

2 April 2019

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## **IMAGE RESOURCES PRELIMINARY MARCH ORE FEED GRADE 2.5 TIMES HIGHER THAN EXPECTED AT BOONANARRING**

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**Image Resources NL (ASX: IMA) (“Image” or “the Company”)** is pleased to advise that **preliminary actual average ore feed grade reported for March 2019 is approximately 2.5 times higher than budget.** This result further corroborates the existence of a very high-grade horizontal core section (“Core”) in the eastern ore strand at its 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project located 80 km north of Perth in the infrastructure-rich North Perth Basin in Western Australia.

The preliminary average ore feed grade for March (subject to end of month reconciliation adjustments) has been reported to contain approximately 19% heavy minerals (HM), compared to a budgeted ore grade of 7.4%HM which is based on Ore Reserve estimates for ore from the mined area. The net result of this 157% positive variance, coupled with high operating availability and HM recovery, was the production of approximately 23K tonnes of HMC (preliminary figure based on physical inventory) for March 2019, compared to budgeted HMC production of 20K tonnes. The higher than expected ore feed grade generated HMC production rates near the processing limits of the current HMC cleaning and dewatering circuit, from substantially lower than budgeted ore processing rates (tonnes per hour). The HMC processing limitations are under review.

The phenomenally positive results in March add significant weight to the suggestion that the Ore Reserve estimate may have been underestimated due to the drill spacing used to establish the Mineral Resources and Ore Reserve estimates being too wide to adequately delineate a likely narrow but very high grade Core in the eastern strand of the Boonanarring deposit (see previous ASX announcement **IMAGE RESOURCES TARGETING ORE RESERVE UPGRADE AT BOONANARRING IN RESPONSE TO SUBSTANTIALLY HIGHER THAN EXPECTED ORE GRADES** dated 14 March 2019).

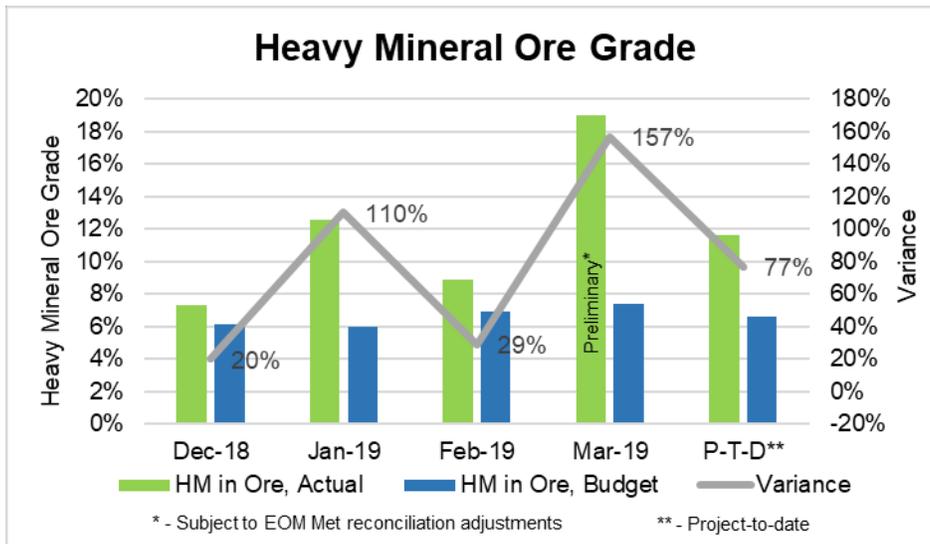
The 14 March 2019 ASX announcement outlined a planned close-spaced drilling programme to appropriately delineate the high-grade Core. The planning for this drilling programme was given a high priority and drilling commenced on 1 April 2019. Drilling, analytical and study work is anticipated to be completed near the end of the June Quarter. Intermediate results will be announced as appropriate.

For 1<sup>st</sup> Quarter 2019, as shown in Figure 1, the average variance in HM ore feed grade is a positive 77% or 1.77 times the budgeted ore feed grade. This includes mining and processing of ore from both the eastern and western strands, but with a heavy weighting of eastern strand ore in March. The March figures are preliminary and subject to adjustment based on end of month inventory and metallurgical accounting reconciliations.

HMC production figures for 1<sup>st</sup> QTR 2019 compared to budget are shown in Figure 2 (March preliminary) indicating Y-T-D production is effectively one month ahead of CY 2019 budgeted production levels after only 3 months of production.

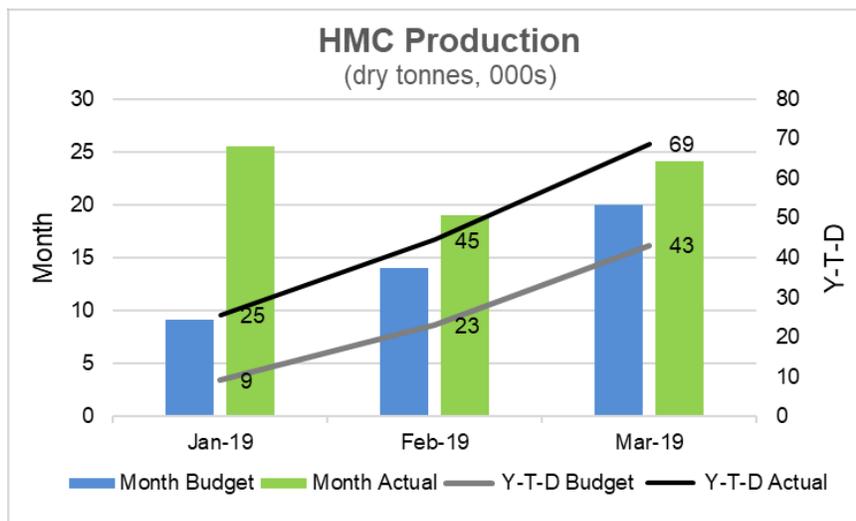
Managing Director Patrick Mutz commented, “Operational results for March 2019 are clearly outstanding, given the enormous uplift in the average ore grade compared to the expected ore grade as modelled in the Ore Reserve. Now that drilling has begun to delineate the high-grade Core in the eastern ore strand, we eagerly look forward to understanding the significance of the ore grades in the Core on the overall Ore Reserve. In the meantime, Y-T-D HMC production is substantially ahead of guidance thanks to the higher ore grade, but also due to significantly higher operating availability and HM recovery. This combination could lead to an adjustment to guidance in advance of completion an updated Ore Reserve.”

**Figure 1. Boonanarring – estimated and actual heavy mineral ore grades**



Note: Budgeted ore grade is based on Mineral Resource and Ore Reserve model estimates and mining has been reasonably aligned with the budgeted mine plan

**Figure 2. HMC production versus budget**



### **Third Shipment of HMC**

The early successes of higher than expected HMC production allowed Image to complete its first shipment of ~10,000 tonnes of HMC (and receive its first revenue) in January 2019, and a second shipment in February 2019 for a full complement of ~20,000 tonnes, which is the long-term average quantity scheduled to be shipped per month during full-scale production. A third shipment of ~20,000 tonnes of HMC was scheduled for March, however due to loading restrictions, loading was delayed to the final week of the month and the shipment size was reduced to ~18,000 tonnes. This shipment sailed on 28 March 2019, however, the letter of credit securing the load will not be converted to cash until early April 2019.

### **Boonanarring Project Background Information**

The Boonanarring Project is arguably one of the highest heavy mineral grade, zircon-rich, mineral sands projects in Australia. Project funding was finalised and construction commenced in April-May 2018. Following a six-month construction period, completed on-time and on-budget, the project was successfully commissioned in October-November 2018 and the planned six-month production ramp-up period commenced on 1 December 2018. HMC production ramp-up was more rapid than planned and in the second month of the ramp-up period (January 2019) HMC production exceeded the forecast long-term average HMC production for full-scale production. The Company received first revenue from the sale of HMC in January 2019 and commenced with nominal monthly scheduled shipments of HMC in February, on the path to positive cashflow and advancing the goal of sustainable profitability.

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