

Image Resources NL: Quarterly Activities Report

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Perth, Australia - [Image Resources NL](#) (ASX:IMA) is pleased to report record high quarterly HMC production for the June quarter, breaking the previous record set in Q1 2021, from its 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project, located 80km north of Perth in the North Perth Basin in WA.

Continued strong HMC production, due to higher than expected HM ore grades, and relatively high HMC stock levels, provides a firm base for the Company to meet its CY2021 production and sales guidance. Higher commodity prices and a recent more favourable FX could support the conversion of additional Mineral Resources to Ore Reserves which in turn could extend mine life at Boonanarring into FY2023 and thus delay the planned move to Atlas.

HIGHLIGHTS

- Quarterly record high HMC production of 102kt (up 20% QoQ) lifting 1H 2021 production to 187kt, significantly ahead of CY2021 production guidance of 290-320kt, which is maintained.
- HMC production supported by Quarterly record high ore grade at 12.1% HM.
- HMC sales of 67.8kt (down 20% QoQ) supported 1H 2021 sales of 152kt which is tracking with CY2021 sales guidance of 300-320kt and which is maintained.
- Market prices for ilmenite and rutile at 7-year highs; zircon prices rising sharply since April 2021; and AUD/USD foreign exchange rate softening favourably.
- C1 and AISC cash costs per tonne HMC produced decreased 16% and 17% QoQ respectively, due to quarterly record high HMC production and HM ore grade.
- C1 and AISC costs per tonne HMC sold increased 26% and 24% QoQ respectively, due to lower QoQ sales and with 1H costs running at the upper end of CY2021 guidance ranges which are maintained due to 2H 2021 HMC sales forecast to run ahead of 2H HMC production and in line with CY2021 sales guidance.
- Inaugural dividend of A\$0.02 per share (approximately A\$19.0m) paid 27 April 2021.
- HMC average realised price increased 8% QoQ to A\$502/t versus \$463/t for Q4 2020 mainly due to zircon price increases partially offset by a reduction in contained ZrO₂ in HMC. Benchmark zircon prices increased 14% since 31 March 2021 and have continued upward momentum into Q3 2021.
- Net mine operating cash inflow for Q2 2021 was A\$8m, down from A\$21m in Q1 mainly due to receipt of A\$11m from Q4 2020 sales in Q1 2021 and lower sales in Q2 compared to Q1 (refer Table 4*).
- Breakdown of total cash expenditure includes A\$26.0m (55.4%) on mining/production at Boonanarring (including logistics); A\$0.9m (1.8%) on exploration; A\$0.2m (0.5%) on Corporate (net of FX/other income); A\$0.3m (0.7%) on Boonanarring project development; A\$0.1m (0.2%) on Boonanarring PP&E; and A\$0.4m (0.9%) on Atlas project development. In addition, dividend payments of A\$19 million were made in the quarter.
- The solar farm constructed at Boonanarring by Sunrise Energy Group generated 19% of total electricity requirements for the quarter (22% P-T-D), at slightly lower unit costs than grid power.

Strong production performance and cashflow generation put the Company in the privileged position of being able to pay an inaugural dividend on 27 April 2021 of \$0.02 per share. The Company ended Q2 2021 debt free and with \$38.3M of cash on hand, after having paid a total of approximately \$19m in dividends.

Managing Director and CEO 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.

*To view the full quarterly report, please visit:
<https://abnnewswire.net/Ink/083W05U8>

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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