## **IMX RESOURCES LIMITED**

ABN 67 009 129 560

INTERIM FINANCIAL STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2012



# IMX RESOURCES LIMITED INTERIM FINANCIAL REPORT HALF-YEAR ENDED 31 DECEMBER 2012

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These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by IMX Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### IMX RESOURCES LIMITED CORPORATE DIRECTORY

#### **Directors**

Mr John Nitschke (Non-Executive Chairman)
Mr Neil Meadows (Managing Director)
Ms Kellie Benda (Non-Executive Director)
Mr David Constable (Non-Executive Director)
Mr Song Yuan Gang (Non-Executive Director)
Mr Stephen Hunt (Non-Executive Director)

#### **Company Secretary**

Mr Stuart McKenzie

#### **Registered Office**

Level 2, 41-47 Colin Street WEST PERTH, WA 6005 Tel + 61 8 9388 7877 Fax + 61 8 9382 2399

#### **Solicitors**

DLA Piper Australia Level 31, Central Park 152-158 St Georges Terrace PERTH WA 6000

#### **Share Register**

Computershare Limited Level 2, 45 St Georges Terrace PERTH WA 6000 Tel + 61 8 9323 2000 Fax + 61 8 9323 2033

#### **Auditors**

KPMG 235 St Georges Terrace PERTH WA 6000

#### **Website Address**

www.imxresources.com.au

Stikeman Elliot LLP, Barristers and Solicitors 53300 Commerce Court West 199 Bay Street TORONTO ONTARIO M5L1B9

Computershare Limited Level 8, 100 University Avenue TORONTO ONTARIO M5J2Y1 Tel + 1 416 263 9547 Fax + 1 416 981 9679

#### **Stock Exchange Code**

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

IMX Resources Limited ("IMX") 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 Adminstrators ("NI 71-102") and, as such, is generally permitted to meet certain Canadian disclosure requirements by complying with the disclosure requirements of a foreign 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 <a href="https://www.sedar.com">www.sedar.com</a>.

The Directors present the consolidated financial report of IMX Resources Limited ("IMX" or the "Company") and its controlled entities (the "Group") for the six months ended 31 December 2012.

Amounts are expressed in Australian dollars unless otherwise noted.

#### **Directors**

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

#### **Non-Executive**

J S Nitschke S B Hunt Song Yuan Gang K J Benda (appointed 1 August 2012) D W Constable (appointed 1 August 2012)

#### **Executive**

N E Meadows (Managing Director)

#### **Company Secretary**

C M Rainsford (resigned 14 December 2012) S A McKenzie (appointed 14 December 2012)

## Review of Operations Corporate

#### **Results for the Half-Year**

The net loss after income tax of the Group for the half-year ended 31 December 2012 was \$16.1 million (2011: \$9.3 million). The result for the half-year is attributable to:

- (1) Operating loss from the Cairn Hill Mining Operation;
- (2) Administration costs of \$6.4 million (2011: \$3.3 million). These were higher than the corresponding half-year as a result of the once-off costs associated with the takeover of Continental Nickel Limited ("CNI"); and
- (3) Exploration costs of \$5.3 million (2011: \$3.4 million). Again, this includes exploration related to the Nachingwea property which was reported within CNI in the comparative period.

Summarised results are as follows:	results are as follows: 31 December 2012	
	\$'000	\$'000
Revenue from sale of goods	86,131	85,145
Gross Profit / (Loss)	(1,716)	1,660
Profit / (Loss) before tax	(16,942)	(9,191)

The activities of the Group have been funded from existing cash resources, issue of new shares and cash flows from mining operations. The net decrease in cash resources during the half-year was \$5.3 million (2011: increase of \$1.5 million). The Group is forecasting positive cash flows for the next 12 months. If these cash flows do not eventuate as expected, there are alternative sources of funding which could include asset sales, debt or equity raising, and / or securing suitable arrangements with new joint venture ("JV") partners.

The investment held in Uranex Limited is classified as an investment in associate and accounted for under the equity method. The carrying value of this investment as at 31 December 2012 is \$4.6 million. During the half-year, the Group also took up its equity accounted share of losses in associates of \$3.0 million including \$2.2 million in relation to CNI prior to its full acquisition.

#### **Review of Operations**

IMX has a sole mining operation being the Cairn Hill iron ore and copper mine which is located 55 kilometres south east of Coober Pedy in South Australia. IMX has a 51% ownership of the project through a JV with Taifeng Yuanchuang International Development Co Ltd ("Taifeng"). During the half-year, the JV was cash flow positive despite the downturn in the iron ore price.

#### **OPERATIONS**

Production, transportation and shipments of ore for the six months to 31 December 2012 on a comparative basis were as follows:

	2012	2011	Increase/ (Decrease)
Waste removed (BCM)	1,029,510	3,070,802	(66%)
Waste and Ore (BCM)	1,238,425	3,215,212	(61%)
Ore Mined (tonnes)	898,334	602,189	49%
Ore Crushed (tonnes)	912,477	779,998	17%
Road Haulage (tonnes)	931,812	703,901	32%
Rail Haulage (tonnes)	876,716	818,739	7%
Shipped (tonnes)	844,041	826,072	2%

During the half-year, the JV achieved a significant reduction in operating costs as a result of a delay to pre-stripping activities in Pit 2. The mining rate was reduced from 300,000 bank cubic metre ("bcm") per month to 150,000 bcm per month. The significant reduction in volumes mined since the comparative period in 2011 is shown in the table above. The operation was also able to capture cost savings from its other service providers and the total operating costs for the mine are not expected to increase above \$96 per tonne Cost, Insurance and Freight ("CIF") (\$80 per tonne Free on Board ("FOB")) for the remainder of the mine life. Road-trains with an additional 50 tonnes capacity were commissioned, which is expected to reduce transport costs.

As shown in the table above, the operation outperformed the comparative period in 2011 across all areas of the business.

#### Mining

During the half-year, the pre-stripping of Pit 2 was delayed, resulting in a reduction in mining volumes. This was achieved without impacting the JV's ore mining or shipping rates. For the remainder of the financial year, the mine plan is expected to continue to focus on developing Pit 1 at the current rate of mining activity. Total ore mined for the half-year ended 31 December 2012 was 898,334 tonnes in line with targeted production of 1.8 million tonnes per annum ("mtpa").

#### Crushing

Crushing continued to outperform the targeted production rate of 1.8 mtpa.

#### **Road Haulage**

Road haulage performance was exceptional during the six months ended 31 December 2012 with 931,812 tonnes hauled. This was partially due to road-trains with an additional 50 tonnes capacity being commissioned. Haul road maintenance works were however brought forward to November 2012 from the first quarter of 2013 which resulted in a slightly increased cost.

#### Rail Haulage

A total of 876,716 tonnes of ore were railed during the half-year which is above nameplate capacity but slightly below targeted annual production of 1.8 mtpa. This result was achieved despite reduced rail service capacity due to unplanned locomotive maintenance, which resulted in approximately 26,500 tonnes of rail capacity being unavailable during the period.

#### **Shipping**

During the half-year, a total of 11 vessels were loaded, one less than scheduled, with average cargo size for the period of 76,731 wet metric tonnes. The reduction in shipped tonnes was due to the reduced rail service capacity mentioned above. This resulted in the shipping schedule moving out by approximately two weeks during the quarter, a situation that is planned to be progressively retrieved during the remainder of the financial year. The average estimated grades of the ore shipped during the period were 52.77% Fe and 0.47% Cu.

#### **Stockpiles**

At the end of the half-year, the various stockpiles were as follows:

	<b>Pre Crusher</b>	Post Crusher	Rankin Dam	Port Adelaide
Tonnes	101,463	43,550	136,349	59,037

#### Sales and Marketing

Sales and marketing for the ore remained extremely competitive during the six months ended 31 December 2012. Approximately 25% of the offtake is contracted over the life of mine ("LOM"). The balance consists of short-term multi-ship contracts and spot contracts.

Vingo Resources Limited had an annual allowance of 12 shipments split equally between two LOM contracts. However as a result of contractual non-compliance, one of the Vingo LOM sales contracts was terminated during the period, leaving Vingo with one remaining LOM contract for six shipments per year. This does not however rule out the JV considering selling additional ore to Vingo under spot sales contracts in the future.

Discussions continue with a number of other parties with regards to potential sales opportunities, however demand for the product is well in excess of production.

#### **Operating Cash Flow**

Despite low commodity prices experienced during the period and the continued strength in the Australian dollar, the JV generated strong operating cash flow which was underpinned by permanent reductions in operating costs and slightly improved terms on sales contracts as a result of the strong demand.

Cash flows from operations resulted in the full repayment of the LinQ Capital Limited debt facility with distributions to JV partners commencing in early 2013.

#### **DEVELOPMENT PROJECTS**

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

The Ntaka Hill Nickel Sulphide Project is now 100% owned by IMX following the acquisition of CNI on 14 September 2012.

The 2012 exploration program was designed to expand the existing mineral resource at the Sleeping Giant Deposit ("Sleeping Giant"), advance the Ntaka Hill nickel sulphide deposits towards mine development, and generate and explore priority regional exploration targets.

At Ntaka Hill, drilling focussed on in-fill drilling on 50 metre centres at Sleeping Giant, as well as exploration drilling of selected other targets within the Ntaka Hill intrusion.

At Sleeping Giant, multiple new intersections of nickel mineralisation were reported, including new sulphide mineralisation in the footwall and additional wide intersections of disseminated sulphides in the hanging wall.

Elsewhere in the Ntaka Hill intrusion, testing of six geochemical targets resulted in the intersection of significant nickel sulphide mineralisation at three of the targets including the discovery of the new Zeppelin Deposit. The Zeppelin Deposit is located 350 metres west of H Deposit and consists of both near surface disseminated sulphides and net-textured to semi-massive sulphides. Surface geophysical surveying including 27.4 line kilometres of Induced Polarisation ("IP") and three line kilometres of Electro Magnetic ("EM") surveying, as well as the collection of gravity data at 2,211 stations, was carried out on the Ntaka Hill licence in order to identify additional exploration targets and to identify additional subsurface ultramafic rocks, particularly between the Ntaka Hill and Lionja intrusions.

As of April 2012, the entire mineral resource for the Ntaka Hill Nickel Sulphide Project included a total of 12,786,000 tonnes in the Measured and Indicated categories, with an average total nickel content of 1.21%; and Inferred Mineral Resources of 45,037,000 tonnes with an average total nickel content of 0.30%. This resource will be updated in 2013 to include the 2012 in-fill drilling at Sleeping Giant and the new Zeppelin Deposit. Additional drilling will be required to more fully define the extents of the Zeppelin Deposit which remains open.

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

In October an updated Scoping Study or Preliminary Economic Assessment ("PEA") was released for the Ntaka Hill Nickel Sulphide Project. Key highlights included:

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

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

The metallurgical test work program has continued on from the previous work carried out, with the highlights including flotation of disseminated hanging wall mineralisation from Sleeping Giant

yielding an average recovery of 69% for Ni to a concentrate grade of over 11% Ni from a head grade of 0.32% Ni. Other test work carried out has been aimed at improving the concentrate grade from the two higher pyrrhotite zones (J and G Deposits) utilising magnetic separation, regrinding of rougher concentrates and other conventional flotation techniques and reagents.

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

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

In order to determine the source of process water and provide a design basis for pit dewatering for the project, a series of 10 hydrogeological bores were drilled and tested in the project area. This drilling and testing built on the 17 bores that were drilled in 2011 and the data is currently being used in development of a groundwater model.

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

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

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

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

Additional metallurgical test work was carried out on diamond drill core samples from the Snaefell Deposit. The test work included crushing of the sample, coarse low intensity magnetic separation followed by grinding and Davis Tube Recovery ("DTR") magnetic separation. The analysis of this test work is ongoing.

#### 3. Cairn Hill Phase 2 (IMX 51%)

During the period, work continued on the approval process associated with the Cairn Hill Phase 2 development. A final production decision on the project will be made during 2013.

#### **EXPLORATION PROJECTS**

#### 1. Nachingwea Property, Regional Targets (IMX 100%)

Exploration targets on the regional land position at Nachingwea have the potential to include nickel, copper, gold and graphite mineralisation. An extensive, multi-component regional exploration program was carried out during the reporting period, including 2,548 metres of diamond drilling in 14 holes, 1,957 metres of Reverse Circulation ("RC") drilling in 24 holes, 2,409 line kilometres of helicopter-borne Versatile Time Electro Magnetic ("VTEM") surveying, 15.5 line kilometres of surface EM surveying, 9.5 kilometres of surface IP surveying, gravity surveying, soil sampling and mapping / prospecting.

At the HOG surface gold prospect, five RC holes totalling 424 metres were drilled and all holes intersected a pyrite-rich semi-massive to massive sulphide zone(s) containing elevated Zn-Au±Cu values. Elsewhere on the regional licences, diamond and RC drilling was carried out to follow-up past drilling results and also to test new geophysical and geochemical targets. Eight diamond drill holes totalling 1,270 metres were completed to test four exploration targets. Sulphide mineralization with elevated Cu-Zn-Ag values were intersected at two of the targets and locally elevated Au values were intersected at a third target. Twenty four RC holes totalling 1,957 metres were completed to test 19 widely spaced targets and results are currently being compiled. Compilation of analytical results from the soil sampling and prospecting work was also in progress at the end of the reporting period.

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

A modest RC drilling program commenced in October 2012, concluding during the period, comprised of 23 holes for 3,486 metres across the newly delineated Axehead and Tomahawk North prospects and the magnetically strongest portions of Eagle, Penrhyn, Arapiles and Fitzgerald Dam. This group of magnetic units, lie approximately 25 kilometres south east of IMX's Cairn Hill magnetite-copper mine and 30 kilometres east of the Snaefell prospect.

#### 3. Mt Woods Copper-Gold JV Project, South Australia (IMX 49%)

The Mt Woods Copper-Gold Project is a JV between IMX (49%) and OZ Minerals Limited ("OZ") (51%). Under the JV, OZ must spend \$20.0 million over 5 years at a minimum cumulative average of \$4.0 million per annum in order to earn their 51% interest. JV field activities focussed on ground gravity surveys and the completion of a magneto-telluric survey line over part of the Brumby Prospect. Data processing and a review of exploration data is ongoing to assist with future drill targeting across the Southern Domain area.

During the half-year, the Company had agreed to sell its 49% interest in the JV to OZ for \$5.0 million cash and the cancellation of OZ's shares in IMX, however subsequent to the end of the reporting period, the parties agreed to maintain the existing JV.

#### 4. Tasmania-NW Nickel Project (IMX 96%)

The Tasmania-NW Nickel Project comprises five granted exploration licences covering 571 kilometres and is a JV between IMX (96%) and Barrett Exploration Pty Ltd (4%).

During the period, RC drilling was completed targeting geochemical soil anomalies with potential for Ni-Cu-PGE sulphides as well as possible economic concentrations of Titanium, Zirconium and Rare Earth Elements. The program comprised a total of six holes for 568 metres. Analytical and petrological analyses returned no economically significant results.

#### 5. Mibango Nickel Project, Tanzania (IMX 100%)

No exploration was conducted during the period.

#### 6. Milange Nickel-Copper-PGE Project, MOZambique (IMX 100%)

Results from a soil sampling program completed during the half-year, in which 1,258 soil samples were collected over 16 targets, confirmed the presence of ultramafic rocks and will assist in targeting further field investigation that is planned to commence in May 2013.

#### 7. St. Stephen Nickel-Copper JV Project, Canada (IMX earning up to 75%)

No exploration was conducted during the period.

#### **CORPORATE**

#### **Uranex Limited**

The Group holds a 25% interest in Uranex Limited, an Australian based uranium exploration and development company with a diverse pipeline of projects in Australia and Africa.

#### **Continental Nickel Limited**

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

IMX initiated an offer to the shareholders of CNI to acquire all the remaining shares not already owned by IMX to bring the ownership of the Nachingwea Project under the Company's ownership and control. This transaction was completed on 14 September 2012. Refer to Note 5 for further details.

#### Issue of shares

IMX issued 33,909,000 ordinary shares at \$0.11 per share on 21 November 2012 raising gross proceeds of \$3.7 million. The issue was part of a contemplated transaction with OZ that was not completed subsequent to year end.

#### **COMPETENT PERSONS STATEMENT**

Information in this report relating to exploration results is based on data collected under the supervision of, or compiled by Patricia Tirschmann, who is a full time employee of IMX. Ms. Tirschmann is a registered member of the Association of Professional Geoscientists of Ontario and has sufficient relevant experience as a qualified person as defined by NI 43-101 and a competent person under the Australian JORC (2004). Ms. Tirschmann consents to the inclusion of the data in the form and context in which it appears.

Information relating to the Nachingwea mineral resource estimate was prepared by Roscoe Postle Associates Inc. of Toronto, Ontario under the supervision of Chester Moore, P. Eng., Principal Geologist. Mr. Moore is a registered member of the Professional Engineers of Ontario and an independent qualified person as defined by National Instrument 43-101. Mr. Moore has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion of the data in the form and context in which it appears.

#### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

 On 18 February 2013, IMX announced that Mt Woods Copper-Gold JV with OZ Minerals Limited would remain in place and it would not proceed with the sale of its 49% interest in the Mount Woods Copper-Gold JV to OZ Exploration Limited Pty Ltd.

There has been no other significant event that has occurred between the balance date and the date of this report that has significantly affected, or may significantly affect the operations of the economic entity, the results of these operations or the state of affairs of the entity in future periods.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of IMX with an Independence Declaration in relation to the half-year ended 31 December 2012. The Independence Declaration is attached to and forms part of this Directors' Report.

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

MANAGING DIRECTOR PERTH, WA

ME Mardon

15 March 2013



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

To: the directors of IMX Resources Limited,

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 of December 2012 there have been:

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

KRNO

KPMG

Denise McComish *Partner* 

Micoush

Perth

15 March 2013

## IMX RESOURCES LIMITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 DECEMBER 2012 \$'000	31 DECEMBER 2011 \$'000
Revenue from the sale of goods		86,131	85,145
Cost of sales	6	(87,847)	(83,485)
Gross Profit / (Loss)		(1,716)	1,660
Other income		380	1,936
Corporate and administration expenses		(6,446) (5,333)	(3,259)
Exploration expenses Other expenses		(5,332)	(3,398) (1,179)
RESULTS FROM OPERATING ACTIVITIES		(13,114)	(4,240)
REGULTO I ROM OF ENATING ACTIVITIES		(10,114)	(4,240)
Finance costs		(876)	-
Net finance costs		(876)	-
		()	(,, == .)
Share of associates losses		(2,952)	(4,951)
PROFIT / (LOSS) BEFORE TAX		(16,942)	(9,191)
Income tax benefit / (expense)		845	(105)
NET PROFIT / (LOSS) FOR THE PERIOD		(16,097)	(9,296)
Other Comprehensive Income Items that may be reclassified subsequently to profit and Foreign currency translation differences Share of other comprehensive income of equity accounted in Effective portion of changes in fair value of cash flow hedges Total items that may be reclassified subsequently to profit an Other comprehensive income / (loss)	vestees	(269) (26) - (295) (295)	(373) 524 2,482 2,633 2,633
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(16,392)	(6,663)
Net Profit / (Loss) is attributable to: Owners of IMX Resources Limited Non-controlling interest		(14,439) (1,658) <b>(16,097)</b>	(9,458) 162 <b>(9,296)</b>
Total comprehensive loss is attributable to:			
Owners of IMX Resources Limited		(14,734)	(7,986)
Non-controlling interest		(1,658)	1,323
		(16,392)	(6,663)
Earnings per share attributable to owners of the Company:			
Basic earnings per share (cents)		(4.4)	(3.6)
Diluted earnings per share (cents)		(4.4)	(3.6)

The condensed notes on pages 15 to 22 are an integral part of these condensed consolidated interim financial statements.

## IMX RESOURCES LIMITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 DECEMBER 2012 \$'000	30 JUNE 2012 \$'000
CURRENT ASSETS		<del> </del>	<del></del>
Cash and cash equivalents		11,726	17,006
Trade and other receivables	7	7,504	27,633
Inventory	8	17,254	11,254
Other assets		-	2,218
Assets classified as held for sale		506	506
TOTAL CURRENT ASSETS		36,990	58,617
NON-CURRENT ASSETS			
Trade and other receivables	7	1,000	500
Investments accounted for using the equity method	9	4,616	7,849
Exploration and evaluation expenditure assets	5	21,989	-
Property, plant and equipment	10	46,909	53,082
TOTAL NON-CURRENT ASSETS		74,514	61,431
TOTAL ASSETS		111,504	120,048
CURRENT LIABILITIES			
Trade and other payables	13	28,643	32,853
Loans and borrowings	11	, -	9,000
Loans from related parties	12	20,474	-
Provisions		1,904	442
TOTAL CURRENT LIABILITIES		51,021	42,295
NON-CURRENT LIABILITIES			
Loans from related parties	12	-	20,474
Deferred tax liabilities		1,588	2,433
Provisions		845	885
TOTAL NON-CURRENT LIABILITIES		2,433	23,792
TOTAL LIABILITIES		53,454	66,087
NET ASSETS		58,050	53,961
EQUITY			_
Contributed equity	14	120,323	100,976
Reserves		2,393	1,554
Accumulated losses		(70,811)	(56,372)
EQUITY ATTRIBUTABLE TO OWNERS OF THE			_
PARENT		51,905	46,158
Non-controlling interest		6,145	7,803
TOTAL EQUITY		58,050	53,961

The condensed notes on pages 15 to 22 are an integral part of these condensed consolidated interim financial statements.

## IMX RESOURCES LIMITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	31 DECEMBER 2012 \$'000	31 DECEMBER 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers Interest and other receipts Payments to suppliers and employees Payment of exploration expenditure Net cash provided by operating activities  CASH FLOWS FROM INVESTING ACTIVITIES		101,784 319 (96,419) (4,509) 1,175	101,350 779 (76,341) (3,470) 22,318
Additional investment in associates Acquisition of plant and equipment Transaction costs incurred in acquisition of CNI Cash acquired through acquisition of CNI Payment for security bonds Net cash used in investing activities	5 5	(1,772) (2,440) 4,651 (494) (55)	(1,123) (21,952) - (64) (23,139)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares in IMX Cost of equity issued Repayment of borrowings Loans from related parties – Sichuan Taifeng Payment of hedge liabilities Finance costs	14 14 11	3,731 (356) (9,000) - - (775)	- - 4,122 (1,762) -
Net cash provided by / (used in) financing activities		(6,400)	2,360
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,280)	1,539
Add opening cash and cash equivalents brought forward Effect of exchange rates on cash holdings in foreign currencies		17,006	<b>20,173</b>
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD		11,726	21,722

The condensed notes on pages 15 to 22 are an integral part of these condensed consolidated interim financial statements.

## IMX RESOURCES LIMITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY HALF-YEAR ENDED 31 DECEMBER 2012

	Issued Capital	Foreign Currency Translation Reserve	Share Based Equity Reserve	Options Reserve	Hedge Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	100,976	(2,873)	3,348	-	(1,234)	(35,662)	3,722	68,277
Loss for the half-year	-	-	-	-	-	(9,458)	162	(9,296)
Total Other Comprehensive Income for half-year:								
<ul> <li>Foreign exchange translation differences</li> </ul>	-	(373)	-	-	-	-	(55)	(428)
<ul> <li>Hedge reserve movements</li> </ul>	-	-	-	-	1,656	-	1,216	2,872
<ul> <li>Share of other comprehensive income of associates</li> </ul>		524	-	-	-	-	-	524
	-	151	-	-	1,656	(9,458)	1,323	(6,328)
Transactions with owners in their capacity as owners:								
- Employee share options – value of employee services		-	64	-	-	-	-	64
Balance at 31 December 2011	100,976	(2,722)	3,412	-	422	(45,120)	5,045	62,013
Balance at 1 July 2012	100,976	(1,876)	3,430	-	-	(56,372)	7,803	53,961
Loss for the half-year	-	-	-	-	-	(14,439)	(1,658)	(16,097)
Total Other Comprehensive Income for half-year:								
<ul> <li>Foreign exchange translation differences</li> </ul>	-	(269)	-	-	-	-	-	(269)
<ul> <li>Share of other comprehensive income of associates</li> </ul>		(26)	-	-	-	-	-	(26)
	-	(295)	-	-	-	(14,439)	(1,658)	(16,392)
Transactions with owners in their capacity as owners:								
- Issue of ordinary shares	19,703	-	-	-	-	-	-	19,703
- Capital raising costs	(356)	-	-	-	-	-	-	(356)
<ul> <li>Employee share options – value of employee services</li> </ul>	-	-	85	-	-	-	-	85
<ul> <li>Options and warrants issues as part of acquisition</li> </ul>		-	-	1,049	-	-	-	1,049
Balance at 31 December 2012	120,323	(2,171)	3,515	1,049	-	(70,811)	6,145	58,050

The condensed notes on pages 15 to 22 are an integral part of these consolidated interim financial statements.

#### 1. Corporate information

IMX Resources Limited ("IMX" or the "Company") is a company incorporated in Australia and limited by shares. IMX shares are publicly traded on the Australian Securities Exchange ("ASX") and on September 18, 2012, IMX shares commenced trading on the Toronto Stock Exchange ("TSX"). The consolidated interim financial statements of the Company as at, and for the six months ended, 31 December 2012 comprise the Company and its subsidiaries (together the "Group").

The principal activities of the Company are iron ore mining and the exploration for iron ore, nickel and copper.

The consolidated financial statements of the Group as at and for the year ended 30 June 2012 are available online at <a href="https://www.imxresources.com.au">www.imxresources.com.au</a> or upon request from the Company's registered office located at Level 2, 41-47 Colin Street, West Perth 6005, Australia.

This financial report was authorised for issue in accordance with a resolution of the Directors on 15 March 2013.

#### 2. Basis of preparation and accounting policies

This general purpose interim financial report for the half-year ended 31 December 2012 has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

It is recommended that this interim financial report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by IMX during the half-year ended 31 December 2012 in accordance with the Company's continuous disclosure obligations.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the consolidated interim financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

#### 3. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as described below.

The Group had adopted the following new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies and has not affected the amounts reported for the current or prior periods:

- i. Amendment to IAS 1, Financial statement presentation regarding other comprehensive income. The amendment introduces a requirement for entities to group items presented in other comprehensive income in two categories on the basis of whether they are potentially reclassifiable to profit or loss subsequently.
- ii. Amendment to IAS 12, Income Taxes. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale

#### **Going Concern**

For the half-year ended 31 December 2012, the Group has incurred a loss after tax of \$16.1 million and its current liabilities exceed current assets by \$14.0 million. The Group's net assets are \$58.1 million. As set out in note 12, the working capital deficiency has arisen predominantly due to classifying the shareholder loan from the non-controlling interest of \$20.5 million as a current liability.

At half-year end, Outback Iron Pty Ltd (owned 51% by IMX and 49% by Sichuan Taifeng Group), owed \$20.5 million to Taifeng, a controlled entity of Sichuan Taifeng Group. This loan forms part of the investment made by Sichuan Taifeng Group into Outback. IMX and Sichuan Taifeng Group each have shareholder loans proportionate to their 51% and 49% shareholdings. As Outback remains a controlled entity of the IMX Group, the loan owing by Outback Iron to IMX of \$21.3 million is eliminated upon consolidation. The loans are repayable out of cash flows from the Cairn Hill Mining Operation.

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

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

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

#### 4 Fetimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2012, except as discussed below.

#### Exploration and evaluation expenditure assets

Determining the recoverability of exploration and evaluation expenditure assets acquired, capitalised in accordance with the Group's accounting policy requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to reserves, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence of recoverability of reserves become available, may impact the assessment of the recoverable amount of exploration and evaluation expenditure assets. If, after having capitalised the expenditure, a judgment is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the statement of comprehensive income.

#### 5. SIGNIFICANT TRANSACTIONS DURING THE PERIOD

#### **Acquisition of Continental Nickel Limited**

On 17 September 2012, IMX announced that it had successfully satisfied all the regulatory and legal conditions necessary for the completion of the Plan of Arrangement with Continental Nickel Limited ("CNI"). As a consequence of the completion of the transaction, IMX acquired all of the outstanding common shares of CNI and became a dual-listed company with listings and official quotations on both the ASX and TSX. IMX shares commenced trading on the TSX on 18 September 2012 under the ticker code IXR.

The transaction has been accounted for as an asset acquisition. Under the terms of the plan, each CNI shareholder received 3.7 IMX ordinary shares plus 0.5 of an ordinary share purchase warrant for each CNI common share held. Each whole warrant entitles the holder to acquire one IMX ordinary share at an exercise price of \$0.60 or C\$0.62 (at the sole election of the holder) and will expire three years from completion of the Plan of Arrangement.

The purchase consideration amounted to \$17.0 million, comprising the fair value of common shares of IMX issued of \$16.0 million, the fair value of IMX options and warrants issued of \$0.7 million and \$0.3 million respectively and transaction costs of \$2.4 million.

The net assets acquired comprise cash and cash equivalents of \$4.7 million, trade and other receivables of \$0.3 million, property plant and equipment of \$0.1 million, trade and other payables of \$3.6 million, and loans payable to related parties of \$4.0 million.

As a result of the acquisition, the Group now recognises exploration and evaluation expenditure assets of \$21.9 million on the statement of financial position.

IMX previously held an equity accounted interest of 37% in CNI which has been eliminated and transferred to exploration and evaluation expenditure assets.

	31 December 2012 \$'000	31 December 2011 \$'000
6. Cost of Sales		
Mining costs	20,911	8,121
Mine planning and survey	239	303
Geology	501	467
Environmental, rehabilitation and traditional owners	230	193
Mine administration	740	1,043
Depreciation and amortisation	7,693	1,452
Crushing	4,295	4,993
Haulage	35,036	31,253
Marketing and royalties	1,221	1,490
Ore inventory movements	(5,960)	6,989
Shipping and port operations	22,941	27,181
Total Cost of Sales	87,847	83,485
	31 December 2012 \$'000	30 June 2012 \$'000
7. Trade and Other Receivables		
(a) Current		
Accounts and other receivables	4,833	20,482
Accrued interest	31	40
Prepayments	348	413
Security bonds Goods and services tax and fuel tax receivable	1,189	1,195
Receivable from equity accounted investees	1,103	1,735 3,768
Neceivable from equity accounted investees	7,504	27,633
(b) Non - Current	1,004	21,000
(b) Non - Current Restricted cash	1 000	500
Restricted cash	1,000	_
<u>-</u>	1,000	500
8. Inventory		
Finished goods (a)	13,402	7,656
Work in progress <sup>(b)</sup> Diesel fuel on hand	3,634	3,420
Diesei luei OII lidilu	218 <b>17,254</b>	178 <b>11,254</b>
_	17,234	11,204

<sup>(</sup>a) Finished goods represent crushed ore stocks on the mine site or held in storage.

<sup>(</sup>b) Work in progress represents uncrushed ore stocks extracted from the mine pits.

		31 December 2012 \$'000	30 June 2012 \$'000
9. Investments Accounted for Using the Equit	y Method		
Uranex Limited (associate)		4,616	5,408
Continental Nickel Limited (associate)			2,441
		4,616	7,849
	<b>Uranex Limited</b>	Continental Nickel	Total
	\$'000	\$'000	\$'000
Opening carrying amount – 1 July 2012	5,408	2,441	7,849
Share of other comprehensive income	(26)	-	(26)
Share of losses after income tax	(766)	(2,186)	(2,952)
Acquisition of controlling interest in CNI (Note 5)	-	(255)	(255)
Closing carrying amount	4,616	-	4,616
No. of shares	54,246,482		

#### (i) Summarised financial information of associates

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

	Group's snare or:						
	Assets	Liabilities	Revenues	Net Loss			
31 December 2012	\$'000	\$'000	\$'000	\$'000			
Uranex Limited	1,001	346	57	(766)			
	1,001	346	57	(766)			

#### 10. Property, plant and equipment

	Plant and Equipment	Furniture and Fittings	Motor vehicles	Leasehold improve- ments	Mine property and development	Mine Infrastruc- ture	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Half-year ended	·						·
31 December 2012							
Carrying amount at beginning of							
year	272	218	252	-	46,042	6,298	53,082
Additions	563	77	-	-	1,475	, -	2,115
Disposals	-	(13)	-	-	-	-	(13)
Amortisation of							
rehabilitation and restoration asset	_	_	_	_	(96)	_	(96)
Amortisation of					(30)		(30)
deferred waste	-	-	-	-	(5,339)	-	(5,339)
Depreciation							
expense	(399)	(36)	(51)	-	(1,321)	(1,033)	(2,840)
Carrying amount	426	246	204		40.764	E 265	46 000
at end of year	436	246	201	-	40,761	5,265	46,909
Cost	1,367	587	487	_	45,689	9,152	57,282
Accumulated	1,007	00.	101		10,000	0,102	01,202
depreciation	(931)	(341)	(286)	-	(4,928)	(3,887)	(10,373)
Carrying amount	436	246	201	-	40,761	5,265	46,909
Year ended							
30 June 2012							
Carrying amount							
at beginning of year	263	114	363	_	24,264	8,021	33,025
Additions	156	177	6	-	23,943	21	24,303
Disposals	-	-	(10)	-	-	-	(10)
Amortisation of							
rehabilitation and restoration asset					(24)		(24)
Depreciation	-	-	-	-	(34)	-	(34)
expense	(147)	(73)	(107)	_	(2,131)	(1,744)	(4,202)
Carrying amount	· /	,			· /	, , ,	
at end of year	272	218	252	-	46,042	6,298	53,082
Cost	803	523	487	-	49,554	9,152	60,519
Accumulated							
depreciation / amortisation	(531)	(305)	(235)	_	(3,512)	(2,854)	(7,437)
Carrying amount	272	218	252	-	46,042	6,298	53,082
		·v				-,	

	31 December	30 June
	2012	2012
	\$'000	\$'000
11. Loans and borrowings		
Interest bearing loan	-	9,000
	_	9,000

During the half-year ended 31 December 2012, the loan from LinQ Capital Limited was repaid in full. This \$15.0 million facility incurred interest at the rate of 13.0% per annum on drawn amounts and 6.5% per annum on undrawn amounts. This one year loan facility agreement, originally due to expire in May 2013, was terminated by the Cairn Hill Mine Operation subsequent to year end. Payment of interest on the undrawn portion for the full term of the facility (\$0.5 million) was made in January 2013.

#### 12. Loans from related parties

(a)	Curr	ent	
		<u> </u>	

Loan from Sichuan Taifeng Group	20,474	-
	20,474	-
(b) Non-Current		-
Loan from Sichuan Taifeng Group		20,474
	-	20,474

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

#### 13. Trade and Other Payables

#### (a) Current Liabilities

Trade creditors	21,631	28,348
Accrued expenses	6,595	4,226
Other creditors	417	279
	28,643	32,853

#### 14. Contributed equity

The Communication equity		31 December 2012		30 June 2012
	Number of	<b>#</b> 1000	Number of	<b>¢</b> '000
(a) Issued and Paid up Capital	shares	\$'000	shares	\$'000
Ordinary shares fully paid				
	396,349,145	120,323	262,612,803	100,976
(a) Movement in fully paid ordinary shares	Niconali au a C		Nissani sa se	
	Number of shares	\$'000	Number of shares	\$'000
Balance as at 1 July	262,612,803	100,976	262,612,803	100,976
Shares issued as part of acquisition of CNI	202,012,003	100,970	202,012,003	100,970
(Note 5)	99,827,342	15,972	_	_
Issue of shares, net of costs (1)	33,909,000	3,375	_	_
Balance as of 31 December 2012/		0,010		
30 June 2012	396,349,145	120,323	262,612,803	100,976
	330,343,143	120,323	202,012,003	100,370
(b) Movement in Unlisted Options on issue				
	Number of		Number of	
	options	\$'000	options	\$'000
Balance as at 1 July	13,100,000	-	14,975,000	-
Share options and warrants issued as part of				
acquisition of CNI (Note 5)	3,922,500	727	-	-
Issued to employees during the period (2)	3,200,000	-	2,350,000	-
Cancelled / expired	(6,250,000)	-	(4,225,000)	
Balance as of 31 December 2012 and				
30 June 2012	13,972,500	727	13,100,000	
(c) Movement in Listed Options on issue				
	Number of	<b>¢</b> 2000	Number of	<b>6</b> 2000
Balance as at 1 July	options	\$'000	options	\$'000
Share options and warrants issued as part of	-	-	-	-
acquisition of CNI (Note 5)	13,490,201	322	-	-
Balance as of 31 December 2012 and				
30 June 2012	13,490,201	322	-	-

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

#### **Share Option Program**

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

<sup>(1)</sup> Options issued pursuant to the Company's long-term incentive plan.

<sup>(2)</sup> Issued during the year, includes those options granted and those options issued by way of legal obligation under employment agreements with employees. At 30 June 2012, there were 2.0 million options that had been issued under a legal obligation but were yet to be granted. At 31 December 2012, these 2.0 million options were granted.

<sup>(2)</sup> Options issued to key management personnel (24 Aug 2012) and options issued pursuant to the Managing Director's employment agreement (22 Nov 2012).

#### 15. Operating Segments

#### Segment products and locations

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

The Group operates in the resources industry. The Group carries out mining activities on the Cairn Hill Phase 1 Project representing the Group's only operating asset. All revenues and expenses from the Cairn Hill Project are included in the Cairn Hill operating segment. In addition to this operating asset, the Group's other operating segment is exploration, which represents the Group's other exploration assets.

Information about the reportable segments are as follows:

	Mine O	perations	Ex	ploration		Other		Total
	2012	2011	2012	2011	2012	2011	2012	2011
31 December	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External								
Revenues	86,131	85,145	-	-	-	-	86,131	85,145
Reportable								
segment profit								
before tax	(2,456)	1,581	(5,088)	(2,976)	-	-	(7,544)	(1,395)
Segment								
assets	82,399	87,637	22,677	172	6,428	26,796	111,504	114,605

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

	31 December 2012	31 December 2011
	\$'000	\$'000
Profit / (loss) before tax for Operating Segments (see table above)	(7,544)	(1,395)
Corporate and administration costs	(6,446)	(3,259)
Other income	-	414
Share of associate's losses	(2,952)	(4,951)
Profit / (loss) before tax for the Group	(16,942)	(9,191)

#### 16. Related Party Transactions

Other transactions with key management personnel

IMX is the 51% owner of Outback Iron Pty Ltd which, in turn, owns 100% of Termite. Termite has entered into an agreement for Standout Enterprises Pty Ltd ("Standout Enterprises") to act as sales agent in the life of mine ore sales to Termite's largest customer. The compensation to Standout Enterprises is USD 0.45/tonne (30 June 2012: USD 1.00/tonne) for the contracted tonnages. Standout Enterprises is related to IMX because Stephen Hunt, a director of IMX, is a 50% beneficiary of Standout Enterprises.

#### 17. Events Occurring after Balance Date

 On 18 February 2013, IMX announced that Mt Woods Copper-Gold JV with OZ Minerals Limited would remain in place and it would not proceed with the sale of its 49% interest in the Mount Woods Copper-Gold JV to OZ Exploration Limited Pty Ltd.

There has been no other significant event that has occurred between the balance date and the date of this report that has significantly affected, or may significantly affect the operations of the economic entity, the results of these operations or the state of affairs of the entity in future periods.

### IMX RESOURCES LIMITED DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of IMX Resources Limited (the "Directors"), I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* and:
  - (i) giving a true and fair view of the financial position as at 31 December 2012 and the performance for the half-year ended on that date of the consolidated entity
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001
- (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.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the *Corporations Act 2001*.

On behalf of the Board

MANAGING DIRECTOR

ME Kordows

PERTH, WA

15 March 2013



## Independent auditor's review report to the members of IMX Resources Limited Report on the financial report

We have reviewed the accompanying interim financial report of IMX Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 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 half-year's end or from time to time during the half-year.

#### Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of IMX Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



#### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of IMX Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**KPMG** 

KRNO

Denise McComish *Partner* 

Micamel

Perth

15 March 2013