

18 February 2019

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## IMAGE RESOURCES CY 2019 GUIDANCE

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**Image Resources NL (ASX: IMA)** (“Image” or “the Company”) is pleased to advise the following **production and profitability guidance** for Calendar Year (“CY”) 2019 related to the operation of its 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project located 80km north of Perth in the infrastructure-rich North Perth Basin in Western Australia.

### 2019 CY Production and Profitability Guidance<sup>1,2</sup>

<u><b>Production</b></u>	<u><b>Guidance</b></u>
Ore processed (million tonnes)	3.4-3.7
HMC <sup>3</sup> produced (000 tonnes)	220-240
HMC sold (000 tonnes)	220-240
<u><b>Costs (AU\$)</b></u>	
Project operating costs <sup>4</sup> (million)	\$85-95
Cost per tonne HMC	\$385-420
<u><b>Revenue (AU\$)</b></u>	
Total revenue (million)	\$125-142
<b>Project EBITDA<sup>4</sup> (AU\$ million)</b>	\$40-50
<b>USD:AUD Fx</b>	0.74

Notes: 1. To be read in conjunction with Annexure A - Disclaimer and Forward-Looking Statements.

2. Information derived from Image 2017 Bankable Feasibility Study (announced to ASX 30 May 2018) and as subsequently updated for commodity prices and foreign exchange rate (announced to ASX 28 June 2018) but with other material assumptions underpinning the 2017 BFS unchanged.

3. Heavy Mineral Concentrate product.

4. Non-IFRS Financial Information:

This document contains non-IFRS unaudited financial measures including Project operating costs and Project EBITDA. Image management considers these to be key financial performance indicators used to measure underlying operational performance. Project operating costs include costs incurred in producing HMC at the Boonanarring Project plus logistics costs but exclude corporate and exploration costs, depreciation/amortisation, financing costs and income tax. Project EBITDA is calculated as revenue from sale of HMC less Project Operating Costs.

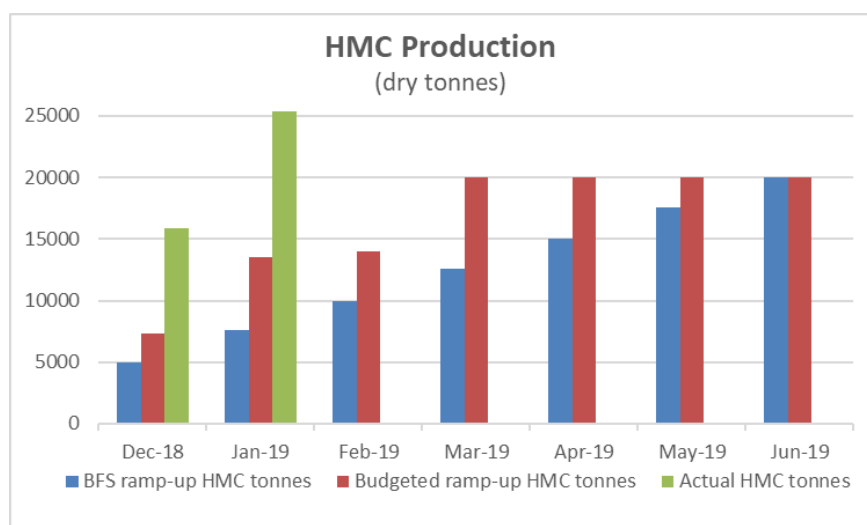
## Exceptional Start of Production

Following the successful fast-tracked construction and commissioning of the Boonanarring Project, Image transitioned to an active mining company with the start of a scheduled 6-month production ramp-up period on 1 December 2018.

During the first month of the ramp-up period (December 2018), production statistics exceeded expectations in all key categories. During the second month (January 2019), due to substantially higher ore grade, production of HMC exceeded the long-term average of 20,000 tonnes of HMC per month for full-scale production (Figure 1). In addition, HMC quality was higher than forecast. This means the ramp-up to full-scale production occurred in only two months (not reflected in guidance above), compared to the planned 6-month ramp-up schedule per the bankable feasibility study or the more aggressive budgeted ramp-up schedule of 3-4 months.

Managing Director Patrick Mutz commented, *“It is a rare occasion in the mining industry for a start-up mining company to over-deliver on its commitments to shareholders. However, Image has done just that with the very positive production performance during the first two months of the ramp-up period. I attribute that success to 1) the fundamental metallurgical characteristics of the Boonanarring coarse-grained mineralisation; 2) the correct fit of equipment and engineering to these ore characteristics; and as equally important, 3) the skills and dedicated effort of an experienced and motivated operations group. This combination inspires confident expectation of future positive results.”*

**Figure 1.**



## Second Shipment of HMC

The early successes of the first two months of production of HMC product allowed Image to complete its first shipment of ~10,000 tonnes of HMC product and receive first revenue in January 2019. In addition, the second shipment of HMC was secured with a letter of credit and loading was finalised and the ship sailed from Bunbury port on 16 February 2018. This shipment was a full complement of ~20,000 tonnes, which is the average monthly quantity forecast to be shipped during full-scale production.

The Company is on-track to achieve its next key milestone of positive project cash flow before the end of 1<sup>st</sup> QTR 2019 and potentially in February.

### **Boonanarring Project Background Information**

The Boonanarring Project is arguably one of the highest heavy mineral grade, zircon-rich, mineral sands projects in Australia. Project funding was finalised and construction commenced in April-May 2018. Following a six-month construction period, completed on time and on budget, the project was commissioned in October-November 2018 and the planned six-month production ramp-up period commenced on 1 December 2018. With the receipt of first revenue in January 2019, and revenue from a second shipment of ~20,000 tonnes imminent, positive cashflow remains on track to be achieved in 1<sup>st</sup> QTR 2019.

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## **Annexure A**

### **Disclaimer and Forward-Looking Statements**

This document has been prepared by the management of Image Resources NL ("Image", "IMA", or "the Company"). The information presented includes an indicative outlook of the business activities of Image for the calendar year (CY) 2019 and is provided to aid investors and potential investors with assessing the value of the Company. Some of the information provided may be based on past performance, however, this information should not be considered a reliable indicator of future performance. The information presented supersedes all previously presented information of its kind unless otherwise noted. This information is based in part on Image's interpretation of trends in commodity prices, financial markets, economic and macro-economic factors and consequently is subject to variation.

Certain statements in this document, and in subsequent oral statements made by and on behalf of Image, constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company, the Boonanarring Project or the industry, to be materially different from any forecast results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. These statements reflect the Company's current expectations regarding future events, performance and results as of the date of this document.

Statements in this document that constitute forward-looking statements or information include, but are not limited to statements regarding production statistics, revenue, operating costs and EBITDA. Forward-looking information and statements may also include commodity price assumptions, projected capital and operating costs, metal or mineral recoveries, mine life, production rates and other assumptions used in the 2017 Bankable Feasibility Study ("2017BFS"). Readers are cautioned that actual results may vary from those presented. Certain of the factors and assumptions used to develop the forward-looking information, as well as the risks that could cause the actual results to differ materially, are contained in the 2017BFS and subsequent BFS updates, lodged with the ASX and disclosed on the Company's website at [www.imageres.com.au](http://www.imageres.com.au).

Accessing the information contained in this document implies an acknowledgement that you have read and understood the above disclaimer and qualifications regarding forward-looking statements.