# QUARTERLY ACTIVITIES REPORT – for quarter ended 30 June 2020

**Image Resources NL**
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**IMA**

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**Issued Capital**
Shares – Quoted
980,979,899
As at 30 June 2020

**Board Members**
Robert Besley
(Non-Executive Chairman)
Patrick Mutz
(Managing Director)
Chaodian Chen
(Non-Executive Director)
Aaron Chong Veoy Soo
(Non-Executive Director)
Huangcheng Li
(Non-Executive Director)
Peter Thomas
(Non-Executive Director)
Eddy Wu
(Non-Executive Director)

## HIGHLIGHTS

- **Heavy mineral concentrate (HMC) production in the June quarter of 83kt, on pace with guidance**
- **HMC sales increased substantially QoQ to 65kt and sales volumes are expected to further increase in 2H to achieve guidance**
- **HMC realised price decreased marginally to A$637/HMC mainly due to lower average zircon prices**
- **Image remains on track to meet CY2020 guidance for production, sales volume and costs which is unchanged.**

| | Mar Q 2020 | Jun Q 2020 | QoQ % | YTD | Guidance |
|---|---|---|---|---|---|
| **Production** | | | | | |
| HMC Production (kt) | 83.9 | 82.9 | -1% | 166.8 | 300-330 |
| HMC Sales (kt) | 44.8 | 64.6 | 44% | 109.3 | 300-330 |
| HMC Realised Price (A$/t HMC) | 659 | 637 | -3% | 646 | N/A |
| **Unit Costs (HMC produced)** | | | | | |
| C1 Cash Costs (A$/t HMC)[1] | 229 | 257 | 12% | 243 | N/A |
| AISC (A$/t HMC)[2] | 264 | 297 | 12% | 280 | N/A |
| **Unit Costs (HMC sold)** | | | | | |
| C1 Cash Costs (A$/t HMC)[1] | 430 | 330 | -23% | 371 | 290-320 |
| AISC (A$/t HMC)[2] | 495 | 381 | -23% | 428 | 340-370 |

Notes: 1 – C1 cash costs include mining, processing, general and admin and HMC transport costs
2 – All-in sustaining cash costs (AISC) include C1 plus royalties, sustaining capital and corporate overheads

- C1 and AISC cash costs per HMC units sold fell significantly following a substantial increase in unit sales.
- C1 and AISC cash costs per HMC units produced increased QoQ due to the commencement of pre-stripping at Block B West and higher logistics unit costs associated with smaller shipment parcels.
- Net operating cash inflow for 1H'20 of A$15.5m excludes cash payment for the quarter's final shipment of 10.6kt HMC which sailed on 28 June with funds received in July.
- At 30 June Image had a net debt position of A$2.3m, with a cash balance of A$36.1m and outstanding loan notes of A$38.4m.
- HMC inventory increased to 114kt at the end of the quarter.
- Subsequent to period end Image signed a sales agreement for 100kt of HMC with off-take partner Shantou Natfort Zirconium and Titanium Co., Ltd, ("Natfort") and Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd, ("OZC"), for deliveries across a 3 to 5 month period starting in July 2020.
- Prioritised exploration under Project 'MORE' continued and drilling in the most accessible area (Boonanarring Southern Extension) has been completed and results are being assessed.
- Sunrise Energy Group continued to advance construction of the 2.3MW solar farm at Boonanarring, which is scheduled to be commissioned in the September Quarter. The project is being constructed at no cost to Image and is designed to supply 25% of electricity requirements on commercial terms.

## ACTIVITIES REPORT

### High Level Summary

Image Resources NL (ASX: IMA) (**"Image"** or **"the Company"**) is pleased to report a strong second quarter and first half of production at its 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project, located 80km north of Perth in the North Perth Basin in WA.

Managing Director and CEO Patrick Mutz said "In the first half of 2020 Image has demonstrated strong operational performance with production of 167kt HMC, despite the significant adjustments to daily work practices aimed at minimising the potential spread of COVID-19. The June quarter represents a turning point for our sales volumes which were up sharply from the prior quarter. It was therefore particularly pleasing, subsequent to period end, to receive a sales agreement with our off-take partners for 100kt of HMC to be delivered over the next 3-5 months to monetise our HMC inventory, while keeping open the opportunity to sell additional material to others outside of the off-take agreements. The Company remains in a very strong position to achieve our original guidance and we have a strong balance sheet, solid underlying assets and exciting opportunities for future growth."

### Details

#### Safety

There were no lost time injuries (LTI) recorded during the quarter and there were no confirmed cases of COVID-19 at any of the Company's sites.

Image is committed to the promotion of a positive health and safety culture including safety programs and procedures that encourage job safety analysis and planning as well as active incident reporting for the purpose of continual improvement of the health, safety and well-being of all employee, contractors, visitors and members of the community as well as protection of the environment.

The Company remains proactive in its COVID-19 response, maintaining strict adherence to the modifications of its daily practices and procedures recommended by regulatory and health officials to reduce the variety of potential risks posed by COVID-19 to its stakeholders.

#### Community

Image continues to proudly contribute to the local community, including through local employment. At 30 June, 48% of its workforce lived locally to Boonanarring operations or within regional shires. The Company has an active and varied community support

program. During the quarter this included the donation of PPE, including face masks, to local emergency services, and the support of the Gingin Recreation Group through a Cropping Program, which through sub-leasing, provides a revenue stream which the Group then directs to community projects.

**Mining and Processing**

Image completed another strong quarter at Boonanarring with HMC production of 82.9kt which was broadly in line with the record-setting March Quarter and on pace with guidance. Consequently, CY2020 production guidance of 300-330kt HMC is unchanged.

Image operated solely within Block B during the quarter. Ore production was predominantly from the Block B Eastern Strand, with pre-stripping occurring within the Western Strand, prior to ore mining commencing in the Western Strand in May. The operation continued to encounter sections of indurated material within the overburden and experienced some minor instability in the eastern high wall of Pit B due to the intersection of perched aquifers. This did not materially impact production, which was broadly as expected for the quarter with ore processing of 919kt at an ore grade of 9.5% HM.

**Table 1: Mining and Processing**

| | | Mar Quarter 2020 | Jun Quarter 2020 | QoQ | YTD |
|---|---|---|---|---|---|
| **Mining** | | | | | |
| Ore | kt | 957 | 959 | 0% | 1,915 |
| Waste | kt | 5,250 | 6,361 | 21% | 11,611 |
| **Processing** | | | | | |
| Ore Processed | kt | 985 | 919 | -7% | 1,904 |
| Grade Processed | HM% | 9.7% | 9.5% | -2% | 9.6% |
| | ZrO2% | 22.0% | 23.1% | 5% | 22.5% |
| | TiO2% | 31.1% | 30.6% | -2% | 30.9% |
| Recovery | HM% | 81.3% | 87.9% | 8% | 84.4% |
| | ZrO2% | 97.1% | 99.0% | 2% | 98.0% |
| | TiO2% | 86.6% | 91.7% | 6% | 89.0% |
| **HMC Produced** | **kt** | 83.9 | 82.9 | -1% | 166.8 |
| HMC Grade | HM% | 92.4% | 92.6% | 0% | 92.5% |
| | ZrO2% | 21.7% | 21.7% | 0% | 21.7% |
| | TiO2% | 31.0% | 31.1% | 0% | 31.1% |

**Figure 1: Quarterly ore processing rate (kt) and contained HM/ZrO2/TiO2 ore grades (%)**

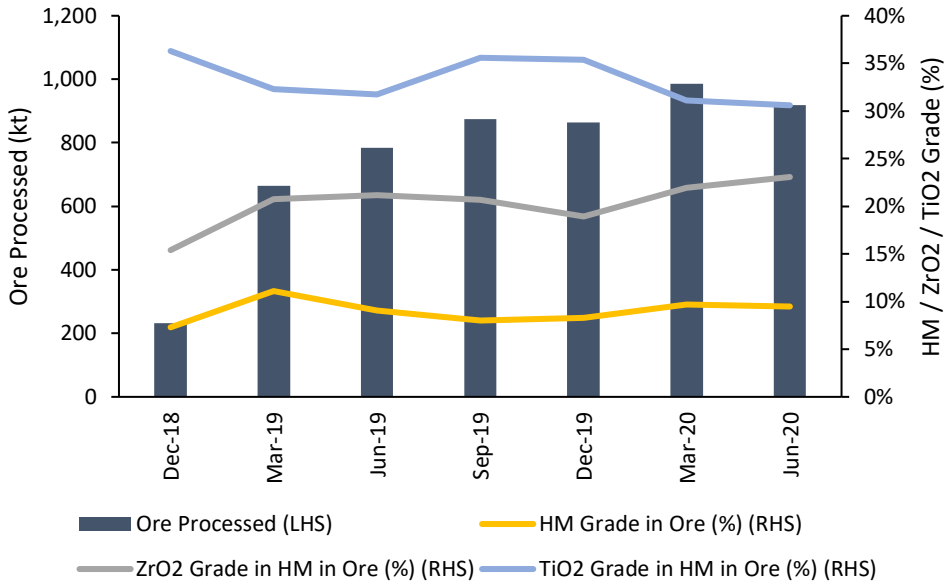
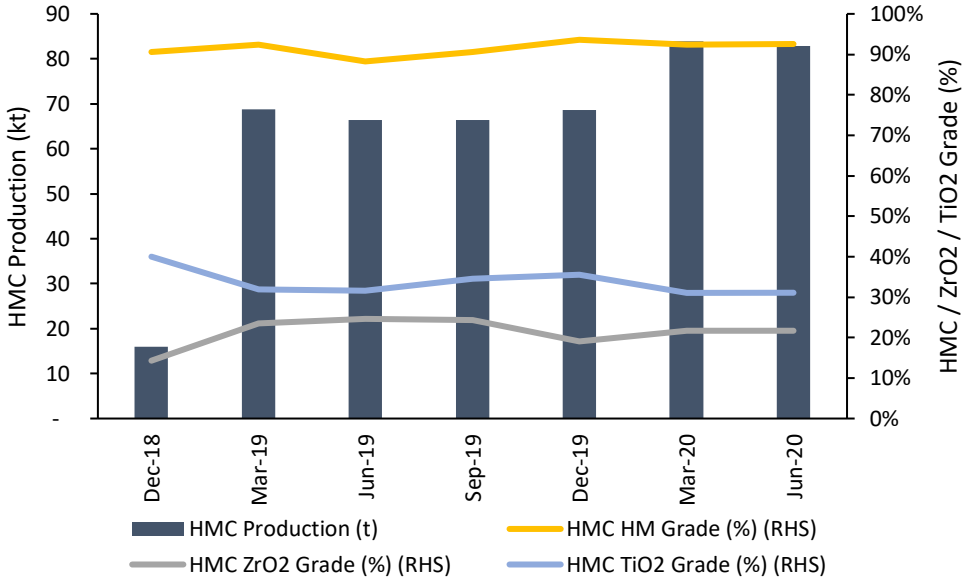



**Figure 2: Quarterly HMC production (kt) and contained HM/ZrO2/TiO2 within HMC grades (%)**




## Costs

C1 and AISC cash costs per tonne HMC sold both fell 23% QoQ. C1 costs decreased to A$330/t HMC sold and AISC fell to A$381/t HMC sold. Both cost metrics were driven by an increase in total sales. Given the strong quarterly cost results, CY2020 C1 guidance of A$290-320/t HMC sold and AISC guidance of A$340-370/t HMC sold are unchanged.

C1 and AISC cash costs per tonne HMC produced both increased 12% QoQ. C1 costs increased to A$257/t HMC produced and AISC increased to A$297/t HMC produced. Cost increases per tonne HMC produced were driven by higher overburden removal associated with the pre-strip requirements at the Western Strand of Block B, and higher logistics unit costs associated with smaller shipping parcel sizes.

Total project operating costs were A$23.5m for the quarter and A$44.8m for the half. As a result, CY2020 guidance on project operating costs of A$100-110m is unchanged.

**Table 2: Cash Costs**

| | | Mar Quarter 2020 | Jun Quarter 2020 | QoQ | YTD |
|---|---|---|---|---|---|
| **Costs (HMC produced)** | | | | | |
| Mining | A$/t HMC | 126 | 127 | 1% | 126 |
| Pre-Strip | A$/t HMC | 0 | 23 | Na | 11 |
| Processing | A$/t HMC | 52 | 47 | -10% | 50 |
| Site Support | A$/t HMC | 9 | 9 | -5% | 9 |
| Logistics | A$/t HMC | 42 | 52 | 23% | 47 |
| **C1 Cash Costs** | **A$/t HMC** | **229** | **257** | 12% | **243** |
| Royalties | A$/t HMC | 17 | 23 | 39% | 20 |
| Sustaining Capital | A$/t HMC | 6 | 5 | -13% | 6 |
| Corporate | A$/t HMC | 12 | 11 | -9% | 11 |
| **AISC** | **A$/t HMC** | **264** | **297** | 12% | **280** |
| **Costs (HMC sold)** | | | | | |
| C1 Cash Costs | A$/t HMC | 430 | 330 | -23% | 371 |
| AISC | A$/t HMC | 495 | 381 | -23% | 428 |

**Sales**

During the quarter Image shipped 64.6kt HMC which was up sharply QoQ. Shipments were a nominal 20kt in April, 10kt in May and two shipments of a nominal 20kt and 10kt in June. The final shipment for the quarter sailed on 28 June with funds received in early July.

Subsequent to period end Image signed a sales agreement for 100kt of HMC to off-take partner Shantou Natfort Zirconium and Titanium Co., Ltd, ("Natfort") and Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd, ("OZC"), for deliveries across a 3 to 5 month period (at Image's discretion) starting in July 2020. This 100kt sales agreement provides greater certainty for substantially higher sales in 2H than in 1H and for Image to meet its CY2020 sales guidance of 300-330kt HMC which is unchanged. The off-takers have signalled their intention to purchase additional HMC on a more timely basis after the current inventory has been monetised. In addition, Image continues to proactively seek to diversify its sales base through the sale of additional HMC to interested buyers outside of existing off-take agreements.

Realised pricing of A$637/t HMC was down 3% QoQ. Zircon prices weakened slightly and TiO2 grade in the HMC was slightly lower, but these negative impacts on price were partially offset by increasing TiO2 market prices and weakening AUD/USD exchange rate. HMC inventory at the end of the quarter decreased to 114kt following a peak of 120kt at the end of May.

**Table 3: Sales and Stockpiles**

| | | Mar Quarter 2020 | Jun Quarter 2020 | QoQ | YTD |
|---|---|---|---|---|---|
| **Sales** | | | | | |
| HMC sold | kt | 44.8 | 64.6 | +44% | 109.3 |
| ZrO2 in HMC | % | 22% | 22% | 0% | 22% |
| TiO2 in HMC | % | 33% | 31% | -6% | 31% |
| Average price realised | A$/t HMC | 659 | 637 | -3% | 646 |
| HMC Revenue | A$m | 29.5 | 41.1 | +39% | 70.6 |
| **Stockpiles** | | | | | |
| HMC for shipping | kt | 96 | 114 | +19% | na |

## Financial Summary

Image's revenue for the quarter was A$41.1m up 39% from A$29.5m for the prior quarter. The company generated A$10.2m of operating cash flow for the quarter, up 96% from A$5.2m for the prior quarter. At 30 June Image had a net debt position of A$2.3m, with a cash balance of A$36.1m and outstanding loan notes of A$38.4m. The ending cash balance excluded cash from the payment for the final HMC shipment for the quarter which sailed on 28 June and for which funds from this sale were received in early July.

During the quarter the Company made cash payments of $250,333 to related parties and their associates. This was the aggregate amount paid to the directors for salary, directors' fees, consulting fees and superannuation.

## Guidance

As a result of the strong overall performance for the quarter, CY2020 guidance is unchanged. Even so, following the increasingly volatile economic landscape, Image would like to emphasise that there are a number of factors outside of its control that may impact downstream demand for its end products and therefore sales guidance. Image is continually reassessing its guidance position.

**Table 4: CY2020 Guidance**

| | | CY20 Guidance |
|---|---|---|
| HMC Produced | kt | 300-330 |
| HMC Sold | kt | 300-330 |
| Project Operating Costs[1] | A$m | 100-110 |
| C1 Cash Costs (HMC Sold) | A$/t HMC | 290-320 |
| AISC Cash Costs (HMC Sold) | A$/t HMC | 340-370 |

Notes; 1 – cost of production after stock adjustments

## Exploration

The Company's exploration portfolio is almost exclusively focused on mineral sands with the exception of one exploration licence with a focus on gold (see Table 6: Schedule of Tenements). All tenements are located in Western Australia and all mineral sands related tenements are located in the North Perth Basin across a combined area of 1,085 square kilometres.

The North Perth Basin tenements consist of 12 named project areas, each with identified Mineral Resources as presented in Table 7: Mineral Resources and Ore Reserves Statement. Eight of these key project areas are presented in a location map (Figure 3) along with mineral assemblage pie charts.

The current priority of exploration efforts is on the zircon-rich Boonanarring project area and the development of additional Mineral Resources for conversion to Ore Reserves under a formal program of work code-named Project 'MORE'. The objective of Project MORE is to evaluate areas of mineralisation within economic pumping (or hauling) distance from the current location of the wet concentration plant (WCP), as rapidly as practicable. The goal of Project MORE is to identify two years of new Ore Reserves at Boonanarring prior to the end of December 2020.

Focus areas under Project MORE during this reporting period include the Boonanarring Southern Extension Area, Boonanarring Northern Extension Area, Boonanarring North-Western Extension Area, Boonanarring West (including Trandos Blue Lake) and Gingin North.

Drilling programs are also being conducted on a number of other project areas to meet minimum expenditure requirements, investigate new mineralisation extensions and to advance the understanding and enhance the size of existing Mineral Resources.

Image no longer considers individual drilling results to be material and therefore no longer reports these in its quarterly reports. All material drilling results, Mineral Resources and Ore Reserves updates will be reported separately.

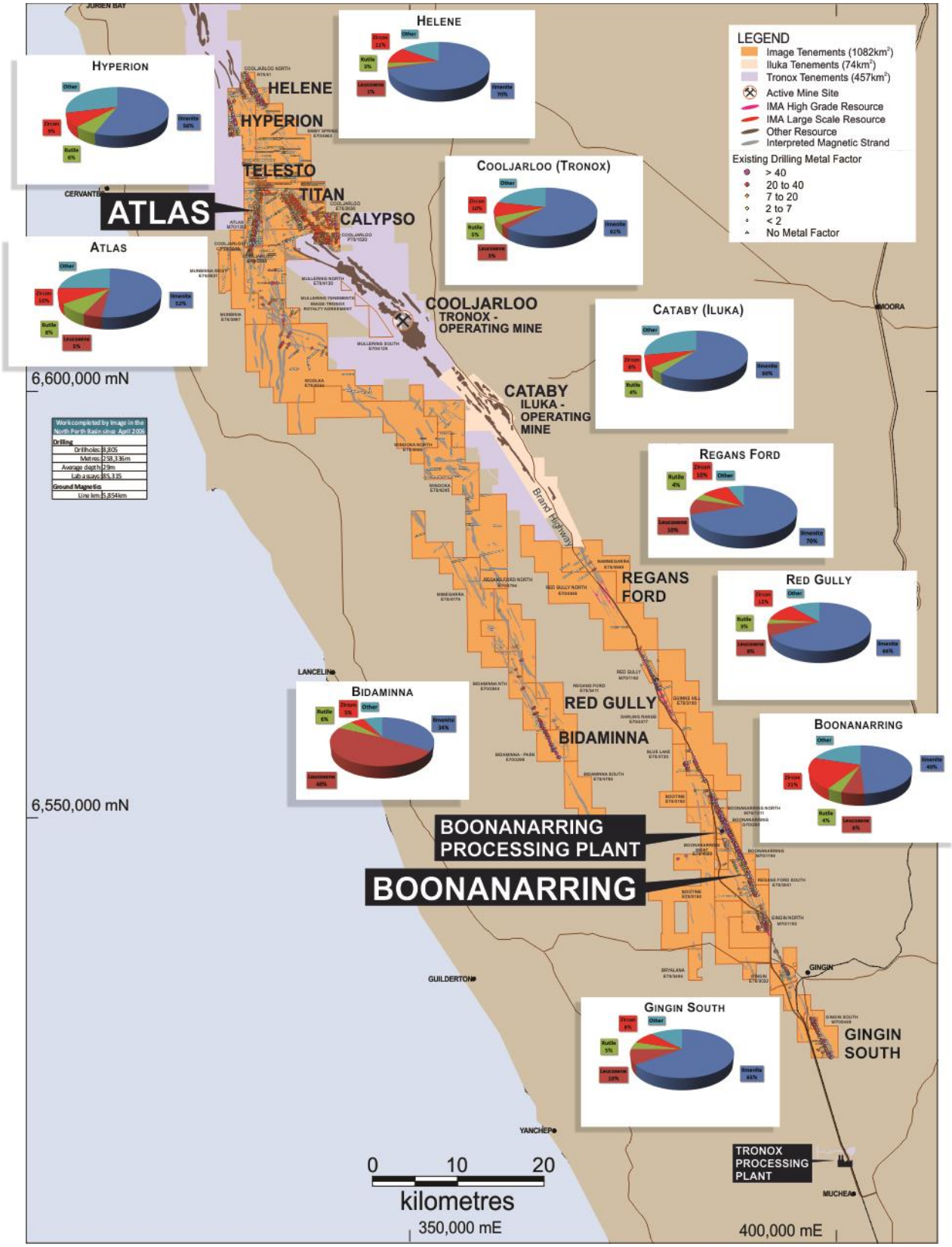



**Figure 3: North Perth Basin showing operating Mines and Projects with their respective mineral assemblages.**

## Drilling Programs

Several drilling programs were completed in the June Quarter for a total of 545 holes and 18,145m, mainly within 10km radius of the Boonanarring wet concentrator plant. Additional drilling is planned for the September and December quarters with 1,066 holes for 24,489m planned. (Table 5). The main areas drilled this Quarter under Project MORE include Boonanarring Blocks E and F (Boonanarring Southern Extension area), Boonanarring North-western Extension area, Boonanarring West (including Trandos Blue Lake) and Gingin North, and other project areas drilled were Atlas Southern Extension Area (Munbinia), Woolka and the Erayinia gold project.

**Table 5: Drilling Programs Completed in 2020, the June Quarter and Proposed for Q3 2020**

| | 2020 | | | April-June 2020 | | | Proposed Drilling | |
|---|---|---|---|---|---|---|---|---|
| **Project** | **Holes** | **Metres** | **Assays** | **Holes** | **Metres** | **Assays** | **Holes** | **Metres** |
| **Atlas** | | | | | | | 361 | 3,534 |
| **Hyperion** | | | | | | | 115 | 1,587 |
| **Munbinia (Atlas Ext)** | 82 | 1,806 | 100 | 82 | 1,806 | 100 | | |
| **Woolka (new dredge prospect)** | 7 | 210 | 42 | 6 | 177 | 33 | 39 | 1,443 |
| **BN Northwest ext. Atlit East & West (E70/3100 & E70/3720)** | | | | | | | | |
| **BN Northwest ext. (CSC) (E70/3720, E70/3100)** | 72 | 1,842 | 750 | 72 | 1842 | 72 | 35 | 945 |
| **BN North ext. Roadside (E70/3100, E70/4077)** | | | | | | | 138 | 5,730 |
| **BN West (E70/4689, E70/3041)** | 21 | 478 | 113 | 12 | 236 | 55 | 145 | 4,716 |
| **BN and BN South ext. Blocks A, B, C, D, E, F** | 594 | 22,333 | 6,944 | 211 | 8,601 | 211 | 33 | 1,293 |
| **BN West Blue Lake Trandos** | 99 | 2,774 | 555 | 27 | 758 | 178 | 187 | 5,001 |
| **BN West Drew East & West (E70/3192)** | | | | | | | | |
| **Gingin North Trandos/Dewar/Dalla Riva (E70/3041)** | 150 | 4,229 | 1,218 | 130 | 3,644 | 1,073 | 13 | 240 |
| **Erayinia Gold** | 5 | 1,081 | 270 | 5 | 1,081 | 270 | | |
| **Total:** | **1,030** | **34,753** | **9,992** | **545** | **18,145** | **1,992** | **1,066** | **24,489** |

## Boonanarring Northern & North-western Extension Areas

This year Image has completed 72 holes for 1842m in the North-western Extension. This has outlined two strands that are each 1.2km long and total 250m in combined width, with both strands only having between 6-10 m of overburden. The strands appear to continue into the Atlit property to the north (Fig 4), which is based on the ground magnetic interpretation shown in pink. Importantly the ground magnetic targets within the Central Stockcare property directly south, have already been successful in the location of high-grade mineral sand strands (ASX Release 30 June 2020).

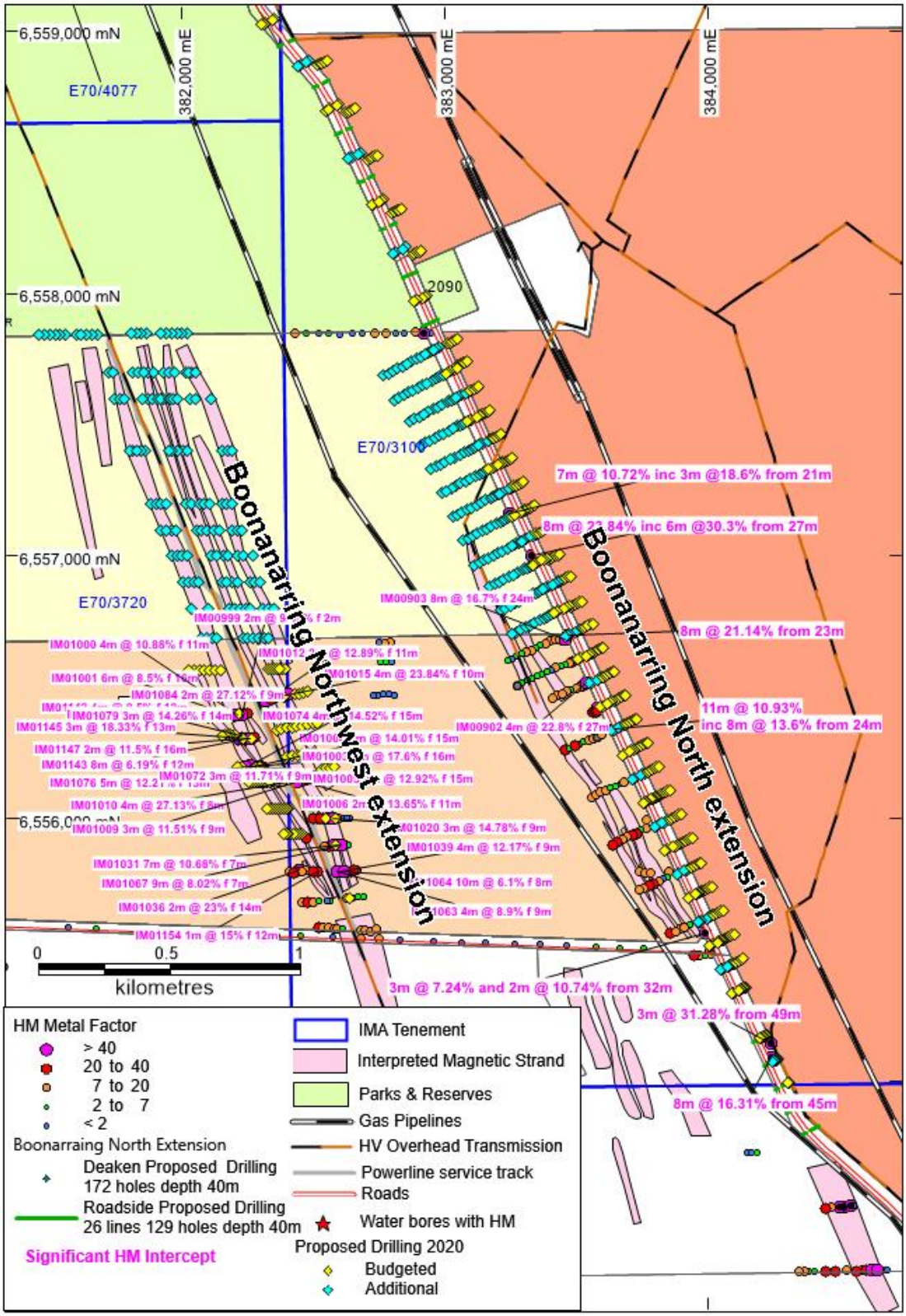



**Figure 4: Metal Factors for the two Boonanarring North-western Extension Area strands and the Boonanarring Northern Extension Area strand, highlighted intersections, and proposed holes.**

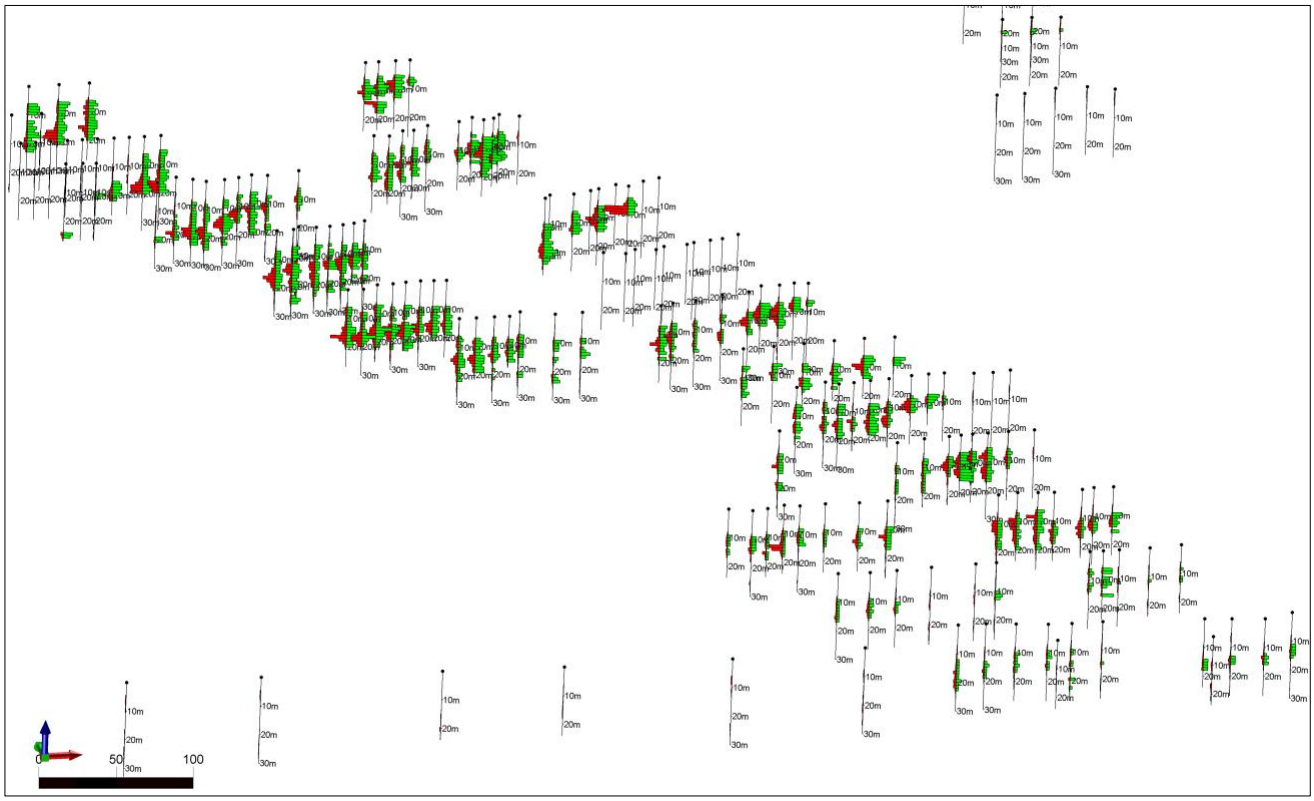



**Figure 5: Perspective plot Boonanarring North-western strands showing elevated visual zircon estimates in green over thickened 15 to 20M zones and HM in red.**

Composites have been made up and Qemscan analysis has been completed for inclusion in a resource study currently being planned. Results for 23 composites will be incorporated into initial Mineral Resources on the Central Stockcare North-western Strands in Q3. Also, mineral sands sizing results have been received for six samples for this same area, showing two distinct groupings of size ranges all within normal mineral sands parameters.

An additional budget has been approved for 199 holes totalling 5,379m for drilling mainly within the Atlit area.

From previous drilling, the direct extension of the Boonanarring high-grade, high-zircon Eastern strand has been identified by roadside drilling and by drilling on the east side of the Central Stockcare property, which Image now owns, and by drilling in the Snowdale Holdings property to the south. It is now known that this high-grade material continues for 5km north of the Boonanarring Deposit with a potentially lower strip ratio than for the main Boonanarring Deposit. Work is about to start on a 2.6km strip as part of an extensive road-side drilling program, which may be extended further north. Regulatory permission has recently been granted for the roadside program with an initial plan to include 77 holes totaling 3,126m (Figure 4).

**Boonanarring Southern Extension Piggery strands**

So far this year, 262 holes have been completed for 8,242m in the Piggery strands. The continuity of the mineralisation to the south into Blocks E and F covers a 3.5km distance which is currently being investigated (Figures 6 and 7)

The Piggery Western strand is showing promise visually and 119 holes totalling 4,524m have been drilled in this area.

There are two parallel strands 100m apart with the Western strand's base of mineralisation around the 64-65mRL containing the highest grades visually. The western strand is up to 1.3km long with elevated visual zircon levels.

**Boonanarring Southern Extension 65-75m RL**

So far this year, 56 holes have been completed for 2,488m within Blocks E and F, over a strand that continues south of Block D for 770m, with its base around the 65-70mRL. Additional composite sampling is planned for areas showing elevated visual zircon (Figures 6 and 7) in support of Mineral Resources and Ore Reserve studies.

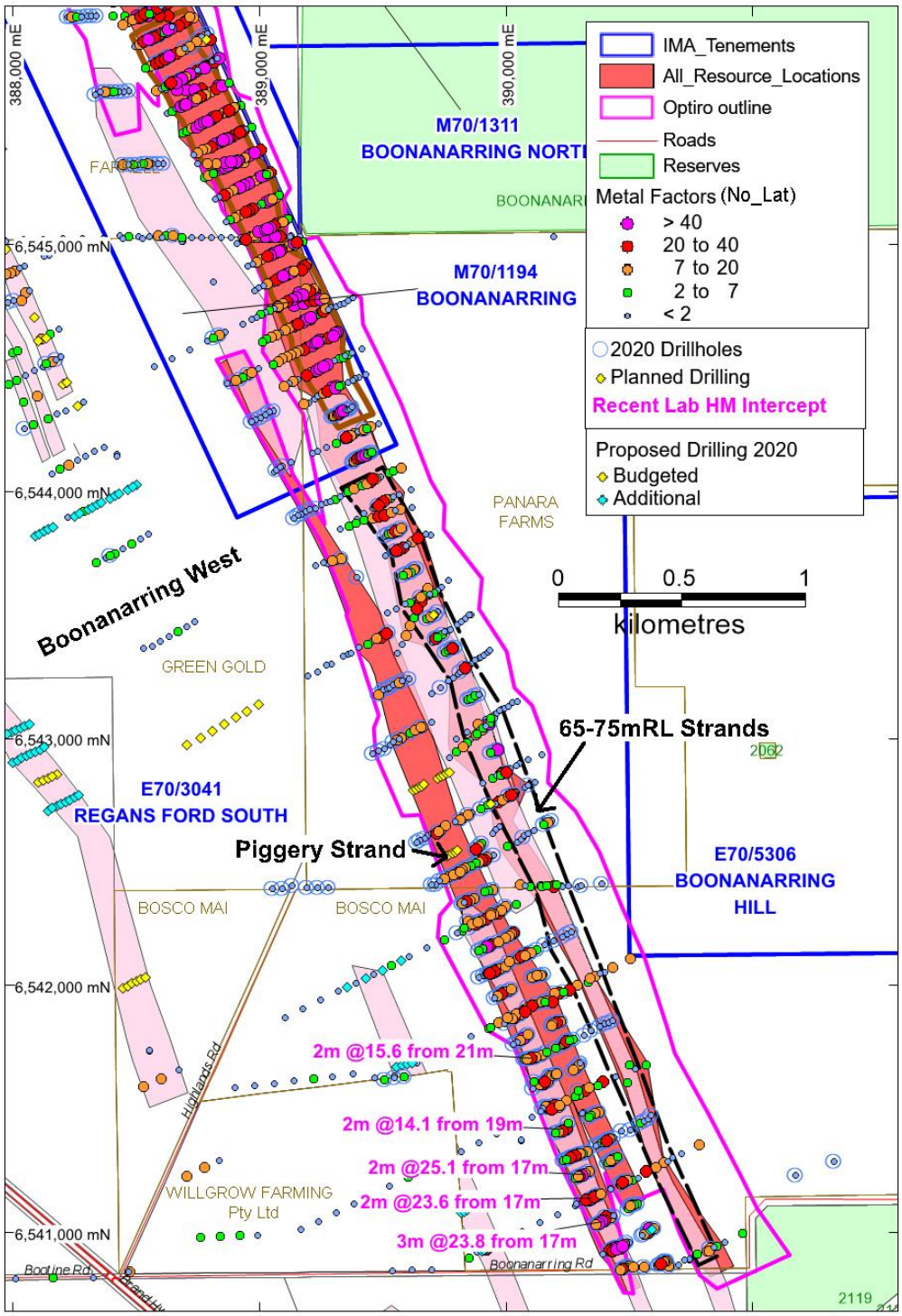



**Figure 6: Metal Factors for the Piggery, 65mRL and 75mRL strands with best drill intersections for the Piggery Strand**

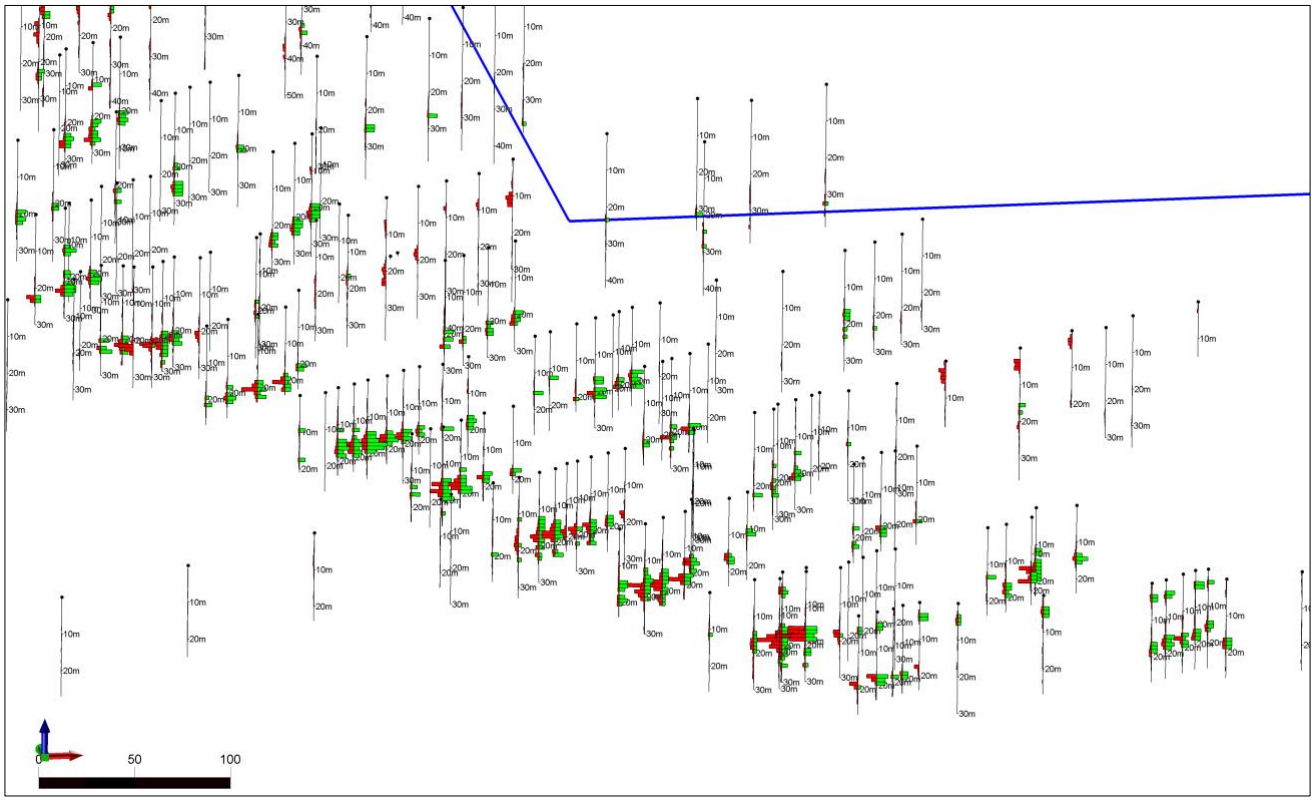



**Figure 7: Perspective Plot Boonanarring Southern extension showing visual Zircon zones in green vs HM in red. Note elevated Zircon areas correlate with high HM zones.**

## Gingin North

The Gingin North area is still emerging as a priority area mainly because of the extension of the Boonanarring Piggery strand, overlaying layer and the adjacent 48-55m RL strand (Figures 8 and 9). So far this year, 150 holes for 4,229 m have been completed. Compositing for Qemscan analysis is due to commence to evaluate the mineralogy of these multiple strands. The Gingin North area lies just outside the 10km pumping distance of the Boonanarring Deposit but could still qualify as economic for pumping if the HM grade, mineral assemblage and mass of ore are sufficiently positive.

The Gingin North Project is showing some promise in terms of potential size, shallower depth and the prospect of multiple strands. However, HM grades are lower than at Boonanarring. A central zone up to 3km is outlined in purple (Figure 9). This is a target area of interest because mineralisation has been identified on the surface in one area and visually it appears the zircon values may be up to 20%. Drilling is planned for Q3 2020.

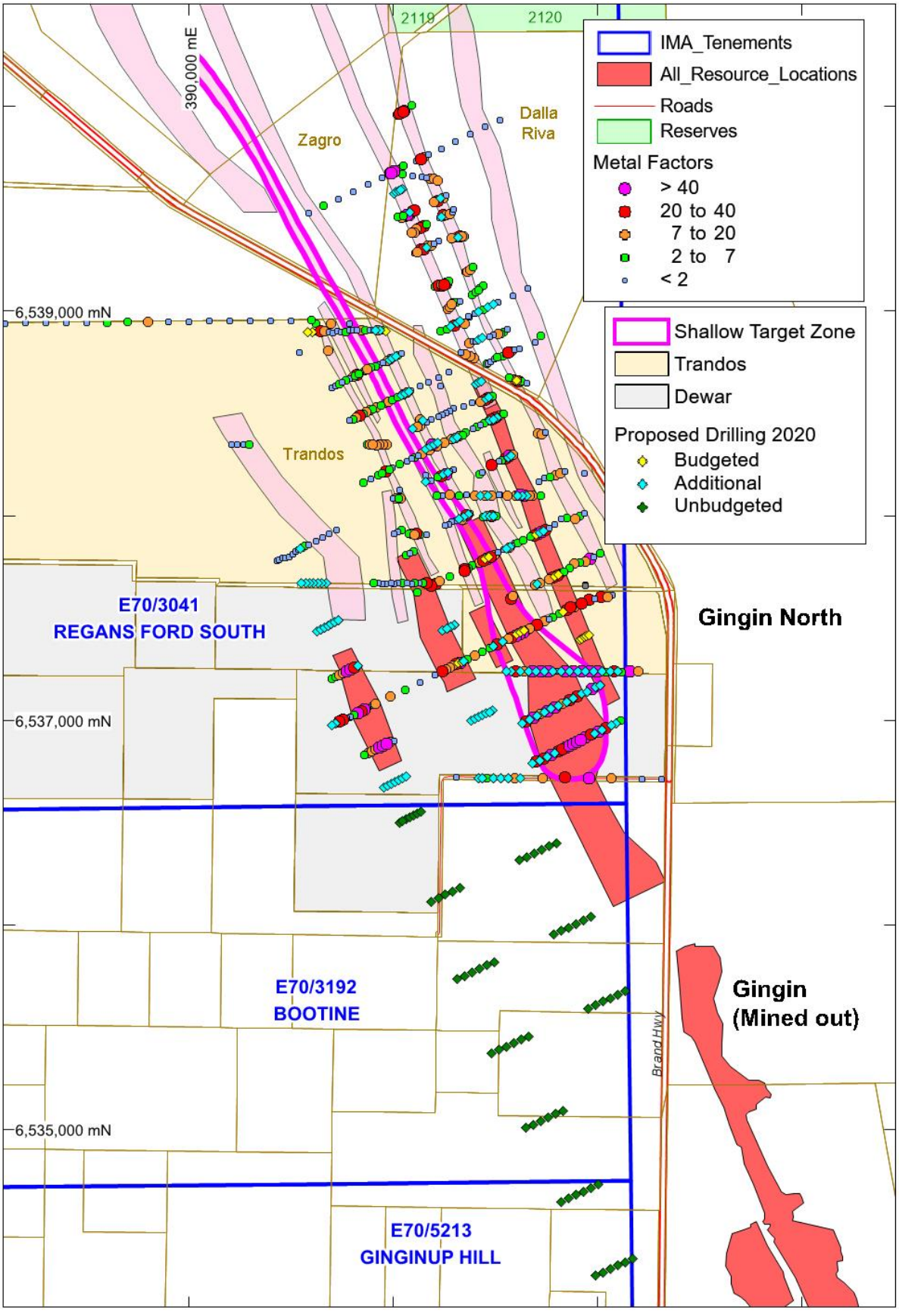



**Figure 8 Metal Factors for Gingin North showing holes completed and some planned drilling**

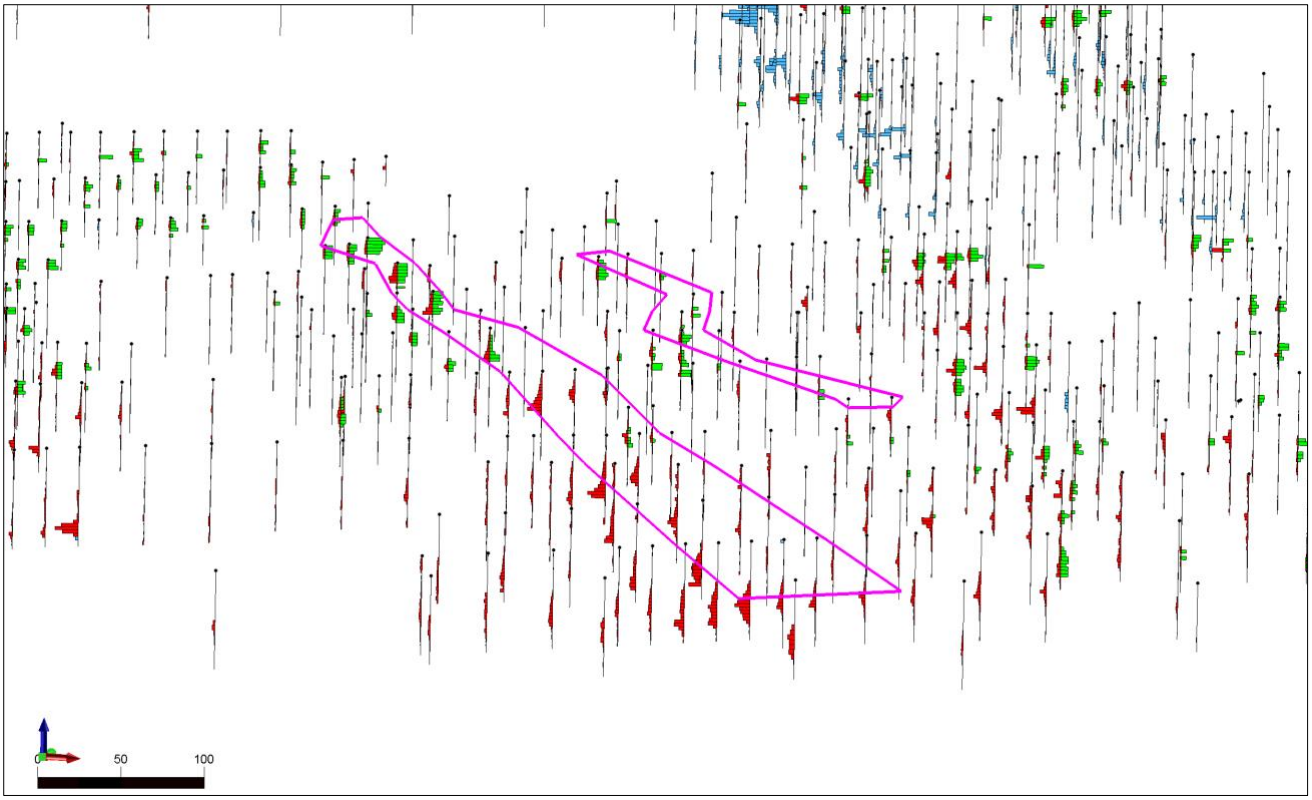



**Figure 9 Perspective Plot Gingin North (Trandos/Dewar) showing Zircon zones in green vs HM Lab in red with Shallow Target Zones. Note elevated Zircon areas correlate with high HM zones.**

## Erayinia Gold

The Erayinia tenement is a non-core asset at this time and drilling is being conducted to meet minimum expenditure requirements and to assess whether the tenement will be maintained.

A five-hole 1,081m program was completed in late June 2020 (Figure 10). This program was following up promising gold results from previous drilling completed by Image in 2018 and 2019 north of the excised King Prospect. Previously announced gold intersections in hole EYRC19 of 38m at 0.94g/t from 39m and 19m at 1.7g/t from 39m in hole EYRC01 are being followed up in the current program. Mineralogical laboratory fire assay gold analysis for the current 1,081m drill program will commence in July.

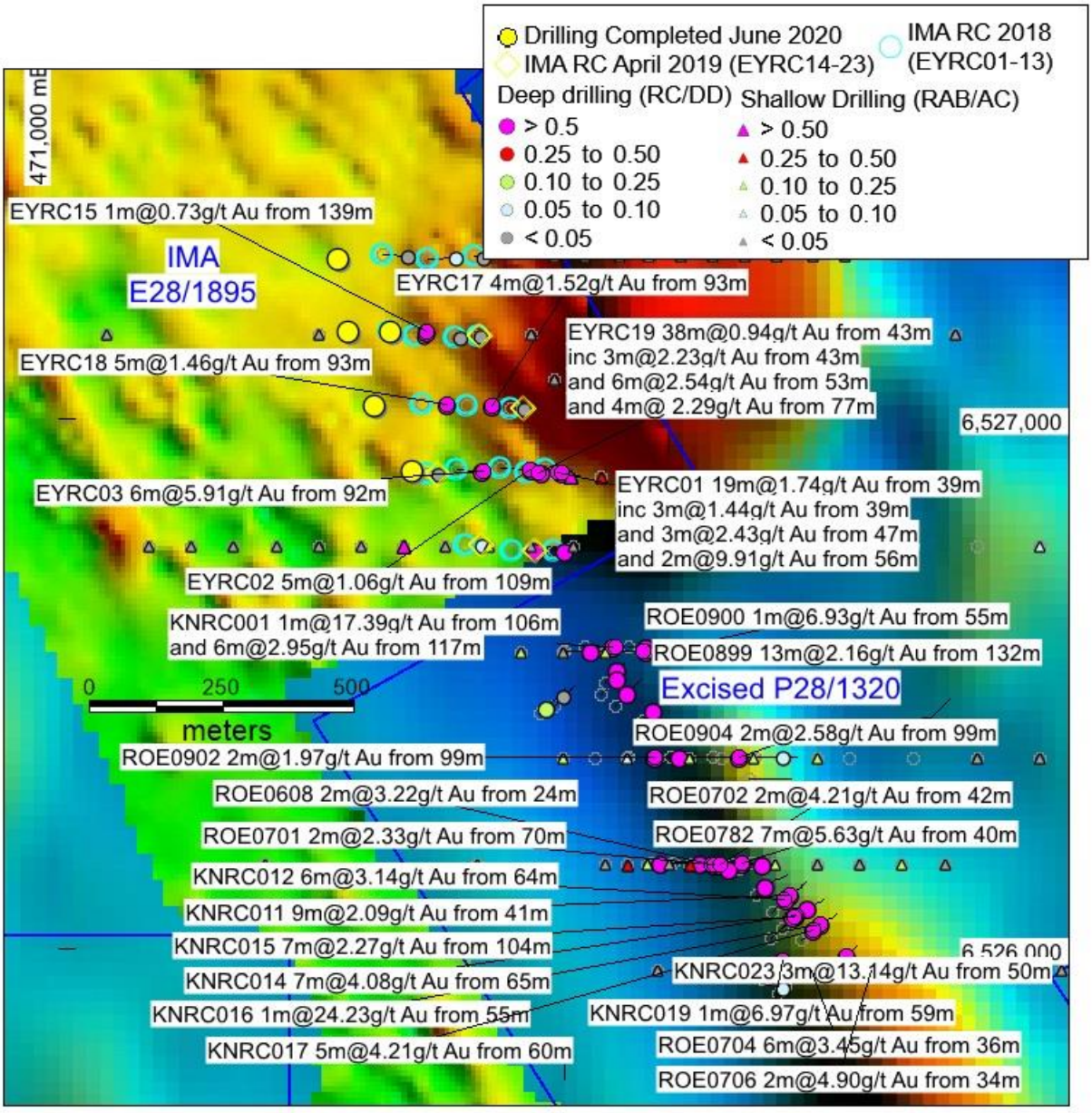



**Figure 10: Completed drilling on the Erayinia Gold Project**

# JORC CODE, 2012 EDITION – TABLE 6

## Section 1 Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Sampling techniques* | • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.<br>• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.<br>• Aspects of the determination of mineralisation that are Material to the Public Report.<br>• In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | • All drill holes reported in this release are vertically oriented, air-core (AC) drill holes. |
| *Drilling techniques* | • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.). | • All AC drill holes are drilled vertically using an NQ-sized (63.5 mm diameter) drill bit.<br>• Water injection is used to convert the sample to a slurry so it can be incrementally sampled by a rotary splitter. |
| *Drill sample recovery* | • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.<br>• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.<br>• Aspects of the determination of mineralisation that are Material to the Public Report.<br>• In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g | • At the drill site, Image's geologist estimates sample recovery qualitatively (as good, moderate or poor) for each 1 m down hole sampling interval. Specifically, the supervising geologist visually estimates the volume recovered to sample and reject bags based on prior experience as to what constitutes good recovery.<br>• |

# JORC CODE, 2012 EDITION – TABLE 6

## Section 1 Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | |
| *Logging* | • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.<br>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.<br>• The total length and percentage of the relevant intersections logged. | • Image's supervising geologist logs the sample reject material at the rig and pans a small sub sample of the reject, to visually estimate the proportions of sands, heavy mineral sands, 'slimes' (clays), and oversize (rock chips) in each sample, in a semi-quantitative manner.<br>• The geologist also logs colour, grainsize, an estimate of induration (a hardness estimate) and sample 'washability' (ease of separation of slimes from sands by manual attrition).<br>• To preclude data entry and transcription errors, the logging data is captured into a digital data logger at the rig, which contains pre-set logging codes. No photographs of samples are taken.<br>• The digital logs are downloaded daily and emailed to Image's head office for data security and compilation into the main database server.<br>• Samples visually estimated by the geologist to contain more than 0.5% HM (by weight) are dispatched for analysis along with the 1 m intervals above and below the mineralised interval.<br>• The level and detail of logging is of sufficient quality to support any potential future Mineral Resource Estimates.<br>• All (100%) of the drilling is logged.<br>• Geotechnical logging is not possible for the style of drilling used; however, the logging is acceptable for metallurgical sample selection if required. |
| *Sub-sampling techniques and sample preparation* | • If core, whether cut or sawn and whether quarter, half or all core taken.<br>• If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.<br>• For all sample types, the nature, quality and appropriateness of the sample preparation technique. | • All drilling samples are collected over 1 m down hole intervals, with sample lengths determined by 1 m marks on the rig mast.<br>• For exploration style drilling, two (replicate) 1/8 mass splits (each ≈ 1.25 kg) are collected from the rotary splitter into two pre-numbered calico bags for each 1 m down hole interval. A selection of the replicate samples is later collected and analysed to quantify field |

# JORC CODE, 2012 EDITION – TABLE 6

## Section 1 Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.<br>• Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.<br>• Whether sample sizes are appropriate to the grain size of the material being sampled. | sampling precision, or as samples contributing to potential future metallurgical composites.<br>• Image considers the nature, quality and size of the sub samples collected are consistent with best industry practices of mineral sands explorers in the Perth Basin region. |
| Quality of assay data and laboratory tests | • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.<br>• For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.<br>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. | • The laboratory despatch samples are prepared by Western Geolabs (in Bellevue Western Australia) by drying the sample for 5 to 8 hrs in an oven at 110°C. The dry weight is recorded using a laboratory digital scale.<br>• The dried sample is then crushed (using manual pummelling) until all clay and sand materials in the sample pass through a 3.3 mm screen. In samples where (>3.3 mm) rock fragments are found after pummelling and screening, the mass of the fragments is recorded, and the material discarded.<br>• The <3.3 mm sample is then hand mixed prior to splitting through a single tier riffle splitter (16 chutes each with 8 mm aperture), as many times as required to prepare a 100 g ± 5 g sub sample. The actual mass retained is recorded using a laboratory digital scale.<br>• The riffle splitter sub sample is then wetted, undergoes further manual attrition to break up clays, before the <63 μm clays (slimes) are washed from the sample (de-sliming) using a jet wash and 63 μm screen.<br>• The <63 μm slimes (clays) are discarded and the >63 μm sub sample is placed in a metal tray and oven dried. When dry, the >63 μm sub sample is put through a 1 mm sieve and the mass of the screen oversize (>1 mm) is recorded on a digital balance. The oversize is then discarded.<br>• The de-slimed sand fraction (>63 μm & < 1mm) sub sample is then weighed on a digital scale before being separated into two fractions by mixing the sample in a glass separation funnel with a heavy liquid (TBE) of density 2.95 g/cm3. |

# JORC CODE, 2012 EDITION – TABLE 6

## Section 1 Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | • Once sufficient time has passed to allow the sample to separate and settle, the <2.95 g/cm3, 'floats' fraction is collected and discarded.<br>• The <2.95 g/cm3, 'sinks' fraction is collected from the funnel into a filter paper, then washed with acetone to remove the TBE. The sinks are then dried, and the mass recorded on a digital scale.<br>• From the process above the laboratory reports the wet mass received, dry received mass, the mass of (>3.3 mm) rock fragments or coarse oversize (if any), the mass of the 100 g± 5 g, sub sample, and the mass of the (HM) sink fraction.<br>• The procedure can be considered a total analysis for mass concentration of heavy minerals in each sample. The method is also consistent with best industry practices employed by mineral sands explorers in the Perth Basin region.<br>• For quality control the laboratory:<br>• Uses certified masses to verify daily the accuracy of all laboratory mass scales.<br>• Prepares a replicate sample at a frequency of 2 for every 25 routine samples analysed.<br>• Uses a hydrometer to test daily the density of the TBE used for HM separation<br>• For each laboratory dispatch (ranging from ≈150 to ≈350 samples) Image includes blind standard reference samples (SRMs) that contain known (to Image) concentrations of heavy and valuable heavy minerals. Image inserts the SRMs, at a frequency of 1 in 30 sample submitted to the laboratory for resource style drilling. Image submitted 3 SRM's for the resource style drilling subject to this release.<br>• Image selected and submitted for analysis 7 field-replicate samples from field-sample replicates collected to quantify field sampling precision.<br>• Blanks samples for testing of cross contamination are not deemed necessary for the style of mineralisation under consideration |

# JORC CODE, 2012 EDITION – TABLE 6

## Section 1 Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Verification of sampling and assaying* | • The verification of significant intersections by either independent or alternative company personnel.<br>• The use of twinned holes.<br>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.<br>• Discuss any adjustment to assay data. | • The logging of significant intersections reported in this release has been verified by alternative company personnel.<br>• No twin holes have been drilled in the current program.<br>• Logging is captured at the rig using a data recorder, downloaded daily and emailed to head office data services for incorporation into the main database.<br>• Assay results from the laboratory are received by email in standard spreadsheet templates and merged with logging results in-house.<br>• There are no adjustments to original laboratory results. |
| *Location of data points* | • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.<br>• Specification of the grid system used.<br>• Quality and adequacy of topographic control. | • The drill hole collar locations are captured by one of Image's rig team following the completion of each drill hole, using a handheld GPS with nominal accuracy of ≈ ±15 m. Elevations have also been determined with hand-held GPS and this adjusted post drilling using DEM data. More accurate locations will be determined in future by a registered surveyor using DGPS equipment where necessary.<br>• The grid system for reporting results is the MGA Zone 50 projection and the GDA94 elevation datum.<br>• No topographic control has been considered at this time. |
| *Data spacing and distribution* | • Data spacing for reporting of Exploration Results.<br>• Whether the data spacing, and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.<br>• Whether sample compositing has been applied. | • The drill holes reported in this release are located at several prospects on varied spaced drill lines (between 100 m and 200 m) along the strike of mineralised strands.<br>• No sample compositing has been applied – all results are from 1 m long down hole sample intervals. |
| *Orientation of data in relation to geological structure* | • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.<br>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | • All drill holes are vertical and intersect sub-horizontal strata. As such Image considers that it is highly unlikely that the orientation of drilling relative to the well understood structure of minerals sands strands, would result in a sampling bias. |

# JORC CODE, 2012 EDITION – TABLE 6

## Section 1 Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Sample security* | • The measures taken to ensure sample security. | • All samples are collected from site by Image's staff as soon as practicable once drilling is completed and then delivered to Image's locked storage sheds.<br>• Image's staff also deliver samples to the laboratory and collect heavy mineral floats from the laboratory, which are also stored in Images locked storage.<br>• Image considers there is negligible risk of deliberate or accidental contamination of samples. Occasional sample mix-ups are usually corrected using Images checking and quality control procedures. |
| *Audits or reviews* | • The results of any audits or reviews of sampling techniques and data. | • The results and logging have been reviewed internally by Images senior exploration personnel including checking of masses dispatched and delivered, checking of SRM results, and verification logging of significant intercepts. |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Mineral tenement and land tenure status* | • Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.<br>• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. | • The Boonanarring Northern and Northwestern Extension is within exploration licenses E70/3720 (expiry 29/12/2020) and E70/3100 (expiry 03/05/2020).<br>• The Boonanarring Southern Extension is within mining lease M70/1194 (expiry 15/12/2026) and exploration license E70/3041 (expiry 09/06/2020).<br>• The Boonanarring Blue Lake drilling is within exploration licences E70/3720 ( expiry 29/12/2020) and E70/3192 (expiry date 20/05/2021)<br>• Image has a 100% interest in each of these licences. |
| *Exploration done by other parties* | • Acknowledgment and appraisal of exploration by other parties. | • The Boonanarring deposit is within mining leases M70/1194 (expiry 15/12/2026) and M70/1311 (expiry 11/03/2034), and general-purpose licence G70/250 (expiry 7/05/2034). The southern 1km of |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | the Boonanarring deposit (Block D) was discovered by Iluka, who drilled out this area to a Measured Resource status. The work is well documented in reports from Iluka, prior Mineral Resource estimators McDonald Speijers (2005) and Widenbar and Associates (2013), and Harlequin Consulting Pty Ltd (2014 and 2015). |
| *Geology* | • Deposit type, geological setting and style of mineralisation. | • Boonanarring is hosted in the Perth Basin, in the Pleistocene Yoganup Formation on the eastern margin of the Swan Coastal Plain.<br>• The Yoganup Formation is a buried pro-graded shoreline deposit, with dunes, beach ridge and deltaic facies. This formation lies unconformably over the Lower Cretaceous Leederville Formation and is overlain by the Pleistocene Guildford Formation and the Quaternary Bassendean Sand.<br>• The Yoganup Formation consists of unconsolidated poorly sorted sands and gravels, with local interstitial clay and heavy minerals that occur sporadically along the Gingin Scarp, which is interpreted to be an ancient shoreline that was stable during a period of marine regression.<br>• Boonanarring has two major strandlines of heavy minerals, which are interpreted to have been deposited during the Pleistocene in a notch in the local basement rock that may represent an ancient sea cliff. Lower grade mineralisation is present in the sands overlying the higher-grade strandlines.<br>• The basement to the strandline mineralisation is identified by the increased slimes content of the Leederville Formation or at the base of the Yoganup Formation.<br>• Mineralisation within this has high zircon concentrations. |
| *Drill hole Information* | • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<br>○ easting and northing of the drill hole collar<br>○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar<br>○ dip and azimuth of the hole<br>○ down hole length and interception depth<br>○ hole length.<br>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the | • Refer to Figures in the text of this release. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | Competent Person should clearly explain why this is the case. | |
| *Data aggregation methods* | • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.<br>• Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low- grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.<br>• The assumptions used for any reporting of metal equivalent values should be clearly stated.<br>• | • No weighting or cutting of HM values, other than averaging of duplicate and repeat analyses. |
| *Relationship between mineralisation widths and intercept lengths* | • These relationships are particularly important in the reporting of Exploration Results.<br>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.<br>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | • The geometry of the mineralisation is effectively horizontal and the vertical drillholes give the approximate true thicknesses of mineralisation. |
| *Diagrams* | • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | • Refer to text. |
| *Balanced reporting* | • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced avoiding misleading reporting of Exploration Results. | • HM intersections from the AC drilling have been reported in this release outlining the high-grade Boonanarring Northwestern Extension, Boonanarring Southern Extension, Blocks C, D, E & F and Boonanarring Blue Lake |
| *Other substantive exploration data* | • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | • Feasibility Study results for the Boonanarring Deposit were announced on the 30th May 2017 and a 60% increase in Ore Tonnes in "Proved" Category Ore Reserves at Boonanarring was announced on 21st August 2017. Boonanarring Ore Reserve Update announced on the 20 December 2019 showed a 24% higher ore grade, a 50% increase in the in-situ zircon grade and a 33% reduction in the tonnes. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Further work* | • The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).<br>• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | •<br>• Future drilling is summarised in table 5, the Figures and written sections in this release. |

## COMPETENT PERSON'S STATEMENTS – EXPLORATION RESULTS, MINERAL RESOURCES AND ORE RESERVES

Information in this report that relates to Exploration Results is based on, and fairly reflects, information and supporting documentation prepared by George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy. Mr Sakalidis is a full-time executive director of Image Resources NL. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis has given his prior written consent to the inclusion of this information in the form and context in which it appears in this report.

## FORWARD LOOKING STATEMENTS

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding prices, exploration or development costs and other operating results, growth prospects and the outlook of Image's operations contain or comprise certain forward-looking statements regarding Image's operations, economic performance and financial condition. Although Image believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties, fluctuations in prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Image undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

**Authorised for release by Mr Patrick Mutz, Managing Director**

**Table 7 – Tenement Schedule**

## Tenement Schedule in accordance with ASX Listing Rule 5.3.3

Tenements held at the end of the December Quarter 2019

| Location | Tenement | Nature of Interest | Project | Equity (%) held at start of Quarter | Equity (%) held at end of Quarter |
|---|---|---|---|---|---|
| WA | E28/1895 | Granted | ERAYINIA | 100% | 100% |
| WA | E70/2636 | Granted | COOLJARLOO | 100% | 100% |
| WA | E70/2844 | Granted | BIDAMINNA NTH | 100% | 100% |
| WA | E70/2898 | Granted | COOLJARLOO | 100% | 100% |
| WA | E70/3032 | Granted | GINGIN | 100% | 100% |
| WA | E70/3041 | Granted | REGANS FORD SOUTH | 100% | 100% |
| WA | E70/3100 | Granted | QUINNS HILL | 100% | 100% |
| WA | E70/3192 | Granted | BOOTINE | 100% | 100% |
| WA | E70/3298 | Granted | BIDAMINNA -PARK | 90% | 90% |
| WA | E70/3494 | Granted | BRYALANA | 100% | 100% |
| WA | E70/3720 | Granted | BLUE LAKE | 100% | 100% |
| WA | E70/3892 | Granted | CHAPMAN HILL | 100% | 100% |
| WA | E70/3997 | Granted | MUNBINIA | 100% | 100% |
| WA | E70/4077 | Granted | DARLING RANGE | 100% | 100% |
| WA | E70/4244 | Granted | WOOLKA | 100% | 100% |
| WA | E70/4245 | Granted | WINOOKA | 100% | 100% |
| WA | M70/0448 | Granted | GINGIN SOUTH | 100% | 100% |
| WA | M70/1192 | Granted | RED GULLY | 100% | 100% |
| WA | M70/1194 | Granted | BOONANARRING | 100% | 100% |
| WA | P70/1516 | Granted | COOLJARLOO | 100% | 100% |
| WA | M70/1311 | Granted | BOONANARRING NORTH | 100% | 100% |
| WA | G70/0250 | Granted | BOONANARRING | 100% | 100% |
| WA | R70/0051 | Granted | COOLJARLOO NORTH | 100% | 100% |
| WA | M70/1305 | Application | ATLAS | 100% pending grant | 100% pending grant |
| WA | P70/1520 | Application | COOLJARLOO | 100% pending grant | 100% pending grant |
| WA | E70/4631 | Granted | MUNBINIA WEST | 100% | 100% |
| WA | E70/4656 | Granted | WINOOKA NORTH | 100% | 100% |
| WA | E70/4663 | Granted | BIBBY SPRINGS | 100% | 100% |
| WA | E70/4689 | Granted | BOONANARRING WEST | 100% | 100% |
| WA | E70/4779 | Granted | MIMEGARRA | 100% | 100% |
| WA | E70/4794 | Granted | REGANS FORD NORTH | 100% | 100% |
| WA | E70/4795 | Application | BIDAMINNA SOUTH | 100% pending grant | 100% pending grant |
| WA | E70/4919 | Granted | ORANGE SPRINGS | 100% | 100% |
| WA | E70/4946 | Granted | RED GULLY NORTH | 100% | 100% |
| WA | E70/4949 | Granted | NAMMEGARRA | 100% | 100% |
| WA | E28/2742 | Granted | MADOONIA DOWNS | 100% | 100% |
| WA | E70/5192 | Application | WINOOKA SOUTH | 100% pending grant | 100% pending grant |
| WA | E70/5193 | Granted | CHAPMAN HILL NORTH | 100% | 100% |
| WA | E70/5213 | Granted | GINGINUP HILL | 100% pending grant | 100% |
| WA | E70/5268 | Granted | WOOLKA SOUTH | 100% pending grant | 100% |
| WA | E70/5306 | Application | BOONANARRING HILL | 100% pending grant | 100% pending grant |
| WA | R70/0062 | Application | NAMBUNG | - | 100% pending grant |

Mining Tenements acquired during the Quarter

| | | | | | |
|---|---|---|---|---|---|
| WA | R70/0062 | Application | NAMBUNG | - | 100% pending grant |

Mining Tenements disposed during the Quarter

| | | | | | |
|---|---|---|---|---|---|
| | | | | | |

## Table 8: Mineral Resources and Ore Reserves Statements as at 1 October 2019

| Ore Reserves - Strand Deposits; in accordance with the JORC Code (2012) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Project/Deposit** | **Category** | **Tonnes** | **% HM** | **% Slimes** | **HM Tonnes** | **VHM** | **Ilmenite** | **Leucoxene** | **Rutile** | **Zircon** |
| | | **(million)** | | | **(million)** | **(%)** | **(%)** | **(%)** | **(%)** | **(%)** |
| Boonanarring | Proved | 3.5 | 13.9 | 16.0 | 0.5 | 82.7 | 44 | 4.6 | 2.2 | 31.9 |
| Boonanarring | Probable | 7.1 | 6.4 | 16.0 | 0.5 | 76.6 | 49 | 1.7 | 2.8 | 23.1 |
| **Total Boonanarring** | | **10.7** | **8.9** | **16.0** | **0.9** | **79.6** | **46** | **3.2** | **2.5** | **27.5** |
| Atlas | Probable | 9.5 | 8.1 | 15.5 | 0.8 | 73.3 | 50.7 | 4.5 | 7.5 | 10.6 |
| **Total Atlas** | | **9.5** | **8.1** | **15.5** | **0.8** | **73.3** | **50.7** | **4.5** | **7.5** | **10.6** |
| **Total Ore Reserves** | | **20.2** | **8.5** | **15.8** | **1.7** | **76.8** | **48.3** | **3.8** | **4.7** | **19.9** |

1 Refer to Boonanarring Ore Reserves Release 20 December 2019
http://www.imageres.com.au/images/joomd/1576806279201912 20OreReserveUpdateHigherOreGradeandIn-SituZircon.pdf

2 Atlas Reserves refer to the 30 May 2017 release "Ore Reserves Update for 100% Owned Atlas Project" http://www.imageres.com.au/images/joomd/1496113407201705 30ORERESERVESUPDATEFOR100OWNEDATLASPROJECT.pdf

| Mineral Resources - Strand Deposits; in accordance with the JORC Code (2012) @ 2.0% HM Cut-off | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Project/Deposit** | **Category** | **Tonnes** | **% HM** | **% Slimes** | **HM Tonnes** | **VHM** | **Ilmenite** | **Leucoxene** | **Rutile** | **Zircon** |
| | | **(million)** | | | **(million)** | **(%)** | **(%)** | **(%)** | **(%)** | **(%)** |
| Boonanarring | Measured | 8.8 | 10.3 | 14 | 0.9 | 78.1 | 46 | 3.8 | 2.3 | 26.0 |
| Boonanarring | Indicated | 14.6 | 4.6 | 17 | 0.7 | 71.2 | 48 | 2.6 | 2.7 | 17.9 |
| Boonanarring | Inferred | 6.9 | 3.5 | 20 | 0.2 | 59.4 | 45 | 4.9 | 3.9 | 5.6 |
| **Boonanarring Total** | | **30.3** | **6.0** | **17.0** | **1.8** | **72.7** | **46** | **3.6** | **2.7** | **20.4** |
| Atlas | Measured | 9.9 | 7.9 | 16.1 | 0.8 | 71.0 | 49.1 | 4.2 | 7.2 | 10.5 |
| Atlas | Indicated | 6.4 | 3.7 | 17.3 | 0.2 | 56.5 | 41.6 | 3.4 | 4.7 | 6.8 |
| Atlas | Inferred | 1.8 | 4.0 | 19.9 | 0.1 | 41.5 | 29.0 | 3.3 | 4.4 | 4.8 |
| **Atlas Total** | | **18.1** | **6.0** | **16.9** | **1.1** | **65.9** | **46.1** | **4.0** | **6.5** | **9.3** |
| **Sub-Total Atlas/Boonanarring** | | **48.4** | **6.0** | **17.0** | **2.9** | **70.1** | **46.1** | **3.7** | **4.1** | **16.2** |

| Mineral Resources - Strand Deposits; in accordance with JORC Code (2012) @ 2.0% HM Cut-off | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Project/Deposit** | **Category** | **Volume** | **Tonnes** | **% HM** | **% Slimes** | **HM Tonnes** | **VHM** | **Ilmenite** | **Leucoxene** | **Rutile** | **Zircon** |
| | | **(million)** | **(million)** | | | **(million)** | **(%)** | **(%)** | **(%)** | **(%)** | **(%)** |
| Helene | Indicated | 6.4 | 13.2 | 4.3 | 18.6 | 0.57 | 88.7 | 74.6 | 0.0 | 3.6 | 10.5 |
| Hyperion | Indicated | 2.4 | 5.0 | 6.3 | 19.0 | 0.32 | 69.4 | 55.8 | 0.0 | 6.3 | 7.3 |
| **Cooljarloo Nth Total** | | **8.8** | **18.2** | **4.8** | **18.7** | **0.88** | **81.8** | **67.9** | **0.0** | **4.6** | **9.4** |

| Previously Reported Mineral Resources - Strand Deposits; in accordance with JORC Code (2004) @ 2.5% HM Cut-off | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Project/Deposit** | **Category** | **Volume** | **Tonnes** | **% HM** | **% Slimes** | **HM Tonnes** | **VHM** | **Ilmenite** | **Leucoxene** | **Rutile** | **Zircon** |
| | | (million) | (million) | | | (million) | (%) | (%) | (%) | (%) | (%) |
| Gingin Nth | Indicated | 0.7 | 1.3 | 5.7 | 15.7 | 0.1 | 75.4 | 57.4 | 9.3 | 3.2 | 5.5 |
| Gingin Nth | Inferred | 0.6 | 1.1 | 5.2 | 14.0 | 0.1 | 78.4 | 57.3 | 11.3 | 3.7 | 6.0 |
| **Gingin Nth Total** | | **1.3** | **2.4** | **5.5** | **15.0** | **0.1** | **76.7** | **57.3** | **10.2** | **3.4** | **5.7** |
| Gingin Sth | Measured | 0.9 | 1.5 | 4.4 | 7.2 | 0.1 | 79.4 | 50.7 | 15.3 | 5.6 | 7.8 |
| Gingin Sth | Indicated | 3.2 | 5.8 | 6.5 | 7.1 | 0.4 | 90.6 | 67.6 | 9.8 | 5.1 | 8.1 |
| Gingin Sth | Inferred | 0.4 | 0.7 | 6.5 | 8.4 | 0.0 | 91.6 | 67.4 | 7.5 | 5.8 | 10.9 |
| **Gingin Sth Total** | | **4.5** | **8.1** | **6.1** | **7.3** | **0.5** | **89.2** | **65.3** | **10.3** | **5.2** | **8.3** |
| Red Gully | Indicated | 1.9 | 3.4 | 7.8 | 11.5 | 0.3 | 89.7 | 66.0 | 8.3 | 3.1 | 12.4 |
| Red Gully | Inferred | 1.5 | 2.6 | 7.5 | 10.7 | 0.2 | 89.0 | 65.4 | 8.2 | 3.0 | 12.3 |
| **Red Gully Total** | | **3.4** | **6.0** | **7.7** | **11.2** | **0.5** | **89.4** | **65.7** | **8.2** | **3.1** | **12.4** |
| **Sub-Total Gingin & Red Gully** | | **9.2** | **16.5** | **6.6** | **9.8** | **1.1** | **87.8** | **64.5** | **9.4** | **4.1** | **9.7** |

| Historic Deposit Mineral Resources - Strand deposit; in accordance with JORC Code (2004) @ 2.5% HM Cut-off | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Project/Deposit** | **Category** | **Volume** | **Tonnes** | **% HM** | **% Slimes** | **HM Tonnes** | **VHM** | **Ilmenite** | **Leucoxene** | **Rutile** | **Zircon** |
| | | (million) | (million) | | | (million) | (%) | (%) | (%) | (%) | (%) |
| Regans Ford | Indicated | 4.5 | 9.0 | 9.9 | 16.8 | 0.9 | 94.3 | 70.0 | 10.0 | 4.3 | 10.0 |
| Regans Ford | Inferred | 0.5 | 0.9 | 6.5 | 18.5 | 0.1 | 90.5 | 68.3 | 7.7 | 4.4 | 10.1 |
| **Regans Ford Total** | | **5.0** | **9.9** | **9.6** | **17.0** | **1.0** | **94.1** | **69.9** | **9.9** | **4.3** | **10.0** |
| | | | | | | | | | | | |
| **Grand Totals** | | **49.1** | **93.0** | **6.3** | **16.0** | **5.8** | **79.1** | **56.7** | **5.2** | **4.2** | **13.0** |

| Mineral Resources - Dredge deposits; in accordance with JORC Code (2012) @ 1.0% HM Cut-off | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Project/Deposit** | **Category** | **Volume BCM** | **Tonnes** | **% HM** | **% Slimes** | **HM Tonnes** | **VHM** | **Ilmenite** | **Leucoxene** | **Rutile** | **Zircon** |
| | | (million) | (million) | | | (million) | (%) | (%) | (%) | (%) | (%) |
| Titan | Indicated | 10.3 | 21.2 | 1.8 | 22.1 | 0.38 | 86.0 | 71.9 | 1.5 | 3.1 | 9.5 |
| Titan | Inferred | 58.5 | 115.4 | 1.9 | 18.9 | 2.2 | 85.9 | 71.8 | 1.5 | 3.1 | 9.5 |
| **Total Titan** | **Total** | **68.8** | **136.6** | **1.9** | **19.4** | **2.6** | **85.9** | **71.8** | **1.5** | **3.1** | **9.5** |
| Telesto | Indicated | 1.7 | 3.5 | 3.8 | 18.4 | 0.13 | 83.3 | 67.5 | 0.7 | 5.6 | 9.5 |
| Calypso | Inferred | 27.1 | 51.5 | 1.7 | 13.7 | 0.85 | 85.6 | 68.1 | 1.6 | 5.1 | 10.8 |

| Mineral Resources - Dredge deposits; in accordance with JORC Code (2004) @ 1.0% HM Cut-off | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Project/Deposit** | **Category** | **Volume BCM** | **Tonnes** | **% HM** | **% Slimes** | **HM Tonnes** | **VHM** | **Ilmenite** | **Leucoxene** | **Rutile** | **Zircon** |
| | | (million) | (million) | | | (million) | (%) | (%) | (%) | (%) | (%) |
| Bidaminna | Inferred | 26.3 | 44.6 | 3.0 | 3.6 | 1.3 | 96.8 | 83.1 | 7.2 | 1.0 | 5.5 |
| | | | | | | | | | | | |
| **Total Dredge** | | **123.9** | **236.2** | **2.1** | **15.2** | **4.9** | **87.8** | **73.1** | **2.6** | **3.2** | **9.0** |

## COMPETENT PERSON'S STATEMENTS – EXPLORATION RESULTS, MINERAL RESOURCES AND ORE RESERVES

Information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy. At the time that the Exploration Results were prepared, Mr Sakalidis was a director and executive employee of Image Resources NL. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis has provided his prior written consent to the inclusion of this information in the form and context in which it is presented in this report. Mr Sakalidis is a shareholder in the Company as disclosed in Appendix 3Y notices released to ASX. He is also eligible to participate in a Company-wide executive performance incentive scheme.

This report includes information that relates to Ore Reserves and Mineral Resources which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

- Boonanarring Mineral Resources and Ore Reserves: 20 December 2019
- Atlas Ore Reserves: 30 May 2017
- Atlas Mineral Resources: 8 May 2017
- Helene Mineral Resources: 31 Oct 2019
- Hyperion Mineral Resources: 31 Oct 2019
- Titan Mineral Resources: 31 Oct 2019
- Telesto South Mineral Resources: 31 Oct 2019
- Calypso Mineral Resources: 31 Oct 2019

The Company confirms that, other than mining depletion, it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

This report includes information that relates to Ore Reserves and Mineral Resources for non-material mining projects of the Company which were prepared and first disclosed under JORC Code 2004. The information was extracted from the Company's previous ASX announcements as follows:

- Gingin North Mineral Resources: 31 Mar 2011
- Gingin South Mineral Resources: 21 Jul 2011
- Red Gully Mineral Resources: 9 Mar 2011
- Bidaminna Mineral Resources: 23 Jun 2008

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement. *This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

# Appendix 5B

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

**IMAGE RESOURCES NL**

| ABN | Quarter ended ("current quarter") |
|---|---|
| **57 063 977 579** | **30/06/2020** |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (6 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 33,781 | 64,957 |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation (if expensed) | (911) | (1,997) |
| | (b) development | | |
| | (c) production | (20,034) | (41,507) |
| | (d) staff costs | (350) | (860) |
| | (e) administration and corporate costs | (512) | (1,191) |
| 1.3 | Dividends received (see note 3) | | |
| 1.4 | Interest received | 1 | 35 |
| 1.5 | Interest and other costs of finance paid | (1,814) | (4,071) |
| 1.6 | Income taxes paid | | |
| 1.7 | Government grants and tax incentives | | |
| 1.8 | Other income | 84 | 84 |
| **1.9** | **Net cash from / (used in) operating activities** | **10,245** | **15,450** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | | |
| | (b) tenements | | |
| | (c) property, plant and equipment | (2,431) | (8,791) |
| | (d) exploration & evaluation (if capitalised) | | |
| | (e) investments | | |
| | (f) other non-current assets | | |



+ See chapter 19 of the ASX Listing Rules for defined terms.

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (6 months) $A'000 |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of:<br>(a) entities<br>(b) tenements<br>(c) property, plant and equipment<br>(d) investments<br>(e) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | | |
| **2.6** | **Net cash from / (used in) investing activities** | **(2,431)** | **(8,791)** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | | |
| 3.2 | Proceeds from issue of convertible debt securities | | |
| 3.3 | Proceeds from exercise of options | | |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | | |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | (10,067) | (19,828) |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (provide details if material) | | |
| **3.10** | **Net cash from / (used in) financing activities** | **(10,067)** | **(19,828)** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 41,220 | 49,935 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 10,245 | 15,450 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (2,431) | (8,791) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (10,067) | (19,828) |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (6 months) $A'000 |
|---|---|---|---|
| 4.5 | Effect of movement in exchange rates on cash held | (2,900) | (699) |
| **4.6** | **Cash and cash equivalents at end of period** | **36,067** | **36,067** |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Bank balances | 36,052 | 41,205 |
| 5.2 | Call deposits | 15 | 15 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **36,067** | **41,220** |

| 6. | Payments to related parties of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 250 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 7.1 | Loan facilities | 38,390 | 38,390 |
| 7.2 | Credit standby arrangements | 55 | 55 |
| 7.3 | Other (please specify) | - | - |
| 7.4 | **Total financing facilities** | 38,445 | 38,445 |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | Nil |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | |

Loan held is as follows:

A senior secured debt facility of US$38,850,000 + capitalised interest of US$7,257,672 less repayments to date of US$19,760,431. (US$26,347,241 at 30 June 2020) Interest rate is 14% for the first fifteen months following draw down on 25 May 2018 and 13% thereafter for the balance of the loan. Interest is paid quarterly in arrears. Further details can be found in the announcement lodged with the ASX on 8 March 2018.

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9) | 10,245 |
| 8.2 | Capitalised exploration & evaluation (Item 2.1(d)) | - |
| 8.3 | Total relevant outgoings (Item 8.1 + Item 8.2) | 10,245 |
| 8.4 | Cash and cash equivalents at quarter end (Item 4.6) | 36,067 |
| 8.5 | Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 | Total available funding (Item 8.4 + Item 8.5) | 36,067 |
| 8.7 | **Estimated quarters of funding available (Item 8.6 divided by Item 8.3)** | N/A |

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 21 July 2020

Authorised by: Chief Financial Officer
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.