

20 May 2020

IMAGE RESOURCES OPERATIONS UPDATE

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

HMC Sales

Image completed the sale of a nominal 25k wet tonnes of heavy mineral concentrate (HMC) in April as planned. However, in May, demand for HMC from Image’s off-take partners has softened due to growing inventories stemming from a general decline in demand for mineral sand commodities and final products in China. As a result, HMC sales for May will be limited to a single shipment of 10k tonnes. Importantly, preliminary discussions for proposed sales in June-July, with off-take partner Natfort and a number of potential new buyers, provides Image with optimism that the current market uncertainty may only be temporary. As such, sales guidance for CY 2020 remains unchanged at 300-330kt but with sales volumes expected to be weighted towards the second half 2020.

Given the increasingly volatile global economic landscape, Image would like to emphasise there are a number of factors outside of its control that may impact downstream demand for its end products and therefore sales guidance. The Company is continually reassessing its position and will update the market if required.

Boonanarring Operations

Mining and ore processing operations at Boonanarring are continuing as scheduled, with minimal impact to-date, despite the implementation of a variety of measures taken by the Company to minimise any potential impacts from the Coronavirus. As reported in the Quarterly Report ending 31 March 2020, there were no confirmed cases of COVID-19 with any Image employees or contractors and the Company recorded its strongest ever quarter of HMC production, and strong production performance continued post the March quarter.

Exploration Activities

As with mining operations, exploration in and around Boonanarring continued under the banner of Project ‘MORE’ without significant interruption from travel restrictions and protocols implemented with respect to the Coronavirus. As presented in the Quarterly Report, in addition to the previously reported northern and southern extensions of Boonanarring deposit mineralisation, exploration results have identified new areas of mineralisation to the west of the current deposit within the recently identified 50mRL Strandline, which are being further evaluated. While the overall goal of Project MORE is to add two years of new Ore Reserves before the end of December 2020, a target has been set to add new Mineral Resources in Q3.

Managing Director and CEO Patrick Mutz stated, *“Image is fortunate to have been spared any significant negative effects on production and exploration activities from the Coronavirus, thanks to the swift actions taken by the Commonwealth and State governments and regulators, and the positive actions of Image employees and contractors abiding by the various restrictions and protocols at work and in their personal daily routines. Local travel restrictions are already being relaxed, our corporate office staff have returned to working from the office and we are looking forward to working in a new normal.”*

Debt Repayment

The Company completed its third debt repayment totalling US\$7.7 million principal and interest on 11 May 2020. This is the 3rd of 7 scheduled quarterly repayments, with the final payment scheduled to occur in May 2021. The outstanding principal balance following this latest payment is US\$26.3 million.

Image had been researching options for the early repayment of the debt, however, thus far the Company has been unable to reach a value accretive purchase of the balance of the loan notes from their current holders. Therefore, the process has been temporarily shelved.

Image Resources Background Information

Image is Australia's newest mineral sands mining company, operating open-cut mining and ore processing facilities at its 100%-owned, high-grade, zircon-rich Boonanarring Mineral Sands Project located 80km north of Perth, Western Australia, in the infrastructure-rich North Perth Basin. Boonanarring is arguably one of the highest grade, zircon-rich, mineral sands projects in Australia.

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

Image completed its inaugural full year (CY2019) of successful operations with performance exceeding targets in all major categories, including significantly higher HMC production and lower operating costs than forecast. CY2019 market guidance was met after being increased twice during the year.

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

This document is authorised for release to the market by:

Patrick Mutz

Managing Director

+61 8 9485 2410

info@imageres.com.au

www.imageres.com.au