

12 November 2019

DECEMBER QUARTER HMC SALES SECURED AND ZIRCON PRICING REMAINS STEADY

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to advise that the Company has secured sales agreements from its off-take partners, **for the sale of a nominal total of 65k tonnes heavy mineral concentrate (HMC) for the December quarter 2019 with no reduction in zircon pricing.** The HMC is produced from Image’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.

The Company finalized another regular monthly shipment of HMC of nominally 20K tonnes which was purchased by off-taker partner Natfort and which sailed at the end of October. In addition, a sales agreement has been secured from off-taker partner Hainan Wensheng for nominally 45K tonnes to be delivered over two shipments, one in the latter half of November and the second in December. Demand for Image’s HMC remains strong, including from parties other than the current off-take partners.

While the benchmark price for premium grade zircon decreased 2.5% to US\$1,580-1,590 per tonne in November, Image’s sale price for standard grade zircon contained in the HMC remained unchanged for its scheduled November and December shipments. In addition, Image’s realized price for TiO₂ contained in the HMC increased approximately 6% in August and this higher price has continued in the December quarter.

Managing Director and CEO Patrick Mutz commented “We continue to receive robust demand for our zircon-rich HMC product. The committed sales of 65kt in the December quarter, at stable zircon pricing, keeps the Company firmly on track to deliver on our updated CY2019 guidance.”



Debt Repayment

On 6 November 2019, Image completed its first debt repayment of US\$8.2M. Repayment of the US\$ denominated debt (equivalent to AU\$50M at the time of the loan) is currently scheduled for seven equal quarterly payments of the capitalised principal and interest for the first 15 months of the loan (to 10 August 2020), plus any additional interest on the capitalised amount. Under this original schedule, the Company will make its final debt repayment in early

May 2021. However, the Company is currently evaluating options for early repayment of the debt.

Mining and Processing

HMC production for October was once again greater than 20K tonnes, even though effectively all ore mined and processed was from the western strand in Block 'C' where the ore grade is generally lower than in the eastern strand. Importantly, in mid-November, ore mining will transition from Block 'C' to Block 'B' and will start with the substantially higher grade eastern strand ore.

Ore Reserve Update

All assaying of samples from the 2019 close-spaced drilling programme to delineate the high-grade core in the eastern strand at Boonanarring have been completed and consultant Optiro is in the final stages of completing an update of the JORC compliant Mineral Resources statement. This will be followed shortly by a reassessment of JORC compliant Ore Reserves by mining consultant Entech and an internal review of the mine plan and overall production schedule as well as an updated forecast of project economics for 2020 and beyond. Results will be announced in the December quarter 2019.

Value-Add Assessment

Under the banner of continual improvement, the Company has commenced an assessment to identify potential value-adding steps aimed at improving profitability. Areas being investigated include options for separation of the HMC into magnetic and non-magnetic components in Australia; a methodology to quantify HMC premium grade zircon content for increased HMC valuation; and opportunities for broader exposure to global mineral sand commodity markets.

Boonanarring Project Background Information

The Boonanarring Project is arguably one of the highest heavy mineral grades, zircon-rich, mineral sands projects in Australia. Construction and project commissioning were completed on-time and on-budget in 2018. Production commenced December 2018 and HMC production ramped-up to exceed name-plate capacity in only the second month of operation (January 2019). The Company achieved profitability in Q1 and was cashflow positive in Q2 and has completed three full quarters of successful operations with performance exceeding targets in all major categories, including significantly higher HMC production and lower costs than forecast. CY2019 market guidance was increased in July and again in October. Image is focused on delivering on published guidance for CY2019 and is actively reassessing the Ore Reserve and updating the production and economic forecast for 2020-2024.

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