

31 December 2020

IMAGE RESOURCES SALES AND PROJECT 'MORE' UPDATE

Highlights:

- Final HMC shipment for CY2020 completed 24 December resulting in record Quarterly sales of 110kt HMC and total calendar year sales of 310kt and achievement of sales guidance
 - Project 'MORE' estimate of new Mineral Resources and Ore Reserves delayed to Q1 2021 to ensure compliance with JORC Code requirements
 - Initial mine box-cut successfully rehabilitated
 - Renewable solar power providing 25% of Boonanarring electrical requirements
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Image Resources NL (ASX: IMA) ("**Image**" or "**the Company**") provides the following update on heavy mineral concentrate ("**HMC**") sales and Project 'MORE' progress at the Company's 100%-owned Boonanarring Mineral Sands Project.

HMC Sales

The final sale of HMC for CY2020 was completed on 24 December 2020. The shipment was for a nominal 23kt and delivered to Image's off-take partner Shantou Natfort Zirconium and Titanium Co., Ltd, ("**Natfort**"). This shipment closed out a new record high Quarter of sales at 110kt and pushing total sales for CY2020 to 310kt, within the original guidance range of 300-330kt published in January 2020.

Revenue for the December Quarter and full calendar year will be reported in the December Quarterly Report. Preliminary figures indicate CY2020 revenue will be approximately A\$174 million; 20% higher than CY2019. This is a testament to the demand for the Company's HMC product, despite the general economic and market uncertainties resulting from global responses to the onset and persistence of COVID-19.

Off-take partner Natfort has already provided HMC purchase requests for Q1 2021 for the full quantity of forecast production for the Quarter and expressions of interest from others, including outside of China, continue to be received and evaluated. A January shipment is already scheduled.

Project 'MORE'

The objective of Project 'MORE' was to focus exploration activities on the assessment of areas within economic pumping or hauling distance of the existing wet concentration plant ("**WCP**") at Boonanarring with a goal of identifying two years of new Ore Reserves by the end of December 2020 ("**Goal**"), to extend operations at Boonanarring.

This Goal was originally set with expectations that additional Ore Reserves would be identified in the 3.5km long Boonanarring Southern Extension area covering Boonanarring Blocks E and F, which has existing access and would require only minimal additional environmental approval. However, as previously reported, the mineralisation in this area

proved to be too low in heavy mineral grade and zircon content given its depth, to qualify as Ore Reserves. Consequently, the Company's focus was re-directed to other surrounding target areas including Boonanarring Northern Extension Area, Boonanarring North-western Extension Area and Gingin North, and the Goal became a stretch-goal, but was maintained.

Despite the significant amount of progress that has been made against the Goal, the Company advises it will not be achieved by the end of December 2020 as JORC compliant Mineral Resources and Ore Reserve studies are still underway and will not be finalised until Q1 2021.

Each of the target areas has been shown to contain very promising mineralisation and preliminary assessment indicates each area will likely contain Mineral Resources that will in part convert to Ore Reserves. However, it has not been possible to accelerate the exploration and assessment of these areas sufficiently to achieve the original Goal due to delays in access for drilling and the challenge of building a credible mining/processing economic model for each area which must include certainty of access for mining and permitting as well as positive economics.

New mineralisation has been identified in all three target areas, and preliminary study results provide sufficient confidence to assign Exploration Targets as presented in Table 1. Preliminary study results were conducted by an independent consultant and were based on drill samples analysed by independent laboratories and included heavy mineral determination and XRF analysis. Composite samples were then created from the individual 1m drill sample sachets and were analysed for mineralogy using a combination of internal XRF measurements and QEMSCAN analysis by external laboratories.

Table 1. Exploration Targets

Area	Tonnes (million)	HM Grade (%)	Zircon grade (% in HM)	Relative Strip Ratio*
Northern Extension	3-4	10-12	18-20	same
North-Western Extension	4-5	5-6	8-10	shallower
Gingin North	8-9	4-6	6-8	shallower
Totals	15-18	6-7	10-11	

Notes: * - compared to current Boonanarring strip ratio (approx. 6:1)

It is important to point out that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate Mineral Resources and that it is uncertain if further exploration will result in the estimation of Mineral Resources or Ore Reserves. Mineral Resources and Ore Reserves can only be determined with the rigor of detailed review and assessment by qualified JORC Code Competent Persons. Such reviews are underway for each of these areas and will be reported separately when the assessments are complete.

While the Company believes sufficient drilling and assaying, including composite analysis for mineralogy, have been conducted to finalise Mineral Resources estimates, further drilling and assaying will be completed if and as required to enable the conversion of the Exploration Targets to Mineral Resources estimates. In any case, Mineral Resources estimates are expected to be completed in Q1 2021.

It is also important to point out that if any new Mineral Resources are converted to Ore Reserves in these areas, it is unclear if any of these Ore Reserves can be permitted and made assessable for mining in time to extend the period of processing at Boonanarring prior

to moving the WCP to the Atlas project, as contemplated in the 2017 BFS. If they cannot be permitted and made accessible in time, the Company will consider accessing these Ore Reserves using a smaller, stand-alone satellite processing plant to be operated in parallel with ore processing at Atlas.

Project 'MORE' has also been expanded to include exploration to identify additional Mineral Resources and Ore Reserves within economic pumping or hauling distance from the WCP once it is re-located to the Atlas Project area, with the goal of extending the mine-life to beyond the current Ore Reserves at Atlas. Preliminary results appear very promising from two nearby, 100%-owned projects, Helene and Hyperion. Both projects have existing Mineral Resources and Ore Reserves studies are well advanced with reporting expected in Q1 2021.

Boonanarring Mine Rehabilitation

Initial surface disturbance at Boonanarring (topsoil removal over the initial box-cut of the mine) commenced in April 2018, followed by ore mining and stockpiling through November and the start of ore processing in December 2018. Mine rehabilitation at Boonanarring commenced contemporaneously with ore processing, with the disposal of sand tailings back into the initial mined-out pit. As such, in August 2020, Image completed mine rehabilitation (including re-vegetation) over the first 13 hectares of the initial box-cut of the mine, less than 2 ½ years after initial topsoil removal. See photos below. Rehabilitation will continue contemporaneously with mining and ore processing for the life of the mine.

Boonanarring Solar Farm

Construction of a 3 MWdc/2.3MWac ground mounted, single axis tracking solar farm adjacent to the Boonanarring WCP was completed in August and commissioned in September 2020. The farm was constructed on Image's land by Sunrise Energy Group Pty Ltd ("**Sunrise**") at its cost and Sunrise will be the operator. Image has contracted to purchase the electricity from Sunrise in a behind-the-meter arrangement. This arrangement is facilitated and supported by Alinta Energy, which provides grid-based electricity to the Boonanarring operations. Energy from the solar farm automatically feeds into the Boonanarring supply lines whenever it is available and displaces grid electricity. The supply of solar and/or grid-based electricity to Boonanarring based on processing equipment demand, is seamless to Image. See photos below.

Starting in October, Image has been purchasing the electricity generated by the solar farm and has been receiving over 25% of its total electrical requirements as renewal energy during these hotter months of the year.

Boonanarring Project Background Information

Image is Australia'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. Despite the challenges of COVID the Company has, to date, maintained 2020 guidance.

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 or haulage distance of the current WCP, to extend the mine life at Boonanarring, and has advanced its plans to relocate the WCP and commence mining and ore processing at the Company's 100%-owned Atlas Project, as the next phase of mining as originally planned in its 2017 bankable feasibility study.

This announcement has been authorised for release by Managing Director Patrick Mutz.

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FORWARD LOOKING STATEMENTS

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding prices, exploration or development costs and other operating results, growth prospects and the outlook of Image's operations contain or comprise certain forward-looking statements regarding Image's operations, economic performance and financial condition. Although Image believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties, fluctuations in prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Image undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

COMPETENT PERSON'S STATEMENTS – EXPLORATION RESULTS

Information in this report that relates to Exploration Results and Exploration Targets is based on, and fairly represents, information and supporting documentation prepared by George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy. Mr Sakalidis is an executive employee of Image Resources NL. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis has provided his prior written consent to the inclusion of this information in the form and context in which it is presented in this report. Mr Sakalidis is a shareholder in the Company as disclosed in Appendix 3Y notices released to ASX. He is also eligible to participate in a Company-wide executive performance incentive scheme.

Boonanarring Initial Box-cut Area Photos (looking south)

1. April 2018 pre-mining

2. June 2019 - tailings disposal in foreground

3. December 2019 – backfilling over tailings

4. August 2020 – vegetation re-established

5. Sunrise Energy Solar Panels

6. Sunrise Energy Solar Farm

