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IMX SIGNS GRAPHITE MOU FOR DEVELOPMENT OF CHILALO WITH TWO MAJOR CHINESE COMPANIES

Exclusive negotiations underway to commercialise the significant expandable graphite opportunity at the Chilalo Graphite Project

HIGHLIGHTS

- **MOU signed with China Gold Group Investment Co Ltd ('China Gold Investment') and CN Docking Joint Investment and Development Co. Ltd ('CN Docking'), a subsidiary of China National Building Material Group Corporation**
- **MOU marks the commencement of formal due diligence and exclusive negotiation process focussing on project equity, financing, EPC and offtake**
- **China Gold Investment has formed a strategic partnership with CN Docking to jointly develop graphite opportunities**
- **China Gold Investment's interest stems from extensive testing it has undertaken on product from the Company's metallurgical program, particularly Chilalo Graphite's exceptional expandability, and hence its potential use in flame retardant building materials**

IMX Resources (**ASX:IXR**) ('IMX' or the 'Company') is pleased to advise it has signed a Memorandum of Understanding (**MOU**) with China Gold Investment and CN Docking (a wholly owned subsidiary of CNBM), under which the parties agree to commence an exclusive negotiation and due diligence period, ceasing on 31 July 2016, for developing the Company's flagship Chilalo Graphite Project, located in Tanzania.

IMX and China Gold Investment have been involved in considerable due diligence and negotiations over the past seven months regarding development of the Chilalo Project, with China Gold Investment particularly interested in securing offtake from Chilalo due to the high quality and highly expandable graphite product it can produce. China Gold Investment and CN Docking have formed a strategic partnership to jointly develop graphite opportunities.

Significantly, Chilalo is the first overseas graphite project with which China Gold Investment and CN Docking have been willing to align and strongly validates Chilalo's position as an outstanding graphite asset.

Following the signing of the MOU, IMX Managing Director Phil Hoskins commented: *"Attracting partners of the calibre of China Gold Investment and CN Docking is an excellent outcome and testament to the market leading quality of the Chilalo product, in particular its expandability. I am confident in the strength of the relationship IMX has developed with China Gold Investment over the past seven months and it is a relationship I expect will secure Chilalo's pathway to becoming a producing graphite asset and adding significant value for our shareholders."*

China Gold Investment Chairman, Mr Zhang Hua commented: *"We have been working with IMX for over seven months and during that time have developed an in-depth understanding of both the Chilalo graphite project and IMX management. We consider Chilalo to be an excellent graphite project, with our own testwork establishing that Chilalo graphite is of the highest quality and particularly suited to the premium priced expandable graphite market. We are pleased to have agreed this MOU as a sign of our commitment to moving ahead with IMX and look forward to the upcoming site visit and continuing our due diligence as we seek to advance the Chilalo project as quickly as possible."*

CN Docking CEO, Mr Wang Xiaohui commented, *"From testwork conducted by our partner, China Gold Investment, it appears that the Chilalo product exhibits exceptional expandability. We formed the strategic partnership with China Gold Investment due to their expected dominant position in the Chinese graphite market and we are pleased to join them in this co-operation with IMX, which I expect will be a prosperous one for all parties."*

Next Steps

The due diligence period will include a site visit to the Chilalo Project by representatives of both China Gold Investment and CN Docking during February/March, building on the due diligence conducted to date and extensive testwork carried out on the Chilalo product.

Under the terms of the MOU, during the period of due diligence, China Gold Investment and CN Docking are unable to undertake discussions with other graphite companies or projects outside of China and likewise, IMX is prevented from undertaking discussions with competing offtake and finance partners.

Following completion of due diligence, the parties expect to enter into binding agreements, which is anticipated to occur prior to the end of the exclusivity period.

Expandable Graphite Market

Demand for expandable graphite is growing rapidly, particularly given its application in the manufacture of flame retardant building materials. This demand growth is being driven strongly by China, where government building regulations have recently been amended to require the use of flame retardant materials in the construction of all new buildings. This new demand represents a shift of the expandable graphite from a small, specialized market, to a large volume market.

Testwork and analysis of the Chilalo graphite product conducted by China Gold Investment has demonstrated it is an outstanding high-grade, coarse flake product with excellent expandability (see ASX announcement 27 January 2016). Further information on the expandable graphite market has been provided in this announcement.

For a demonstration of expandable graphite's use in flame retardant building materials, and to watch the expansion of the Chilalo product, IMX has uploaded videos to its website (www.imxresources.com.au)

Chinese Graphite Industry

China is the largest producer of graphite in the world, producing 60% of flake graphite, 95% of expandable graphite (IMX's target market) and 95% of uncoated spherical graphite (used in the manufacture of lithium ion batteries for electric vehicles and energy storage) (source: Benchmark Mineral Intelligence). China

represents the largest target market for IMX's planned product, and IMX's focused marketing efforts have benefited strongly from prior experience in dealing with the Chinese from its historical iron ore operations.

About China National Gold Group Corporation and China Gold Group Investment Co. Ltd

China National Gold Group Corporation ('**China Gold Group**') is the only company in the gold industry which is under the management of the State Owned Assets Supervision and Administration Commission, reporting directly to the Chinese Central Government. China Gold Group is China's largest gold producer and the country's fourth largest copper producer.

It is engaged in exploration and design, mine development, production, trade and EPC for non-ferrous metals such as gold, silver, copper, graphite and molybdenum. It is a large-scale integrated mining company conducting business activities in geological exploration, mining, smelting, refining, mineral processing and sales, research and development, and engineering design and construction.

China Gold Group Investment Co. Ltd is a subsidiary of China Gold Group and is mainly engaged in the research of civil explosives, special-purpose equipment development and manufacturing, packing explosives, on-site mixing and loading of explosives and blasting operations, graphite resource development, mining and downstream processing, and capital management services.

About China National Building Material Group Corporation and CN Docking Joint Investment and Development Co. Ltd

China National Building Material Group Corporation ('**CNBM**') is under the management of the State Owned Assets Supervision and Administration Commission, reporting directly to the Chinese Central Government. In 2014, it was ranked number 270 among the top 500 companies in the world. CNBM Group is listed on the Hong Kong stock exchange and has total assets of over 410 billion yuan (US\$62.3 billion) and a current market capitalisation of US\$18 billion. The Group's main businesses are industrial manufacturing, technology research and development, equipment completion, logistics trade and foreign investment, industrial manufacture of cement, glass, fiberglass, lightweight building materials, composite materials, refractories and graphite products. Group subsidiary company South Graphite Co. produces 72.5% of the world's amorphous graphite.

CN Docking is a subsidiary of CNBM Group with a focus on new materials, energy conservation, environmental protection, industrial funds management, equity investment and asset securitization.

CNBM have also just announced the intention to roll out a reorganization plan with fellow state owned enterprise China National Materials ('**SINOMA**'). SINOMA have significant graphite interests and EPC capabilities in their own right with the combined entity expected to emerge as a significant player in the Chinese graphite industry in conjunction with China Gold Group.



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About IMX Resources Limited

IMX Resources is an Australian minerals exploration company that holds a substantial 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 developing the high-grade and coarse flake Chilalo Graphite Project. The Pre-Feasibility Study ('PFS') released on 23 November 2015 outlined a low cost, high margin operation, with attractive project economics and confirmed the potential viability of a small scale open pit mining and conventional flotation processing operation. The PFS is based on a high-grade Indicated and Inferred JORC Mineral Resource of 9.2 Mt grading 10.7% Total Graphitic Carbon ('TGC'), comprised of an Indicated Resource of 5.1 Mt grading 11.9% TGC for 613,800 tonnes of contained graphite and an Inferred Resource of 4.1 Mt grading 9.1% TGC for 370,300 tonnes of contained graphite. 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.

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

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