

27 May 2019

IMAGE RESOURCES SECURES SALES AGREEMENTS FOR ALL CURRENT HMC INVENTORY

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to advise it has **secured sales agreements for all of its current heavy mineral concentrate (HMC) inventory including HMC production through May 2019** from 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.

Following on from the very positive March 2019 quarterly operating results, with production of 68K tonnes of HMC and HMC inventory at the end of the quarter of 38K tonnes, the Company has secured signed sales agreements for 70,000 tonnes of HMC across three bulk shipments, from Image’s off-take partners Shantou Natfort Zirconium and Titanium Co., Ltd (“Natfort”) and Hainan Wensheng High-Tech Materials Co., Ltd (“Wensheng”). These sales commitments followed the successful separation processing and market testing of the products from shipment No. 1 purchased by Natfort in January 2019.

The three sales agreements are for:

- HMC shipment No. 4 – purchased by HMC off-taker Natfort for a nominal 20,000 tonnes. Loading commenced 20 May 2019 and the ship sailed on 22 May 2019;
- Shipment No. 5 – purchased by Natfort for a nominal 30,000 tonnes; targeting loading mid-June 2019; and
- Shipment No. 6 – purchased by Natfort for a nominal 20,000 tonnes; targeting loading in the latter half of June 2019.

Discussions are also underway with HMC off-taker Wensheng for a nominal 20,000 tonne shipment for delivery in July 2019.

In addition to the above commitments and discussions, the Company has received significant interest from other potential buyers for Boonanarring HMC, suggesting market demand for zircon-rich HMC may be increasing in China. However, additional work is required to expand Image’s export permit authority prior to any sale outside of the current export authority to HMC off-take partners Natfort and Wensheng.

Managing Director Patrick Mutz commented, *“The expressions of interest from the market for Image’s HMC product is timely, but not surprising given the overall quality of the Boonanarring deposit. However, the more important element in the shorter term is Natfort’s actions to commit to additional off-take deliveries on an accelerated basis to help fast-track Image’s objective of monetising product inventory.”*

No HMC sales were completed in April 2019 and HMC inventory increased to approximately 60K tonnes at the end of April. However, the sales commitments above will adequately

address this build-up of inventory, and when coupled with general positive market interest, provides a significant base to support future sales.

High Grade Core Delineation Drilling

As advised in the March 2019 Quarterly Report, drilling to delineate a likely high-grade core in the eastern strandline of the Boonanarring deposit commenced on 2 April 2019. Drilling continues on 5-metre (or less) spaced holes along 50-metre spaced lines perpendicular to the eastern strandline strike direction. Field determinations of heavy mineral (HM) content by panning of drill cuttings corroborate the existence of a high-grade core. However, HM grade cross-sections across the strandline are pending laboratory assays. Preliminary drilling results will be provided in advance of a revised Ore Reserve determination.

Additional Ultra High-Grade Ore

As foreshadowed in Image's ASX announcement of 13 May 2019 ('Image Resources Mines Ultra High-Grade, Zircon-Rich Ore at Boonanarring'), the ultra-high-grade (UHG) ore zone has been found to extend to the south. A further 3,000 tonnes of UHG ore with similar preliminary HM grades and zircon content in the HM were exposed and selectively mined in May. This material has been stockpiled with the previous UHG ore as potential direct shipping ore or concentrate and will be tested to determine any required cleaning or treatment steps and establish overall HM quality to optimise the value of the material.

Ultra-High-Grade Ore at Base of Eastern Strandline



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. Construction was completed on-time and on-budget in six months followed by successful commissioning of the processing plant in October-November 2018. Production commenced 1 December 2018 and HMC production ramped-up to full-scale in only the second month of operation (January 2019). First revenue was received in January 2019 and overall performance for Q1 exceeded the budget in all major categories resulting in higher revenue and significantly lower costs than budgeted. Q1 results demonstrated profitability and plotted a firm path to positive cashflow and the goal of sustainable profitability.

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