

Image Resources NL
Chairman's Address, AGM 1st May 2019.

At last years' annual general meeting I reported that we had just completed the capital raising to fund the mine development at Boonanarring and that this represented a significant turning point in the Company's quest to deliver a profitable mining operation.

After 12 months of remarkable achievement Image is now a fully operational and profitable mining company.

I would like to highlight some of these achievements for you.

- Strong shareholder support raised \$25 million in equity;
- Project loan funds of \$50 million received 25th May 2018;
- Full project construction commenced in May 2018;
- First ore for mining exposed in September 2018;
- Project construction completed in October 2018;
- Commissioning commenced late October 2018 and completed on 30th November 2018;
- Construction and commissioning were completed 'on-time' and 'on-budget';
- Production ramp-up commenced on 1 December 2018 and full production of HMC was achieved in January, in only the second month of operations.

This is a truly outstanding performance by the highly skilled and dedicated Image Team. I do not know of any start-up mining operations on the scale of Boonanarring that commenced with a bare paddock and achieved full production in less than 9 months and be within budget

The major plant item, the wet concentrator, was deconstructed in South Australia on receipt of loan funds in May, transported to Boonanarring, reconstructed and was operational for commissioning purposes in November. It was producing HMC to specification within weeks of turning on the taps in December.

The mining contractor, Piantentini and Son, mobilised a large fleet of mining and support equipment and exposed the first ore within months of commencement of mine construction. Mining has proceeded on schedule and budget since start up.

Major site infrastructure of power, water, access and administration facilities were all completed to a tight schedule.

This could only be achieved with a lot of experience, dedication and drive. Patrick Mutz and his small management team headed by Todd Colton (Chief Operating Officer), John McEvoy (Chief Financial Officer) are to be congratulated on an outstanding performance. We welcome our new on site operating team. They have played a key role in the successful commencement of operations and the outstanding early production.

With designed HMC production rate reached in January the first full quarter of production (March Q) was well ahead of expectation with 69,000 dry metric tonnes (DMT) of HMC produced against a budget of 41,000 DMT. This extra production, coupled with lower than budgeted operating costs delivered an operating margin for the first quarter of \$195 per DMT of HMC against a budget of \$48 per DMT.

Again, an outstanding achievement by the team to make what is often a difficult transition from successful construction and commissioning to a profitable operation.

Safety of operations is a principal concern of the Board and Management and I am pleased to report that there were no lost time accidents through construction, commissioning and now 4 months of operation.

We are fortunate to be operating within a local community that has a good understanding of mineral sands mining and we pay particular attention to establishing and maintaining inclusive relationships with the community. More than 50% of the workforce live locally and the remainder a short drive away. Everyone goes home at the end of their shift.

The longer-term outlook for the Boonanarring operation is one of strong production and extended mine life to drive increasing returns. We have an orebody that is so far delivering higher than expected heavy mineral grades.

For the March Quarter the ore grade averaged 11.1% HM against a budget of 6.3% HM. Mining has revealed a very high-grade core on the eastern part of the orebody with a particularly high zircon content. Exploration drilling has also established that mineralisation continues along strike both to the north and south of the current Boonanarring mine plan and the potential to add further mine life is evident.

Demand for zircon and titanium products strengthened during 2018 and resulted in a number of price increases. Demand in China softened early in 2019 but an improvement in outlook is apparent following the Chinese New Year slowdown. The longer-term outlook for zircon is one of tightening of supply.

Image has been very successful at discovering high value mineral sand resources in the North Perth Basin. George Sakalidis and his exploration team have established an exciting portfolio of deposits that have the potential to support both a much longer mine life and expanded production.

I believe Image Resources is at the beginning of a sustained value growth journey through its high-grade deposits, its outstanding team with a track record of successful minerals sands development and operation and its portfolio of deposits for future expansion and long operating life.

I would like to thank the Board, our people, contractors, suppliers and the community for their steadfast support and commitment.

Finally, thank you to our shareholders for your confidence and ongoing support as we continue to build a profitable mineral sands company.

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