out mining activities on the Cairn Hill Mine representing the Group's only operating asset. All revenues and expenses from the Cairn Hill Mine are included in the discontinued mine operations segment following Termite being put into voluntary administration on 18 June 2014. 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 and Canada.

	Discontinued Mine Operations		Exploration		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	176,119	193,568	-	-	-	-	176,119	193,568
Reportable segment profit before tax	(7,627)	(1,365)	(8,314)	(11,051)	-	-	(15,941)	(12,416)
Depreciation and Amortisation	(13,154)	(20,348)	-	-	-	-	(13,154)	(20,348)
Impairment	(20,761)	(4,036)	-	-	-	(1,463)	(20,761)	(5,499)
Interest Revenue	96	171	-	-	98	122	194	293
Segment assets	-	68,779	28,538	30,708	-	2,712	28,538	102,199
Segment liabilities	-	43,574	39	2,570	4,941	6,338	4,980	52,482

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

	2014	2013
	\$'000	\$'000
Loss before tax for Operating Segments (see table above)	(15,941)	(12,416)
- Corporate and administration costs	(3,958)	(9,467)
- Share of associate's losses	-	(3,432)
- Other expenses	(3,331)	(1,465)
Loss before tax for the Group including discontinued operations	(23,230)	(26,780)

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.

	2014		2013	
	Revenues (\$'000)	Segment Assets ⁽¹⁾ (\$'000)	Revenues (\$'000)	Segment Assets ⁽¹⁾ (\$'000)
Australia	176,119	1,726	193,568	68,779
All other countries				
Tanzania	-	26,812	-	30,708
	176,119	28,538	193,568	99,487

⁽¹⁾ Excludes unallocated assets.

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28. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and Group's activities expose it to a variety of financial risks, including market, credit and liquidity risk. For the Group, market risk includes interest rate risk, foreign currency risk and equity securities price risk.

Financial risk management is carried out by the Group's Chief Financial Officer and Managing Director, in close co-operation with the Board. The Group obtains independent external advice as required to assist it in understanding and managing its exposures and risks. The Group held the following financial instruments at reporting date:

Consolidated	Note	2014 '000	2013 '000
<i>Financial Assets</i>			
Cash and cash equivalents	5	1,726	26,363
Trade and other receivables – current	7(a)	1,105	2,601
Trade and other receivables – non-current	7(b)	-	1,000
Investments accounted for using the equity method	10	-	2,712
Total Financial Assets		2,831	32,676
<i>Financial Liabilities</i>			
Trade and other payables	13	1,013	34,316
Loans from related parties	15(b)	-	12,786
Total Financial Liabilities		1,013	47,102

(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 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
2014 (Consolidated)					
<i>Financial Assets</i>					
Cash and cash equivalents	1.8%	857	-	869	1,726
Bonds and deposits	3.1%	-	309	28	337
		857	309	897	2,063
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

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

Sensitivity Analysis

The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post-tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2014 as for 2013.

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2014 (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	857	(9)	(9)	9	9

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

(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 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:

	2014			2013		
	USD ('000)	CAD ('000)	TZS ('000)	USD ('000)	CAD ('000)	TZS ('000)
Cash at bank	641	20	264,531	10,965	12	4,615
Trade receivables	157	-	14,005	-	-	-
Trade Payables	(131)	(5)	-	(11,413)	(72)	(18,410)
Net Statement of Financial Position exposure	667	15	278,536	(448)	(60)	(13,795)

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.

	Strengthening		Weakening	
	Equity \$'000	Net Profit / (Loss) \$'000	Equity \$'000	Net Profit / (Loss) \$'000
2014 (Consolidated)				
USD (10% movement)	(64)	-	71	-
CAD (10% movement)	(16)	-	17	-
TZS (10% movement)	(1)	-	1	-
2013 (Consolidated)				
USD (10% movement)	(41)	19,357	(45)	(17,597)
CAD (10% movement)	5	-	(6)	-
TZS (10% movement)	1	-	(1)	-

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(iii) Commodity price risk

The Group is no longer exposed to commodity price risk following the operations at Cairn Hill ceasing on 18 June 2014 after Termite Resources NL was placed into voluntary administration. The Group does not hold inventory of iron ore at 30 June 2014 and no longer expects to receive any sales revenue from iron ore.

(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:

	2014 \$'000	2013 \$'000
Cash and cash equivalents ⁽¹⁾	1,726	26,363
Trade and other receivables ⁽²⁾	1,105	3,601
	<u>2,831</u>	<u>29,964</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:

	2014	2013
Government authorities	832	2,281
Other	273	1,320
	<u>1,105</u>	<u>3,601</u>

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 \$'000	Between 1 and 2 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
At 30 June 2014				
Trade and other payables	1,013	-	1,013	1,013
Total	<u>1,013</u>	<u>-</u>	<u>1,013</u>	<u>1,013</u>

Contractual maturities of financial liabilities

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
At 30 June 2013				
Trade and other payables	34,316	-	34,316	34,316
Loans from related parties – refer Note 15(b)	12,786	-	12,786	12,786
Total	<u>47,102</u>	<u>-</u>	<u>47,102</u>	<u>47,102</u>

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(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Group does not recognise any financial assets under levels 1, 2 or 3 and the carrying value of those shown in Note 28 are considered to approximate fair value.

2014	2013
\$'000	\$'000

29. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

Options

- vested	200	1,048
- not vested	-	540

Shares

Acquisition of St Stephen exploration asset	-	13
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Performance Rights

- not vested	17	-
	<u>217</u>	<u>1,601</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.

	2014 No.	2014 WAEP (\$)	2013 No.	2013 WAEP (\$)
Outstanding at the beginning of the year	16,160,451	0.42	11,100,000	0.45
Granted during the year	3,105,396	0.08	11,812,951	0.28
Exercised during the year	-	-	-	-
Cancelled / expired during the year	(8,277,500)	0.37	(6,752,500)	0.52
Outstanding at the end of the year	<u>10,988,347</u>	<u>0.23</u>	<u>16,160,451</u>	<u>0.42</u>

Listed Options

	2014 No.	2014 WAEP (\$)	2013 No.	2013 WAEP (\$)
Outstanding at the beginning of the year	13,490,201	0.60	-	-
Granted during the year	-	-	13,490,201	0.60
Outstanding at the end of the year	<u>13,490,201</u>	<u>0.60</u>	<u>13,490,201</u>	<u>0.60</u>

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Performance Rights

	2014 No.	2014 VWAP(\$)	2013 No.	2013 (\$)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,000,000	0.04	-	-
Outstanding at the end of the year	1,000,000	0.04	-	-

(c) Weighted average remaining contractual life

The weighted average remaining contractual life of the unlisted share options outstanding as at 30 June 2014 is 1.93 years (2013: 3.20 years). The weighted average remaining contractual life of the listed share options outstanding as at 30 June 2014 is 1.25 years.

(d) Range of exercise prices

The range of exercise prices for the unlisted options outstanding at the end of the year is 8 cents to 57 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.

(f) Valuation of performance rights

Performance rights have been valued at the 30 day volume average weighted price of IMX ordinary shares leading up to the grant date.

The following table lists the inputs to the model used for the years 30 June 2014 and 30 June 2013:

	Unlisted Options		Listed Options	
	2014	2013	2014	2013
Dividend yield	0%	0%	-	0%
Expected volatility	107%	67% - 83%	-	67%
Risk free interest rate	2.9%	2.8%	-	4.5%
Expected life (years)	3	3 - 5	-	3
Option exercise price (cents)	8-10	16-42	-	60
Share price at grant date (cents)	7	14-17	-	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 16(d) and (e) for further information regarding options on issue.

30. EMPLOYEE SUPERANNUATION COMMITMENTS

The Group contributes to superannuation for employees in accordance with the Government Superannuation Guarantee Legislation. The Group has no obligation to meet any shortfall in the superannuation funds obligations to provide benefits to employees on retirement.

Notes to the Financial Statements

30 JUNE 2014

31. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2014 the parent company of the Group was IMX Resources Limited.

Results of the parent entity

	2014	2013
	\$'000	\$'000
Loss for the year	(14,637)	(19,006)
Other comprehensive income	-	-
Total comprehensive loss for the year	(14,637)	(19,006)

Financial position of the parent entity at year end

Current assets	2,419	3,257
Total assets	27,796	55,762
Current liabilities	4,180	6,007
Total liabilities	4,238	6,045
Net Assets	23,558	49,717

Total equity of the parent entity comprising of:

Share capital	120,336	120,336
Reserves	5,364	5,164
Retained earnings	(102,142)	(75,783)
Total Equity	23,558	49,717

Guarantees

The Company has a parent company guarantee for Termite Resources NL's ("Termite") port logistics contract with Flinders Ports Pty Ltd capped at \$3.0 million. Following Termite being placed into voluntary administration on 18 June 2014, the Company has made a provision for \$3.0 million as at 30 June 2014. Subsequent to year end, the guarantee was restructured into a liability that is repayable on 30 June 2015 and is secured by the Company's Mt Woods tenements in South Australia.

Commitments

Of the commitments in Note 21, \$2.75 million of the exploration commitments and rentals and \$1.0 million of the lease and operating contract expenditure commitments belong to the parent entity.

32. SUBSEQUENT EVENTS

Subsequent to year end, a total of 500,000 unlisted options have expired unexercised.

On 4 August 2014, IMX announced that it had completed an underwritten placement of 110 million shares at an issue price of 2.7 cents per share to sophisticated and professional investors to raise \$2.97 million before costs (the "Placement"). The proceeds will be used to underpin drilling programs at the Company's highly prospective graphite and gold prospects in Tanzania. The Placement was undertaken in two tranches, the first of which comprised the issue of 55 million shares using the Company's existing placement capacity under ASX Listing Rule 7.1. The second tranche comprised the issue of 55 million shares and was approved by shareholders at a general meeting of the Company's shareholders held on 17 September 2014.

On 6 August 2014, IMX announced that MMG Exploration Holdings Limited (MMG) had notified the Company that it would not exercise its right to proceed to Stage 2 of the joint venture agreement at the Nachingwea Property in south-east Tanzania. MMG had met its Stage 1 expenditure commitment of US\$10.0 million, which entitled it to an initial 15% interest in the Nachingwea property.

On 3 September 2014, the Company announced the appointment of Mr Phil Hoskins as Acting Chief Executive Officer, Mr Nick Corlis as Executive Director Exploration and Mr Stuart McKenzie as General Manager Commercial and Company Secretary.

On 10 September 2014, the Company announced that it had entered into an agreement with Cu-River Mining Australia Pty Limited to sell its 100%-owned Mt Woods tenements in South Australia for cash proceeds of \$3.68 million. Under the agreement, Cu-River Mining has paid a \$500,000 deposit to IMX, with the balance of the consideration payable once the conditions precedent have been satisfied, which include:

Notes to the Financial Statements

30 JUNE 2014

- Approval by the South Australian Government;
- Approval by the Federal Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cth); and
- Permission being granted under the Defence Act 1903 (Cth), given that the tenements are located in the Woomera Prohibited Area.

If the conditions precedent have not been satisfied within 12 weeks of executing the agreement, either party has the option to terminate the transaction.

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 46 to 80 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 2014 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 2014.

On behalf of the Board



Gary Sutherland
Managing Director
PERTH

On this 30th day of September 2014



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 (the company), which comprises the consolidated statement of financial position as at 30 June 2014, 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 32 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 the Group 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 2014 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 on pages 21 to 31 of the directors' report for the year ended 30 June 2014. 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 2014 complies with Section 300A of the *Corporations Act 2001*

KPMG

Denise McComish
Partner

Perth

30 September 2014



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 2014 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.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Denise McComish'.

Denise McComish
Partner

Perth

30 September 2014

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 24 September 2014.

(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	292	188,135
1,001	- 5,000	907	2,680,287
5,001	- 10,000	544	4,546,230
10,001	- 100,000	1,340	52,949,461
100,001	and over	562	446,133,033
		3,645	506,497,146
The number of shareholders holding less than a marketable parcel of shares are:		2,262	15,927,254

		Unlisted Options	
		Number of holders	Number of options
10,001 – 100,000		35	1,292,500
100,001 and over		14	9,195,847
		49	10,488,347

		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	10.22%
2	Mr Timothy Murray	25,376,231	5.01%
3	Jilin Tonghua Iron and Steel (Group) Mining Co., Ltd	16,394,000	3.24%
4	Canadian Register Control	15,645,497	3.09%
5	Anglo American Investments (Aust) Limited	11,447,770	2.26%
6	BBY Nominees Limited	11,362,015	2.24%
7	Mr Benjamin Luke Thomas Miels	10,437,657	2.06%
8	Mr Graham Anthony Rogers	8,365,319	1.65%
9	Mr Allan Anthony Moffat	7,750,000	1.53%
10	Troca Enterprises Pty Ltd	7,407,407	1.46%
11	Haggarty Super Pty Ltd	7,064,522	1.39%
12	Mr John Francis Page Schmidt	6,603,479	1.30%
13	Suburban Holdings Pty Ltd	5,848,152	1.15%
14	Citicorp Nominees Pty Ltd	5,232,052	1.03%
15	African Lion 3 Limited	5,211,450	1.03%
16	Mr Raymond Frank Thomas Stern	4,932,292	0.97%
17	ABN AMRO Clearing Sydney Nominees Pty Ltd	4,342,699	0.86%
18	UBS Wealth Management Australia Nominees Pty Ltd	4,222,298	0.83%
19	Mizpocha Pty Ltd	4,190,000	0.83%
20	Jessica Marie Koch	4,000,000	0.79%
		<u>217,603,840</u>	<u>42.94%</u>

(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
Mr Timothy Murray	25,376,231

(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	Country
EL4963	Warrina North	South Australia	100	*
*ZEL4964	Warrina South	South Australia	100	*
EL5048	Mt Brady	South Australia	100	*
EL4446	Yarrabolina Hill	South Australia	100	*
EL4706	Mt. Woods	South Australia	100	*
EL4982	Mt. Woods	South Australia	100	*
PL6489/2010	Lubalisi	Tanzania	100	
PL6895/2012	Mioni	Tanzania	100	
PL7464/2011	Luegele	Tanzania	100	
PL8017/2012	Molumbo Hill	Tanzania	100	
PL8124/2012	Milanga	Tanzania	100	
PL8833/2013	Kamafiga	Tanzania	100	
PL8901/2013	Sifumbi	Tanzania	100	
PL8902/2013	Mpondwe	Tanzania	100	
PL9299/2013	Lwega	Tanzania	100	
PL9394/2013	Nkulya	Tanzania	100	
PL4422/2007	Ntaka	Tanzania	100	
PL4917/2008	Mbangala	Tanzania	100	
PL4918/2008	Lukumbi	Tanzania	100	
PL5447/2008	Noli SE	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	
PL6156/2009	Noli SW	Tanzania	100	
PL6158/2009	Kiperere East	Tanzania	100	
PL6161/2009	Mtimbo	Tanzania	100	
PL6397/2010	Kiperere West	Tanzania	100	
PL6409/2010	Rappa	Tanzania	100	
PL6412/2010	Mujira	Tanzania	100	
PL6414/2010	Kihangara	Tanzania	100	
PL6467/2010	Nepanga	Tanzania	100	
PL6634/2010	Mihumo	Tanzania	100	
PL6635/2010	Nachingwea NW	Tanzania	100	
PL7095/2011	Nditi	Tanzania	100	
PL7226/2011	Ntaka South	Tanzania	100	
PL8625/2012	Nambu West	Tanzania	100	
PL8626/2012	Nambugu East	Tanzania	100	
PL8627/2012	Lumpumbulu	Tanzania	100	
PL8628/2012	Klpendengwa	Tanzania	100	
PL8748/2012	Kihue	Tanzania	100	
PL8754/2012	Chikoweti	Tanzania	100	
PL8811/2013	Chimbo	Tanzania	100	
PL8812/2013	Mbemba	Tanzania	100	
PL9397/2013	Mtimbo South	Tanzania	100	
PL9442/2013	Nachi West	Tanzania	100	
PL9557/2014	Nachunguru	Tanzania	100	

ASX Additional Information

PL9686/2014	Noli East	Tanzania	100
PL9742/2014	Lionja	Tanzania	100
PL9743/2014	Mnero	Tanzania	100
PL9744/2014	Chiwind	Tanzania	100
PL9747/2014	Mtpula West	Tanzania	100
PL9749/2014	Chihula	Tanzania	100
PL9757/2014	Mihumo West	Tanzania	100
PL9758/2014	Namatumbusi	Tanzania	100
PL9759/2014	Mjembe	Tanzania	100
PL9760/2014	Likongowere	Tanzania	100
PL9812/2014	Lipuyu	Tanzania	100
PL9886/2014	Chemchem	Tanzania	100

* Subject to sale to Cu-River Mining Australia Pty Limited.

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.