

7 July 2020

IMAGE RESOURCES SECURES SALES AGREEMENT FOR 100,000 TONNES HMC

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to advise it has **secured a sales agreement from its off-take partners for 100,000 tonnes of HMC from current inventory** at its high-grade, zircon-rich Boonanarring Mineral Sands Project located 80km north of Perth.

This sales agreement is with off-take partner Shantou Natfort Zirconium and Titanium Co., Ltd, (“**Natfort**”) and Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd, (“**OZC**”), to take delivery of the 100kt of heavy mineral concentrate (“**HMC**”) **across a 3 to 5 month period starting in July 2020**. Deliveries will be in multiple shipments of 20 to 30k tonnes each, and secured by letters of credit.

Pricing is based on **current market prices and will be locked** for the full 100,000 tonnes to **protect against any unanticipated softening of the market** during the delivery period.

In addition to this sale to Natfort and OZC, Image is **proactively seeking to diversify its sales base through the sale of HMC to interested buyers outside of the existing off-take agreements**. Discussions are ongoing with several other potential buyers and the Company is confident the combination of sales to Natfort and OZC under the above sales agreement, and potential sales to others will **serve to monetise Image’s current surplus HMC inventory across the next 3-4 months, and maintain more timely sales of ongoing production**.

Managing Director and CEO Patrick Mutz stated, *“Once again our off-take partners have demonstrated their commitment to acquiring Image’s HMC by stepping up to purchase Image’s surplus inventory even under the current uncertain economic conditions. This is a great example of the benefits of a positive working relationship. We welcome the support, however we also look forward to expanding our sales network beyond our current off-take agreements, including, if achievable, broadening our customer base geographically.”*

Background

Natfort has been the primary off-taker of Image’s HMC since the initial sale of product from production at Boonanarring in January 2019. However, due to the negative economic impacts and market uncertainties following the variety of restrictions implemented globally to control the spread of COVID-19, demand for HMC, zircon and ilmenite softened in 1H 2020. On the other hand, production at Boonanarring was largely unaffected by the restrictions and Image’s HMC inventory increased to record levels of over 100kt at the end of May 2020. This 100kt sales agreement from Natfort and OZC will address the delay in sales in 1H 2020 and provide greater certainty for Image to meet its CY2020 sales guidance.

June Sales Up

Image completed the sale of two shipments of HMC in June 2020 for a total of approximately 30kt. Both were delivered to Natfort. The first was for a nominal 20kt and sailed on 15 June and the second for a nominal 10kt and sailed on 28 June. As with all sales to-date, both shipments were secured by an LC. Cash from the second shipment in June will be received in July. Total sales for the June quarter were 64kt.

Image Resources Background Information

Image is Australian'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, Western Australia, in the infrastructure-rich North Perth Basin. Boonanarring is arguably one of the highest grade, zircon-rich, mineral sands projects in Australia.

Construction and project commissioning were completed on-time and on-budget in 2018. Production of HM) commenced December 2018 and ramped-up to exceed name-plate capacity in only the second month of operation (January 2019).

Image completed its inaugural full year (CY2019) 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 being increased twice during the year.

The Company is focused on maintaining its strong operational and safety 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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