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IMAGE RESOURCES SECURES DRILLING ACCESS TO HIGH GRADE NORTHERN EXTENSION AT BOONANARRING

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to advise it has secured access for drilling to assess the heavy mineral grade and quality in a 1.3km section of the 5.6km northern extension area (NEA) at the Company’s 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project located 80 km north of Perth in the infrastructure-rich North Perth Basin in Western Australia.

Access to this 1.3km section of the NEA (see Figure 1) was secured by means of a purchase option agreement in respect of the land, between Image and the landowner on terms customary for agreements of this nature, whereby:

- Image can immediately access the land to conduct drilling and assessment of the mineralisation for a period of up to six months; and
- Image may exercise an option to purchase the land during this six-month period, subject to Foreign Investment Review Board approval, if required.

Exercise of the purchase option is at Image’s election and there are no other material conditions precedent to the exercise. Image has paid an option fee and if it elects to exercise the option is liable to pay the purchase price for the land. The funds required for the option fee fall within the budget for additional land access already approved by the Board. The purchase option period expires 11 January 2020.

Drilling is to commence in this 1.3km section of the NEA as soon as the exploration programme of work is approved by the Department of Mines, Industry, Regulation and Safety (DMIRS). The objective of drilling and assessment of the mineralisation in the NEA is to verify the presence of economic mineralisation and add to the Boonanarring Ore Reserves to increase overall mine life.

For perspective, the full 5.6km strike length of the NEA can be compared to the 13.2km strike length of the original Boonanarring Ore Reserve (Figure 1) which had an original estimated mine life of 5.5 years. This purchase option agreement covers 1.3km strike length within the 5.6km NEA and negotiations for access to other parts of the NEA are ongoing.

There is no certainty additional access will be granted and some areas of the NEA are significantly challenged by existing infrastructure including natural gas pipelines, powerlines and the Brand Highway.

Northern Extension Area background

Preliminary scout drilling results that identified the northern extension of mineralisation at Boonanarring and indicating high heavy mineral grades, were announced to the ASX on 13 March 2017 (OUTSTANDING DRILL RESULTS CONFIRM A 5.6KM HIGHGRADE EXTENSION OF BOONANARRING DEPOSIT). A follow-on announcement on 26 June 2017

(ZIRCON ENRICHMENT CONFIRMED FOR 5.6KM HIGH-GRADE EXTENSION OF BOONANARRING DEPOSIT) confirmed the heavy mineral content of the mineralisation in the NEA was enriched in zircon similar to the Boonanarring Ore Reserve.

In early April 2018, Image commenced a drilling programme to delineate a high-grade core of the eastern strand of the current Boonanarring Ore Reserve for the purpose of upgrading the Ore Reserve. Details of the evidence of this high-grade core and drilling programme were presented in an ASX announcement dated 14 March 2018 and titled IMAGE RESOURCES TARGETING ORE RESERVE UPGRADE AT BOONANARRING IN RESPONSE TO SUBSTANTIALLY HIGHER THAN EXPECTED ORE GRADES. Scout drilling results in the NEA strongly indicated the high-grade core of the eastern strand of Boonanarring extends into the NEA, and therefore the drilling programme in the NEA will include close-spaced drilling in anticipation of the presence of a high-grade core.

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. Construction was completed on-time and on-budget in six months followed by successful commissioning of the processing plant in October-November 2018. Production commenced 1 December 2018 and HMC production ramped-up to full-scale in only the second month of operation (January 2019). First revenue was received in January 2019 and overall performance for Q1 exceeded the budget in all major categories resulting in higher revenue and significantly lower costs than budgeted. Q1 results demonstrated profitability and plotted a firm path to positive cashflow and the goal of sustainable profitability. The Company is currently completing a drilling program designed to upgrade the Boonanarring Ore Reserve in the September QTR.

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Figure 1. Boonanarring Northern Extension Area

