

8 March 2018

IMAGE RESOURCES ENTERS INTO AU\$50¹ MILLION SENIOR SECURED DEBT FACILITY

- **AU\$50M¹ to be raised from the issue of senior secured loan notes**
 - **Funds to be used for construction and commissioning of Image's high-grade, zircon-rich Boonanarring Mineral Sands project 80 km north of Perth**
 - **Transfer of funds to be single tranche following satisfaction of customary conditions precedent**
 - **Construction on track to begin no later than 31 March 2018**
 - **Project commissioning scheduled for October 2018**
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Image Resources NL (ASX: IMA) ("Image" or "the Company") is pleased to announce that the Company has entered into a Loan Note Subscription Agreement ("LNSA") with Pala Investments Limited ("Pala") and Castllake IV, L.P. and CL V Investment Solutions LLC which are entities controlled by Castllake L.P. (collectively, "Castllake") as the Loan Note Holders, to raise AU\$50M¹ from the issue of senior secured loan notes.

Funds raised under the LNSA will be used for the construction and commissioning of an open cut mine and wet concentration plant at the Company's 100%-owned, high grade, zircon-rich Boonanarring Mineral Sands Project ("Boonanarring Project") located 80 km north of Perth in the infrastructure-rich North Perth Basin in Western Australia.

Managing Director Patrick Mutz commented, *"Finalising an agreement to provide the Company with the project debt capital required to construct and commission the Boonanarring Project is a major milestone and should serve to boost investor confidence. It also allows the Company to continue to march confidently towards the finish line of its goal of transitioning to a profitable mining company."*

The Boonanarring Project is one of the highest heavy-mineral (HM) grade, high-zircon, undeveloped mineral sands projects in Australia. The project is fully permitted, requires project capital costs of only AU\$52M, and has a construction lead time of six months. In addition, the Company already owns the processing equipment required to make an HMC product as well as the land covering the first two years of ore reserves and of the area for the construction of the processing plant and related facilities. Importantly, the Company has also secured a binding off-take agreement for 100% of HMC production for the life of the mine.

Construction of the Boonanarring Project is on track to commence in March 2018. Initial mining pre-strip and construction of the wet concentrator plant and associated production facilities are expected to be completed at the end of the 3rd Qtr. 2018, followed by commissioning and first production during the 4th Qtr.

Mr Mutz added, *"The strong cashflows forecast in the Boonanarring/Atlas feasibility study, coupled with the recent rise in the price of zircon, provide a high level of confidence that the debt facility can be serviced comfortably during the relatively short life of the loan."*

LNSA General Information

Drawdown of funds under the LNSA is subject to satisfaction of certain conditions precedent customary for a facility of this nature.

The Company was well supported by its financial advisors Jett Capital Advisors LLC (New York) which facilitated Image's introductions to Pala and Castlake, and PCF Capital Group Pty Ltd (Perth) which provided advice and financial modelling services.

Key terms and conditions of the LNSA are summarized in Schedule 1. Additional information on the Loan Note Holders and Image's financial advisors is presented in Schedule 2.

For further information, please contact:

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Notes: 1 – US\$ denominated Loan Notes equivalent to AU\$50 million at signing of the LNSA

Schedule 1
Loan Note Subscription Agreement (LNSA)
Key Terms and Conditions

Issuer	Image Resources NL (Image)
Arranger	Pala Investments Limited
Loan Note Holders	Pala Investments Limited – 38.5% Castlelake IV LP – 27.06% CL V Investment Solutions LLC – 34.44%
Loan Note Amount	AU\$50 ¹ million
Use of Funds	Construction and commissioning of Image's Boonanarring Mineral Sands Project located 80 km north of Perth in Western Australia
LNSA Term	Three (3) years from drawdown of single tranche loan note funds
Interest Rate	14% for first fifteen (15) months following drawdown; 13% thereafter for balance of term
Conditions Precedent (to drawdown)	Customary conditions of documentation including representations, security, authorisations, bank accounts, insurance, board resolutions etc. plus evidence of receipt of minimum AU\$25 million additional equity capital, issue of bonus shares and warrants (below), payments of fees and taxes, and finalisation of select tripartite agreements with various contractors
Funds Utilisation (Drawdown)	Single tranche drawdown of AU\$50 ¹ million following satisfaction of customary conditions precedent (see below) and no later than 90 days following execution of LNSA
Fees	Loan Note Holders to receive an arrangement fee of 2% of the Loan Notes and an issuer discount of 7% of the Loan Notes
Other Considerations	Loan Note Holders to be issued bonus shares and warrants at drawdown, in proportion to the Loan Note Holder's participation in providing the Loan Note funds: Image fully paid ordinary shares – 56.255 million Image Warrants – 35 million ²
Security	Customary senior level security against all the assets and accounts of Image
Repayment Schedule	Interest for first 15-months added to the loan amount and thereafter, interest paid quarterly in arrears, and with principal to be repaid in seven equal quarterly payments starting on the 18 th month following drawdown
Early Repayment	No early repayment without make-whole ³ provision
Covenants	Includes positive, negative, and financial, covenants and undertakings and events of default customary for a secured funding facility of this nature
Break Fee	Failure to drawdown funds results in a payment by the Company of a break fee equivalent to 3% of the Loan Notes

- Notes: 1 – US\$ denominated Loan Notes equivalent to AU\$50 million at signing of LNSA*
2 – Warrant issued for 5-year term and at exercise price of 115% of the lower of Image share price at signing of LNSA or the issue price for equity capital raising, and each warrant, upon exercise, representing 1 fully paid ordinary share.
3 – If early repayment of loan is made, interest for full loan term is due, less any interest the Loan Note Holders might receive if the repaid funds were held on bank deposit.

Schedule 2
Additional Information
Loan Note Holders and Advisors

Loan Note Holders

Pala Investments Limited

Pala is a multi-strategy investment company focused on the mining and metals value chains with a strong track record of successful investments and value creation. Pala's team has extensive experience within the sector and seeks to assist companies in which it has long-term shareholdings by providing strategic advice and innovative solutions in development, production, expansion and turnaround situations. Pala also pursues a range of liquid investment strategies. Pala invests across all geographies and in all mining commodities as well as mining services and consumables. For more information, visit www.pala.com.

Castlelake, L.P.

Castlelake, L.P. is a global private investment firm focused on investments in alternative assets, sub-performing loans, dislocated industries and special situations, and is an experienced leader in aircraft ownership and servicing. With primary offices in Minneapolis and London, the Castlelake team comprises more than 130 professionals. As of September 30, 2017, Castlelake manages private funds and debt vehicles with approximately \$13.4 billion in assets, on behalf of its investors, including endowments, foundations, public and private pension plans, private funds, family offices, insurance companies and sovereign wealth funds. For more information, visit www.castlelake.com.

Financial Advisors

Jett Capital Advisors LLC (Jett)

Jett is an independent investment bank based in New York focused on serving middle market and emerging natural resources and technology companies. www.JettCapital.com

PCF Capital Group Limited (PCF)

PCF Capital Group is an independent, corporate advisory firm focused on serving clients in the resource sector. PCF was founded in 1999, in Perth, Western Australia and our team has executed over 120 mine divestment and project financing mandates for over \$2.5B. PCF's clients represent a broad range of mining companies including exploration focused juniors, growth oriented mid-tiers and globally diversified mining majors. www.PCFCapital.com.au