

12 October 2020

PRELIMINARY SEPTEMBER QUARTER UPDATE WITH RECORD HIGH QUARTERLY HMC SALES

Highlights:

- **Record HMC Quarterly sales of 92k tonnes** lifting YTD sales to over 200kt and paving the way to achieve CY2020 sales guidance of 300-330kt
- HMC production of 61k tonnes; tracking largely with guidance for CY2020 of 300-330kt
- **Cash balance of A\$50m and net cash position of A\$22m** at 30 September 2020
- Purchase of additional land position to secure further access to Boonanarring Northern Extension Area, completed in August.
- Boonanarring solar farm commissioned in September

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to provide the following preliminary September Quarterly results stemming from production at its high-grade, zircon-rich Boonanarring Mineral Sands Project located 80km north of Perth:

HMC Sales

Heavy mineral concentrate (“HMC”) sales rebounded sharply during the September quarter to reach a quarterly record high of 92k tonnes, 35% higher than the previously highest quarter.

HMC sales were delivered across four shipments; 1 in July, 1 in August and 2 in September. Two shipments of HMC totalling 54kt were delivered under the 100kt master sales agreement with off-take partners Shantou Natfort Zirconium and Titanium Co., Ltd, (“**Natfort**”) and Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd, (“**OZC**”) announced to the ASX 7 July 2020. One shipment was delivered to Natfort separate from the above master sales agreement, and one was delivered to a new buyer in China that is outside of the current off-take agreements.

Commodity prices used to determine the price of HMC have remained stable since the start of June 2020, however the realised price per tonne of HMC was lower during the quarter due to slightly lower zircon content in HMC and a less favourable AUD:USD exchange rate.

Year-to-date sales at the end of September are just over 200kt and **a preliminary shipping schedule has been agreed with off-takers Natfort and OZC for up to 130k tonnes of HMC for the December Quarter**, strongly supporting the march to achieve market guidance of 300-330k tonnes of HMC sales for CY2020.

Managing Director Patrick Mutz commented, *“The achievement of record sales for the September quarter demonstrates that market demand for Image’s HMC remains strong and is a reflection on improving economic conditions within China. We remain cautiously optimistic*

conditions will remain stable or continue to improve in a manner that facilitates the Company meeting its market guidance for CY2020.”

HMC Production

Mining and ore processing operations at Boonanarring continue largely unimpacted by COVID-19 restrictions. HMC production for the quarter was 61k tonnes which is tracking largely in line with guidance of 300-330k tonnes HMC for CY2020. Heavy mineral (HM) ore grades and HMC production are forecast to increase for the December quarter.

Cash and Net Cash Position

Cash balance at the end of September was A\$50.2m, and the **net cash position (cash less debt) was A\$22.4m.**

Sales for the September quarter totalled A\$48.6m, however, in addition to normal operating costs, cash expenditures included a quarterly debt repayment and the purchase of additional land near Boonanarring.

The 4th of a total of 7 scheduled quarterly debt repayments, in the amount of US\$7.45m principal and interest, was paid in August 2020. Under the current debt repayment schedule, the 7th and final payment will be made in May 2021. However, the Company remains open to consider an early payout of the balance of the loan notes from the current note holders, provided such a payout is value accretive.

The Company also finalised the purchase of another section of land over Boonanarring mineralisation extensions to the north and northwest of the currently mined deposit. This purchase was designed to allow access for drilling to add Ore Reserves for the extension of mine life at Boonanarring.

Solar Farm Commissioning

Construction of the 2.3 MW_{AC} solar farm at Boonanarring was completed in August 2020. The farm was constructed by Sunrise Energy Group Pty Ltd (“Sunrise”) at its cost. It will be operated by Sunrise and provide up to 25% of the electricity requirements for Boonanarring mining and processing operations. The farm is located on Image owned land adjacent to the Brand highway and the Boonanarring processing plant. Commissioning activities commenced in September.

Exploration Activities – Project ‘MORE’ update

Prioritised exploration efforts under the banner of Project ‘MORE’ are continuing with the aim of identifying new Ore Reserves in the areas deemed to be within economic pumping or hauling distance of the current location of the Boonanarring wet concentration plant (WCP). An update on Project MORE progress will be reported separately.

Image Resources Background Information

Image is Australian’s newest mineral sands mining company, operating open-cut mining and ore processing facilities at its 100%-owned, high-grade, zircon-rich Boonanarring Mineral Sands Project located 80km north of Perth, Western Australia, in the infrastructure-rich North Perth Basin. Boonanarring is arguably one of the highest grade, zircon-rich, mineral sands projects in Australia.

The project was constructed and commissioned on-time and on-budget in 2018. Production of HMC commenced December 2018 and ramped-up to exceed name-plate capacity in only the second month of operation (January 2019).

Image completed its inaugural full year (CY2019) of successful operations with performance exceeding targets in all major categories, including significantly higher HMC production and lower operating costs than forecast. CY2019 market guidance was met after being increased twice during the year.

The Company is focused on maintaining its strong operational and health, safety and environmental performance and has prioritised the identification of new Mineral Resources and Ore Reserves, within economic pumping distance of the current wet concentration plant, to extend the mine life at Boonanarring.

This document is authorised for release to the market by:

Patrick Mutz

Managing Director

+61 8 9485 2410

info@imageres.com.au

www.imageres.com.au