

27 July 2020

IMAGE RESOURCES SALES AND PROJECT 'MORE' UPDATE

Image Resources NL (ASX: IMA) ("Image" or "the Company") is pleased to provide the following update on sales, mining and Project 'MORE' exploration activities related to its high-grade, zircon-rich Boonanarring Mineral Sands Project located 80km north of Perth:

HMC Sales

Image completed the sale of a nominal 30k tonne shipment of heavy mineral concentrate ("HMC") on 24 July as the first shipment under the new 100kt master sales agreement with its off-takers Shantou Natfort Zirconium and Titanium Co., Ltd, ("**Natfort**") and Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd, ("**OZC**") as announced to the ASX 7 July 2020.

Planned HMC sales for August include one shipment of a nominal 20kt to a new buyer that is not a current off-take partner, and a second shipment of 20kt being planned as either shipment No. 2 under the 100kt master sales agreement with Natfort and OZC, or as a sale to others. A sales agreement for the first shipment has been signed and will be secured by a letter of credit prior to ship loading. If the planned second shipment for August is delivered under the 100kt master sales agreement with Natfort and OZC, this would complete 50% of the committed quantity under this sales agreement in only two months, even with the inclusion of an initial sale to a new buyer to expand the Company's customer base.

HMC sales under the 100kt master sales agreement (completed and planned) coupled with additional sales outside of the off-take agreements provide strong support for the Company to meet its CY2020 HMC sales guidance of 300-330kt, with sales volumes weighted to 2H 2020.

Managing Director and CEO Patrick Mutz stated, "*The achievement of strong operational performance in the June Quarter, followed by solid evidence of accelerated sales to monetise excess HMC inventory, is a very positive indicator the Company is weathering the overall impacts from COVID-19 favourably. However, we recognise that every small victory is only one more step into what is still a very uncertain economic climate which we cannot control or accurately predict.*"

Boonanarring Operations

In July, mining operations have been modified to trial **selective mining of sections within the Eastern strand high-grade core at Boonanarring**, where practicable to do so, **with the goal of isolating ore containing higher concentrations of premium grade zircon as ultra-high-grade (UHG) ore**. If successful, HMC from the separate batch processing of this UHG ore will be combined with the original UHG HMC mined and stockpiled in May 2019 (see ASX announcement 13 May 2019).

The market value of the UHG HMC was previously determined to be considerably higher per tonne than typical Boonanarring HMC due to the much higher zircon grade, and the premium grade quality of the zircon. If sufficient mass of UHG HMC can be stockpiled, it will be marketed separately with the aim of increasing total revenue.

Exploration Activities – Project 'MORE' update

Prioritised exploration efforts under the banner of Project 'MORE' are continuing in earnest. The objective of the project is to assess areas of mineralisation within a 10km radius of the

current location of the wet concentration plant (WCP) at Boonanarring (Figure 1), as rapidly as practicable, to identify new Mineral Resources for conversion to Ore Reserves, with the aim of extending the mine life at Boonanarring, and a goal of adding two years of new Ore Reserves before the end of December 2020.

Boonanarring Northern Extension Area (NEA)

Best prospect for high-grade, zircon-rich mineralisation as a natural extension of the Boonanarring high-grade Eastern Strand across and onto the western side of the Brand Highway for a strike-length of 5.6km. Original drilling results for this area were announced to the ASX on 13 March and 26 June 2017. Additional drilling in this area has been hampered by limited access for exploration and infrastructure encroachment (Brand Highway and powerlines).

Acquisition of the first property (**CSC property**) to allow access to the NEA on the western side of the Brand Highway was completed in February 2020 and drilling in this area indicates the high-grade Boonanarring Eastern strand extension is potentially under the Brand Highway or towards the western side of the highway. Additional drilling on the CSC property further to the west has identified a new set of mineralised strands dubbed the North-western Extension Area, with apparent continuation of mineralisation into the properties directly to the north and south (see 30 April 2020 ASX announcement; Boonanarring Exploration Update).

In July 2020, Image executed a sales contract for the purchase of the second property (ATT property) in this area, located directly to the north of the CSC property. This purchase is scheduled to be completed in September 2020, with drilling to commence shortly thereafter.

Approval has been received for roadside drilling on the east side of the Brand Highway and drilling is scheduled to commence in August. Access for drilling, via lease or land purchase option, on the property directly to the south of the CSC property, and access to the property (or portion thereof) on the east side of the Brand Highway, are still being sought.

The prospects for the completion of a Mineral Resources study for the Northern Extension depends in large part on the results of the eastern roadside drilling program to identify the location of the high-grade strand.

Preliminary information on the practicability of relocating the Brand Highway suggests it may be viable, however this is dependent on whether the highway must be shifted to the east or the west, and the actual location of the mineralised strand relative to the highway and any other infrastructure. Estimates of overall infrastructure relocation costs and timing for all necessary mining approvals are being formulated.

Boonanarring North-western Extension Area

The mineralisation in this area was not known prior to the acquisition of the CSC property. Drilling results for this area were announced to the ASX on 30 April 2020 and indicated the mineralisation is shallower than the main Boonanarring mineralised strands, albeit lower in HM and zircon grades and somewhat finer grained.

An initial Mineral Resources study for this area is being planned and the budget has been approved for drilling to commence on the ATT property to the north following completion of acquisition of the property in September.

Boonanarring Southern Extension Area

The mineralisation in this area is known to have lower HM and zircon grades than the main Boonanarring strands, and the Mineral Resources in this area did not optimise into Ore Reserves in previous Ore Reserves studies. However due to available access and less dense drilling in this area, priority was given to completing the re-assessment of this area with the inclusion of additional in-fill drilling results.

This re-assessment is nearing completion, and preliminary information indicates while the additional drilling resulted in higher (than previous studies) HM and zircon grades, the updated

Mineral Resources did not optimise into Ore Reserves due to insufficient grades and thickness of mineralisation to overcome the strip ratio. A final determination on Ore Reserves for this area will be completed in the coming weeks following a reassessment of individual drill hole composite samples for a higher-grade core.

Boonanarring West Area (including Trandos Blue Lake)

Drilling and assessment of mineralisation in the newly identified 50mRL Strandline (announced to ASX 11 December 2019) is continuing but is challenged in some areas by access issues. The mineralisation in this area was first identified in 2019 and additional work is required to assess the potential for Ore Reserves. As in the North-western Extension Area, the mineralisation appears to be shallower but lower in HM and zircon grades than the main Boonanarring Strands.

Gingin North Project Area

The Gingin North Project is located just outside the 10km economic pumping radius from the Boonanarring WCP, but could still prove to be economic depending on final HM and zircon grades and depth of mineralisation. Gingin North has existing Indicated and Inferred Mineral Resources (JORC 2004) totalling 2.4Mt at 5.5%HM and 6% zircon in the HM. A central zone of mineralisation is currently being infill drilled and more assaying of historical drilling is being completed over shallow mineralisation that outcrops to surface. Select samples of surface mineralisation contain elevated zircon up to 20% in the HM (see June 2020 Quarterly Report released on 21 July 2020).

Project MORE Goal

The goal of identifying two years of new Ore Reserves before the end of CY2020 has been maintained, even though the challenge of achieving the goal within the target timeframe is now greater given the preliminary assessment of Ore Reserves in the Southern Extension Area was negative.

Positive Developments

In revisiting the initial determination of the economic pumping distance being up to 10km radius from the Boonanarring WCP, a determination has been made that **the economic pumping distance could be extended by 2 or more kilometres, depending on HM and zircon grades**. In addition, a preliminary determination has been made that **trucking of the ore may be a viable alternative to slurry pumping, and the economic trucking distance may be 20km or more depending on the HM and zircon grades**. This expands the opportunities for potential access to an ore feed sources for the WCP from smaller, high-grade satellite deposits of mineralisation, across a much larger foot print.

Another development, outside of Project MORE, is a preliminary determination that the total **Mineral Resources, and potential Ore Reserves, could double for the Atlas deposit area, through the inclusion of Mineral Resources from Image's 100%-owned Helene and Hyperion deposits**, located to the northwest of Atlas. Preliminary reviews indicate these deposits will be within economic pumping or trucking distance from the WCP when it is relocated to Atlas.

Total Mineral Resources at Atlas are 18.3Mt at 6.0%HM and Ore Reserves are 9.5Mt at 8.1%HM and a strip ratio of approximately 1.2:1. Hyperion has Indicated Mineral Resources (JORC 2012) of 5.0m tonnes at 6.5%HM from surface and Helene has Indicated Mineral Resources (JORC 2012) of 13.2Mt at 4.3%HM and future Ore Reserves are anticipated to have a strip ratio similar to Atlas.

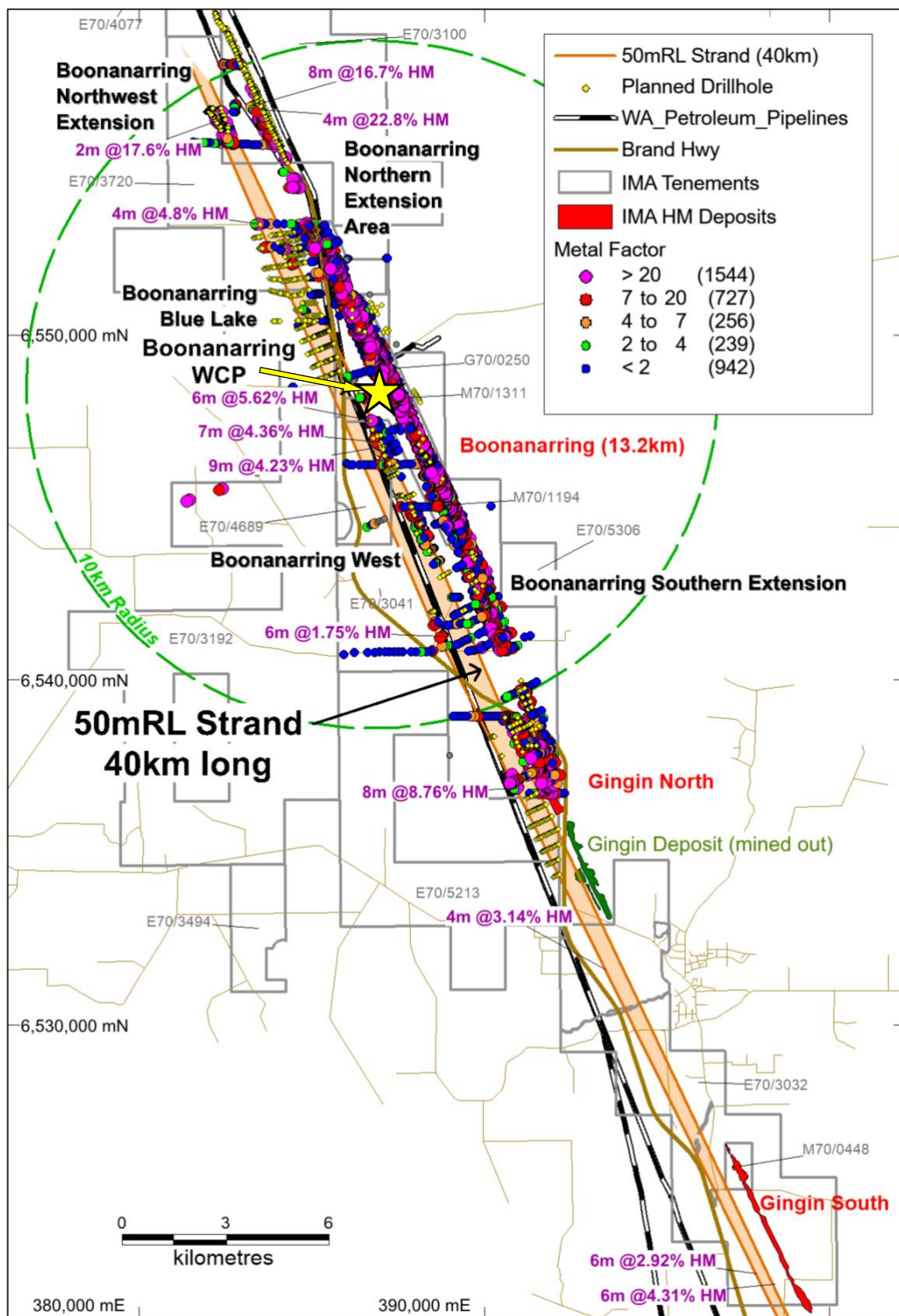


Figure 1: Boonanarring Area Locator Map.

Debt Repayment

The Company is scheduled to complete its 4th of a total of 7 scheduled debt repayments, in the amount of US\$7.7m principal and interest on 11 August 2020. The 7th and final payment is scheduled to occur in May 2021. The outstanding principal balance following the 3rd payment in May 2020 was US\$26.3 million.

Image continues to be open to consider a value accretive early purchase of the balance of the loan notes from the current holders.

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 HMC 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 health, safety and environmental 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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Attachments

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

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.

Table 1: 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 ¹	Proved	3.5	13.9	16.0	0.5	82.7	44	4.6	2.2	31.9
Boonanarring ¹	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 ²	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/157680627920191220OreReserveUpdateHigherOreGradeandIn-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/149611340720170530ORERESERVESUPDATEFOR100OWNEDATLASPROJECT.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.*