

Image Resources NL: June 2021 Quarter Update - Record HMC Production, Rising Commodity Prices

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Perth, Australia - [Image Resources NL](#) (ASX:IMA) 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.

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.

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.

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.

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.

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."

To view tables and figures, please visit:
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About Image Resources NL:

[Image Resources NL](#) (ASX:IMA) is a mineral sands focused mining company operating an open-cut mine and ore processing facility at its 100%-owned, high-grade, zircon-rich Boonanarring Project, located 80km north of Perth 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 commenced in December 2018 and HMC production ramped-up to exceed name-plate capacity in only the second month of operation. The Company achieved profitability in Q1 2019 and was cashflow positive in Q2 2019 and is now at steady state production.

Source:

[Image Resources NL](#)

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