

18 October 2021

**PRELIMINARY SEPTEMBER 2021 QUARTER UPDATE:
RISING COMMODITY PRICES - CY2021 GUIDANCE MAINTAINED**

Highlights:

- **Benchmark zircon price up 8.3% QoQ (Sep to June) and up a further 10.4% effective 1 October for total 25% higher than start of CY2021. Zircon price in China currently a further 45% higher than 1 October benchmark price.**
- **QoQ HMC sales up 14% to 77.3k tonnes.**
- **QoQ average realised HMC unit price increased 26% to A\$631/t in Q3 2021, and final Q3 shipment achieved record high unit price of A\$794/t based on forecast zircon price rise for Q4 and elimination of standard grade zircon penalty.**
- **HMC production down 63% QoQ (following Q2 quarterly record high), due to planned downtime for relocating Feed Preparation Plant to Block C exacerbated by record rainfall events. Q3 YTD HMC production still 3% higher than forecast.**
- **HMC shipping costs remain stubbornly high at approximately AU\$75/tonne, and more than double the original budgeted costs of A\$35/t.**
- **Production, sales and cost guidance for CY2021 to be maintained despite FPP relocation and wet weather impacts on Q3 HMC production and continuing higher shipping costs.**
- **Q3 ending cash increased to A\$50.3M excluding late September shipment revenue of A\$7.7M received in early October.**
- **Growth Strategy progressing steadily with development planning for relocation of mining to Atlas, feasibility study work on Bidamina, earn-in drilling at King gold prospect and review of potential development projects outside current mineral sands portfolio.**

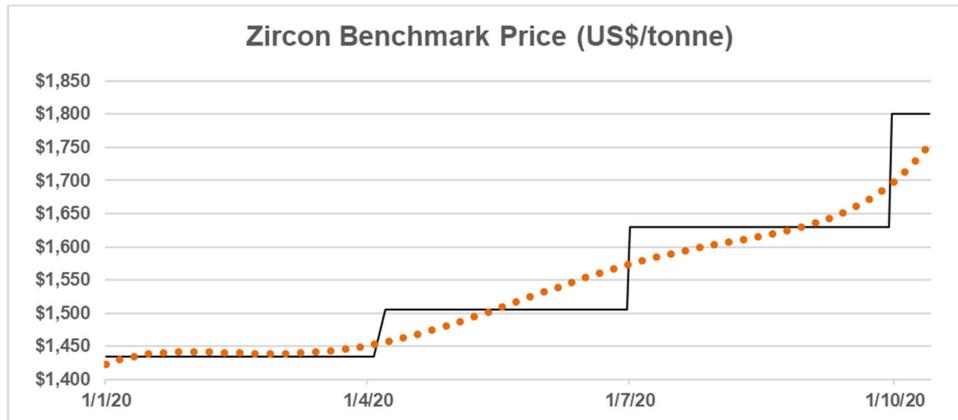
Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to provide the following preliminary September Quarterly results stemming from production at its high-grade, zircon-rich Boonanarring Mineral Sands Project located 80km north of Perth:

Benchmark Pricing for HMC

The **benchmark price for zircon** used to price Image’s heavy mineral concentrate (**HMC**) (which is based on Iluka Resources’ premium grade zircon prices published by FerroAlloyNet), has been rising steadily on a quarter basis throughout CY2021. **The average price for Q3 was 8.3% higher than in Q2, and on 1 October the price increased to US\$1,800/tonne, a further 10.4% above Q3 pricing. Overall, the benchmark price has increased 25% since the start of CY2021** (see Figure 1).

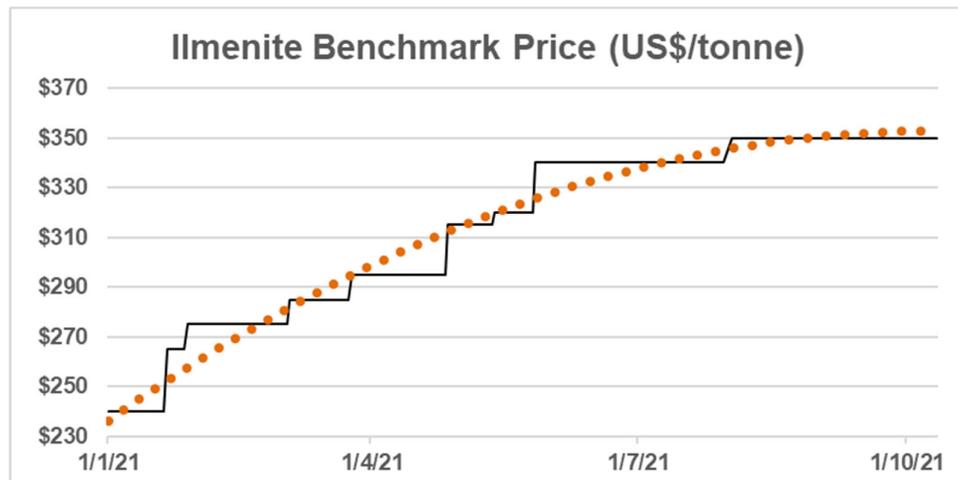
Importantly, the **zircon price in China** is currently substantially higher than Image's benchmark price and has been reported to be **above US\$2,600 per tonne or more than 45% higher than the 1 October benchmark price**. The price in China has reportedly been >US\$2,500/t since 1 August 2021 and is an indicator that Image's benchmark price is likely to continue to rise.

Figure 1.



Similarly, the **benchmark price for ilmenite** has been rising steadily and **increased 7.5% on average for Q3 over Q2**, with the price on 1 October 2021 being **46% higher than at the start of CY2021** (see Figure 2).

Figure 2.



HMC Sales and Realised Prices

Demand for the Company's HMC remains very strong with apparent shortages of supply of all mineral sands' commodities, including HMC. **QoQ HMC sales volumes were up 14% to 77.3k tonnes.**

As a result of the very positive impact of rising commodity prices, **QoQ average realised HMC unit prices increased 26% to A\$631/t in Q3 2021**. This includes a **record high realised unit price of A\$794/t for the final Q3 shipment of HMC in late September**, which was driven by the forecast zircon price rise to occur on 1 October, the **elimination of the standard zircon price penalty** (due to high demand), and a continuing favourable FX.

Q3 YTD HMC sales volumes were 230kt (77kt in Q3) and **CY2021 sales guidance of 300-330,000 tonnes is maintained.**

HMC Production

Q3 HMC production was a quarterly record low of only 38kt, as a result of substantial downtime stemming from the planned relocation of the Feed Preparation Plant (FPP) from Block A, back across Wannamal Road West, to Block C. Relocation of the FPP took longer than expected due to saturated ground conditions from very high rainfall events in July. Lower HMC production in Q3 was also a reflection of quarterly record low average ore grade of 5.7% HM, as wet ground conditions delayed access to the higher-grade Eastern Strand in Block C.

Q2 HMC production was the opposite of Q3. HMC production in Q2 achieved quarterly record high production of 102kt on the back of record high average ore grade of 12.1% HM. The net result of record high HMC production, followed by record low HMC production, was that Q3 HMC production was down 63% from Q2. It is important to note that the lower production in Q3 does not represent lost production, but simply delayed production.

Despite the low Q3 HMC production caused in large part by excessively wet ground conditions, **Q3 YTD HMC production of 226k tonnes, is still 3% higher than forecast.** Consequently, **CY 2021 HMC production guidance of 290-320kt is maintained.** HMC production is expected to normalise in Q4 with access to the higher-grade Eastern Strand in Block C. Overall zircon grades are also expected to increase from those in Block A.

Shipping Costs

HMC shipping costs have remained stubbornly high, averaging approximately AU\$75 per tonne for Q3, which is more than double the amount originally budgeted for CY2021 (AU\$35/t) which was based on CY2020 actuals. **Despite the substantially higher shipping costs, CY2021 guidance on costs categories is unchanged.**

Cash Position

Image completed the September Quarter with a strong, debt-free cash balance of A\$50.3M (up from A\$38.1M as at 30 June). This cash balance excludes an additional A\$7.7M received in early October from the final Q3 shipment in late September of a nominal 10kt.

Image Growth Strategy

Following is a brief summary of progress on the Company's multi-pronged growth strategy:

- (1) maintaining strong economic performance at Boonanarring and beyond** which includes continuing that performance after the completion of mining and processing at Boonanarring, at its 100%-owned Atlas project located 65km north of Boonanarring plus nearby 100%-owned projects of Helene and Hyperion.

Work programs for project development at Atlas are well advanced including permitting applications, infrastructure option investigations, water and electricity supply options, and evaluation of dry versus dredge mining to determine the most cost effective fit for Atlas and potential future projects. Mineral Resources and Ore Reserves are being reassessed using higher mineral sands commodity prices with potential to extend mine life by incorporating a lower cut-off grade.

- (2) progressing a feasibility study at its 100%-owned Bidamina project** located 25km NW of Boonanarring in support of **development of a second operating centre to be operated in parallel with operations at Atlas.**

Collection of geotechnical and additional mineral resources data from planned drilling was delayed by saturated ground conditions from winter rains. IHC Robbins has been

commissioned to conduct the feasibility study. Study completion has been delayed into Q1 2022.

- (3) **investigating the value potential of the Company's gold tenements including the associated King Farmin Prospect SE of Kalgoorlie** in support of developing optionality for this combined tenement package.

A second round of drilling has been completed which should meet the expenditure requirements for Image to earn an initial 40% ownership in the King Farmin Prospect. Assays from this phase of drilling are pending and will be reported in Q4. Results will drive Image's earn-in options and could result in a decision to move to 80% ownership with a further modest cash payment.

- (4) **looking to capitalise on the Company's debt-free position and its successful project development and profitable operating credibility by investigating opportunities outside of the Company's mineral sands portfolio to identify a longer mine-life deposit for future development.**

Image has established an advanced macro modelling technique to evaluate available mineral sands projects for determination of economic attractiveness. This project evaluation process is underway to identify suitable external targets for consideration for potential acquisition.

Image Resources Background Information

Image is an established, profitable 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 North Perth Basin. Boonanarring is arguably one of the highest grade, zircon-rich, mineral sands projects in Australia.

The project was constructed and commissioned 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).

The Company repaid its outstanding debt ahead of schedule in February 2021 and paid an inaugural dividend of \$0.02 per share in April 2021, after only two years as an active mining company (CY2019 and CY2020), and is on-track to meet its market guidance for CY2021 which is similar to CY2020.

Since February 2021 Image is focused on a multi-pronged growth strategy which includes (1) maintaining its strong economic performance at Boonanarring and continuing at its 100%-owned Atlas, Helene and Hyperion projects; (2) progressing a feasibility study at its 100%-owned Bidamina project in support of development of a second mining and processing centre to be operated in parallel with operations at Atlas; (3) evaluating the economic potential of its two 100%-owned gold tenements and King Farmin tenement, all located SE of Kalgoorlie; and (4) investigate opportunities outside of the Company's current mineral sands portfolio to identify a larger potential mine-life deposit for development.

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