

QUARTERLY ACTIVITIES REPORT – for quarter ended 30 June 2022

Image Resources NL
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ASX Code: IMA

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Issued Capital

Shares – Quoted
1,071,263,590
As at 30 June 2022

Board Members

Robert Besley
(Non-Executive Chair)
Patrick Mutz
(Managing Director)
Chaodian Chen
(Non-Executive Director)
Aaron Chong Veoy Soo
(Non-Executive Director)
Peter Thomas
(Non-Executive Director)
Ran Xu
(Non-Executive Director)
Winston Lee
(Non-Executive Director)

HIGHLIGHTS

- Standstill Agreement signed with largest shareholder Murray Zircon and associates to refrain from further 249D actions for 14 months in exchange for nominated director board seat and access to 50% of HMC production through existing HMC offtake partners at full market-based pricing.
- Second largest shareholder Vestpro International agreed to change its nominated director from Mr Huang Cheng Li to Mr Winston Lee, CEO of Vestpro.
- Payment of second annual dividend completed on 28 April 2022 as \$0.02 per share, fully franked, with participation in optional dividend reinvestment plan (DRP) representing 33% of total dividend amount.
- HMC production increased 6% QoQ due to higher average ore grade with YTD production tracking slightly below guidance.
- HMC sales were up 55% QoQ due to planned late March shipment of nominal 17kt being delayed to early April. As a result, 4 shipments totalling 60kt sailed in Q2 2022. YTD sales tracking slightly below guidance.
- Average HMC realised pricing decreased 5% QoQ from the quarterly record high of A\$961/T in Q1, due to lower zircon content. Benchmark market price for zircon increased 5% on 1 April 2022 and a further 7% effective 1 July 2022.
- Project Operating Costs increased 4% QoQ* and YTD costs running higher than guidance*;
- C1 and AISC cash costs per tonne HMC produced increased 19% and 21% QoQ*;
- C1 and AISC costs per tonne HMC sold decreased 18% and 17% respectively QoQ due primarily to higher HMC sales from delayed March shipment. YTD costs running significantly higher than guidance*;

* - due to higher logistics costs, fuel costs and overall inflationary pressures.

Table 1: Quarterly Summary

	Q2 2021	Q1 2022	Q2 2022	QoQ % change	YTD CY2022	CY2022 Guidance
Production						
HMC Production (kt)	102.3	44.0	46.7	6%	90.7	200-230
HMC Sales (kt)	67.8	38.8	60.0	55%	98.9	220-250
HMC Realised Price (A\$/t HMC)	502	961	909	-5%	929	N/A
Project Operating Costs (A\$m)	26.0	27.6	28.6	4%	56.2	95-105
Unit Costs (HMC produced)						
C1 Cash Costs (A\$/t HMC) ¹	236	499	595	19%	548	N/A
AISC (A\$/t HMC) ²	265	571	688	21%	631	N/A
Unit Costs (HMC sold)						
C1 Cash Costs (A\$/t HMC) ¹	355	565	463	-18%	512	390-420
AISC (A\$/t HMC) ²	399	647	535	-17%	589	460-490

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

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

- Net mine operating cash inflow for Q2 2022 was A\$26m (Q1 2021: A\$10m) with higher cash inflows mainly due to a Q1 HMC shipment being delayed into early Q2.

ACTIVITIES REPORT

High Level Summary

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to provide a summary of another challenging yet successful quarter of operations at its 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project, located 80km north of Perth in the North Perth Basin in WA. Heavy mineral concentrate (HMC) production was in line with Q1 production. HMC sales increased substantially QoQ due to the planned late March shipment being delayed into April resulting in total sales of 60Kt for Q2. The average realised price per tonne of HMC sold for Q2 fell slightly (5%), due to lower ZrO₂ grades, but HMC realised prices remain close to Q1 record highs.

This quarter was highlighted by Image executing a Director Appointment and Standstill Deed (Standstill Agreement), prior to Image’s May AGM, with the Company’s largest shareholder Murray Zircon and its associated companies (MZ Parties). Under the Standstill Agreement, the MZ Parties agreed to refrain from any further 249D actions for 14 months, in exchange for the appointment of a nominated director on the Image Board to represent MZ Parties, and for the sale of 50% of Image’s HMC production from Boonanarring and Atlas to Murray Zircon’s largest shareholder OZC (Guangdong Orient Zirconic Ind Sci & Tech Co. Ltd), through our current off-takers, at full market-based pricing. In addition, MZ Parties agreed not to vote its shares contrary to the voting recommendations made by a majority of the Board of Image on the resolutions considered at Image’s May 2022 annual general meeting (AGM). The Standstill Agreement represents many hours of negotiations to identify an equitable and sustainable path forward with MZ Parties that will conceptually operate beneficially far beyond the 14 months outlined in the Standstill Agreement.

In March 2022, the Company announced strong results for CY2021, including a net profit after tax of A\$19.4m and a closing cash position at 31 December 2021 of A\$79.8 million. This strong cash position resulted in the Board declaring the Company’s second annual dividend in only three years of mining operations at Boonanarring, of A\$0.02/share fully franked (2021: A\$0.02/share unfranked) with payment of the dividend, and issue of shares under the optional Dividend Reinvestment Plan, completed as scheduled on 28 April 2022. Approximately 33% of shareholders, by value, took up an entitlement under the optional DRP resulting in 33,384,977 shares being issued at \$0.2002 per share.

After completing two strategic acquisitions of mineral sands tenements during Q1, the Company commenced work on the assessment of the Mineral Resources acquired, as well as securing or transferring necessary access agreements for exploration. In addition, work has commenced on the preliminary assessment of Yandanooka and Durack projects as part of the Eneabba Tenements acquisition, for determination as to which project is most suitable for fast-track development. The acquisition of Eneabba Tenements and McCalls Project increased Image’s total Mineral Resources to over 6.4 billion tonnes.

At the same time, the Company continues its work to extend the mine-life at Boonanarring as long as possible and updating its plans and associated capital cost estimates for relocating operations to Atlas once Boonanarring Ore Reserves are depleted. An opportunity exists to continue mining on the southern extension of the Boonanarring deposit for an additional three months over Block D. However, the landowner has been unwilling to accept Image’s higher than market offers for access for mining via lease or land purchase. Consequently, in late June, Image took the decision to submit its case to the Warden’s Court and seek an expedited hearing to rule on fair compensation. If the Warden’s Court path is unsuccessful for Image, mining at Boonanarring will terminate in Q1 of 2023, and if it is successful to allow access for mining, mining will continue into Q2 of 2023.

Image engaged in a cost sharing arrangement with Mineral Technologies for the construction and operation of a demonstration scale wet concentration plant (WCP) located at Boonanarring. The plant was constructed in Q1 2022 to demonstrate Mineral Technologies’ ground-breaking CT1 heavy mineral separation technology, that is designed to provide a substantially smaller WCP footprint and to operate at much higher solids content, which may contribute to water savings in the internal water balance.

CT1 demonstration testing commenced during the quarter and has shown very promising results. At the end of the testing regime, the plant may be purchased by Image with the plan being to double the capacity for use as the WCP at Atlas. If successful, the current full-scale WCP operating at Boonanarring will be largely preserved for use at one of Image’s Eneabba development projects, and thereby lowering the overall capital costs to establish simultaneous operations at two production centres.

Environmental permitting at Atlas is progressing, however it has been delayed from a combination of issues related to heritage clearances and field assessment activities related to flora, fauna, groundwater and surface water. In the first instance, a heritage survey for mining access in November 2021 identified an ethnographic site in the middle of the Atlas deposit. This finding may have been in part motivated as fallout from the Rio Tinto Juukan Gorge cave destruction in May 2020, and heightened sensitivities regarding the protection of potential heritage sites. This finding was exacerbated by the extinguishing of native title in the Atlas area in December 2019 by the Yued Indigenous Land Use Agreement (Yued ILUA) as part of the South West Native

Title Settlement. Registration of the Yued ILUA served to dissolve the native title working group and the formal structure for consultation, causing major delays in organising native title representatives to assist with field surveys. Finally, the introduction of a new bill which led to the Aboriginal Cultural Heritage Act 2021 in December 2021, created additional time-consuming steps in the environmental approvals process for mining. Overall, the Atlas environmental approvals timeline has been delayed by six months or more from originally scheduled. Current estimates for the grant of approvals is now end of Q2 2023.

Delays have also been experienced undertaking field activities, in particular groundwater and surface water assessment activities required to collect data for groundwater modelling and to understand the complex nature of the local aquifers for the development of operational and management strategies. Securing drill rigs, people and materials in the wake of the ongoing resources shortage, coupled with COVID related issues, have impacted schedules for field surveys, assessment and reporting.

Heritage clearances for drilling at Bidaminna were also delayed across the past six months. Appropriate clearances were finally achieved in Q1 2022 and drilling for geotechnical information to support the feasibility study, being conducted by IHC Robbins, was completed in April 2022. In addition, drilling to upgrade the Mineral Resources commenced in April and has subsequently been completed in July 2022. The Mineral Resources upgrade study will follow receipt of sample analysis, and will also feed into the feasibility study. Access delays for drilling coupled with securing suitable skilled resources has pushed the target for completion of the feasibility study into Q4 2022.

On 1 April 2022, the benchmark market price for zircon rose 5% to US\$2,120 per tonne, and on 1 July 2022, the price rose a further 7% to US\$2,270 per tonne. In total, the benchmark price for zircon has risen 26% since the start of CY2022 and a total of 56% since the start of CY2021 (Figure 1). In addition, on 24 May 2022, the benchmark price for ilmenite rose 5% to US\$400 per tonne and has risen a total of 8% since the start of CY2022 and 67% since the start of CY2021 (Figure 2). The benchmark price for rutile was steady during the quarter but has risen 10% since the start of CY2022 and 54% since the start of CY2021.

Figure 1.

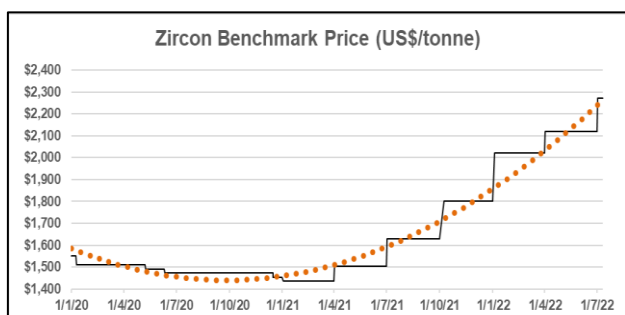
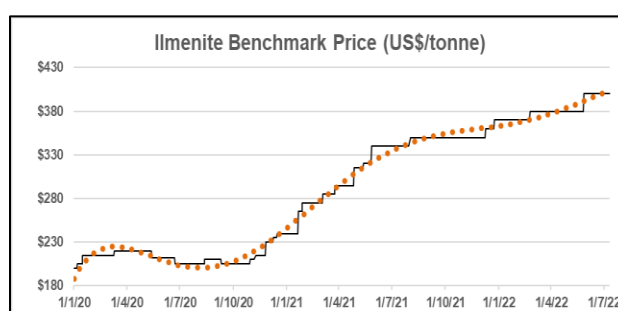


Figure 2.



Due to continuing high demand and rising prices for zircon, ilmenite and rutile in China, in Q2 2022 the Company maintained close to the record high realised pricing achieved in Q1 for its HMC, despite lower average zircon grades. The gap between zircon spot prices in China and longer-term benchmark zircon prices has now closed somewhat; however, spot prices remain above the longer-term benchmark pricing, indicating further benchmark price increases are possible and likely.

Total project operating costs increased 4% QoQ due high fuel prices, extra shipping and continuing higher shipping costs. Operating costs on a cost per tonne of HMC sold basis reduced 18% QoQ as a result of higher HMC sales for the quarter which included the delayed shipment from March.

Managing Director and CEO Patrick Mutz commented *“Despite this being another very challenging quarter on a number of fronts including continuing discussions/negotiations with our largest shareholder, continuing pressures from COVID, rising inflationary pressures, uncertainties with land access and continuing delays with heritage issues, the overall performance of the Company during the quarter remained strong. I am quietly confident we have established a more positive relationship with our largest shareholder and its associated companies that will provide a strong base to move forward even beyond the standstill period, so we can focus on growth initiatives that benefit all shareholders.*

I am also optimistic we will achieve the necessary approvals to continue to advance production as originally outlined in our 2017 bankable feasibility study with respect to transitioning from mining and production at Boonanarring to Atlas. Similarly, I remain bullish about feasibility results on Bidaminna which are now within reach given breakthroughs in heritage clearances. The pressures of inflationary costs and a very tight labour market are real and are affecting timing to expand our development team to meet the challenges associated with our newest acquisitions of the Eneabba Tenements and McCalls project. However, your operating team remains focused on meeting all challenges and, based on our track record across the past 4 years, I believe we will prevail and will be successful in moving the Company from its single operation status to our goal of multiple simultaneous operations and the market benefits this brings to the Company.”

Photo 1: Green Credentials

Mine Rehabilitation Progress on Block A at Boonanarring (*looking north*)



Details

Safety

There were no lost time injuries (LTIs) recorded during the quarter. This completes 29 months since the last reported LTI in February 2020.

In terms of protocols to mitigate the spread of COVID-19, Image is committed to meeting the recent government mandate of full vaccination of all employees and contractors against COVID-19 as well as the mask mandate. A number of employees have been impacted by COVID isolation protocols during the quarter and the Company has been providing support to the individuals and their families as required. A primary focus continues to be on maintaining a safe and healthy working environment, whilst also maintaining production targets where possible.

The Company follows Government mandates closely to ensure compliance. In Q1 2022, the WA Government mandated that mining companies must demonstrate that all employees, contractors and visitors to its mine sites had provided evidence of being fully up-to-date with the COVID vaccination programme and we are pleased to report full compliance from our workforce and our contractors. Site visitors continue to be kept to a minimum to reduce the risk of COVID infection.

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

Image is committed to the promotion of a positive health, safety and environmental protection 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.

Image uses a forward-looking metric of positive performance scoring (PPS) to gauge the effectiveness of the overall Health, Safety and Environment (HSE) program. PPS scoring is based on the total number of workplace audits conducted monthly across all areas of the project and scoring has been consistently positive. In addition, the Company has moved to tracking and reporting total recordable incident frequency rate (TRIFR), which is the number of recordable incidents per million hours of work. The 12-month rolling average TRIFR at the end of June 2022 was 14.2 (up from 9.7 at 31 March 2022).

Community

Image continues to proudly contribute to the local communities it operates in, including through local employment. At 30 June, 49% of the Boonanarring project workforce lived locally to the site 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. Notable programs occurring or ongoing during this reporting period include the following:

- Leasing of Image land to the Gingin Recreation Group with profits collected by the group donated back to a variety of local Shire community programs;
- Providing materials to local landowners to assist in demonstration testing to assess carbon sequestration enhancement in local soils;
- Major sponsor of Happiness Co Foundation in support of mental health within the Image workforce and in local communities and regional areas;
- Support of various Gingin and Cervantes community groups and local area programmes.
- Conditional support for investigations of construction of a green hydrogen production and dispensing facility at Boonanarring as a post-mining activity for beneficial use of the land and established infrastructure.
- Perth-based staff encouraged to donate blood and/or plasma during work hours, in response to a current supply shortfall in Perth.

Mining and Processing

Mining operations were conducted mainly within Block D during the quarter, with material being returned to Blocks A and B as part of the rehabilitation of these mined-out pits. Ore processed was mainly from Block D south.

Ore processing for the quarter was 848kt (down 3% QoQ) at an ore grade of 6.2% HM (up 11% QoQ) but at lower ZrO₂ grades within the HM (down 22% QoQ).

HMC production at Boonanarring was up 6% QoQ to 46.7Kt due to higher average HM grade of ore processed partly offset by lower ore tonnes processed.

Table 2: Mining & Production Statistics

		Q2 2021	Q1 2022	Q2 2022	QoQ % change	YTD 2022
Mining						
Ore	kt	838	1,027	737	-28%	1,764
Waste	kt	4,821	4,957	4,583	-8%	9,540
Processing						
Ore Processed	kt	886	868	846	-3%	1,714
HM Grade (in Ore)	HM%	12.1%	5.6%	6.2%	11%	5.9%
ZrO2 Grade (in HM)	ZrO2%	16.6%	17.0%	13.2%	-22%	15.0%
TiO2 Grade (in HM)	TiO2%	37.9%	35.1%	36.4%	4%	35.8%
Recovery	HM%	89.8%	84.3%	81.2%	-4%	82.7%
	ZrO2%	98.5%	97.9%	98.2%	0%	98.0%
	TiO2%	93.1%	90.2%	91.3%	1%	90.7%
HMC Produced						
HMC Produced	kt	102.3	44.0	46.7	6%	90.7
HM Grade (in HMC)	HM%	93.9%	93.4%	92.9%	-1%	93.1%
ZrO2 Grade (in HMC)	ZrO2%	17.0%	18.5%	14.6%	-21%	16.5%
ZrO2 Grade (in HMC)	TiO2%	36.9%	36.9%	37.3%	1%	37.1%

Photo 2: Boonanarring HMC Stacker and Production Stockpile



Figure 3: Quarterly ore processed (kt) and contained HM/ZrO₂/TiO₂ grades (%)

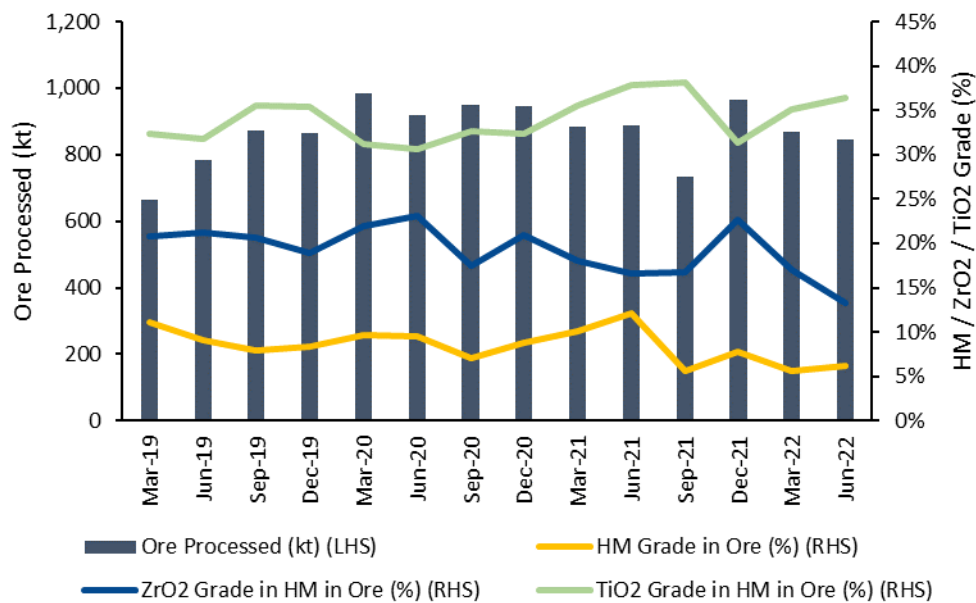


Figure 4: Quarterly HMC production (kt) and contained HM/ZrO₂/TiO₂ grades (%) in HMC

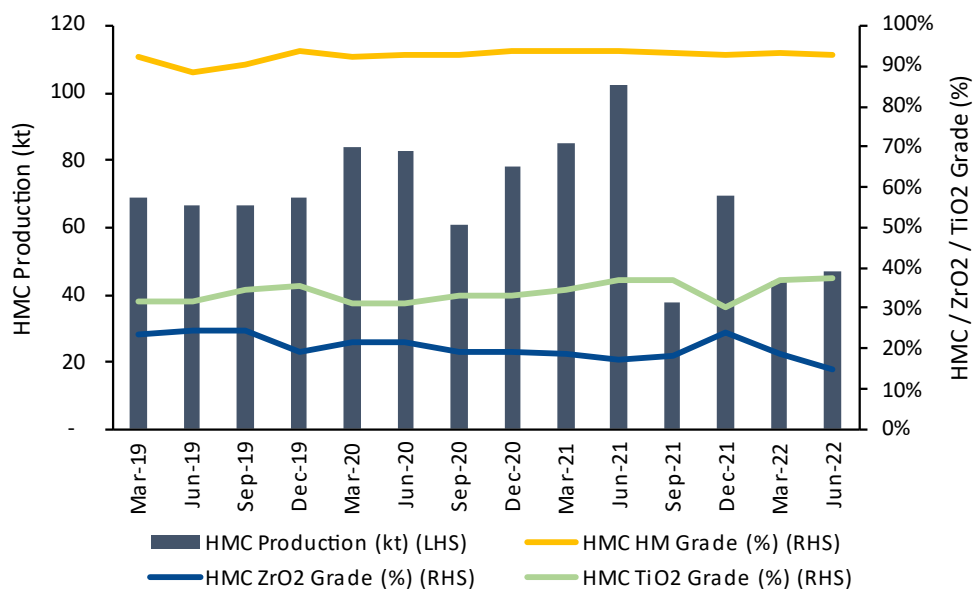
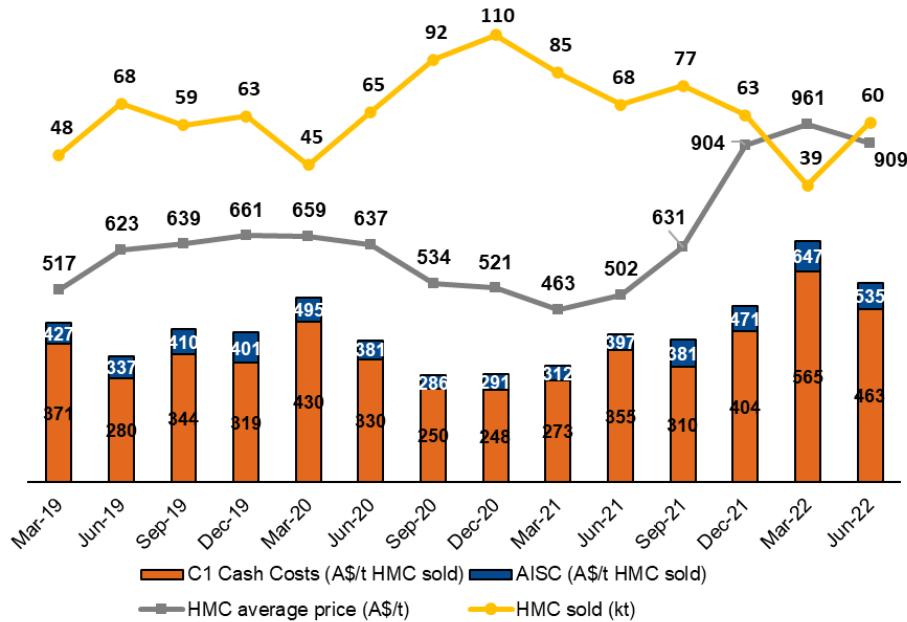


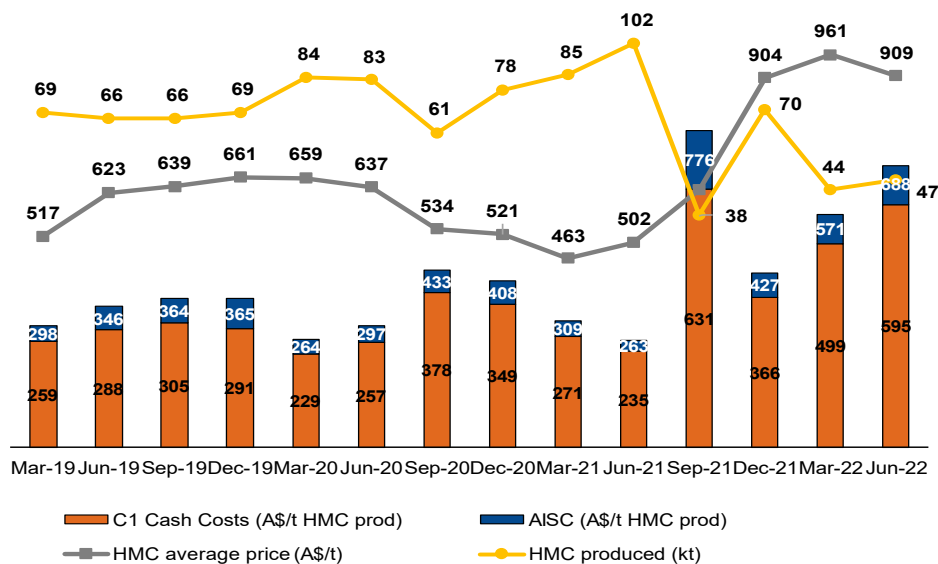
Figure 5: Quarterly HMC Production (kt) with Average Realised Prices & Costs per Tonne HMC Sold



Costs

C1 and AISC cash costs per tonne HMC sold decreased 18% and 17% respectively QoQ due to higher sales (Figure 5 and Table 3). C1 costs decreased from \$565/t to A\$463/t HMC sold and AISC decreased from \$647/t to \$535/t HMC sold mainly due to higher tonnes sold, with a nominal 17kt shipment planned for late March slipping into early April. Four shipments completed in Q2 (compared to two in Q1).

Figure 6: Quarterly HMC Production (kt) with Average Realised Prices & Costs per Tonne HMC Produced



C1 and AISC cash costs per tonne HMC produced (Figure 6 and Table 3) increased 19% and 21% respectively QoQ mainly due to higher logistics costs. C1 costs increased to A\$595/t HMC produced and AISC increased to A\$688/t HMC produced. Cost increases per tonne HMC produced were driven by increased logistics costs (due to higher sales) partly offset by higher average HM Ore grade processed, resulting in 6% higher HMC production QoQ (Table 2).

Total project cash operating costs were A\$28.6m for the quarter with CY2022 guidance of A\$95-105m being increased to A\$100-110m (Table 5) mainly due to increased shipping and fuel cost pressures on mining and trucking costs.

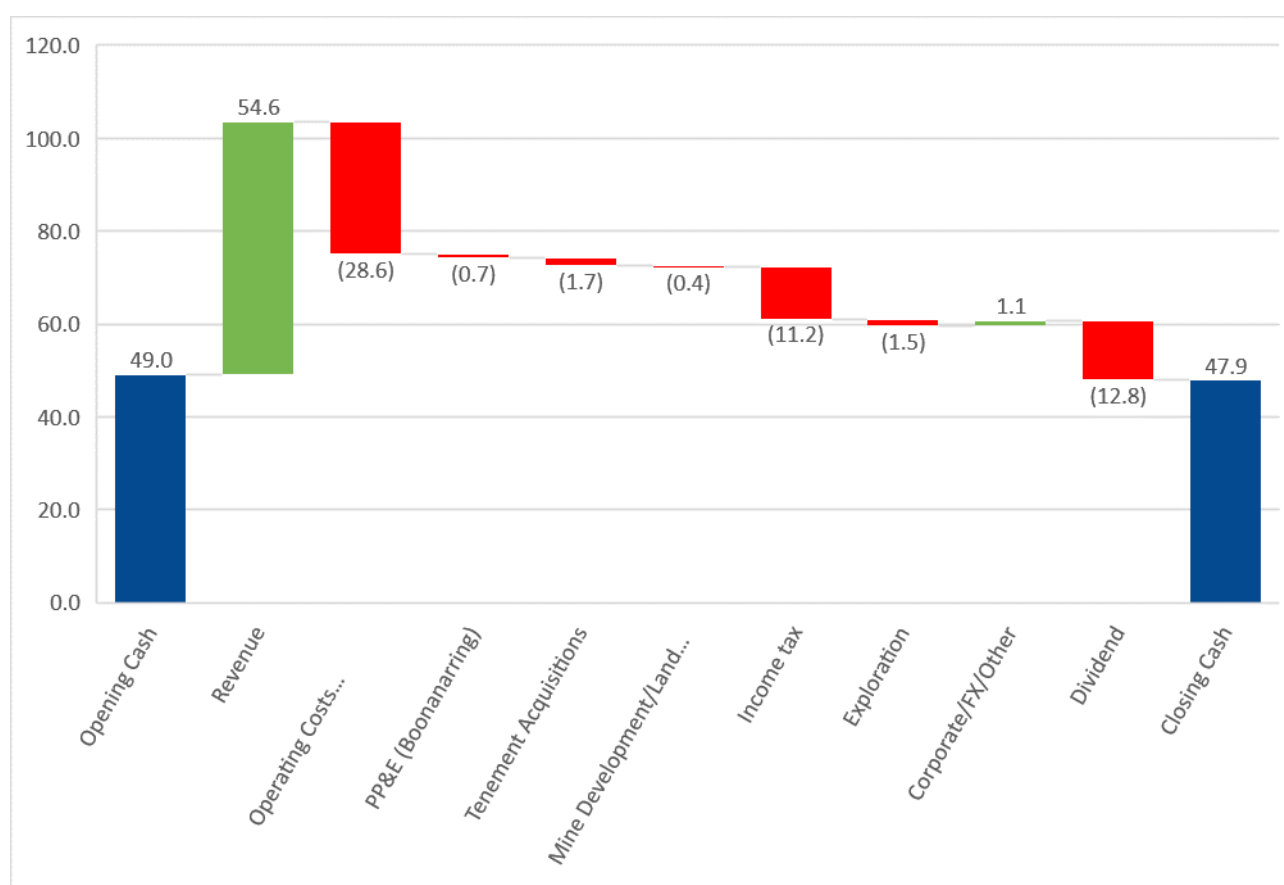
Table 3: C1 and AISC Costs per Tonne HMC Produced & Sold

		Q2 2021	Q1 2022	Q2 2022	QoQ % change	YTD 2022
Costs/tonne HMC produced						
Mining	A\$/t HMC	114	299	292	-2%	301
Pre-Strip	A\$/t HMC	0	0	0	0%	0
Processing	A\$/t HMC	38	89	89	0%	88
Site Support	A\$/t HMC	8	17	16	-4%	17
Logistics	A\$/t HMC	75	94	197	111%	151
Total – C1 Cash Costs	A\$/t HMC	235	499	595	19%	558
Royalties	A\$/t HMC	14	40	52	30%	47
Sustaining Capital	A\$/t HMC	3	3	10	281%	2
Corporate	A\$/t HMC	11	29	32	8%	31
Total – AISC	A\$/t HMC	263	499	688	21%	558
Costs/tonne HMC sold						
C1 Cash Costs	A\$/t HMC	355	585	463	-18%	514
AISC	A\$/t HMC	397	647	535	-17%	588

Four shipments were completed in Q2 2022 resulting in cash inflow from sales of \$54.6m and net operating cashflow of A\$26m (Q1 A\$10m).

During the quarter the company completed the payment of the 2022 dividend (A\$12.8m paid as cash plus the equivalent of A\$6.7m issued as DRP shares) and payment of annual corporate income tax (A\$11.2m).

Figure 7: Quarterly Cashflow Waterfall Chart



Total expenditures in Q2 include A\$28.6m (51.3%) on mining/production operations at Boonanarring (including logistics); A\$0.7m (1.3%) on P,P&E at Boonanarring; A\$1.7m (3.0%) on tenement acquisitions (Eneabba and McCalls); A\$0.4m (0.7%) on Atlas mine development; A\$11.2m (20.1%) on income tax instalments; A\$1.5m (2.6%) on exploration partly offset by corporate/interest costs plus FX movements for a net credit of A\$1.1m (-2.0%).

Sales

HMC sales were up by 55% to 60.0Kt mainly as a result of a delay to the March shipment which sailed in early April.

Image continues to see strong demand for its HMC product from its off-takers and other potential customers. A further increase in zircon benchmark market prices of US\$150/t effective from 1 July 2022 will result in higher average realised prices for Boonanarring HMC in Q3 compared to Q2 2022, on an equivalent contained zircon basis.

Realised pricing of A\$909/t HMC sold for Q2 2022 (Table 4) was down 5% QoQ from the record high quarterly average realised prices for Image HMC of \$961/t in Q1 2022. As a result of similar realised prices, but much higher sales volumes, sales revenue for the June Quarter was up 46% QoQ to \$54.6m. Total finished HMC inventory, at Boonanarring plus at port storage, decreased to 38kt at the end of Q2 2022.

Table 4: HMC Sales and Stockpiles

		Q2 2021	Q1 2022	Q2 2022	QoQ % change	YTD 2022
Sales						
HMC sold	kt	67.7	38.8	60.0	55%	98.9
ZrO2 in HMC	%	18%	22%	17%	-22%	19%
TiO2 in HMC	%	36%	31%	36%	19%	34%
Average price realised	A\$/t HMC	502	961	909	-5%	929
HMC Revenue	A\$m	34.0	37.3	54.6	46%	91.9
Stockpiles (end of period)						
HMC for shipping	kt	84	52	38	-10%	47

Financial Summary

Revenue for Q2 2022 was A\$54.6 million, up 46% from the previous quarter (Table 4). The Company generated A\$26 million of net project operating cash flow for the quarter.

At 30 June 2022, Image had a net cash position of A\$47.9m, after paying dividends (A\$12.8m cash component) and corporate income tax (\$11.2m).

Performance against Guidance

Based on a decision to reduce throughput rates, guidance on HMC produced has been reduced by approximately 10% and HMC sold guidance has also been adjusted downwards. These adjustments, combined with higher shipping costs, higher fuel costs, general inflationary pressures and higher royalties (due to higher prices being achieved than forecast) has resulted in an increase in C1 Cash Costs and AISC per tonne of HMC sold.

Offsetting the reduction in production and sales volumes and the impact of inflation on costs, are higher HMC prices and lower FX rates than forecast which overall is expected to result in stronger economic performance in 2022 than previously forecast.

Table 5: CY2022 Guidance

		YTD 2022 Actuals	CY2022 Updated Guidance	CY2022 Prev. Guidance
HMC Produced	kt	90.5	180-200	200-220
HMC Sold	kt	98.9	190-210	220-250
Project Operating Costs ¹	A\$m	56.2	100-110	95-105
C1 Cash Costs (HMC Sold)	A\$/t HMC	465	450-480	390-420
AISC Cash Costs (HMC Sold)	A\$/t HMC	532	520-560	460-490

Notes: 1 – Project operating costs represent cash costs of production at Boonanarring (pre stock adjustments and pre-audit)

Corporate

On 7 April 2022 the Company released the Annual Report to shareholders which disclosed a Net Profit After Tax of A\$19.4m.

On 29 April 2022 the Company released the Notice for the Annual General Meeting and associated proxy forms. The notice included unsolicited self-nominations from four, non-Board endorsed, non-executive director nominees. Prior to the Annual General Meeting, following negotiations with our two major shareholders, resolutions for two of these self-nominated nominees were withdrawn.

The Company agreed to appoint Mr Winston Lee as a non-executive director nominee of Vestpro International to replace Vestpro's previous nominee, Mr Michael Li. Winston Lee's date of appointment was 14 June.

On 30 May 2022, the Company announced the signing of a Director Appointment and Standstill Deed (Standstill Agreement) with its largest 19.4% shareholder Murray Zircon Pty Ltd and its associates including Orient Zirconic Resources (Australia) Pty Ltd, Guangdong Orient Zirconic Ind Sci & Tech Co. Ltd, (OZC) and Lomon Billions Group Co. Ltd, (together MZ Parties). MZ Parties agreed not to requisition any subsequent meeting of Image shareholders to consider the appointment or removal of Image directors within the period ending 14 months after the date of the Standstill Agreement. In exchange, Image agreed to provide MZ Parties with a right to nominate one director to the Image Board for so long as MZ Parties maintains its voting power in the Company above 15% and remains Image's largest shareholder. Image also agreed to use its best endeavours to secure 50% of Image's HMC production from Boonanarring and Atlas to be on-sold to OZC through Image's current off-taker, Natfort, and full market pricing.

Subsequent to the Standstill Agreement, Image agreed to appoint Ms Ran Xu as a non-executive director nominee of MZ Parties, with effect from 1 June 2022.

Subsequent to the end of the quarter, in July, the first sale of Image HMC was completed to OZC under the Standstill Agreement, representing 50% of a planned sale of 15kt of HMC through Natfort under the existing HMC offtake agreement at market-based pricing.

Corporate costs for Q2 included \$260,000 of related party transactions (all director salary or fee related).

Development and Exploration

Atlas Project, including nearby Hyperion and Helene

The Atlas Project is 100%-owned and was included as part of Image's Bankable Feasibility Study (BFS) published in 2017, and was contemplated to be mined after all available Ore Reserves at Boonanarring are mined out. Atlas is currently undergoing detailed project development planning, heritage clearances and environmental permitting.

Atlas is located approximately 160km north of Perth (80km north of Boonanarring) and currently has Ore Reserves of 9.5Mt at 8.1% HM (see Table 11). The plan outlined in the BFS was for the wet concentration plant (WCP) and associated equipment, infrastructure and mining operations to be relocated from Boonanarring when mining and processing at Boonanarring is complete. The forecast for completion of mining and processing at Boonanarring is currently estimated as Q1 2023, and possibly as late as Q2 2023 with the successful extension of mining in Boonanarring Block D south, with the relocation of equipment and personnel, and mining to commence following cessation of processing of final ore at Boonanarring.

Atlas is a high-grade deposit and has coarse-grained minerals which favour high recoveries, very much like at Boonanarring. However, unlike at Boonanarring, the strip ratio is much lower at Atlas, estimated at approximately 1.2:1 (Boonanarring 6:1), which translates to significantly lower mining costs at Atlas. However, the zircon content of the HM in the ore at Atlas is lower at 11%, compared to 24% at Boonanarring.

Project development, planning and study costs for Atlas are being funded internally and capital costs for the project are anticipated to be funded from cash reserves. In Q1 2022 a key piece of land close to the Atlas deposit was purchased. This property provides a suitable location for a camp site and has the added benefit of natural bushlands that are suitable for environmental land offsets if required.

Environmental permitting at Atlas is progressing, however the process has been delayed from a combination of issues related to heritage clearances and field assessment activities related to flora, fauna, groundwater and surface water. In the first instance, a heritage survey for mining access in November 2021 identified a new ethnographic site in the middle of the Atlas deposit. This may have been in part motivated by fallout from the Rio Tinto Juukan Gorge cave destruction in May 2020, and heightened sensitivities regarding potential heritage sites.

Identification of the ethnographic site was exacerbated by the extinguishing of native title in the Atlas area by the Yued Indigenous Land Use Agreement (Yued ILUA) as part of the South West Native Title Settlement registered in December 2019. Registration of the Yued ILUA served to dissolve the native title working group and formal structure for consultation, causing major delays in organising native title representatives to assist with field surveys.

Additionally, the introduction of a new bill which led to the Aboriginal Cultural Heritage Act 2021 in December 2021, which created additional time-consuming steps in the environmental approvals process for mining.

A final factor was delays experienced undertaking field activities, in particular groundwater and surface water assessment activities required to collect data for groundwater modelling and to understand the complex nature of the local aquifers for the development of operational and management strategies. Securing drill rigs, people and materials in the wake of the ongoing resources shortage, coupled with COVID related issues, have impacted schedules for field surveys, assessment and reporting.

Overall, the Atlas environmental approvals timeline has been delayed by six months or more from originally scheduled.

The current estimate for the grant of environmental approvals is now end of Q2 2023. The Company continues to work actively and co-operatively with the local traditional owners, through SWALSC, along with various service providers to address these issues and to try and identify a workable solution to obtain environmental approval to allow mining in this area in a timely manner.

A desktop study is underway to determine if the Minerals Technologies CT1 demonstration-scale, heavy minerals wet separation plant (WCP) being tested at Boonanarring can be expanded, following completion of testing, and used as the primary WCP at Atlas to help reduce total capital costs and relocation time for the transition of mining and processing at Atlas.

The 100%-owned Hyperion and Helene projects (Mineral Resources of 5.0Mt at 6.3% HM and 13.2Mt at 4.3% HM respectively – Table 11), are located to the immediate north of Atlas, and are potentially within economic pumping distance from the planned location of the Atlas WCP. Both projects are being assessed as part of the overall plan to extend the mine life in the Atlas area.

Bidamina

The Bidamina Project is 100%-owned and is currently the subject of a feasibility study being conducted by IHC Robbins, as a potential stand-alone dredge mining production centre, to be operated in parallel with operations in the Atlas area. Bidamina is located 100km north of Perth (25km northwest of Boonanarring). Bidamina has current Mineral Resources of 102mt at 2.2% HM (see Table 11 and refer ASX announcement 31 March 2021).

The Bidamina deposit has a high-value titanium mineral assemblage, including an estimated 36% leucoxene (70-95% TiO₂), 4.4% rutile, 5% zircon and 48% ilmenite (as percentages within the HM). It is a coarse-grained deposit (amenable to high recoveries), with very low slimes (<4%), minimal oversize (<3%) and very low trash content (93% VHM). The mineralisation is located below the water table and has a strip ratio of approximately 1:1. Initial scoping study results indicates the deposit is amenable to lower-cost dredge mining and IHC Robbins has been commissioned to complete a feasibility study (FS), with results now anticipated in Q4 2022 due to delays on work programmes in Q4 2021 from unusually wet weather and competing demand for external resources, coupled with further delays Q1 2022 with heritage surveys and external resources shortages.

Heritage, flora and flora surveys were completed in Q1 2022, drilling to collect necessary geotechnical data to support the FS was completed in April, and drilling for upgrading the Mineral Resources Estimate commenced in April and has been subsequently completed in July 2022. The FS is currently scheduled to be completed in Q4 2022.

Eneabba Tenements

As a key component of its growth strategy, Image evaluated seven mineral sands properties in CY2021, outside of its then-current mineral sands portfolio, for possible investment to gain access to Mineral Resources with the potential for longer-life mining operations. Only two of the seven properties evaluated were determined to be target worthy.

The first was a package of tenements located in the historic Eneabba mining district, owned by Sheffield Resources Limited (**Eneabba Tenements**). The package contains some 200 million tonnes (Mt) of Mineral Resources accessible by dry mining methods. Image was successful in tendering a strategic acquisition of the Eneabba Tenements in December 2021.

Acquisition of the majority of the Eneabba Tenements, being 8 Exploration Licences (ELs) and one Retention Licence (RL), was completed on 18 January 2022 with the payment of A\$23 million (excluding purchase costs) from Image cash reserves. Acquisition of the balance of the package, being 3 Mining Leases (MLs), was completed in May 2022 at a cost of a further A\$1 million cash, following receipt of FIRB approval.

The tenements covering the 8 ELs and 1 RL host existing estimated Mineral Resources of 199Mt at 2.8% Total Heavy Minerals (THM) containing 5.5Mt THM (refer Table 11). These tenements cover an area of approximately 232km².

The existing Mineral Resources in the Eneabba Tenements have a number of positive attributes including:

- Located in the historic Eneabba mineral sands mining district in Western Australia;
- Contains 19% zircon plus rutile in the THM and 84% valuable heavy minerals (VHM) within the mineral assemblage; and
- Mineralisation is located from surface in some places with low overall average strip ratios.

Work programs during the quarter included completion of acquisition of the remaining 3 MLs following FIRB approval, researching/transferring land access agreements for exploration, and commencement of a desktop study to determine which of the preliminarily selected, two largest deposits associated with the package of tenements, being Yandanooka and Durack, are most suitable for consideration of fast-tracking development. Yandanooka hosts 60Mt at 3% THM containing 1.8Mt total heavy minerals and Durack hosts 26Mt at 2.8% THM containing 700Kt total heavy minerals (refer Table 11).

McCalls Project

The second strategic acquisition in CY2022 was the McCalls mineral sands project, also acquired from Sheffield Resources. Acquisition of McCalls was completed 14 March 2022 for A\$12 million, excluding purchase costs, and paid from Image cash reserves (see 14 March 2022 ASX announcement: Strategic Acquisition of McCalls Mineral Sands Project).

The McCalls deposit is a massive, low-grade mineral sands deposit with Mineral Resources Estimate of 5,800Mt at 1.4% THM containing 84Mt total heavy minerals across two tenements (refer Table 11 below and 20 May 2022 ASX announcement: Mineral

Resources Update McCalls Mineral Sands Project). Mineralisation at McCalls covers four exploration licences across two project areas over a total area of 224Km².

The acquisition of McCalls increased Image’s total Mineral Resources more than 10-fold to 6.4 billion tonnes and increased total contained heavy minerals more than 6-fold to 101 million tonnes.

The existing Mineral Resources in the McCalls have a number of positive attributes including:

- Located 15km from the current Boonanarring processing plant and accessible largely by sealed road;
- Contains 82% ilmenite plus leucoxene and 7% zircon plus rutile in the THM and 90% valuable heavy minerals (VHM) within the mineral assemblage;
- The ilmenite plus leucoxene is of high grade and quality averaging 63% TiO₂ and likely suitable for the chloride processing or as a very long term, consistent source of synthetic rutile feedstock; and
- Very thick seams of mineralisation (up to 30m), located from surface in some places with low overall average strip ratio.

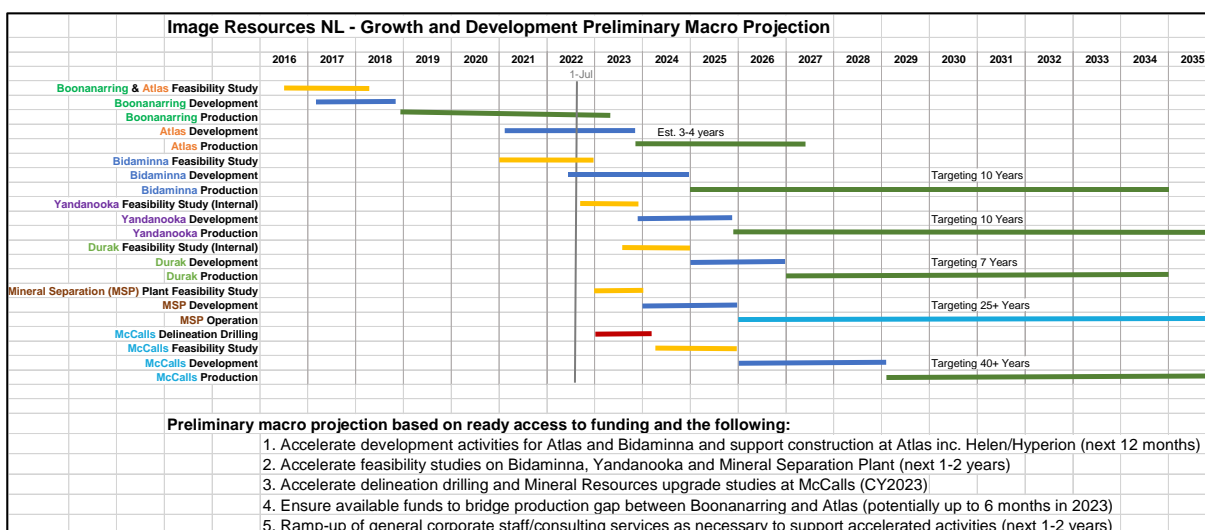
There is currently insufficient information to determine if any of the Mineral Resources will be converted to Ore Reserves in the future, however, the consistency and large mass of mineralisation suggests that given an appropriate economy of scale and sufficiently high commodity prices, McCalls has the potential to host several multi-decade operations.

Preliminary Growth and Development Strategy

The Company’s development strategy for its original portfolio of projects is unchanged. That is, continuing to operate at Boonanarring until all accessible Ore Reserves are depleted, and then relocating relevant processing equipment and mining to Atlas, while advancing the feasibility at Bidaminna with the aim of establishing a second standalone dredge mining project, operating in parallel with Atlas. The acquisition of the Eneabba Tenements and McCalls Project allows Image to expand its growth and development strategy.

The preliminary, expanded growth and development strategy is presented in Figure 8 and includes indicative timelines and initial prioritisation of feasibility studies for project development consideration. The inclusion of projects associated with the strategic acquisitions of the Eneabba Tenements and McCalls Project has, for the first time, allowed the Company to articulate a longer-term strategy which includes the development of potential multi-decade projects operating in parallel, encompassing a potential growth strategy to a sustainable mid-tier mining company.

Figure 8. Preliminary Gantt Chart with indicative timelines and initial project prioritisation



Exploration

The Company's exploration portfolio is primarily focused on mineral sands, with the exception of two, adjacent exploration licences and two associated prospecting licences 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 1,688 square kilometres.

The North Perth Basin tenements consist of 12 named project areas, each with identified Mineral Resources Estimates as presented in Tables 9 and 10 and we have added in the 224 sq km McCalls (Figure 11) and the 232 sq km Eneabba Tenements package (Figure 12).

Drilling Programs

The drilling activity planned for 2022 includes 431 holes for 12,459m (Table 6).

Most of the expenditure planned in 2H 2022 is for the mineral sand resource drilling, which is focussed on Bidamina, Hyperion, Bidamina West, and with additional gold drilling at Erayinia and King.

Bidamina Resource upgrade drilling has been completed this quarter and gold drilling was also completed in Q2 at Erayinia and the King Prospect.

Table 6: Drilling Programs Proposed in 2H 2022

Project Title	Tenement ID	DHs	Metres	Access
Atlas	E70/2636, E70/2898, M70/1305, P70/1520, E70/3997	80	776	Granted
Bidamina	E70/2844, E70/3298, E70/4779, E70/4919, E70/4794, E70/4919, E70/5763	22	1,110	Granted
Hyperion	R70/051	94	1,670	Granted
Helene	E70/4663, R70/051	28	672	Granted
Bidamina West	E70/5776, E70/5777	40	2,400	Granted
Bootine	E70/3192, E70/5213	25	850	Granted
Woolka	E70/4244	10	400	Granted
Regans Ford	E70/4946, E70/4949	25	855	Granted
Gingin	E70/3032, E70/5661, M70/0448,	10	230	Granted
Bibby Springs	E70/4663	12	288	Granted
Saddle Hill	E70/5034	10	210	Granted
Blue Lake - Quinns Hill	E70/3100, E70/3720, E70/5646	60	1,800	Granted
Erayinia	E28/1895, E28/2742	15	1,198	Granted
King	P28/1320, P28/1321	38	3,086	Granted
Total		431	12,459	

Bidaminna Area

The two main tenements over the current Bidaminna Mineral Resources Estimate (MRE) area are E70/3298 and E70/2884. Two additional tenements (E70/5776 and E70/4794) are located over potential northern extensions of the MRE area (Figure 8).

An upgraded MRE for Bidaminna was announced to the ASX on 31 March 2021 and was reported as Indicated (17%) and Inferred (83%) JORC Mineral Resources at a cut-off grade of 0.5% HM. The MRE summary outlined the following favourable characteristics:

102 million tonnes at 2.2% total heavy minerals (HM), and with the HM consisting of:

- 36% leucoxene (70-95% TiO₂)
- 5% zircon (premium grade)
- 4% rutile (95% TiO₂)
- 48% ilmenite (50-70% TiO₂) and
- 93% valuable heavy minerals (VHM).

A large drill programme was completed in the Q2 for 183 RC holes for 10,326m (drilling completed shown in blue in Figure 8) mainly over the Bidaminna MRE area and includes some exploration drilling on Orange Springs. The effective line spacing is 200m, which will be used to upgrade the Bidaminna MRE to an Indicated status. Bulk test work is planned in parallel with visual logging of the sachets. This work will assist in outlining the high value leucoxene areas within the Bidaminna Resource.

In addition, a further assessment of a 4km mineralised zone directly north of the Moore River within E70/2844 and along strike of the Bidaminna MRE will be carried out. Ongoing interpretation of the drilling, aeromagnetics and ground magnetics for the northern tenements including Mimegarra, Winooka North, Caro and Red Gully North, aims to delineate the combined upper and lower coincident strands like the Bidaminna MRE layered strands.

After 100km of ground magnetics was completed in previous quarters, two areas were identified with potential mineral sand signatures similar to Bidaminna. Access agreements have been prepared for two landowners in the area. If access is granted, then two drill programmes will be scheduled. A 40-hole 2400m AC program is planned at Bidaminna West and a 60-hole 3000m programme is planned at Mimegarra (drilling planned shown in yellow in Figure 8).

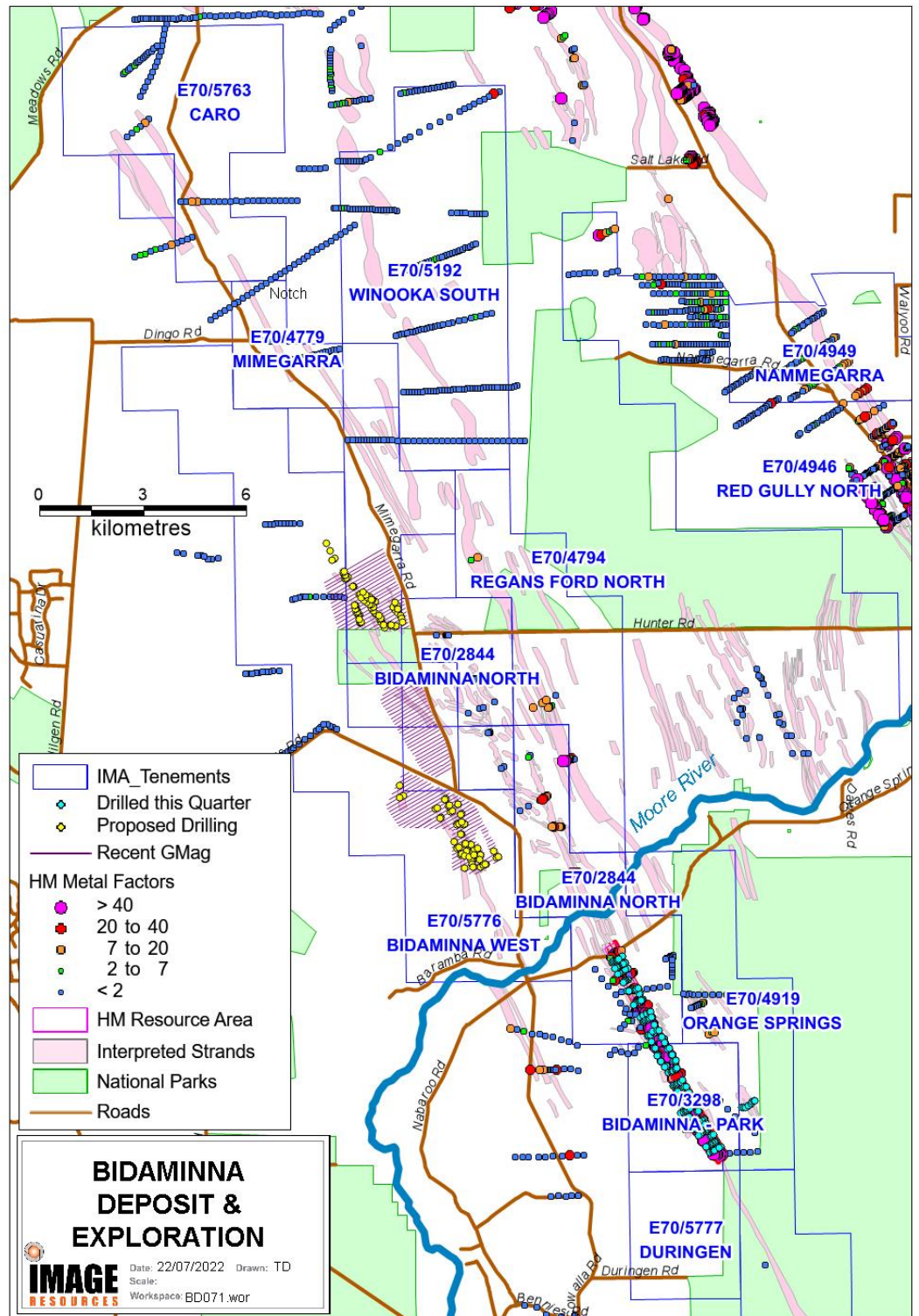


Figure 8: Bidamina Resource drilling shown in blue completed in Q2 and Bidamina West and Mimegarra completed ground magnetic surveys and planned drilling at Bidamina West and Mimegarra shown in yellow.

Erayinia E28/1895, Madoonia Downs E28/2742, King Prospect P28/1320, P28/1321

The King Prospect is located in the heart of, and completely surrounded by, Erayinia and Image’s adjacent 100%-owned Madoonia Downs tenement (Figure 9) and is located 135km SE of Kalgoorlie in Western Australia. Image’s exploration expenditures on the King Prospect are part of earn-in rights under a Farmin Agreement announced to the ASX on 2 March 2021. Image has met the initial expenditure requirements to earn an initial 40% beneficial ownership of the King Prospect under the Farmin Agreement and has also acquired a further 40% ownership by a cash payment of \$240,000 to Westex (15% interest) and Rocky Reef (5% interest) the vendors of P28/1320-21. The owners have elected to revert to a combined 2.0% net smelter royalty position.

A total of 49 RC holes (EYRC59-108) for 2,716m (average 55m depth) were drilled, and 679 2-4m composites were assayed and 493 1m splits were collected and assayed. A resource study is expected to be completed in the Q3 by Optiro. This will be used to plan further drilling over areas where the gold zones are still open in a number of different locations and down dip and also testing new targets.

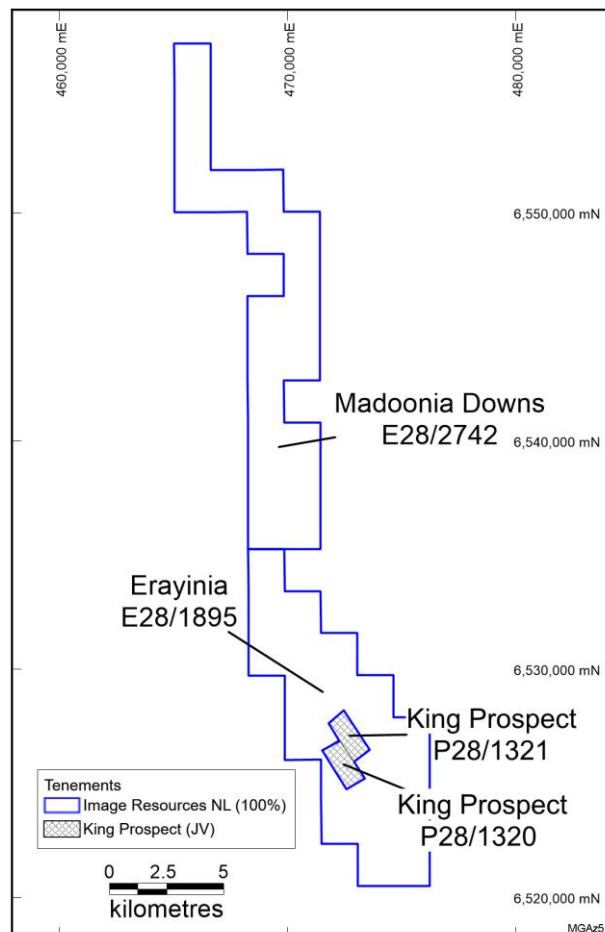


Figure 9: Tenement summary for Erayinia and Madoonia Downs and King Prospect (100% Image).

The King -Erayinia Gold Prospect contains both higher-grade areas, thickened zones and mineralisation open down-dip within a 1.5km x 300m zone (Figure 10). Internally there is a **high-grade area that extends over a +400m length.**

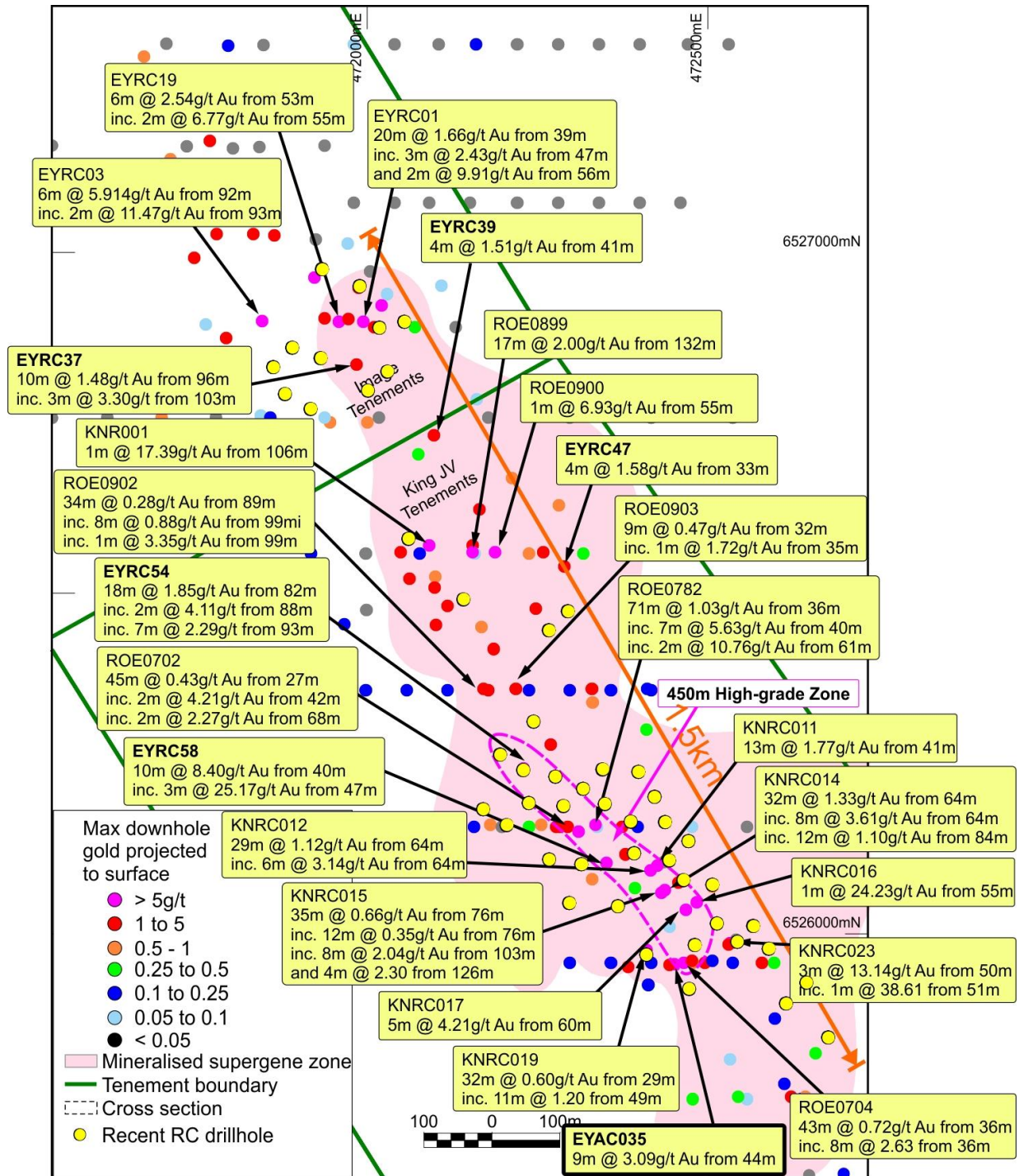


Figure 10: Hole locations, maximum mineralisation intercepts, enlarged supergene zone (pink shade) from previous drilling and the completed Q2 RC program on the Erayinia & King Prospect in yellow.

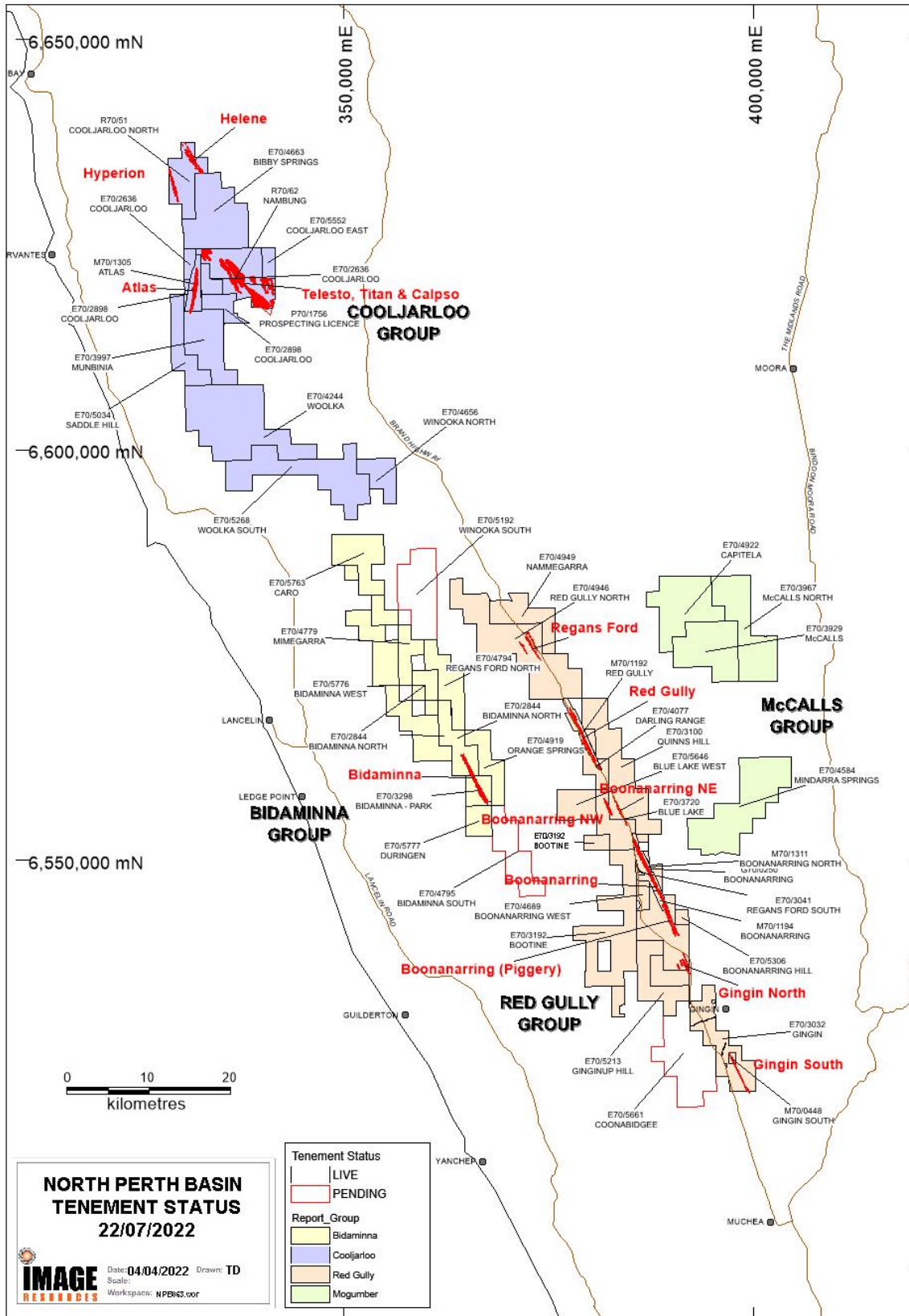


Figure 11: North Perth Basin tenements including recently acquired McCalls Group tenements.

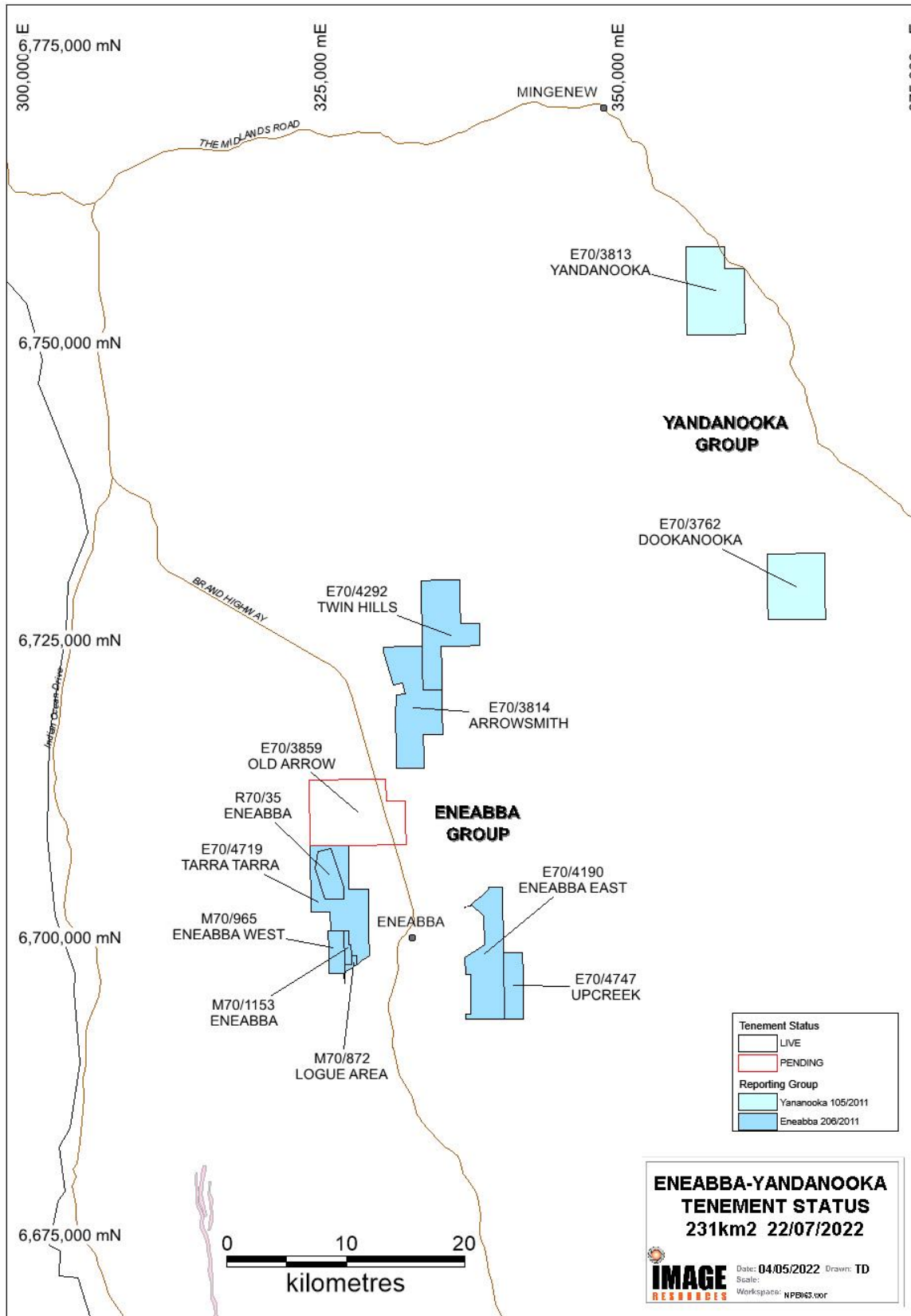


Figure 12: Eneabba Tenements

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

Tenements held at the end of the Quarter

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	E28/2742	Granted	MADOONIA DOWNS	100%	100%
WA	E52/3917	Granted	WILTHORPE	100%	1% Royalty payable in all minerals
WA	M52/1067	Granted	WILTHORPE	1% Royalty payable in all minerals	1% Royalty payable in all minerals
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	100%	100%
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	E70/4656	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	E70/5034	Granted	SADDLE HILL	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	Granted	COOLJARLOO EAST	100%	100%
WA	E70/5646	Granted	BLUE LAKE WEST	100%	100%
WA	E70/5661	Application	COONABIDGEE	100% pending grant	100% pending grant
WA	E70/5763	Granted	CARO	100%	100%
WA	E70/5776	Granted	BIDAMINNA WEST	100%	100%
WA	E70/5777	Granted	DURINGEN	100%	100%
WA	G70/0250	Granted	BOONANARRING	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	M70/1305	Granted	ATLAS	100%	100%
WA	M70/1311	Granted	BOONANARRING NORTH	100%	100%

WA	P70/1520	Application	COOLJARLOO	100% pending grant	100% pending grant
WA	P70/1756	Application	COOLJARLOO EAST	100% pending grant	100% pending grant
WA	R70/0051	Granted	COOLJARLOO NORTH	100%	100%
WA	R70/0062	Granted	NAMBUNG	100%	100%
WA	E70/3762	Granted	DOOKANOOKA	100% pending transfer	100% pending transfer
WA	E70/3813	Granted	YANDANOOKA	100% pending transfer	100% pending transfer
WA	E70/3814	Granted	ARROWSMITH	100% pending transfer	100% pending transfer
WA	E70/3929	Granted	MCCALLS	100% pending transfer	100% pending transfer
WA	E70/3967	Granted	MCCALLS NORTH	100% pending transfer	100% pending transfer
WA	E70/4190	Granted	ENEABBA EAST	100% pending transfer	100% pending transfer
WA	E70/4292	Granted	TWIN HILLS	100% pending transfer	100% pending transfer
WA	E70/4584	Granted	MINDARRA SPRINGS	100% pending transfer	100% pending transfer
WA	E70/4719	Granted	TARRA TARRA	100% pending transfer	100% pending transfer
WA	E70/4747	Granted	UPCREEK	100% pending transfer	100% pending transfer
WA	E70/4922	Granted	CAPITELA	100% pending transfer	100% pending transfer
WA	M70/0872	Granted	LOGUE AREA	100% pending transfer	100% pending transfer
WA	M70/0965	Granted	ENEABBA WEST	100% pending transfer	100% pending transfer
WA	M70/1153	Granted	ENEABBA	100% pending transfer	100% pending transfer
WA	R70/0035	Granted	ENEABBA	100% pending transfer	100% pending transfer
WA	E70/3859	Application	OLD ARROW	100% pending grant	100% pending grant

Mining Tenements acquired during the Quarter

WA	E70/3762	Granted	DOOKANOOKA	100% pending transfer	100% pending transfer
WA	E70/3813	Granted	YANDANOOKA	100% pending transfer	100% pending transfer
WA	E70/3814	Granted	ARROWSMITH	100% pending transfer	100% pending transfer
WA	E70/3929	Granted	MCCALLS	100% pending transfer	100% pending transfer
WA	E70/3967	Granted	MCCALLS NORTH	100% pending transfer	100% pending transfer
WA	E70/4190	Granted	ENEABBA EAST	100% pending transfer	100% pending transfer
WA	E70/4292	Granted	TWIN HILLS	100% pending transfer	100% pending transfer
WA	E70/4584	Granted	MINDARRA SPRINGS	100% pending transfer	100% pending transfer
WA	E70/4719	Granted	TARRA TARRA	100% pending transfer	100% pending transfer
WA	E70/4747	Granted	UPCREEK	100% pending transfer	100% pending transfer
WA	E70/4922	Granted	CAPITELA	100% pending transfer	100% pending transfer
WA	M70/0872	Granted	LOGUE AREA	100% pending transfer	100% pending transfer
WA	M70/0965	Granted	ENEABBA WEST	100% pending transfer	100% pending transfer
WA	M70/1153	Granted	ENEABBA	100% pending transfer	100% pending transfer
WA	R70/0035	Granted	ENEABBA	100% pending transfer	100% pending transfer
WA	E70/3859	Application	OLD ARROW	100% pending grant	100% pending grant

Mining Tenements disposed during the Quarter

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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.

Mineral Resources & Ore Reserves Statement

The estimated Ore Reserves at Boonanarring include depletion from mining through 31 December 2021 and thereby represent remaining Ore Reserves as at 31 December 2021.

Table 8 – Ore Reserves - Strand Deposits; in accordance with the JORC Code (2012) – as at 31 December 2021

Project/ Deposit	Ore Reserve Category	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
					Zircon	Rutile	Leuc.	Ilmenite		
Boonanarring	Proved	2.8	0.21	7.4	20	2.9	1.8	49	12	4.5
	Probable	1.1	0.07	6.2	17	4.8	6.2	43	15	6.1
	Sub Total	3.9	0.28	7.1	19	3.4	2.9	48	13	4.9
Atlas	Probable	9.5	0.80	8.1	11	7.5	4.5	51	16	5.7
	Sub Total	9.5	0.80	8.1	11	7.5	4.5	51	16	5.7
Total Ore Reserves		13.4	1.08	7.8	13	6.4	4.1	50	15	5.5

¹ Refer to Boonanarring Ore Reserves release 11 March 2022 "Boonanarring Annual Ore Reserve Update"

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

The estimated Mineral Resources at Boonanarring have been updated to include depletion from mining through 31 December 2021 and thereby represent remaining Mineral Resources as at 31 December 2021.

Table 9 – Mineral Resources – Dry Mining Strand Deposits; in accordance with the JORC Code (2012) - as at 31 December 2021

Deposit	Mineral Resource Category	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
						Zircon	Rutile	Leuc.	Ilmenite		
Boonanarring	Measured	2.0	3.9	0.28	7.2	18.1	2.9	2.8	48	12	4.5
	Indicated	2.0	5.4	0.26	4.8	12.3	4.6	9.8	49	17	4.8
	Inferred	2.0	0.9	0.03	3.3	11.5	4.4	5.5	53	15	6.4
	Sub Total	2.0	10.2	0.57	5.6	15.1	3.7	6.1	49	15	4.8
Atlas	Measured	2.0	9.9	0.78	7.9	10.5	7.2	4.2	49	16	5.8
	Indicated	2.0	6.4	0.24	3.7	6.8	4.7	3.4	42	17	5.2
	Inferred	2.0	1.8	0.07	4.0	4.8	4.4	3.3	29	20	7.2
	Sub Total	2.0	18.1	1.09	6.0	9.3	6.4	4.0	46	17	5.7
	Total Measured		13.7	1.06	7.7	12.5	6.0	3.8	49	15	5.4
	Total Indicated		11.8	0.50	4.2	9.7	4.6	6.8	45	17	5.0
	Total Inferred		2.7	0.10	3.8	6.7	4.4	4.0	36	18	7.0
	Grand Total		28.3	1.66	5.9	11.3	5.5	4.7	47	16	5.4

Table 10 – Mineral Resources – Dredge Mining Strand Deposits; in accordance with the JORC Code (2012) – as at 31 December 2021

Deposit	Mineral Resource Category	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
						Zircon	Rutile	Leuc.	Ilmenite		
Bidamina	Indicated	0.5	17	0.6	3.2	5.0	5.1	30	53	3.6	1.4
	Inferred	0.5	84	1.7	2.0	5.1	4.2	38	47	3.3	2.4
	Total	0.5	102	2.2	2.2	5.1	4.4	36	48	3.4	2.2

Table 11- Mineral Resources – Dry and Dredge Mining Strand Deposits; in accordance with JORC Code 2012 and JORC Code 2004 – as at 30 June 2022

	Deposit	Mineral Resource Category	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)	
							Zircon	Rutile	Leuc.	Ilmenite			
Dry Mining, JORC 2012 and 2004	Boonanarring	Meas Ind and Inf	2.0	10.2	0.6	5.6	15.1	3.7	6.1	49	15	4.8	
	Atlas	Meas Ind and Inf	2.0	18.1	1.1	6.0	9.3	6.4	4.0	46	17	5.7	
	Boonanarring North West	Ind and Inf	2.0	4.3	0.2	5.1	9.2	6.9	32	33	11	1.1	
	Boonanarring North	Ind and Inf	2.0	2.7	0.3	11.2	16.4	2.7	11	41	17	7.2	
	Gingin North	Ind and Inf	2.0	8.7	0.4	4.7	6.8	4.7	17	48	15	4.7	
	Helene	Ind and Inf	2.0	13.1	0.6	4.8	7.4	5.2	14	47	18	1.4	
	Hyperion	Ind and Inf	2.0	3.6	0.3	8.3	8.0	6.7	8.1	36	19	2.6	
	Drummond Crossing	Ind and Inf	1.4	38.8	0.9	2.4	13.9	10.2	3.4	54	14	7.7	
	Durack	Ind and Inf	1.4	26.3	0.7	2.8	13.8	2.9	4.4	70	14	15.5	
	Ellengail	Ind and Inf	2.0	11.8	0.6	4.8	9.9	8.1	9.6	64	15	2.9	
	Robbs Cross	Ind and Inf	1.4	17.8	0.3	1.9	14.7	12.3	4.8	48	6	6.6	
	Thomson	Inf	1.4	25.7	0.5	2.0	18.8	13.8	5.4	42	18	6.9	
	Yandanooka	Meas Ind and Inf	1.4	60.8	1.8	3.0	12.1	3.5	3.6	70	15	11.5	
	Corridor	Inf	2.0	18.1	0.6	3.1	6.7	5.5	0.4	47	14	4.8	
	Gingin South *	Meas Ind and Inf	2.5	8.1	0.5	6.1	8.3	5.2	10.3	65	7	8.7	
	Regans Ford *	Ind and Inf	2.5	9.9	1.0	9.6	10.0	4.3	9.8	70	17	0.0	
	Red Gully *	Ind and Inf	2.5	6.0	0.5	7.7	12.4	3.1	8.3	66	11	0.0	
	McCalls	Ind and Inf	1.1	3,610	48	1.3	5.1	3.6	3.0	79	24	1.1	
	Mindarra Springs	Inf	1.1	2,200	36	1.6	4.2	0.9	3.1	80	5	2.0	
			Total Measured Dry		17.9	1.2	6.9	12.0	5.7	4.3	51	14	5.9
		Total Indicated Dry		1822	30.8	1.7	6.7	3.8	4.0	73	20	1.8	
		Total Inferred Dry		4254	63.0	1.4	4.8	2.3	3.3	79	15	11.0	
		Sub Total Dry		6094	95.0	1.5	5.5	2.8	3.5	77	17	8.2	
Dredge Mining, JORC 2012	Bidamina	Ind and Inf	0.5	101.6	2.2	2.2	5.1	4.4	36.3	48	3	2.2	
	Titan	Ind and Inf	1.0	136.6	2.6	1.9	9.5	3.1	1.5	72	19	0.0	
	Telesto	Ind	1.0	3.5	0.1	3.8	9.5	5.6	0.7	67	17	0.0	
	Calypso	Inf	1.0	51.5	0.9	1.7	10.8	5.1	1.6	68	14	0.0	
			Total Indicated Dredge		42.1	1.1	2.5	7.2	4.4	16.3	61	14	0.6
			Total Inferred Dredge		251.0	4.7	1.9	8.2	3.8	14.5	62	13	0.8
		Sub Total Dredge		293.2	5.8	2.0	8.0	4.0	14.8	62	13	0.8	
Total Combined Resources		Total Measured		18	1	6.9	12.0	5.7	4.3	51.1	14.4	5.9	
		Total Indicated		1864	32	1.7	6.7	3.8	4.4	72.3	20.2	1.8	
		Total Inferred		4505	68	1.5	5.0	2.4	4.0	78.2	14.9	10.4	
		Grand Total		6387	100.7	1.5	5.6	2.9	4.2	76.0	16.4	7.9	

* Reported in accordance with JORC 2004

PREVIOUSLY REPORTED INFORMATION

This report includes information that relates to 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: 11 March 2022 “Boonanarring Annual Ore Reserve Update”
- Atlas Ore Reserves: 30 May 2017 “Ore Reserves Update for 100% Owned Atlas Project”
- Bidamina Mineral Resource: 31 March 2021 – “102 Million Tonnes Inaugural Dredge Mining Mineral Resource Estimate for Bidamina Mineral Sands Project”
- Eneabba Mineral Resource: 11 March 2022 – “Mineral Resources Update – Eneabba Tenements”
- Gingin North Mineral Resource: 31 March 2021 – “Project MORE Update Boonanarring Atlas Projects”
- Boonanarring North Extension Mineral Resource: 31 March 2021 – “Project MORE Update Boonanarring Atlas Projects”
- Boonanarring North West Mineral Resource: 31 March 2021 – “Project MORE Update Boonanarring Atlas Projects”
- Helene Mineral Resources: 31 March 2021 – “Project MORE Update Boonanarring Atlas Projects”
- Hyperion Mineral Resources: 31 March 2021 – “Project MORE Update Boonanarring Atlas Projects”
- Titan Mineral Resources: 31 October 2019
- Telesto South Mineral Resources: 31 October 2019

- Calypso Mineral Resources: 31 October 2019.
- Mineral Resource Update – McCalls Mineral Sand Project: 20 May 2022

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 report includes information that relates to 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:

- Regans Ford Mineral Resources: 20 February 2017 (released 21 February 2017)
- Gingin South Mineral Resources: 21 July 2011
- Red Gully Mineral Resources: 9 March 2011

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.*

This report includes information that relates to Exploration Results which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcement dated 26th April 2021 and December 2021 Quarterly Report released 31st January 2022 which are available to view on the Company's website. 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 that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

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")

30/06/2022

<u>Consolidated statement of cash flows</u>	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	54,597	91,948
1.2 Payments for		
(a) exploration & evaluation	(1,463)	(2,090)
(b) development		
(c) production	(28,593)	(56,212)
(d) staff costs	(495)	(996)
(e) administration and corporate costs	(578)	(1,188)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	15
01.5 Interest and other costs of finance paid	(136)	(232)
1.6 Income taxes paid	(11,244)	(12,430)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	24	26
1.9 Net cash from / (used in) operating activities	12,117	18,841
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	(1,659)	(36,760)
(c) property, plant and equipment	(742)	(6,976)
(d) exploration & evaluation		
(e) investments		

**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 (6 months) \$A'000
(f) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) investments		
(e) financial derivatives		
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	(2,401)	(43,736)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,529
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	(17)	(17)
3.6 Repayment of borrowings		
3.8 Dividends paid	(12,766)	(12,766)
3.9 Other – Employee share plan loan repayments	41	980
3.10 Net cash from / (used in) financing activities	(12,742)	(8,274)
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	48,982	79,840
4.2 Net cash from operating activities (item 1.9 above)	12,117	18,841
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,401)	(43,736)

**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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(12,742)	(8,274)
4.5	Effect of movement in exchange rates on cash held	1,940	1,225
4.6	Cash and cash equivalents at end of period	47,896	47,896

5.	<u>Reconciliation of cash and cash equivalents</u> <i>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i>	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	47,880	48,966
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)	47,896	48,982

6.	<u>Payments to related parties of the entity and their associates</u>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 – Directors Fees	260
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

MINING EXPLORATION ENTITY OR OIL AND GAS EXPLORATION ENTITY QUARTERLY CASH FLOW REPORT

7. <u>Financing facilities</u> <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements	140	140
7.3 Other (please specify)	-	-
7.4 Total financing facilities	140	140
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.		

8. <u>Estimated cash available for future operating activities</u>	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	12,117
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	12,117
8.4 Cash and cash equivalents at quarter end (item 4.6)	47,896
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	47,896
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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	
8.8.2 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	

**MINING EXPLORATION ENTITY OR OIL AND GAS EXPLORATION ENTITY QUARTERLY CASH
FLOW REPORT**

8.8.3 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

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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 July 2022



Authorised by: Mr John Clark McEvoy, CFO

(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.
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.
6. By the Company lodging this Appendix 5B, the Managing Director and CFO declare that the Appendix 5B for the relevant quarter:
 - presents a true and fair view, in all material respects, of the cashflows of the Company for the relevant quarter and is in accordance with relevant accounting standards;
 - the statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
 - the Company's financial records have been properly maintained and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.