

3 March 2020

IMAGE RESOURCES HMC SALES TO CHINA BACK ON TRACK; OFF-TAKER FACTORIES RETURNING TO FULL PRODUCTION

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to advise that sales of heavy mineral concentrate (HMC), from its Boonanarring Mineral Sands project in Western Australia, are back on-track to its off-take partners in China as their HMC processing factories are returning to full production following the extension of the Chinese New Year break.

HMC Sales

On 13 February 2020, Image reported that the only impact on the Company’s HMC sales from the effects of the Coronavirus in China at that time, was a delay of a shipment of HMC from February into March. This delayed shipment has now been scheduled for loading in the first week of March, and importantly, a sales agreement for a further shipment has also been secured with loading planned for the final week of March. A shipment at the end of March will fulfill Image’s original plan of completing three shipments in the March quarter.

Also, in line with its reported plans, Image has been successful in seeking to increase the size of HMC shipments from 20k tonnes to 25k tonnes for both scheduled March shipments, and anticipates maintaining larger shipment sizes, or more frequent shipments, to accommodate higher HMC production forecast for 2020 compared to 2019.

HMC Off-taker Factory Operations

Image has been informed by its HMC off-takers that factory workers have returned to regular work schedules and their HMC separation facilities are returning to full production. This information is in-line with media reports that regions of China outside of Hubei Province deemed to be at low risk of contact with the Coronavirus, are being encouraged by government officials to return to normal operations and activities, but with a higher level of precaution taken by individuals (hand sanitiser and masks) as they go about their routine daily activities including work, to help prevent the spread of the virus if it is encountered.

Managing Director and CEO Patrick Mutz commented, *“Since the emergence of the Coronavirus in China, we have been in close contact with our off-take partners to understand the risks and potential effects to their employees, their business operations and local economy in which they operate. It is pleasing to learn they have not been affected directly and are now returning to normal operations and full production. This provides an opportunity for Image to complete a third shipment of HMC by the end of March, and meet its Q1 forecast shipping schedule.*

It is also pleasing to be experiencing 11-year record low foreign exchange rates between the Australian dollar and the US dollar, which if it remains below the budgeted rate of 0.70, will have a positive impact on AUD revenue. In addition, increasing demand for ilmenite and rutile has resulted in higher market prices in second half 2019. This higher demand is continuing and the higher prices have been largely off-setting, what is believed to be, a temporary softening of zircon prices.

We also maintain the high priority of accelerated exploration under Project 'MORE', for the identification of new Mineral Resources and Ore Reserves as quickly as practicable, with the goal of extending the mine-life at Boonanarring, and we look forward to continuing to report on progress on a regular basis."

Image Resources Background Information

Image Resources is Australia's newest mineral sands mining company, operating open-cut mining and ore processing facilities at 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.

The Boonanarring project is arguably one of the highest heavy mineral grade, 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).

Image achieved profitability in Q1'19, was cashflow positive in Q2'19 and has completed its inaugural full year of successful operations with performance exceeding targets in all major categories, including significantly higher HMC production and lower operating costs than forecast. CY2019 market guidance was met after it was increased twice during the year.

The Company is focused on maintaining strong operational performance and has prioritised the identification of new Mineral Resources and Ore Reserves, within economic pumping distance of the current wet concentration plant, to extend the mine life at Boonanarring.

This document is authorised for release to the market by:

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