Image Resources NL: Strategic Acquisition Boosts Mineral Resources

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Perth, Australia - Image Resources NL (ASX:IMA) is pleased to advise it has entered into a binding conditional asset sale and purchase agreement with Sheffield Resources Ltd. ("Sheffield") to acquire a strategic package of mineral sands tenements in the historic Eneabba mining district located 275km north of Perth in Western Australia.

Highlights:

- Binding agreement to acquire package of tenements in historic mineral sands mining district of Eneabba in Western Australia for A$24 million cash from Sheffield Resources Ltd.

- Package includes 8 exploration licences (ELs), 3 mining leases (MLs) and 1 retention licence (RL) across 8 project areas which contain 211 million tonnes of Mineral Resources at 3.0% total heavy minerals (THM) for 6.3 million tonnes of contained THM

- Acquisition completion on 8 ELs and 1 RL covering 7 project areas in the package anticipated to occur in early 2022, with completion on final project area covered by 3 MLs to follow FIRB approval

- Acquisition funded out of existing cash reserves

- Strategic acquisition provides substantially larger Mineral Resources base for potential new production centres, expanded production rates and extended mine life beyond Image's current portfolio of projects

These tenements contain Mineral Resources (JORC 2012) estimated at 211 million tonnes at 3.0% total heavy minerals ("THM") for 6.3 million tonnes contained THM, and with 68% of Mineral Resources in the JORC Indicated category (see Table 1 annexed to this announcement). Total consideration offered for the acquisition is A$24 million in cash, to be paid out of Image's existing cash reserves (~A$50 million as at 30 September. 2021).

This strategic package of tenements consists of 8 exploration licences ("EL"), 3 mining leases ("ML") and 1 retention licence ("RL") covering 8 project areas ("Eneabba Tenements"), with the largest project (Yandanooka) containing Mineral Resources estimated at 60 million tonnes at 3.0% THM for 1.8 million tonnes of THM.

Managing Director and CEO Patrick Mutz commented, "Image is pleased to have the opportunity to acquire a package of tenements that only rarely comes onto the market.

Sheffield's divestment decision coincides positively with Image's desire to identify and secure potential development projects outside of its current portfolio, as a critical component of its growth strategy. This acquisition provides the Company substantial opportunities for additional mine-life as well as production expansion potential."

The sale of the Eneabba Tenements (other than the 3 MLs) is conditional upon obtaining the necessary regulatory approval to transfer of the RL, as well as obtaining the approval of a thirdparty royalty holder to the proposed transaction. These conditions are expected to be satisfied in early 2022.

The acquisition of the remaining 3 MLs (all associated with the West Mine North project area) is necessarily subject to the receipt of prior Foreign Investment Review Board (FIRB) approval, in addition to obtaining the necessary regulatory approval to transfer of the MLs and third-party approval to novation of the land access arrangements. The West Mine North project and 3 associated MLs represent approximately 6% of total Mineral Resources estimated to be contained in the Eneabba Tenements.

As obtaining FIRB approval for the transfer of the 3 MLs may require several months, the parties have agreed to proceed to completion on the sale of the Eneabba Tenements (other than the MLs) for cash consideration of A$23 million as soon as the necessary conditions precedent are satisfied or waived. Completion on the sale of the 3 MLs of the West Mine North project is to occur at a second stage of completion at a later date, for a cash consideration of A$1 million, if and when the conditions precedent to the sale of the remaining 3 MLs have been satisfied or waived.

Strategic Acquisition and Plans

Mineralisation in all of the Eneabba Tenements project areas is accessible by dry mining methods and amenable to typical heavy mineral recovery processing technology such as the wet concentration plant currently used at Image's Boonanarring project.

The acquisition of the Eneabba Tenements which contain estimated Mineral Resources of 211 million tonnes at 3.0% THM for 6.3 million tonnes of contained THM (Table 1 annexed to this announcement), represents a 234% increase in overall tonnes of total Mineral Resources accessible by dry mining, and more than a doubling of the total tonnes of contained THM, when compared to the Company's current Mineral Resources estimate of 90 million tonnes at 6.4% THM for 5.8 million tonnes of contained THM accessible by dry mining (Table 2 and Table 3 annexed to this announcement).

The additional Mineral Resources associated with the acquisition of the Eneabba Tenements provide a massive expansion of the total Mineral Resources base available to Image for potential conversion to Ore Reserves, which if achieved, could have a major potential impact on increased mine-life. It may also provide the opportunity to gain economy-of-scale advantages by potentially increasing the ore processing rate from 500 tonnes per hour to up to 1,000 tonnes per hour in future dry mining operations.

Importantly, the three largest projects of the Eneabba Tenements (Yandanooka, Durack and Drummond Crossing) are estimated to contain 125 million tonnes of Mineral Resources (59% of the estimated Mineral Resources in the total package of tenements) and have higher grade mineralisation starting from surface, with an estimated average strip ratio of only 0.2:1. Other positive attributes of these three projects are average 87% VHM, combined zircon and rutile of 15.8% of the THM and 14% slimes. Ore grade averages 2.8% THM. Further information regarding the Mineral Resources estimates associated with the Eneabba Tenements is set out in Table 1 annexed to this announcement.

For comparison, Image's Atlas deposit has a strip ratio of 1:1 and its Mineral Resources contain average 66% VHM, combined zircon and rutile of 15.7% of the THM and 17% slimes. Atlas ore grade is higher at 6.0% THM (see Table 2 annexed to this announcement).

Acquisition of the Eneabba Tenements does not change Image's current development plans for its 100%-owned Atlas deposit, which is slated for production following the cessation of production at Boonanarring, likely in Q1 2023. Similarly, the feasibility study ("FS") being conducted on Image's 100%-owned Bidaminna project is continuing in anticipation of commencement of project development planning following positive FS results, as a standalone project operated in parallel with Atlas.

Initial plans for projects associated with the Eneabba Tenements is for potential operations of a single larger or two smaller projects in parallel with potential operations at Bidaminna and Atlas. These plans are being formulated in conjunction with the development of the annual budget for CY2022 and will likely include securing land access, pre-development drilling and data collection to support heritage requirements, infrastructure planning and environmental permitting for at least one of the key projects.

*To view annexure, tables and figures, please visit:
https://abnnewswire.net/lnk/1SP88O2M

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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