

13 October, 2015

Substantial Resource Upgrade at Chilalo Graphite Project

Key Points

- 62% of high-grade Shimba Mineral Resource converted to Indicated status by recent drilling
- High-grade Mineral Resource (Indicated and Inferred) increased to 9.2 Mt grading 10.7% Total Graphitic Carbon (TGC), comprised of:
 - Indicated Resource of 5.1 Mt grading 11.9% TGC for 613,800 t of contained graphite
 - Inferred Resource of 4.1 Mt grading 9.1% TGC for 370,300 t of contained graphite
- 984,100 t of contained graphite within the >5% TGC high-grade zone (613,800 t in Indicated)
- 24% increase in contained graphite from the previous high-grade resource
- Indicated Mineral Resource grade of 11.9% TGC is a substantial improvement on previous resource estimate
- Shimba deposit is the highest grade Tanzanian graphite Mineral Resource reported according to the JORC Code (2012)
- Completion of additional metallurgical testwork is expected to enable conversion of the majority of the Indicated Resource to the Measured category, without any further drilling
- Results underpin the Pre-Feasibility Study due in November 2015

IMX Resources Limited (ASX: IXR) ('IMX' or the 'Company') is pleased to announce that it has taken a further step toward development of its Chilalo Graphite Project in south-eastern Tanzania, following the conversion of 62% of the high-grade Shimba Mineral Resource to the Indicated category and delivery of a substantial increase in total contained graphite.

The upgraded Mineral Resource estimate for the high-grade zone (>5% TGC) of the Shimba deposit of **9.2 million tonnes grading 10.7% TGC for 984,100 tonnes of contained graphite** has increased total contained graphite by 24%.

IMX CEO Phil Hoskins said: *"The conversion of 62% of the Shimba resource to the Indicated category is an important milestone for the Chilalo Project, confirming the robust nature of the deposit and further de-risking development, ahead of our PFS in November 2015. The higher grade Indicated Resource strengthens our belief that Chilalo can become a low-cost flake graphite producer. The quality of the Shimba deposit, highlighted by this upgraded resource and recently announced improvements in flake size distribution, further demonstrates that Chilalo has the characteristics of a world-class graphite project."*

The high-grade resource is part of the total Indicated and Inferred Shimba Mineral Resource estimate of 25.1 Mt, which includes a low-grade Inferred Resource of 15.9 million tonnes grading 3.3% TGC for 523,000 tonnes of contained graphite. The Shimba Mineral Resource estimate is set out in Table 1 below, with drill-hole information and JORC 2012 Table 1 Reporting included as appendices.

“Whilst we don’t believe resource size is important, and the Shimba resource is expected to be sufficient to underpin the proposed scale of development at Chilalo, the 24% increase in contained graphite is a welcome benefit of this revised resource estimate,” Mr Hoskins added.

The upgraded Mineral Resource estimate confirms the exceptional quality of the Shimba deposit, which not only has the highest grade of any of the reported JORC resources in Tanzania, but also has a high percentage of large and jumbo flake sized material.

Table 1 – Shimba deposit Indicated & Inferred Mineral Resource Estimate

Domain	Classification	Tonnes (Mt)	TGC (%)	Contained Graphite (Kt)
High-grade zone	Indicated	5.1	11.9	613.8
	Inferred	4.1	9.1	370.3
Total high-grade resource	Indicated + Inferred	9.2	10.7	984.1
Low-grade zone	Inferred	15.9	3.3	523.0
Total resource	Indicated + Inferred	25.1	6.0	1,507.2

**Note: The Mineral Resource was estimated within constraining wireframe solids using a core high-grade domain defined above a nominal 5% TGC cut-off within a surrounding low-grade zone defined above a nominal 2% TGC cut-off. The resource is quoted from all classified blocks within these wireframe solids. Differences may occur due to rounding.*

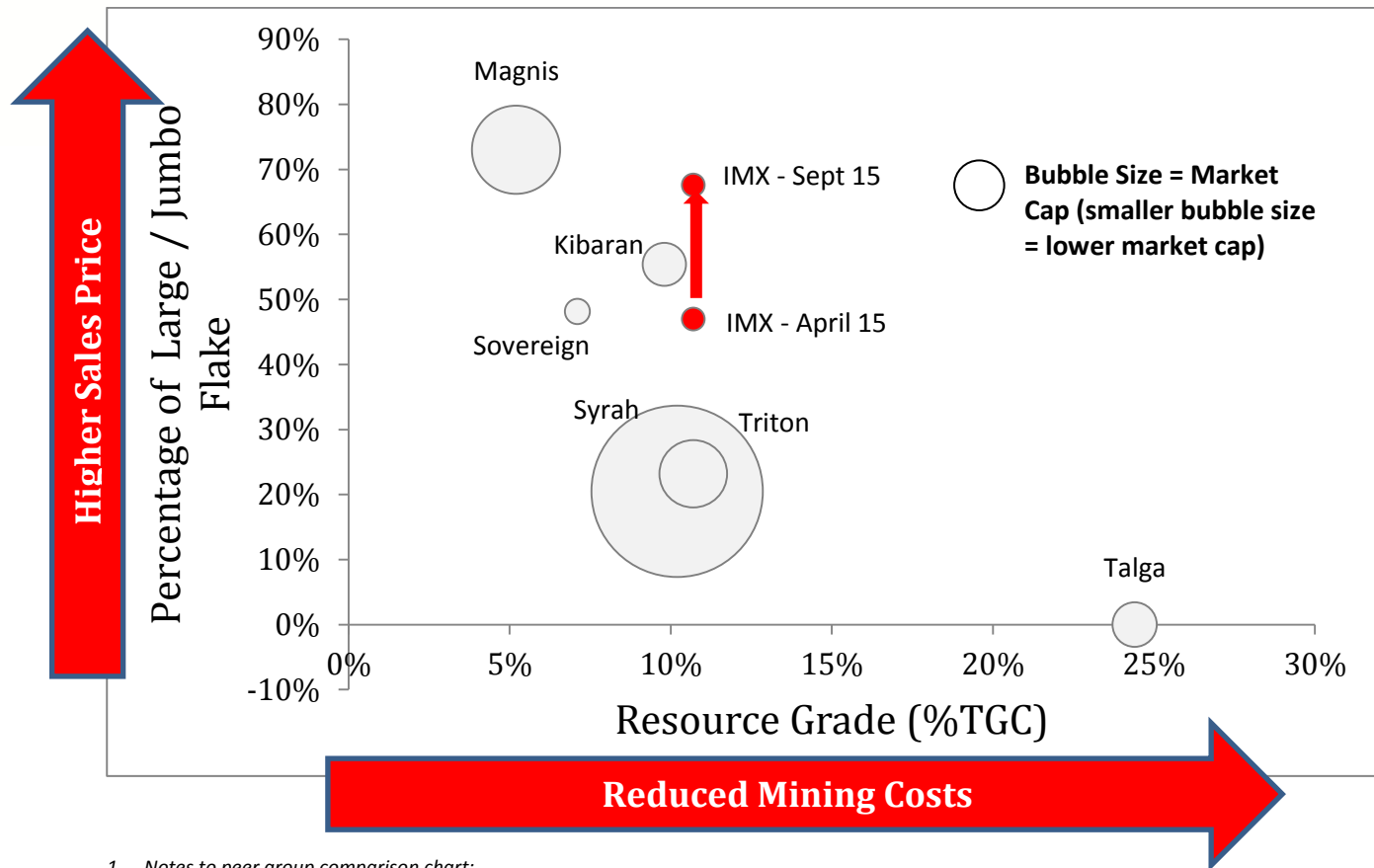
Table 2. Flake size distribution and concentrate grades

Flake Size	Microns	Mesh	Mass Dist. % ¹	Grade TGC %	Price (US\$/t) ²	Basket Sales Price (US\$/t) ²
Super Jumbo	> 500	35	2.7	95.9	1,950	53
Jumbo	300 – 500	50	34.6	95.6	1,525	528
Large	180 – 300	80	30.3	93.7	1,000	303
Medium	150 – 180	100	7.0	93.9	950	67
Small	75 – 150	200	25.4	94.9	650	165
Weighted Basket Sales Price (Mass Dist. % x Price)						1,116

- 1. The testwork results are reported on the basis that the sub-75 micron material, which represents 25% of the flotation product, has been removed from the concentrate as IMX is focused on producing a premium product at Chilalo.*
- 2. Q3 2015 prices CIF Europe. Source: Benchmark Mineral Intelligence, +35 mesh from market sources.*

Figure 1 shows the flake size distribution and resource grade combination against market capitalisation for a number of IMX’s peer group companies.

Figure 1 – Peer group comparison: market cap versus flake size distribution and resource grade



1. Notes to peer group comparison chart:

- Due to inconsistent reporting of flake size distribution categories between companies, assumptions have been made to ensure comparability.
- Sources: Syrah – 29/05/2015 FS announcement, Magnis – 29/12/2014 announcement, Triton – 2014 annual report, Kibaran – 23/07/2015 BFS, Sovereign – 01/09/2015 scoping study, Talga – 17/10/2014 corporate presentation.
- Talga looking to produce graphene in addition to graphite concentrate.
- Market cap as of 1 September 2015.

The recently completed drilling was designed to upgrade 50% of the Inferred Resource to a higher category and to provide additional material for metallurgical and geotechnical testwork. CSA Global Pty Ltd ('**CSA Global**'), who completed the Mineral Resource estimate, has advised that the completion of additional metallurgical testwork is expected to enable conversion of the majority of the Indicated Resource to the Measured category, without any further drilling.

The required metallurgical testwork involves analysis of a representative composite of Oxide Zone drill cores, using similar methods to those adopted for the Transitional and Fresh composites. In addition, testwork on downstream applications for Chilalo graphite concentrate, which is currently under way, would, if successful, support a resource upgrade.

Of the Shimba high-grade resource, 1.3 million tonnes grading 11.1% TGC for 144,300 tonnes of contained graphite is hosted in the higher grade near-surface oxide zone, comprised of the following:

- Indicated Resource of 0.8 million tonnes grading 12.4% TGC for 103,500 tonnes of contained graphite; and
- Inferred Resource of 0.5 million tonnes grading 8.7% TGC for 40,800 tonnes of contained graphite.

All of this is expected to translate into low strip ratios, and with the softer oxide material expected to be mined by free dig rather than drill and blast, result in more favourable mining and operating costs.

Mineral Resource modelling

The updated Mineral Resource estimate (MRE) was completed by CSA Global, in accordance with the guidelines of the JORC Code, (2012). The MRE is based upon drill data which intersected the interpreted mineralisation zones in 19 diamond core holes and in 20 reverse circulation (RC) holes. The modelled mineralisation was intersected over a total of 863.7 m of diamond drilling, and 741 m of RC drilling. The mineralisation wireframes were modelled using a nominal lower cut-off grade of 5% TGC for the high-grade core zones and a nominal 2% TGC lower cut-off grade for the low-grade surrounding zones. The model is reported from all classified estimated blocks within the >5% TGC ("**high-grade zone**") and >2% TGC ("**low-grade zone**") domains under the guidelines of the JORC Code (2012).

The mineralisation wireframes were modelled by joining sectional string polygons based upon geological interpretation. The interpretation is derived from drill hole logs, assay results, surface mapping and fixed loop and downhole electromagnetic modelling results. Two weathering profile surfaces representing the base of complete oxidation and top of fresh rock have been generated based on drill hole lithological logging information, petrography and total sulphur assay results. An overburden surface wireframe was generated based on the lithological logs. A topographic surface was generated from surveyed drill collar locations, surveyed track point spot heights and the surveyed spot height grid.

The deposit has a generally simple tabular morphology striking for approximately 1,300 m in an east-north-east direction and dipping 45-55 degrees in a south-south-east direction. The deposit consists of a high grade core interpreted as being two discrete lenses surrounded by a lower grade halo and hanging wall lenses. Drill lines are spaced 200 m apart with infill drilling at 100 m spacing in the area classified as Indicated. Down dip intersections are separated by approximately 50 m. The mineralisation interpretation is extended to approximately 140 m below surface, or nominally 20 m past the deepest mineralised drilling intersection.

Drill hole sample assay results were subjected to detailed statistical analysis for each interpreted mineralisation lens, and spatial (variography) analysis was completed on the high-grade mineralisation. A block model was constructed using Datamine Studio software with a parent cell size of 50 m (E) by 10 m (N) by 10 m (RL). Composited drill hole sample grades for TGC were interpolated into the block model using Ordinary Kriging (OK) with an inverse distance to the power of two weighting (IDS) check estimate completed for validation purposes. Density values were assigned to the block model based on analysis of the 1,145 immersion method density measurements taken from diamond core samples. The model was validated visually, graphically and statistically, and has been classified based on the guidelines of the JORC Code (2012).

Marketability of Chilalo product

Product specifications and general product marketability were considered to support the Mineral Resource Estimate for Industrial Minerals, in accordance with Clause 49 of the JORC Code (2012). Independent testwork programs for an ongoing Pre-Feasibility Study (PFS) have demonstrated that Chilalo high-grade mineralisation can produce a graphite concentrate containing up to 68% large and jumbo flake graphite (*see announcement 9 September 2015 and Table 2 below*). In addition to long-established markets such as refractories, lubricants and friction materials, this flake size distribution and purity is anticipated to be suitable for products such as spherical graphite for Li-ion battery anodes, expandable graphite for building insulation, graphite foil and flame retardants.

The extractive metallurgical results are corroborated by petrographic examination of thin sections from three boreholes across the deposit, which indicate that graphite flakes in the >5% TGC high-grade zone are generally + 0.5mm in length and several hundred microns thick. The flakes are generally free of significant mineral contaminants, which is believed to be a key contributing factor to the very high concentrate grades of 96.8–97.4% achieved from recent metallurgical flotation testwork (*see announcement 14 August 2015*).

Figure 2 – Plan view of Shimba deposit, showing drill holes and surface outcrop

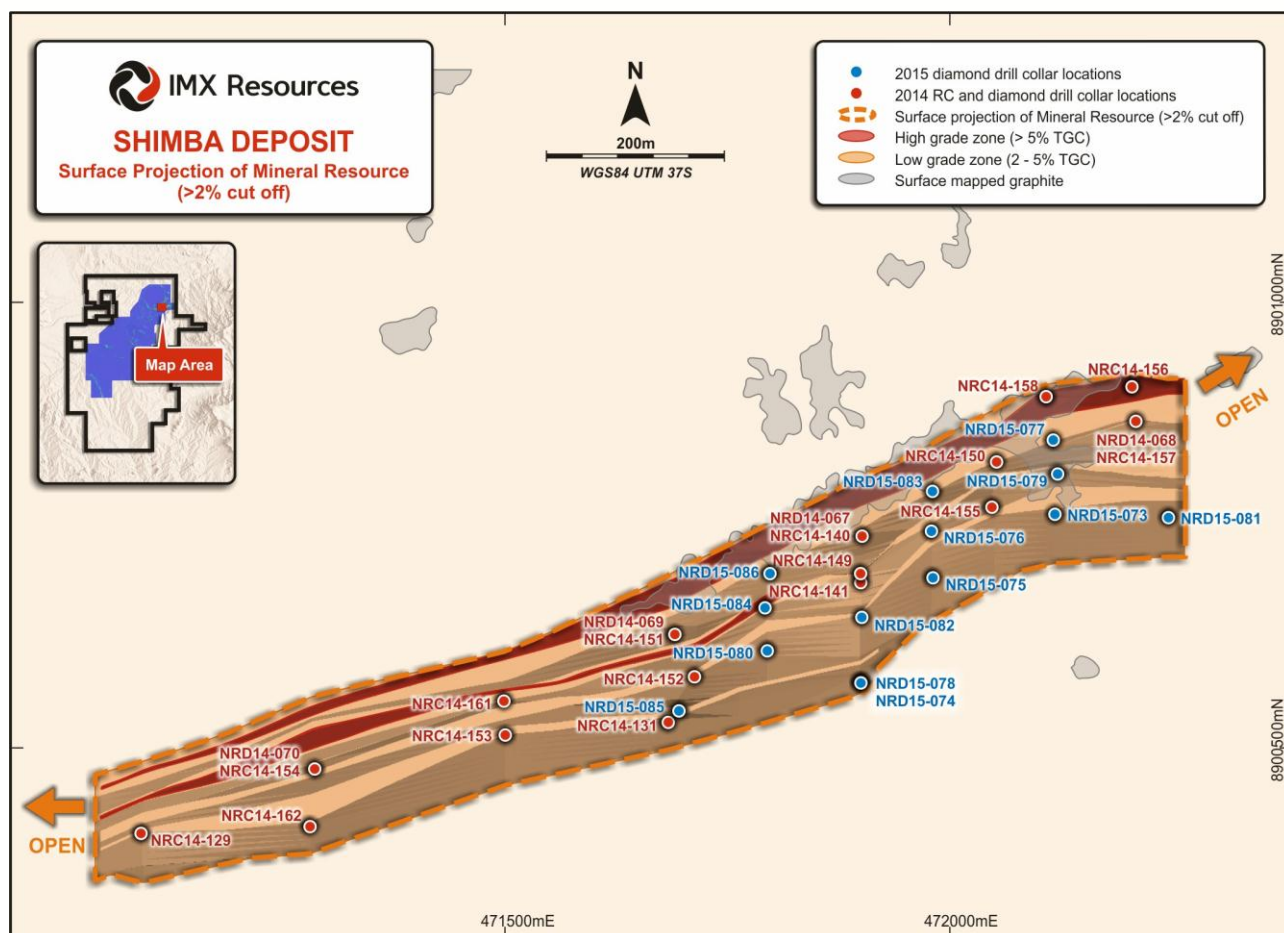
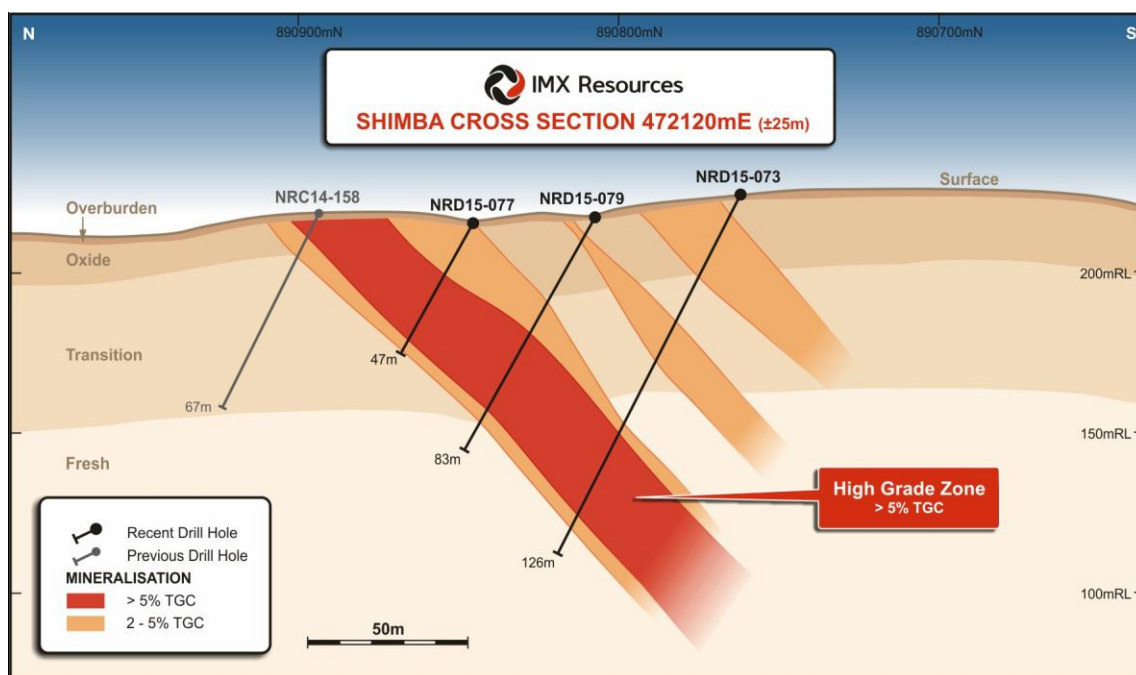


Figure 3 – Cross-section from Shimba deposit at Chilalo



IMX believes there is significant potential to expand the current high-grade resource base, with the Shimba deposit remaining open along strike and at depth. Electromagnetic surveys at Chilalo, including Versatile Time Domain, Fixed Loop and down-hole surveys have highlighted a number of high-conductance targets, none of which have been tested by drilling or sampling.



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Competent Person's Statement

The information in this announcement that relates to in situ Mineral Resources for Chilalo is based on information compiled by Mr. Grant Louw under the direction and supervision of Dr Andrew Scogings, who are both full-time employees of CSA Global Pty Ltd. Dr Scogings takes overall responsibility for the report. Dr Scogings is a Member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012 Edition).¹ Dr Scogings consents to the inclusion of such information in this announcement in the form and context in which it appears.

1. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC 2012).

About IMX Resources Limited

IMX Resources is an Australian minerals exploration company that holds a 5,800 km² tenement package at the Nachingwea Property in south-east Tanzania. The Nachingwea Property hosts the Chilalo Graphite Project, the Ntaka Hill Nickel Project and the Kishugu and Naujombo Gold Prospects. IMX's primary focus is on high-grade, high quality graphite and it is rapidly advancing development of the Chilalo Graphite Project. Chilalo is located approximately 220 km by road from the deep water commercial Mtwara Port, the majority of which is a sealed main road. IMX aims to become a respected supplier of high quality graphite for the clean technology economy.

To find out more, please visit www.imxresources.com.au.

APPENDIX 1. DRILL HOLES USED FOR MINERAL RESOURCE ESTIMATION

Hole ID	Hole Type	Location East / North UTM:WGS84	Az / Dip	Hole Depth (m)	Drilled From	Drilled To	Interval (m)	TGC (%)
NRC14-129	RC	471092.166 / 8900404.397	360 / -65	79	24	26	2	8.04
					50	52	2	8.78
NRC14-131	RC	471683.659 / 8900528.612	360 / -65	61	-	-	-	NSR
NRC14-141D	RC	471901.425 / 8900737.780	360 / -65	67.0	28.0	52.0	24.0	11.7
				incl	30.0	44.0	14.0	14.9
	DD				66.3	92.0	25.7	AA
NRC14-149	RC	471899.805 / 8900695.804	360 / -65	73	58	73	15	11.9
				incl	60	70	10	13.7
				incl	72	73	1	13.0
NRC14-150	RC	472052.515 / 8900821.123	360 / -65	85	18	36	18	12.7
				incl	20	34	14	14.6
NRC14-151	RC	471691.088 / 8900627.547	360 / -65	79	24	44	20	7.2
				incl	32	34	2	10.7
NRC14-152	RC	471713.258 / 8900579.939	360 / -65	67	24	28	4	7.9
NRC14-153	RC	471500.634 / 8900514.330	360 / -65	91	-	-	-	NSR
NRC14-154	RC	471287.574 / 8900476.76	360 / -65	79	18	34	16	11.7
				Incl	20	26	6	13.5
				Incl	30	34	4	12.8
					46	54	8	7.7
				Incl	50	52	2	10.6
NRC14-155	RC	472047.365 / 8900770.245	360 / -65	115	56	74	18	11.9
				incl	60	68	8	14.3
				incl	70	74	4	14.1
NRC14-156	RC	472204.693 / 8900905.327	360 / -65	61	0	14	14	13.0
				incl	0	12	12	13.9
NRC14-157	RC	472208.988 / 8900866.042	360 / -65	73	14	46	32	11.4
				incl	22	36	14	14.3
				incl	38	42	4	13.7
				incl	44	46	2	10.7
NRC14-158	RC	472107.375 / 8900894.014	360 / -65	67	0	6	6	11.75
				incl	0	4	4	12.75
NRC14-161	RC	471499.159 / 8900552.648	360 / -65	61	40	48	8	6.54

Hole ID	Hole Type	Location East / North UTM:WGS84	Az / Dip	Hole Depth (m)	Drilled From	Drilled To	Interval (m)	TGC (%)
NRC14-162	RC	471281.393 / 8900411.610	360 / -65	115	70	78	8	8.92
				Incl	72	74	2	13.20
					90	98	8	6.97
NRD14-067	DD	471903.368 / 8900738.872	360 / -65	69.0	28	52	24	12.30
				incl	28	44	16	14.70
NRD14-068	DD	472208.988 / 8900866.042	360 / -65	62.3	22	46	24	12.50
				incl	22	30	8	16.80
NRD14-069	DD	471692.449 / 8900628.46	360 / -65	69.0	24	36	12	10.20
				incl	24	28	4	11.20
				incl	32	36	4	14.00
NRD14-070	DD	471287.574 / 8900476.76	360 / -65	69.0	18	34	16	10.30
				incl	18	24	6	12.10
				incl	48	64	16	7.42
				incl	48	52	4	13.20
NRD15-073	DD	472117.73/ 8900762.09	360/-60	125.68	84.3	111.4	27.1	10.87
				incl	85.65	91	5.35	17.14
				incl	93	95	2	15.25
				incl	97	101	4	11.05
				incl	103	105	2	10.40
				incl	109	110.5	1.5	11.30
NRD15-075	DD	471980.734/ 8900690.775	360/-60	131.47	85.2	107.3	22.1	11.41
				incl	92	106	14	14.12
NRD15-076	DD	471979.005/ 8900743.118	360/-60	89.6	44	73.6	29.6	12.07
				incl	51.25	57	5.75	15.02
				incl	59	61	2	14.25
				incl	63	69	6	16.47
				incl	71	73.6	2.6	18.59
NRD15-077	DD	472115.867/ 8900845.492	360/-60	46.5	16	23.35	7.35	12.03
				incl	19	23.35	4.35	17.44
					26.6	42	15.4	12.82
				incl	26.6	36	9.4	14.39
					38	42	4	10.95

Hole ID	Hole Type	Location East / North UTM:WGS84	Az / Dip	Hole Depth (m)	Drilled From	Drilled To	Interval (m)	TGC (%)
NRD15-078	DD	471899.856/ 8900573.787	360/-50	173.7	137.85	149.4	11.55	15.11
				incl	137.85	149.4	11.55	15.11
					159.65	160.55	0.9	17.55
NRD15-079	DD	472120.812/ 8900807.269	360/-60	83.4	43	69.3	26.3	12.69
				incl	45	67	22	13.71
				incl	68	69.3	1.3	10.05
NRD15-080	DD	471794.613/ 8900608.838	360/-60	119.8	81.45	94.6	13.15	11.68
				incl	81.45	85	3.55	13.31
				incl	87	91.75	4.75	12.95
				incl	93.2	94.6	1.4	19.90
					96.65	106.95	10.3	10.31
				incl	98	102	4	14.52
					106.3	106.95	0.65	10.50
NRD15-081	DD	472245.343/ 8900758.453	360/-60	128.8	40	50	10	5.89
				incl	59	59.5	0.5	11.60
NRD15-082	DD	471900.824/ 8900646.426	360/-60	130.9	95.2	114.5	19.3	12.18
				incl	95.2	106.2	11	13.60
				incl	106.9	108.35	1.45	20.60
				incl	109.2	109.9	0.7	16.50
				Incl	111.9	114.5	2.6	15.37
NRD15-083	DD	471980.182/ 8900787.838	360/-60	76	13	36	23	13.88
				Incl	14	35	21	14.63
NRD15-084	DD	471792.14/ 8900657.152	360/-60	113.1	44.3	69	24.7	12.47
				Incl	44.3	46	1.7	16.85
				Incl	48	64	16	15.03
NRD15-085	DD	471695.313/ 8900541.374	360/-60	119.7	88.1	105	16.9	9.55
				Incl	88.1	90	1.9	12.35
				Incl	92.7	94.35	1.65	14.31
				Incl	95	97	2	18.40
NRD15-086	DD	471797.674/ 8900695.502	360/-60	47.7	17.1	44.7	27.6	12.07
				Incl	17.1	18.5	1.4	11.35
				Incl	21.6	25.2	3.6	16.39

Hole ID	Hole Type	Location East / North UTM:WGS84	Az / Dip	Hole Depth (m)	Drilled From	Drilled To	Interval (m)	TGC (%)
				Incl	28.7	38	9.3	17.95

APPENDIX 2 JORC 2012 TABLE 1 REPORTING

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	Reverse Circulation - Reverse Circulation (RC) drilling was used to collect 1 m downhole samples for assaying. - Typically, a 1 to 2 kg sample was collected using a cone splitter. Samples were composited to 2 m and sent for LECO analyses analyses. All RC samples were submitted for analysis. - Certified Reference Materials (CRM's) and field duplicate samples were used to monitor analytical accuracy and sampling precision. - Sampling is guided by IMX Resources' standard operating and QA/QC procedures. Diamond - All core samples were submitted for analysis. - CRM's and field duplicate samples were used to monitor analytical accuracy and sampling precision. - Sampling is guided by IMX's standard operating and QA/QC procedures. - HQ diamond core is geologically logged and sampled to corresponding RC intervals when twinning an RC hole, otherwise sampling is to geological contacts with nominal samples lengths between 0.25 and 1.5 m. Core is quarter cored by diamond blade rock saw, numbered and bagged before dispatch to the laboratory for analysis. - Core is routinely photographed.
Drilling techniques	- Diamond and RC holes were drilled in a direction to intersect the mineralisation orthogonally. - RC holes were drilled using a 140 mm face sampling hammer button bit. - The RC drilling is completed using a Schramm 450 drill rig with additional booster and auxiliary used as required to keep samples dry and produce identifiable rock chips. - Diamond drilling (HQ) with standard inner tubes. HQ diameter (63.5mm) to target depth.
Drill sample recovery	- Diamond core recoveries in fresh rock are measured in the core trays. Rock Quality Designation (RQD) is also recorded as part of the geological logging process. - Core recoveries were good – typically >95%. - Sample quality and recovery of RC drilling was continuously monitored during drilling to ensure that samples were representative and recoveries maximised. - RC Sample recovery was recorded using sample weights. - There is no discernible relationship between sample recovery and TGC grade. Diamond twinning of RC holes has demonstrated a minimal downwards bias in RC TGC grade.
Logging	- Detailed geological logging of all diamond holes captured various qualitative and quantitative parameters including mineralogy, colour, texture and sample quality. - Detailed geological logging of all RC holes captured various qualitative and quantitative parameters including mineralogy, colour, texture and sample quality. - RC holes were logged at 1 m intervals. - Logging data is collected via rugged laptops. The data is subsequently downloaded into a dedicated Datashed database for storage, hosted by a database consultant. - All diamond core has been geologically and geotechnically logged to a level of detail to support Mineral Resource estimation.
Sub-sampling techniques and sample preparation	- RC samples are drilled dry and are routinely taken in 1 m intervals with a 1–2 kg sample retrieved from a regularly cleaned cone splitter. The remainder is recovered in a larger plastic bag. 1 m samples are then composited into a 2 m sample using a laboratory deck splitter. - A small fraction of samples returned to the surface wet. These samples were dried prior to compositing. All samples were submitted for assay. - Samples were stored on site prior to being transported to the laboratory. - Samples were sorted, dried and weighed at the laboratory where they were then crushed and riffle split to obtain a sub-fraction for pulverisation. - Core is cut with a diamond saw into half core and then one half into quarter core. A quarter of the core is sent for assay, a quarter for archive and a half for metallurgical testwork. Generally, one of each of the 2 control samples (blank or standard) is inserted into the sample stream every twentieth sample.

Criteria	Commentary
Quality of assay data and laboratory tests	- All RC and diamond samples were submitted to ALS for both the sample preparation and analytical assay. - Samples were sent to the ALS laboratory in Mwanza (Tanzania) for sample preparation. Samples are crushed to >70% passing -2 mm and then pulverised to >85% passing -75 microns. - For all samples a split of the sample is analysed using a LECO analyser to determine graphitic carbon (ALS Minerals Codes C-IR18). - QC sample insertion rates are every 20th sample (1 standard, 1 blank, 1 site duplicate). Additionally 1 standard, 1 blank and 1 site duplicate will be inserted for every 20 m of mineralisation intersected. A mineralised zone is a zone greater than 5 m with a visual estimate of more than 5% graphite. Internal dilution of non-mineralisation (up to 5 m) can be included in the mineralised thickness. - Laboratory duplicates and standards were also used as quality control measures at different sub-sampling stages. - Examination of all the QA/QC data indicates that the laboratory performance has been satisfactory for both standards, with no failures and acceptable levels of precision and accuracy. CSA Global believes that laboratory accuracy and precision has been sufficiently demonstrated to use the drill assay data with a reasonable level of confidence in a MRE.
Verification of sampling and assaying	- Senior IMX geological personnel supervise the sampling, and alternative personnel verified the sampling locations. External oversight is established with the contracting of an external consultant to regularly assess on site standards and practices to maintain best practice. - Some RC holes have been twinned by diamond drilling core holes to assess the degree of intersection and grade compatibility between the dominant RC samples and the twinned core. - Assay data is loaded directly into the Datashed database which is hosted by and managed by an external database consultancy. - Visual comparisons will be undertaken between the recorded database assays and hard copy records at a rate of 5% of all loaded data. - No adjustments have been made to assay data.
Location of data points	- Drill hole collar locations have been surveyed using a handheld GPS with an accuracy of <5 m for easting, northing and elevation coordinates. - Drill hole collars were re-surveyed using a Differential GPS with an accuracy of <5 cm at the end of the program. - Collar surveys are validated against planned coordinates and the topographic surface. - Downhole surveys are conducted during drilling using a Reflex single shot every 30 m. - The primary (only) grid used is UTM WGS84 Zone 37 South datum and projection. - The topographic surface used in resource modelling has been generated a Differential GPS with an accuracy of <5 cm over the resource area.
Data spacing and distribution	- This program is the second drilling conducted in the area. A proportion of the drilling will be exploratory with spacing dictated by the location of targets interpreted from airborne Versatile Time Domain Electromagnetic Surveys (VTEM). - The spacing of infill RC drilling is aimed at determining a Mineral Resource spacing of drilled holes on a nominal grid of 200 m x 150 m or less up to 200 m x 200 m being deemed appropriate in most instances. - The diamond drilling spacing is variable and designed to provide ample coverage to twin the RC holes for QA/QC and collect enough mineralised material for metallurgical testwork. 1 m RC samples have been composited to 2 m for grade estimation.
Orientation of data in relation to geological structure	- All holes have been orientated to intersect the graphitic mineralisation as close to perpendicular as possible. - From surface mapping of the area and VTEM modelling, the regional foliation dips at angles of between 50 and 60 degrees to the south to south-south-west. The drilling was hence planned at a dip of -60/65 degrees oriented 315 to 360 degrees.
Sample security	The samples are packed at the drill site and sealed prior to daily transport to the local field office which has 24 hour security prior to transport by locked commercial truck carrier to ALS Mwanza. The laboratory (ALS) ships the sealed samples after preparation to Brisbane, Australia.
Audits or reviews	An independent consultant from CSA Global, with expertise in graphite, completed a site visit prior to and upon commencement of drilling to ensure the sampling protocol met best practices to conform to industry standards.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	- The exploration results reported in this announcement are from work carried out on granted prospecting licence PL 6073/2009 which is owned by Warthog Resources Limited, a wholly owned subsidiary of IMX. - The tenements are the subject of a joint venture agreement with MMG Exploration Holdings Limited which hold an interest in the Nachingwea Property of approximately 15%.
Exploration done by other parties	- Exploration has been performed by Ngwena Limited, an incorporated subsidiary company of IMX. - Stream sediment surveys carried out historically by BHP were not assayed for the commodity referred to in the announcement.
Geology	The regional geology is comprised of late Proterozoic Mozambique mobile belt lithologies consisting of mafic to felsic gneisses interlayered with amphibolites and metasedimentary rocks. The mineralisation consists of a series of intercalated graphitic horizons within felsic gneiss (aluminous rich sediments), amphibolites (mafic sourced material) and rarely high purity marble horizons.
Drill hole Information	- All relevant drill hole information has been previously reported to the ASX. No material changes have occurred to this information since it was originally reported. - All relevant data has been reported.
Data aggregation methods	- Not relevant when reporting Mineral Resources. - No metal equivalent grades have been used.
Relationship between mineralisation widths and intercept lengths	Not relevant when reporting Mineral Resources.
Diagrams	Refer to figures within the main body of this report.
Balanced reporting	Not relevant when reporting Mineral Resources.
Other substantive exploration data	- DHEM surveys were carried out on 18 of the RC drill holes completed in 2014 by IMX's in house survey crew and equipment (EMIT probe and receiver, and Zonge transmitter). The EM responses were modelled by Resource Potentials Pty Ltd to determine the location, orientation and size of the conductors associated with graphite mineralisation. The modelled DHEM conductor plate wireframes were provided in 3D DXF format to assist in geological modelling. - All other meaningful exploration data concerning the Chilalo Project has been reported in previous reports to the ASX. - No other exploration data is considered material in the context of the Mineral Resource estimate which has been prepared. All relevant data has been described in Section 1 and Section 3 of JORC Table 1.
Further work	- Extensional drilling to the west to test for strike extent based on surface geology mapping indications and on section to test depth extent. - Figures are provided within the main body of this report.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	- Data used in the Mineral Resource estimate is sourced from a database export. Relevant tables from the data base are exported to MS Excel format and converted to csv format for import into Datamine Studio 3 software. - Validation of the data import include checks for overlapping intervals, missing survey data, missing assay data, missing lithological data, and missing collars.
Site visits	Representatives of the Competent Person (CP) have visited the project on several occasions, most recently in June 2015. The CP's representatives were able to review drilling and sampling procedures, as well as examine the mineralisation occurrence and associated geological features. All samples and geological data were deemed fit for use in the Mineral Resource estimate.

Criteria	Commentary
Geological interpretation	• The geology and mineral distribution of the system appears to be reasonably consistent through the core high grade zone. Data density is currently not sufficient to define potential structural influences along strike from the high grade core zone and modelling will need to be refined as more data is collected. Any structural influences are not expected to be significant through the high grade zone of the deposit, where the drilling and geophysical data have shown good geological and grade continuity. The CP has taken a conservative approach to Mineral Resource classification along strike where continuity of geology and grade has a lower confidence level. • Drill hole intercept logging, assay results, DHEM and FLEM modelling have formed the basis for the mineralisation domain interpretation. Assumptions have been made on the depth and strike extents of the mineralisation based on drilling and geophysical information. • The extents of the modelled zones are constrained by the information obtained from the drill logging and geophysical data. Alternative interpretations are unlikely to have a significant influence on the global Mineral Resource estimate. • An overburden layer with an average thickness of 4 m has been modelled based on drill logging and is depleted from the model. A geological model for the core high grade zone of Chilalo Project area has been generated by IMX. A mineralisation interpretation based on a nominal TGC% cut-off grade of 5% for the core higher grade lenses and a nominal 2% for the surrounding lower grade lenses has been generated by CSA Global and correlated with the geological model reasonably well. • Continuity of geology and grade can be identified and traced between drill holes by visual, geophysical and geochemical characteristics. The effect of any potential structural or other influences have not yet been modelled as more data is required. Confidence in the grade and geological continuity is reflected in the Mineral Resource classification.
Dimensions	• The core high grade mineralisation (>5% TGC) interpretation consists to two lenses. The main footwall lens strikes towards 070°, dipping roughly 50° towards 160°, with a strike length of roughly 1.3 km. The average interpreted depth is approximately 140 m below surface and the true thickness is approximately 25 m for the eastern half and 10 m for the western half. The secondary high grade lens is interpreted to be 800 m long in the hangingwall of the western half of the main lens. It is interpreted to be between 25 m and 90 m in depth and between 2 m and 15 m in true thickness with a similar strike and dip. The low grade mineralisation (>2% TGC) lenses enclose the high grade lenses and are in the hangingwall above them and have similar strike and depth extents over the classified portions of the model. Some of the low grade lenses are interpreted to continue along strike to the west for approximately 800 m, but these portions of the model are not classified due to insufficient data and therefore lower confidence. These lenses are generally about 5 m to 15 m in thickness.
Estimation and modelling techniques	• The mineralisation has been estimated using ordinary kriging (OK). • Two >5% TGC high grade lenses and five >2% low grade lenses were interpreted. • Samples were selected within each lens for data analysis. Statistical analysis was completed on each lens to determine if any outlier grades required top-cutting. • Statistical analysis to check grade population distributions using histograms, probability plots and summary statistics and the co-efficient of variation, was completed on each lens for the estimated element. The checks showed there were no significant outlier grades in the interpreted cut-off grade lenses. The few modestly outlying values were visually assessed and found to reflect true higher grade zones, having some continuity, but which were not large enough to separately model. These areas were checked during the model validation process to verify they did not unduly influence the grade estimation. • An inverse distance to the power 2 (IDS) grade estimate was completed concurrently with the OK estimate in a number of estimation runs with varying parameters. Block model results are compared against each other and the drill hole results to ensure an estimate that best honours the drill sample data is reported. • No mining has yet taken place at these deposits. • No mining assumptions have been made. • Sulphur has been estimated into the model but is not reported. • Interpreted domains are built into a sub-celled block model with a 10 m N by 50 m E by 10 m RL parent block size. Search ellipsoids for each lens have been orientated based on their overall geometry. Sample numbers per block estimate and ellipsoid axial search ranges have been tailored to geometry and data density of each lens to ensure the majority of the model is

Criteria	Commentary
	estimated within the first search pass. The search ellipse is doubled for a second search pass and increased 20 fold for a third search pass to ensure all blocks are estimated. Sample numbers required per block estimate have been reduced with each search pass. • Hard boundaries have been used in the grade estimate between each individual interpreted mineralisation lens. • Validation checks included statistical comparison between drill sample grades, the OK estimate and the IDS estimate results for each zone. Visual validation of grade trends along the drill sections was completed and trend plots comparing drill sample grades and model grades for northings, eastings and elevation were completed. These checks show reasonable correlation between estimated block grades and drill sample grades. • No reconciliation data is available as no mining has taken place.
Moisture	• Tonnages have been estimated on a dry, in situ basis, and samples were generally dry. No moisture values could be reviewed as these have not been captured, with core samples being dried before density measurements.
Cut-off parameters	• Visual analysis of the drill assay results demonstrated the higher grade zones interpreted at the nominal lower cut-off grade of 5% TGC corresponds to a natural grade change from lower to higher grade mineralisation. The lower cut-off interpretation of 2% TGC corresponds to natural break in the grade population distribution. IMX verbally confirmed that early indications from metallurgical testing show that the lower grade material is capable delivering good quality flake material. Since this material is also primarily located in the hangingwall, and it would need to be mined in an open cut to access deeper portions of the higher grade zones, it has been classified as Inferred as it may be possible to economically beneficiate.
Mining factors or assumptions	• It has been assumed that these deposits will be amenable to open cut mining methods and are economic to exploit to the depths currently modelled using the cut-off grade applied. • No assumptions regarding minimum mining widths and dilution have been made.
Metallurgical factors or assumptions	• Thirty two quarter-core samples from four boreholes were selected for thin section examination by Townend Mineralogy, mainly to identify weathering zones and to assess graphite flake size and likely liberation characteristics. • Minerals such as jarosite, opaline silica and goethite have replaced pyrite, marcasite and pyrrhotite to depths of 20 to 30 metres down-hole. This mineral assemblage is interpreted to define the Oxidised Zone. • There is significant weathering / alteration in the high grade graphite domain, resulting particularly in the breakdown of sillimanite to kaolin which occurs to depths of approximately 50 metres down-hole. The occurrence of kaolinised sillimanite (plus Fe sulphides) is interpreted to define the Transitional Zone. • There appear to be two graphite populations in terms of flake width: i) thin flakes generally less than about 100 micron width and up to about 1mm in length, in lithologies with between about 2 and 5% TGC and ii) flakes up to 1mm thick and several mm in length in rocks with more than about 5% graphite. • Metallurgical composites were prepared at SGS laboratory in Perth from diamond drill core, to form representative fresh and transitional ore samples. • The metallurgical composites were crushed to minus 3.35 mm and demonstrate that highest TC grades are in the coarse size fractions greater than about 0.25 mm; • Cleaner flotation test work on fresh and transitional composites using five stages of cleaning produced final graphite concentrates at >94% TGC and up to 95% graphite recovery, maintaining a favourable coarse PSD (40 to 70% of the flakes are >150 micron). • Test work on oxide composites using a standard flotation procedure has demonstrated high graphite recovery. • The preliminary test work program demonstrated that the mineralisation is amenable to the production of high grade graphite concentrates, at coarse flake sizes, using relatively simple flotation processes. • Additional metallurgical testwork on each mineralisation and weathering domain is required to verify and refine the initial findings.
Environmental factors or assumptions	• No assumptions regarding waste and process residue disposal options have been made. It is assumed that such disposal will not present a significant hurdle to exploitation of the deposit and that any disposal and potential environmental impacts would be correctly managed as required under the regulatory permitting conditions.

Criteria	Commentary
<i>Bulk density</i>	• In situ dry bulk density values have been applied to the modelled mineralisation based on the average measured values for each of the weathering zones. Of the 1,145 measurements taken, 224 fall within the interpreted weathered zone, 442 in the transitional zone and 476 in the fresh zone. • Density measurements have been taken on drill samples using water displacement methods from all different lithological types. • Weathered material was wax coated prior to immersion, while the non-porous competent rock did not require coating. • It is assumed that use of the average measured density for each of the different weathering zones is an appropriate method of representing the expected bulk density for the deposit.
<i>Classification</i>	• Classification of the Mineral Resource estimates was carried out taking into account the level of geological understanding of the deposit, quality of samples, density data and drill hole spacing. • The Mineral Resource estimate has been classified in accordance with the JORC Code, 2012 Edition using a qualitative approach. All factors that have been considered have been adequately communicated in Section 1 and Section 3 of this Table. • Overall the mineralisation trends are reasonably consistent over numerous drill sections. • The Mineral Resource estimate appropriately reflects the view of the Competent Person.
<i>Audits or reviews</i>	• Internal audits were completed by CSA Global which verified the technical inputs, methodology, parameters and results of the estimate. No external audits have been undertaken.
<i>Discussion of relative accuracy/confidence</i>	• The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code. • The Mineral Resource statement relates to global estimates of in situ tonnes and grade.