

Image Resources NL: Quarterly Activities Report

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Perth, Australia - [Image Resources NL](#) (ASX:IMA) is pleased to report that high demand for mineral sands commodities, coupled with limited supplies, is driving mineral sands commodity prices to rise substantially, and is delivering increased cashflow and profitability in 2H 2021 from mining operations at the Company's 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project, located 80km north of Perth in the North Perth Basin in WA.

The big story for CY2021 thus far has been rising commodity prices, and Q3 was no exception with the average benchmark prices for zircon up 8.3%, ilmenite up 7.5% and rutile up 4.3% QoQ. Importantly, the benchmark price for zircon rose a further 10.4% above the Q3 average price, to US\$1,800/t on 1 October 2021, and in total, zircon has risen 25% since the start of CY2021 (Figure 1*). More significantly, the benchmark price for ilmenite has risen a total of 46% and a total of 39% for rutile since the start of CY2021 (Figure 2*). The market price for zircon in China is US\$2,600/t which is a further 45% higher than Image's 1 October 2021 benchmark price, which suggests Image's benchmark price will likely continue to rise.

At the same time, costs remain in line with forecast and Q3 YTD HMC production is 3% higher than forecast, despite the very low HMC production during Q3 which was down 63% QoQ following the quarterly record high HMC production of Q2. Record quarterly low HMC production for Q3 was a result of the indirect impacts of unusually high rainfall events in July/August and fully saturated ground conditions at Boonanarring. These wet conditions added substantially to the total downtime required for the relocation of the Feed Preparation Plant (FPP) from Block A to Block C, and contributed to a pit wall slump on the eastern high wall of the mine, which prevented access to higher grade Eastern Strand ore and resulted in quarterly record low ore grades being processed. Despite the delayed HMC production in Q3 and stubbornly high HMC shipping costs (more than double forecast costs of A\$35/t), market guidance on production, sales and costs for CY2021 has been maintained.

The Company is focused on permitting and project development planning at Atlas in preparation for relocating mining and ore processing operations following the depletion of available Ore Reserves at Boonanarring. Studies are also underway to determine if higher commodity prices and recent more favourable FX will support the conversion of additional Mineral Resources to Ore Reserves at Boonanarring and Atlas, with the goal of extending mine life at Boonanarring into Q1 2023 and thus deferring the planned relocation to Atlas, while at the same time potentially expanding the Ore Reserves and mine life at Atlas.

The Company ended Q3 2021 with a debt free cash position of A\$50.3M, excluding A\$7.7M cash for the final HMC shipment in September, which was received in early October. This strong cash position was achieved post the early repayment of outstanding debt in Q1 and the payment of approximately \$19m in dividends in Q2 2021.

Managing Director and CEO Patrick Mutz commented "Rising commodity prices are always positively welcomed by mine operators, especially when price rises are so substantial, as in the case of zircon, rutile and ilmenite, and especially when operating costs remain in check, as in our case. The net effect is that added revenue simply flows to the bottom line to improve profitability to the benefit of shareholders. For Image, rapidly rising commodity prices may also serve to delay certain capital costs such as for relocating mining and processing operations to our Atlas project and may serve to increase total Ore Reserves if a lower cut-off grade can be justified"

*To view the full Quarterly Report, please visit:
<https://abnnewswire.net/lnk/Z301KVO0>

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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