

QUARTERLY ACTIVITIES REPORT – for quarter ended 31 December 2020

Image Resources NL
 ABN 57 063 977 579

ASX Code:
 IMA

Contact Details

Ground Floor, 23 Ventnor
 Avenue, West Perth WA
 6005

T: +61 8 9485 2410
 E: info@imageres.com.au
 W: imageres.com.au

Issued Capital

Shares – Quoted
 992,139,693

As at 31 December 2020

Board Members

Robert Besley
 (Non-Executive Chairman)
 Patrick Mutz
 (Managing Director)
 Chaodian Chen
 (Non-Executive Director)
 Aaron Chong Veoy Soo
 (Non-Executive Director)
 Huangcheng Li
 (Non-Executive Director)
 Peter Thomas
 (Non-Executive Director)
 Eddy Wu
 (Non-Executive Director)

HIGHLIGHTS

- Heavy mineral concentrate (HMC) sales up 18% QoQ for a new quarterly record of 109.6kt. Sales for CY2020 of 306.0kt were within guidance of 300-330kt despite 1H challenges stemming from the onset of COVID-19.
- Cash balance of A\$51m and net cash position of A\$34m at 31 December 2020. These numbers exclude A\$11m received in Jan 2021 for a late December 2020 HMC sale/shipment.
- HMC production up 28% QoQ to 78kt with total production for CY2020 meeting guidance.
- HMC average realised price remained relatively unchanged at A\$521/t HMC versus \$526/t for Q3.
- C1 and AISC cash costs per tonne of HMC sold relatively unchanged QoQ with CY2020 C1 cash costs/t sold reporting at the lower end of guidance and CY2020 AISC costs/t lower than the lower end of the guidance.

	Mar Q 2020	Jun Q 2020	Sep Q 2020	Dec Q 2020	QoQ % change	YTD	CY2020 Guidance
Production							
HMC Production (kt)	83.9	82.9	61.1	78.1	28%	306.0	300-330
HMC Sales (kt)	44.8	64.6	92.5	109.6	18%	311.5	300-330
HMC Realised Price (A\$/t HMC)	659	637	526	521	-1%	566	N/A
Unit Costs (HMC produced)							
C1 Cash Costs (A\$/t HMC) ¹	229	257	378	349	-8%	297	N/A
AISC (A\$/t HMC) ²	264	297	433	408	-6%	343	N/A
Unit Costs (HMC sold)							
C1 Cash Costs (A\$/t HMC) ¹	430	330	250	248	-1%	292	290-320
AISC (A\$/t HMC) ²	495	381	286	291	2%	337	340-370

Notes: 1 – C1 cash costs include mining, processing, general and admin and HMC transport costs

2 – All-in sustaining cash costs (AISC) include C1 plus royalties, sustaining capital and corporate overheads

- C1 and AISC cash costs per tonne HMC produced decreased 8% and 6% QoQ respectively due to increased HMC production partially offset by higher HMC transport & royalty costs from higher HMC sales.
- Net operating cash inflow for CY2020 was A\$76m.
- At 31 December Image had a net cash position of A\$33.6m (cash balance of A\$50.8m less loan notes of A\$17.2m). A further A\$11.5m cash was received in January 2021 from a late December 2020 shipment.
- Strong cash position allows consideration in Q1 2021 of early retirement of remaining debt and offering of inaugural dividend.
- HMC inventory decreased by 32kt to end the quarter at 51kt.
- Strong demand for Boonanarring HMC product has continued through Q4 2020 and into Q1 2021 with a recent 8% increase in TiO2 prices (offset by higher FX) and an increasing excess of demand over supply expected to result in ZrO2 price increases in 2021.
- Prioritised exploration efforts under Project 'MORE' to identify new Ore Reserves to extend the mine life at Boonanarring continued in earnest but with finalisation of JORC compliant Ore Reserves estimates delayed into Q1 2021.
- The Company demonstrated its green credentials through the operation of a solar farm constructed at Boonanarring by Sunrise Energy Group and which generated approximately 30% of total Boonanarring project electricity requirements for the full quarter, at a slightly lower cost than grid power.

ACTIVITIES REPORT

High Level Summary

Image Resources NL (ASX: IMA) (“**Image**” or “**the Company**”) is pleased to report record high HMC sales for the December quarter from its 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project, located 80km north of Perth in the North Perth Basin in WA. Record quarterly sales facilitated achievement of annual sales guidance range and completes CY2020 with a strong cash position that allows the Company to consider early repayment of remaining debt and offering an inaugural dividend to shareholders.

Managing Director and CEO Patrick Mutz commented “Thanks to the strong support from our offtake partners in China, we were able to close out CY2020, our second full year as Australia’s newest mineral sands miner, by meeting our original sales guidance set in January 2020, despite the global economic uncertainties posed by the onset of COVID-19 early in the year and the fact that many companies retracted their guidance. Achieving original guidance is a testament to tenacious planning and implementation, and solid relationships with stakeholders. It also places the Company in the very fortunate position of being able to consider early retirement of remaining debt and offering an inaugural dividend to shareholders after only the second year of launching into production. The Image Team looks forward to the challenges of 2021 and beyond and working to continue to deliver value for shareholders.”



Photo 1: Green Credentials - Boonanarring Solar Farm: generating 30% of electricity requirements in December quarter

Details

Safety

There were no lost time injuries (LTI) recorded during the quarter and there were no confirmed or suspected cases of COVID-19 at any of the Company’s sites.

Image is committed to the promotion of a positive health and safety culture including safety programs and procedures that encourage job safety analysis and planning as well as active incident reporting for the purpose of continual improvement of the health, safety and well-being of all employees, contractors, visitors and members of the community as well as protection of the environment.

The Company remains vigilant with respect to flu symptoms and maintains adherence to the modifications of its daily practices and procedures to minimise any potential impacts from COVID-19 to its stakeholders.

Community

Image continues to proudly contribute to the local community, including through local employment. At 31 December, 50% of its workforce lived locally to the Boonanarring operations or within regional shires. The Company has an active and varied community support program, details of which can be found in the Company’s presentation materials.

Mining and Processing

Mining operations were conducted within Blocks A and B during the quarter. Ore production was a blend from the Block A, Block B Eastern and Western Strands. The operation continued to encounter some indurated material within the overburden and some further instability in the eastern high wall of Pit B due to the intersection of perched aquifers but with minimal impact on production. Ore processing for the quarter was 945kt (-1% QoQ) at an ore grade of 8.8% HM (up 24% QoQ). Total ore processed for CY2020 was 3.8m tonnes.

HMC production at Boonanarring was up 28% QoQ at 78.1kt due primarily to an increase in HM ore grade of ore processed from Block A in Q4. For calendar year 2020, HMC production was 306kt which was within guidance range of 300kt-330kt (Table 1).

Table 1: Mining and Processing

		Mar Quarter 2020	Jun Quarter 2020	Sep Quarter 2020	Dec Quarter 2020	QoQ	YTD
Mining							
Ore	kt	957	959	980	1,001	2%	3,896
Waste	kt	5,250	6,361	5,624	5,924	5%	23,159
Processing							
Ore Processed	kt	985	919	950	945	-1%	3,799
Grade Processed	HM%	9.7%	9.5%	7.0%	8.8%	24%	8.7%
	ZrO2%	22.0%	23.1%	17.5%	20.6%	24%	20.6%
	TiO2%	31.1%	30.6%	32.6%	32.3%	-1%	31.6%
Recovery	HM%	81.3%	87.9%	84.9%	88.3%	4%	85.7%
	ZrO2%	97.1%	99.0%	98.7%	98.2%	-1%	98.2%
	TiO2%	86.6%	91.7%	92.3%	92.9%	1%	90.8%
HMC Produced	kt	83.9	82.9	61.1	78.1	28%	306.0
HMC Grade	HM%	92.4%	92.6%	92.6%	93.8%	1%	92.8%
	ZrO2%	21.7%	21.7%	19.0%	19.2%	1%	20.1%
	TiO2%	31.0%	31.1%	33.0%	33.3%	1%	32.3%



Photo 2: Boonanarring Block A Mining

Figure 1: Quarterly ore processing rate (kt) and contained HM/ZrO₂/TiO₂ ore grades (%)

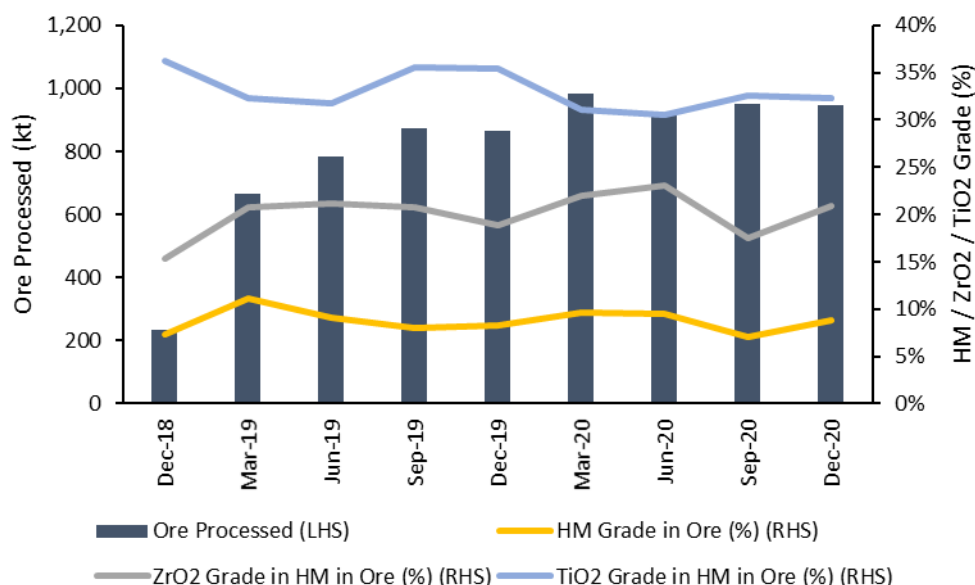
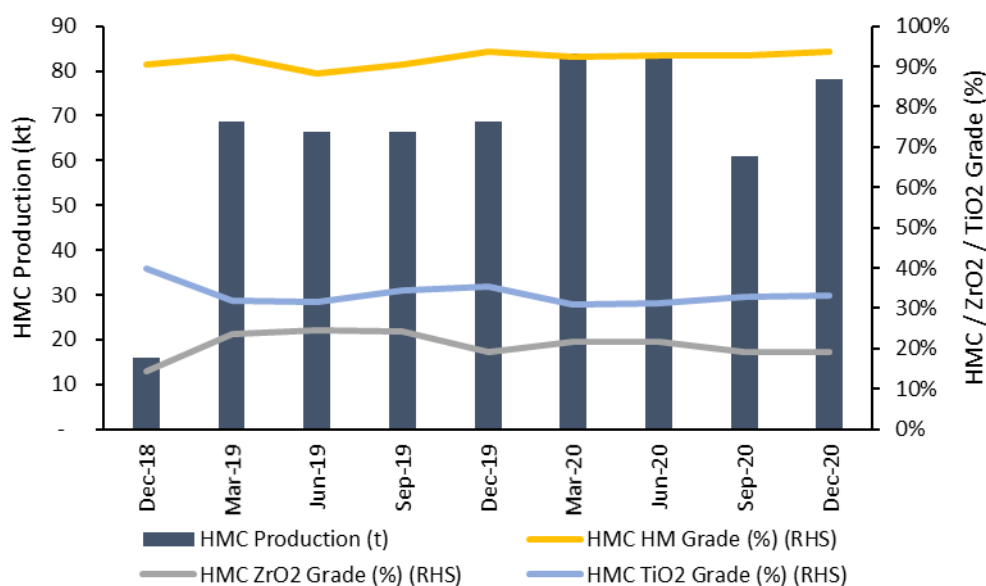


Figure 2: Quarterly HMC production (kt) and contained HM/ZrO₂/TiO₂ within HMC grades (%)



Costs

C1 and AISC cash costs per tonne HMC sold remained relatively unchanged QoQ. C1 costs decreased from \$250/t to A\$248/t HMC sold and AISC increased from \$286/t to \$291/t HMC sold. Record tonnes sold were offset by slightly higher overall costs for the quarter. CY2020 C1 costs of \$292/t were at the lower end of guidance of A\$290-320/t HMC sold and AISC costs of \$337/t was below guidance of A\$340-370/t HMC sold.

C1 and AISC cash costs per tonne HMC produced decreased 8% and 6% respectively QoQ. C1 costs decreased to A\$349/t HMC produced and AISC decreased to A\$408/t HMC produced. Cost decreases per tonne HMC produced were driven by higher HM grades resulting in a significant increase in HMC produced in Q4 compared to Q3 (Table 2).

Total project cash operating costs were approximately A\$26m for the quarter and A\$90m for CY2020 which was below the lower end of the guidance range (see Table 4), mainly due to the capitalisation of pre-strip on Block A, lower mining costs and lower administration costs.

Table 2: Cash Costs

		Mar Quarter 2020	Jun Quarter 2020	Sep Quarter 2020	Dec Quarter 2020	QoQ	CY2020
Costs (HMC produced)							
Mining	A\$/t HMC	126	127	114	169	48%	135
Pre-Strip	A\$/t HMC	0	23	77	0	-100%	22
Processing	A\$/t HMC	52	47	66	66	0%	57
Site Support	A\$/t HMC	9	9	14	12	-14%	11
Logistics	A\$/t HMC	42	52	108	102	-6%	73
C1 Cash Costs	A\$/t HMC	229	257	378	349	-8%	297
Royalties	A\$/t HMC	17	23	38	34	-11%	27
Sustaining Capital	A\$/t HMC	6	5	3	6	100%	5
Corporate	A\$/t HMC	12	11	13	20	54%	14
AISC	A\$/t HMC	264	297	433	408	-6%	343
Costs (HMC sold)							
C1 Cash Costs	A\$/t HMC	430	330	250	248	-1%	292
AISC	A\$/t HMC	495	381	286	291	2%	337

Sales

Image achieved another quarterly record of 109.7kt HMC shipped, eclipsing the previous record quarter in Q3 2020 of 92.5Kt by 17.2Kt (Table 3). The final shipment for the quarter sailed on 24 December with funds not being received until January 2021.

In November 2020, the Company reached a significant milestone of a cumulative 500k tonnes of HMC sold/shipped since commencement of shipping in January 2019.

Subsequent to quarter end, Image continues to see strong demand for its HMC from its off-takers and potential new customers. The first shipment for the new year (CY2021) for a nominal 15Kt sailed on 21 January 2021 and the second shipment for the year for a nominal 27Kt has been booked for early February. These shipments have seen a slight increase in pricing for TiO₂ which will help to offset the continued strengthening in the AUD/USD exchange rate. Commitments for additional sales through March have also been secured.

Realised pricing of A\$521/t HMC was down slightly QoQ for similar grades/quality of HMC. There was a slight strengthening of the average AUD/USD exchange rate. Despite slightly lower realised prices, overall revenue was up 17% due to record high sales volumes. Finished HMC inventory at the end of the quarter decreased to 51kt.

Table 3: Sales and Stockpiles

		Mar Quarter 2020	Jun Quarter 2020	Sep Quarter 2020	Dec Quarter 2020	QoQ	YTD
Sales							
HMC sold	kt	44.8	64.6	92.5	109.6	18%	311.5
ZrO ₂ in HMC	%	22%	22%	20%	20%	0%	21%
TiO ₂ in HMC	%	33%	31%	33%	33%	0%	32%
Average price realised	A\$/t HMC	659	637	526	521	-1%	566
HMC Revenue	A\$m	29.5	41.1	48.6	57.1	17%	176.4
Stockpiles (end of period)							
HMC for shipping	kt	96	114	83	51	39%	51

Financial Summary

Image's revenue for the quarter was A\$57.1m up 17% from A\$48.6m in the prior quarter (Table 3). The company generated A\$17.4m of operating cash flow for the quarter, and \$76m for the year, which excludes a further \$11.5m cash received in January from a shipment that departed on 24 December 2020.

At 31 December Image had a net cash position of A\$33.6m based on a cash balance of A\$50.8m (which excludes the aforementioned \$11.5m received in January 2021) and outstanding loan notes of A\$17.2m.

Performance against Guidance

The company is pleased to report that, despite the challenges presented by the global economic downturn stemming from the onset of COVID-19, particularly during 1H 2020, the Company maintained its original guidance and was able to meet or exceed these guidance ranges in all areas. In particular, project operating costs and AISC Cash Cost per tonne of HMC sold were lower than the lower end of the guidance range.

Table 4: CY2020 Guidance

		CY2020 Actuals	CY2020 Guidance
HMC Produced	Kt	306.0	300-330
HMC Sold	kt	311.5	300-330
Project Operating Costs ¹	A\$m	90	100-110
C1 Cash Costs (HMC Sold)	A\$/t HMC	292	290-320
AISC Cash Costs (HMC Sold)	A\$/t HMC	337	340-370

Notes: 1 – cost of production after stock adjustments (pre-audit)

The Company is currently finalising budgets for calendar year 2021 and will provide an update and 2021 guidance ranges in due course.

Corporate

Given its strong cash position, the Company is progressing early repayment of its outstanding debt (loan notes). Elimination of remaining debt is anticipated to be completed in February 2021 and will pave the way for the Board to consider an inaugural dividend payment to shareholders. In the event the debt is not retired earlier than scheduled, it will be fully repaid per the schedule with the final quarterly payment in May 2021.

On 2 November 2020 the Company issued 12,875,014 shares to employees under the Employee Share Plan previously approved by shareholders at the Annual General Meeting held on 25 May 2020.

Exploration

The Company's exploration portfolio remains almost exclusively focused on mineral sands, with the exception of one exploration licence with a focus on gold (see Table 7: Tenement Schedule). All tenements are located in Western Australia and all mineral sands related tenements are located in the North Perth Basin across a combined area of 1,134 square kilometres.

The North Perth Basin tenements consist of 12 named project areas, each with identified Mineral Resources as presented in Table 8: Mineral Resources and Ore Reserves Statement. Eight of these key project areas are presented in a location map (Figure 3) along with mineral assemblage pie charts.

The Company launched into production at its flagship Boonanarring Project in December 2018, with the existing limited Ore Reserves at that time. In 2020, the Company launched Project 'MORE' to formally address the depleting Ore Reserves from mining at Boonanarring. 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, 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 in Q4 2020, the Goal was not achieved by the end of December 2020 as JORC compliant Mineral Resources and Ore Reserves estimates were delayed into Q1 2021, in part due to the need to develop a new economic model for lower grade satellite deposits.

Each of the three target exploration areas under Project 'MORE' have been shown to contain 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.

Preliminary study results on mineralisation identified in the three target areas did provide sufficient confidence to assign Exploration Targets as presented in Table 5 and as reported to the ASX on 31 December 2020 (Image Resources Sales and Project 'MORE' Update). 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 5. 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 finalise an estimate of 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 any new Ore Reserves cannot be permitted and made accessible in time to extend the processing life at Boonanarring, 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.

Drilling programs are also being conducted on several other project areas to meet minimum expenditure requirements, investigate new mineralisation extensions, advance the understanding of the mineralised system and enhance the size of existing Mineral Resources.

Image no longer considers individual drilling results completed during the quarter to be material for the purposes of its quarterly reports. All material drilling results, Mineral Resources and Ore Reserves updates will be reported separately and these announcements referenced in the subsequent quarterly report.

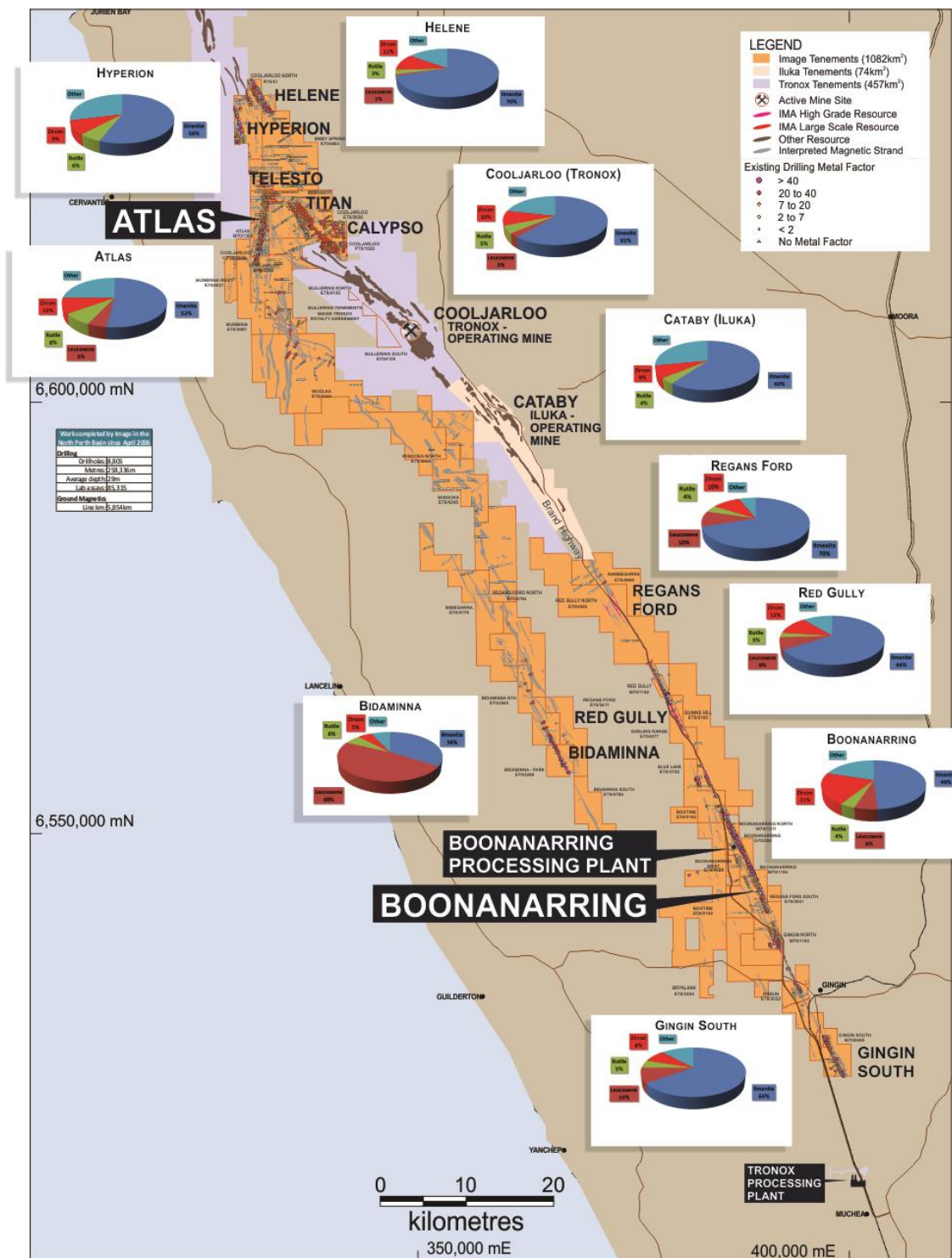


Figure 3: North Perth Basin showing operating Mines and Projects with their respective mineral assemblages.

Drilling Programs

Several drilling programs were completed in the December Quarter for a total of 306 holes and 8,107m. The main areas were Boonanarring North-western Extension area, Boonanarring Northern Extension area, Hyperion and Bidamina, all under the banner of Project 'MORE'. Additional drilling of 450 holes for 10,268m is tentatively planned for the March quarter (Table 6).

Table 6: Drilling Programs Completed in Q4 2020 and Proposed for Q1 2021

Project	2020			October-December			Proposed Drilling	
	Holes	Metres	Assays	Holes	Metres	Assays	Holes	Metres
Atlas	211	2,050	2,051				111	1,179
Munbinia	81	1,773	100					
Woolka	7	210	45					
BN Northwestern ext. (CSC) (E70/3720, E70/3100)	146	3,854	2,032	61	1,664	1,035	135	4,050
BN North ext. Roadside (E70/3100, E70/4077)	151	5,363	1,629	96	3,357	981		
BN West (E70/4689, E70/3041)	44	1,132	387					
Block A	34	1,678	307	2	48	0		
Block B	94	3,559	928					
Block C	65	2,734	977					
Block D	89	3,458	888					
Block E	115	4,986	1,401					
Block F	214	6,617	3,005					
Blue Lake Trandos	115	3,147	706	16	373	151		
Bidaminna (E70/2844, E70/3298)	22	1,164	717	22	1,164	717	21	1,050
GGs (M70/448, E70/3032)							70	2,450
GGN Trandos/Dewar (E70/3041)	130	2,605	1,761					
GGN Dalla River (E70/3041)	95	3,041	897					
Hyperion (R70/51)	109	1,501	824	109	1,501	824	113	1,539
Erayinia Gold	5	1,081	270					
Total:	1,727	49,953	18,925	306	8,107	3,708	450	10,268

A number of other project areas are being investigated including Regans Ford, Red Gully and Gingin South. These are currently being assessed for potential future development and drilling programmes will be considered where a project area has been determined to have sufficient high-level economics and permissibility for future mining.

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.

Table 7 – Tenement Schedule in accordance with ASX Listing Rule 5.3.3

Tenements held at the end of the December Quarter 2020

Location	Tenement	Nature of Interest	Project	Equity (%) held at start of Quarter	Equity (%) held at end of Quarter
WA	E28/1895	Granted	ERAYINIA	100%	100%
WA	E70/2636	Granted	COOLJARLOO	100%	100%
WA	E70/2844	Granted	BIDAMINNA NTH	100%	100%
WA	E70/2898	Granted	COOLJARLOO	100%	100%
WA	E70/3032	Granted	GINGIN	100%	100%
WA	E70/3041	Granted	REGANS FORD SOUTH	100%	100%
WA	E70/3100	Granted	QUINNS HILL	100%	100%
WA	E70/3192	Granted	BOOTINE	100%	100%
WA	E70/3298	Granted	BIDAMINNA -PARK	90%	90%
WA	E70/3494	Granted	BRYALANA	100%	100%
WA	E70/3720	Granted	BLUE LAKE	100%	100%
WA	E70/3892	Granted	CHAPMAN HILL	100%	100%
WA	E70/3997	Granted	MUNBINIA	100%	100%
WA	E70/4077	Granted	DARLING RANGE	100%	100%
WA	E70/4244	Granted	WOOLKA	100%	100%
WA	E70/4245	Granted	WINOOKA	100%	100%
WA	M70/0448	Granted	GINGIN SOUTH	100%	100%
WA	M70/1192	Granted	RED GULLY	100%	100%
WA	M70/1194	Granted	BOONANARRING	100%	100%
WA	P70/1516	Granted	COOLJARLOO	100%	100%
WA	M70/1311	Granted	BOONANARRING NORTH	100%	100%
WA	G70/0250	Granted	BOONANARRING	100%	100%
WA	R70/0051	Granted	COOLJARLOO NORTH	100%	100%
WA	M70/1305	Application	ATLAS	100% pending grant	100% pending grant
WA	P70/1520	Application	COOLJARLOO	100% pending grant	100% pending grant
WA	E70/4631	Granted	MUNBINIA WEST	100%	100%
WA	E70/4656	Granted	WINOOKA NORTH	100%	100%
WA	E70/4663	Granted	BIBBY SPRINGS	100%	100%
WA	E70/4689	Granted	BOONANARRING WEST	100%	100%
WA	E70/4779	Granted	MIMEGARRA	100%	100%
WA	E70/4794	Granted	REGANS FORD NORTH	100%	100%
WA	E70/4795	Application	BIDAMINNA SOUTH	100% pending grant	100% pending grant
WA	E70/4919	Granted	ORANGE SPRINGS	100%	100%
WA	E70/4946	Granted	RED GULLY NORTH	100%	100%
WA	E70/4949	Granted	NAMMEGARRA	100%	100%
WA	E28/2742	Granted	MADOONIA DOWNS	100%	100%
WA	E70/5192	Application	WINOOKA SOUTH	100% pending grant	100% pending grant
WA	E70/5193	Granted	CHAPMAN HILL NORTH	100%	100%
WA	E70/5213	Granted	GINGINUP HILL	100%	100%
WA	E70/5268	Granted	WOOLKA SOUTH	100%	100%
WA	E70/5306	Granted	BOONANARRING HILL	100%	100%
WA	E70/5552	Application	COOLJARLOO EAST	100% pending grant	100% pending grant
WA	E70/5646	Application	BLUE LAKE WEST	100% pending grant	100% pending grant
WA	E70/5661	Application	COONABIDGEE	100% pending grant	100% pending grant
WA	R70/0062	Granted	NAMBUNG	100%	100%
Mining Tenements acquired during the Quarter					
WA	R70/0062	Granted	NAMBUNG	-	100%
Mining Tenements disposed during the Quarter					

Table 8: Mineral Resources and Ore Reserves Statements as at 1 October 2019*

* - Ore Reserves manually adjusted for Boonanarring mining depletion through Sep 2020

Ore Reserves - Strand Deposits; in accordance with the JORC Code (2012)										
Project/Deposit	Category	Tonnes	% HM	% Slimes	HM Tonnes	VHM	Ilmenite	Leucoxene	Rutile	Zircon
		(million)			(million)	(%)	(%)	(%)	(%)	(%)
Boonanarring	Proved	3.5	13.9	16.0	0.5	82.7	44	4.6	2.2	31.9
Boonanarring	Probable	7.1	6.4	16.0	0.5	76.6	49	1.7	2.8	23.1
Total Boonanarring		10.7	8.9	16.0	0.9	79.6	46	3.2	2.5	27.5
Total Boonanarring with mining depletion		7.0	8.9	16.0	0.6					
Atlas	Probable	9.5	8.1	15.5	0.8	73.3	50.7	4.5	7.5	10.6
Total Atlas		9.5	8.1	15.5	0.8	73.3	50.7	4.5	7.5	10.6
Total Ore Reserves		20.2	8.5	15.8	1.7	76.8	48.3	3.8	4.7	19.9
Total Ore Reserves with Boonanarring mining depletion		16.5	8.4	15.8	1.4					

1 Refer to Boonanarring Ore Reserves Release 20 December 2019

<http://www.imageres.com.au/images/joomd/157680627920191220OreReserveUpdateHigherOreGradeandIn-SituZircon.pdf>

2 Atlas Reserves refer to the 30 May 2017 release "Ore Reserves Update for 100% Owned Atlas Project"

<http://www.imageres.com.au/images/joomd/149611340720170530ORERESERVESUPDATEFOR100OWNEDATLASPROJECT.pdf>

Mineral Resources - Strand Deposits; in accordance with the JORC Code (2012) @ 2.0% HM Cut-off											
Project/Deposit	Category		Tonnes	% HM	% Slimes	HM Tonnes	VHM	Ilmenite	Leucoxene	Rutile	Zircon
			(million)			(million)	(%)	(%)	(%)	(%)	(%)
Boonanarring	Measured		8.8	10.3	14	0.9	78.1	46	3.8	2.3	26.0
Boonanarring	Indicated		14.6	4.6	17	0.7	71.2	48	2.6	2.7	17.9
Boonanarring	Inferred		6.9	3.5	20	0.2	59.4	45	4.9	3.9	5.6
Boonanarring Total			30.3	6.0	17.0	1.8	72.7	46	3.6	2.7	20.4
Atlas	Measured		9.9	7.9	16.1	0.8	71.0	49.1	4.2	7.2	10.5
Atlas	Indicated		6.4	3.7	17.3	0.2	56.5	41.6	3.4	4.7	6.8
Atlas	Inferred		1.8	4.0	19.9	0.1	41.5	29.0	3.3	4.4	4.8
Atlas Total			18.1	6.0	16.9	1.1	65.9	46.1	4.0	6.5	9.3
Sub-Total Atlas/Boonanarring			48.4	6.0	17.0	2.9	70.1	46.1	3.7	4.1	16.2

Mineral Resources - Strand Deposits; in accordance with JORC Code (2012) @ 2.0% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM	Ilmenite	Leucoxene	Rutile	Zircon
		(million)	(million)			(million)	(%)	(%)	(%)	(%)	(%)
Helene	Indicated	6.4	13.2	4.3	18.6	0.57	88.7	74.6	0.0	3.6	10.5
Hyperion	Indicated	2.4	5.0	6.3	19.0	0.32	69.4	55.8	0.0	6.3	7.3
Cooljarloo Nth Total		8.8	18.2	4.8	18.7	0.88	81.8	67.9	0.0	4.6	9.4

Previously Reported Mineral Resources - Strand Deposits; in accordance with JORC Code (2004) @ 2.5% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM	Ilmenite	Leucoxene	Rutile	Zircon
		(million)	(million)			(million)	(%)	(%)	(%)	(%)	(%)
Gingin Nth	Indicated	0.7	1.3	5.7	15.7	0.1	75.4	57.4	9.3	3.2	5.5
Gingin Nth	Inferred	0.6	1.1	5.2	14.0	0.1	78.4	57.3	11.3	3.7	6.0
Gingin Nth Total		1.3	2.4	5.5	15.0	0.1	76.7	57.3	10.2	3.4	5.7
Gingin Sth	Measured	0.9	1.5	4.4	7.2	0.1	79.4	50.7	15.3	5.6	7.8
Gingin Sth	Indicated	3.2	5.8	6.5	7.1	0.4	90.6	67.6	9.8	5.1	8.1
Gingin Sth	Inferred	0.4	0.7	6.5	8.4	0.0	91.6	67.4	7.5	5.8	10.9
Gingin Sth Total		4.5	8.1	6.1	7.3	0.5	89.2	65.3	10.3	5.2	8.3
Red Gully	Indicated	1.9	3.4	7.8	11.5	0.3	89.7	66.0	8.3	3.1	12.4
Red Gully	Inferred	1.5	2.6	7.5	10.7	0.2	89.0	65.4	8.2	3.0	12.3
Red Gully Total		3.4	6.0	7.7	11.2	0.5	89.4	65.7	8.2	3.1	12.4
Sub-Total Gingin & Red Gully		9.2	16.5	6.6	9.8	1.1	87.8	64.5	9.4	4.1	9.7

Historic Deposit Mineral Resources - Strand deposit; in accordance with JORC Code (2004) @ 2.5% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM	Ilmenite	Leucoxene	Rutile	Zircon
		(million)	(million)			(million)	(%)	(%)	(%)	(%)	(%)
Regans Ford	Indicated	4.5	9.0	9.9	16.8	0.9	94.3	70.0	10.0	4.3	10.0
Regans Ford	Inferred	0.5	0.9	6.5	18.5	0.1	90.5	68.3	7.7	4.4	10.1
Regans Ford Total		5.0	9.9	9.6	17.0	1.0	94.1	69.9	9.9	4.3	10.0
Grand Totals		49.1	93.0	6.3	16.0	5.8	79.1	56.7	5.2	4.2	13.0

Mineral Resources - Dredge deposits; in accordance with JORC Code (2012) @ 1.0% HM Cut-off											
Project/Deposit	Category	Volume BCM	Tonnes	% HM	% Slimes	HM Tonnes	VHM	Ilmenite	Leucoxene	Rutile	Zircon
		(million)	(million)			(million)	(%)	(%)	(%)	(%)	(%)
Titan	Indicated	10.3	21.2	1.8	22.1	0.38	86.0	71.9	1.5	3.1	9.5
Titan	Inferred	58.5	115.4	1.9	18.9	2.2	85.9	71.8	1.5	3.1	9.5
Total Titan	Total	68.8	136.6	1.9	19.4	2.6	85.9	71.8	1.5	3.1	9.5
Telesto	Indicated	1.7	3.5	3.8	18.4	0.13	83.3	67.5	0.7	5.6	9.5
Calypso	Inferred	27.1	51.5	1.7	13.7	0.85	85.6	68.1	1.6	5.1	10.8

Mineral Resources - Dredge deposits; in accordance with JORC Code (2004) @ 1.0% HM Cut-off											
Project/Deposit	Category	Volume BCM	Tonnes	% HM	% Slimes	HM Tonnes	VHM	Ilmenite	Leucoxene	Rutile	Zircon
		(million)	(million)			(million)	(%)	(%)	(%)	(%)	(%)
Bidamina	Inferred	26.3	44.6	3.0	3.6	1.3	96.8	83.1	7.2	1.0	5.5
Total Dredge		123.9	236.2	2.1	15.2	4.9	87.8	73.1	2.6	3.2	9.0

COMPETENT PERSON'S STATEMENTS – EXPLORATION RESULTS, MINERAL RESOURCES AND ORE RESERVES

This report includes information that relates to Ore Reserves and Mineral Resources which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

- Boonanarring Mineral Resources and Ore Reserves: 20 December 2019
- Atlas Ore Reserves: 30 May 2017
- Atlas Mineral Resources: 8 May 2017
- Helene Mineral Resources: 31 Oct 2019
- Hyperion Mineral Resources: 31 Oct 2019
- Titan Mineral Resources: 31 Oct 2019
- Telesto South Mineral Resources: 31 Oct 2019
- Calypso Mineral Resources: 31 Oct 2019

The Company confirms that, other than mining depletion, it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

This report includes information that relates to Ore Reserves and Mineral Resources for non-material mining projects of the Company which were prepared and first disclosed under JORC Code 2004. The information was extracted from the Company's previous ASX announcements as follows:

- Gingin North Mineral Resources: 31 Mar 2011
- Gingin South Mineral Resources: 21 Jul 2011
- Red Gully Mineral Resources: 9 Mar 2011
- Bidaminna Mineral Resources: 23 Jun 2008

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement. *This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

APPENDIX 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

IMAGE RESOURCES NL

ABN

57 063 977 579

Quarter ended ("current quarter")

31/12/2020

<u>Consolidated statement of cash flows</u>		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		45,236	164,854
1.2 Payments for			
(a) exploration & evaluation (if expensed)		(1,382)	(4,840)
(b) development			
(c) production		(27,839)	(89,103)
(d) staff costs		(870)	(2,077)
(e) administration and corporate costs		(696)	(2,364)
1.3 Dividends received (see note 3)			
1.4 Interest received		-	36
1.5 Interest and other costs of finance paid		(1,182)	(6,560)
1.6 Income taxes paid			
1.7 Government grants and tax incentives			
1.8 Other income		15	151
1.9 Net cash from / (used in) operating activities		13,282	60,097
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) entities			
(b) tenements			
(c) property, plant and equipment		(362)	(16,362)
(d) exploration & evaluation (if capitalised)			
(e) investments			
(f) other non-current assets			

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<u>Consolidated statement of cash flows</u>		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	1	1
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(361)	(16,361)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(10)	(10)
3.6	Repayment of borrowings	(9,370)	(38,313)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(9,380)	(38,323)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	50,204	49,935
4.2	Net cash from / (used in) operating activities (item 1.9 above)	13,282	60,097
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(361)	(16,361)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9,380)	(38,323)
4.5	Effect of movement in exchange rates on cash held	(2,984)	(4,587)
4.6	Cash and cash equivalents at end of period	50,761	50,761

5.	<u>Reconciliation of cash and cash equivalents</u> <u>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</u>	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	50,745	50,188
5.2	Call deposits	16	16
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	50,761	50,204

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

335

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	17,104	17,104
7.2 Credit standby arrangements	55	55
7.3 Other (please specify)	-	-
7.4 Total financing facilities	17,159	17,159

7.5 Unused financing facilities available at quarter end

Nil

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Loan held is as follows:

A senior secured debt facility of US\$38,850,000 + capitalised interest of US\$7,257,672 less repayments to date of US\$32,934,051. US\$13,173,620 outstanding as at 31 December 2020. Interest rate is 14% for the first fifteen months following draw down on 25 May 2018 and 13% thereafter for the balance of the loan. Interest is paid quarterly in arrears. Further details can be found in the announcement lodged with the ASX on 8 March 2018.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	13,282
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	13,282
8.4 Cash and cash equivalents at quarter end (Item 4.6)	50,761
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	50,761
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	N/A

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2021

Authorised by: Dennis Wilkins – Company Secretary

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.