20 July 2021

PRELIMINARY JUNE 2021 QUARTER UPDATE
RECORD HMC PRODUCTION, RISING COMMODITY PRICES

Highlights:

- **Record Quarterly HMC production of 102k tonnes lifting 1H 2021 production to 187kt**, significantly ahead of CY2021 guidance of 290-320kt
- Total HMC sales of 152k tonnes for 1H 2021 tracking with guidance of 300-320kt for CY2021
- **Cash balance of AU$38m at end of June 2021 following early repayment of remaining debt in February and payment of inaugural dividend of AU$0.02 per share in April**
- **Mineral sands commodity prices very strong and rising and AUD/USD foreign exchange rate softening favourably**
- **Growth Strategy progressing systematically**

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

HMC Production

Heavy mineral concentrate ("HMC") production reached a new Quarterly record high of 102k tonnes on the back of record high average ore grade of 12.1% HM. HMC production was 20% higher than the previous highest quarter in March 2021.

Total HMC production for 1H is 187k tonnes and is running substantially higher than the straight-line guidance curve of 290-320k tonnes for CY2021. Production for 2H is expected to moderate from these record high levels, but is forecast to be sufficiently high to meet or exceed CY2021 production guidance.

HMC Sales

Demand for the Company's HMC remains strong. While sales for the June Quarter at 68k tonnes was slightly below forecast, HMC sales for 1H 2021 are in line with guidance of 300-320k tonnes for CY 2021. Importantly, due to higher than forecast HMC production, the inventory of HMC at the end of June 2021 has increased to more than 80k tonnes and will strongly support the achievement of CY2021 sales guidance.

Cash Position

The Company completed the early repayment of its outstanding debt in February 2021 and paid an inaugural dividend of AU$0.02 per share in April 2021. Despite these substantial cash outlays, **Image completed the June Quarter with a strong, debt-free cash balance of AU$38 million.**

Image Resources NL | ABN 57 063 977 579
Ground Floor, 23 Ventnor Ave West Perth WA 6005 | PO Box 469 West Perth WA 6872
T: 08 9485 2410
www.imageres.com.au

Rising Commodity Prices and FX

Market prices for ilmenite and rutile have been rising steadily for the past nine months and are **now at 7-year highs** in response to real demand for final products presumably resulting from the significant economic growth globally following the COVID-19 economic contractions in CY2020.

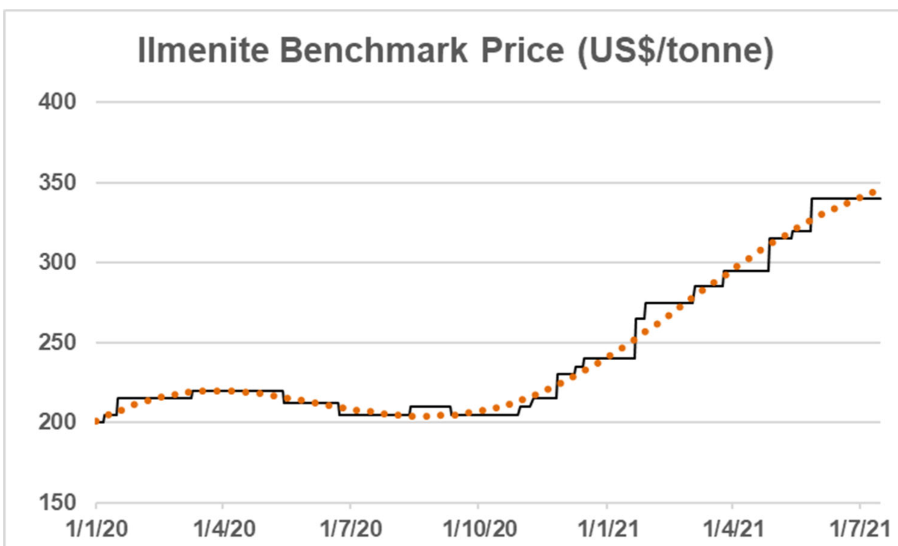
Market price rises for zircon were delayed compared to ilmenite and rutile, but **started rising rapidly in April 2021** after hitting a 3-year low of US$1,435 per tonne across the March quarter 2021. **Current zircon prices are at 3-year highs.** Price rises appear to be in response to real demand for final products. Recent Zircon price increases will begin to positively impact Image HMC pricing in Q3 2021.

The following prices for ilmenite, rutile and zircon are benchmark market prices used by Image to determine the market price for its HMC. The source of this price information is daily trade pricing in China provided by FerroAlloy.net via paid subscription.

Ilmenite Benchmark Price

The **benchmark price for ilmenite** used by Image to determine the market price for its HMC has been steadily rising since October 2020 (Figure 1). The price at the end of June 2021 was **US$340 per tonne, which is an increase of 66% since October 2020**. The current ilmenite benchmark price is the **highest price recorded by Image since 2014**.

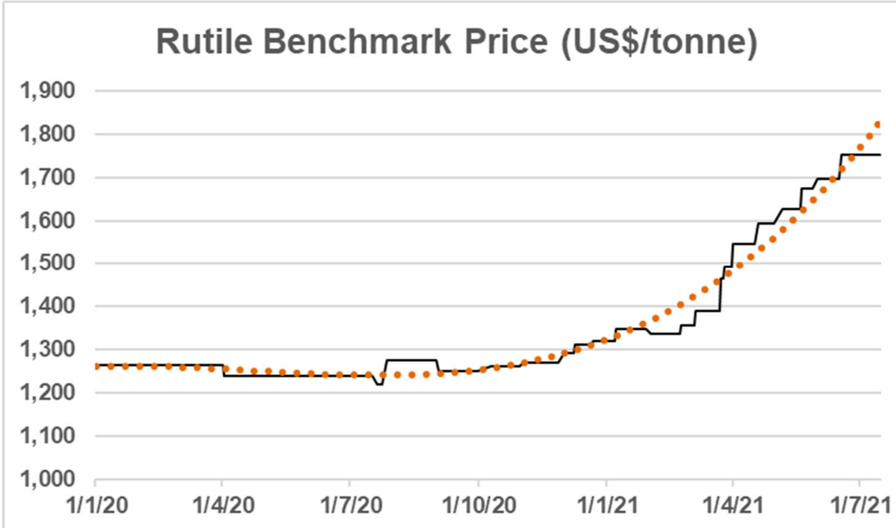
Figure 1 – Ilmenite Benchmark Price



Rutile Benchmark Price

The **benchmark price for rutile** has also been steadily rising since October 2020 (Figure 2). The current benchmark price is **US$1,753 per tonne which is an increase of 40% since prices started rising in October 2020**. The current rutile benchmark price is the **highest price recorded by Image since 2014**.The rutile market price has been running **higher than the price for Iluka's premium grade zircon since April 2021**, which is contrary to historic pricing where zircon commands a higher price and suggests zircon prices may continue to rise.

Figure 2 – Rutile Benchmark Price

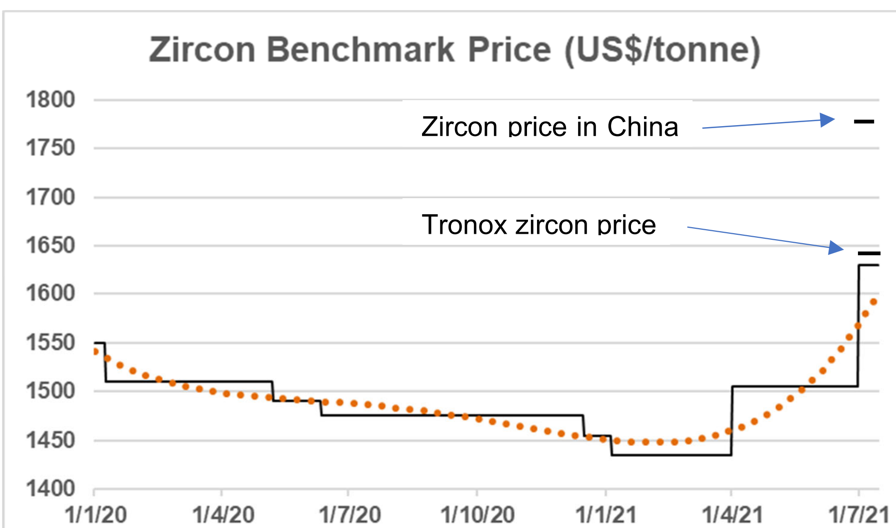


Zircon Benchmark Price

The **benchmark price for zircon** (which is Iluka Resources' premium grade zircon price) decreased steadily throughout CY2020. However, the zircon price **has been rising sharply in CY2021** (Figure 3). The benchmark **price effective 1 July 2021 is US$1,630 per tonne which is the highest price recorded by Image since 2014**. The current benchmark price for zircon represents **an increase of 14% since 31 March 2021**.

Importantly, post 1 July 2021, Tronox increased its premium zircon price to US$1,640 per tonne and the premium grade zircon price in China increased to US$1,775 per tonne. These higher prices by Tronox and in China, and the fact that the price of rutile is higher than the current Iluka premium zircon price, strongly suggests Image's benchmark zircon price (Iluka's premium grade price) is likely to increase again in the near future.

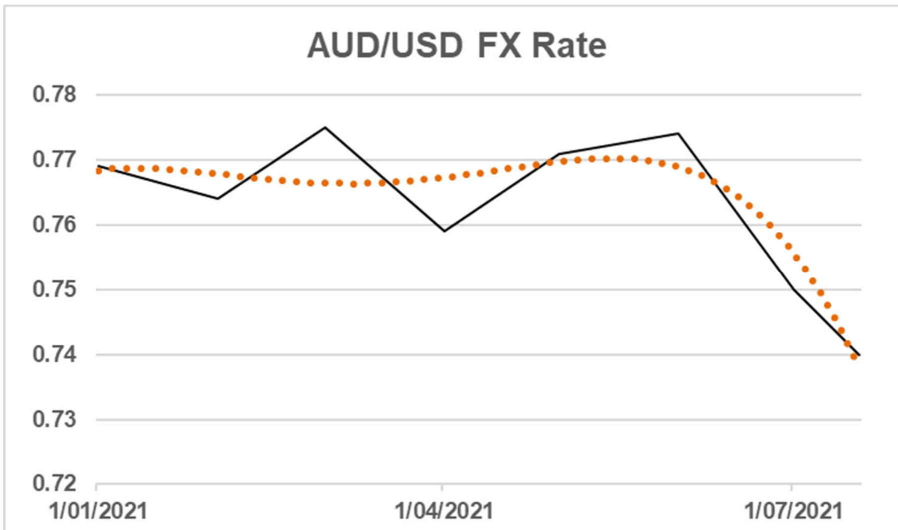
Figure 3 – Zircon Benchmark Price



AUD/USD Exchange Rate

With pricing for mineral sands commodities traded and the sales price for Image's HMC sold being in US dollars, the AUD/USD foreign exchange rate (FX) can have a significant impact on Image's total AUD revenue and profitability. As shown in Figure 4, the FX has been declining in July and is currently in a much more favourable trading range of 0.73-0.75, which in combination with higher commodity prices will have a positive effect on profitability in the shorter term.

Figure 4 – AUD/USD Exchange Rate



Managing Director Patrick Mutz commented, "*The achievement of record high quarterly HMC production in the June quarter establishes a solid base for Image to meet or exceed market guidance for CY2021. As importantly, the recent and forecast rises in market prices for zircon, rutile and ilmenite, and current favourable FX will impact favourably on profitability, and could allow an extension to mining at Boonanarring by allowing additional remaining Mineral Resources to convert to Ore Reserves. These very positive developments, along with the Company's debt-free, cashed-up position, and bolstered by systematic progress on its achievable, multi-pronged Growth Strategy, should add significantly to the attractiveness of the Company to shareholders and potential new investors.*"

Image Growth Strategy

With the early repayment of outstanding debt in February, Image formulated and adopted a multi-pronged growth strategy which includes:

(1) **maintaining its strong economic performance at Boonanarring and beyond** which includes continuing that performance after the completion of mining and processing of all available Ore Reserves at Boonanarring, and at its 100%-owned Atlas project located 65km north of Boonanarring as well as at its 100%-owned projects of Helene and Hyperion near Atlas;

(2) **progressing a pre-feasibility study at its 100%-owned Bidaminna project** located 25km NW of Boonanarring in support of **development of a second operating centre in parallel with operations at Atlas**;

(3) **evaluating the economic potential of its two 100%-owned gold tenements SE of Kalgoorlie** as well as a Farmin to an associated project with historic gold mineralisation; and

(4) looking to capitalise on its debt-free and profitable operating credibility by **investigating opportunities outside of the Company's mineral sands portfolio to identify a deposit with potential mine-life of 15+ years for future development**.

Progress on maintaining strong economic performance at Boonanarring and beyond includes planning to reassess all remaining Mineral Resources using current higher commodity prices (as reported above) to determine if additional Ore Reserves can be identified to extend the mine life at Boonanarring beyond the end of CY2022. Similarly, Mineral Resources at Atlas (including Hyperion and Helene) are being re-evaluated using current higher commodity prices to determine if Ore Reserves and mine life can be expanded beyond the 3.5 years reported in the 2017 Bankable Feasibility Study. The Atlas project is also being evaluated to determine if lower cost dredge mining techniques and new mineral processing technology by Mineral Technologies can be used to lower the overall costs of HMC production.

The status of a pre-feasibility study (PFS) at Bidaminna includes commissioning IHC Robbins to conduct the feasibility; planning for geotechnical data collection for the assessment of dredge mining equipment selection, capital costs and overall economics; planning for additional drilling to collect larger samples for metallurgical testing as well as improve the confidence category and total quantum of Mineral Resources; and planning and implementation of a variety of environmental, water, electricity and infrastructure studies. The PFS is currently scheduled to be completed before the end of CY2021.

Progress on evaluating the economic potential of Image's gold tenements includes completion of initial drilling, of which these expenditures form part of Image's Farmin rights to earn an initial 40% ownership of the King Gold Prospect located in the middle of Image's 100%-owned Erayinia tenement. Results of initial drilling, which was designed to verify and expand historic mineralised intercepts, will be reported separately in the September quarter 2021. Additional drilling to complete the initial earn-in to 40% is planned. Image has Farmin rights to earn up to 80% ownership of the tenement through exploration expenditures and cash payments, and an opportunity to acquire up to 100% if the current owners opt to convert to a net smelter royalty position. The goal is to progress drilling to maximise its ownership position and to complete an initial Mineral Resources estimate over the King and Erayinia tenements in advance of a scoping study in CY2022.

Progress on investigating opportunities outside of the Company's mineral sands portfolio to identify a deposit with potential mine-life of 15+ years for future development includes the identification of two such potential deposits which are subject to non-disclosure agreements and are slated to be evaluated in the coming months.

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.

The Boonanarring 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 AU$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 beyond at its 100%-owned

Atlas, Helene and Hyperion projects; (2) progressing a feasibility study at its 100%-owned Bidaminna project in support of development of a second operating centre in parallel with operations at Atlas; (3) evaluating the economic potential of its two 100%-owned gold tenements and Farmin target, all located SE of Kalgoorlie; and (4) investigating opportunities outside of the Company's mineral sands portfolio to identify a project with potential mine-life of 15+ years for future development.

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

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.