

29 November 2021

STRATEGIC ACQUISITION OF ENEABBA TENEMENT PACKAGE CONTAINING 6.3 MILLION TONNES TOTAL HEAVY MINERALS

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 THM¹**
- **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**

Image Resources NL (ASX: IMA) ("Image" or "the Company") 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. 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.²

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.*"

¹ See Totals in Table 1 attached to this announcement.

² See Yandanooka in Table 1 attached to this announcement.

Photo 1 – Sheffield Resources Ltd Exploration Drilling at Yandanooka



(Photo provided with permission of Sheffield Resources Ltd)

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 third-party 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 Bidamina project is continuing in anticipation of commencement of project development planning following positive FS results, as a stand-alone 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 Bidamina 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.

This document is authorised for release to the market by:

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Image Resources Background Information

Image is an established, profitable 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 North Perth Basin. Boonanarring is arguably one of the highest-grade, zircon-rich, mineral sands projects in Australia.

The 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 \$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 continuing at its 100%-owned Atlas, Helene and Hyperion projects; (2) progressing a feasibility study at its 100%-owned Bidamina project in support of development of a second mining and processing centre to be operated in parallel with operations at Atlas; (3) evaluating the economic potential of its two 100%-owned gold tenements and King Farmin tenement, all located SE of Kalgoorlie; and (4) investigate opportunities outside of the Company's current mineral sands portfolio to identify a larger potential mine-life deposit for development.

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.

Table 1.

Sheffield Resources Ltd – Mineral Resources for Eneabba Project as at 30 June 2021

Eneabba Project Mineral Resources											
Deposit	Mineral Resource Category	Cut off (Total HM%)	Material (Million Tonnes)	In-situ HM (Thousand Tonnes)	Total HM Grade (%)	HM Assemblage				Oversize (%)	Slimes
						Zircon (%)	Rutile (%)	Leuco-xene (%)	Ilmenite (%)		
Yandanooka	Measured	1.4	2.6	112	4.3	10	2.1	2.3	72	11.3	15
	Indicated	1.4	57.7	1,726	3.0	12	3.6	3.7	69	11.4	15
	Inferred	1.4	0.4	7	1.5	11	3.0	4.4	68	21.9	20
	Total	1.4	60.8	1,845	3.0	12	3.5	3.6	70	11.5	15
Durack	Indicated	1.4	20.7	600	2.9	14	2.9	3.7	71	14.7	14
	Inferred	1.4	5.6	148	2.6	14	2.6	7.4	64	18.3	16
	Total	1.4	26.3	748	2.8	14	2.9	4.4	70	15.5	14
Drummond Crossing	Indicated	1.4	35.5	838	2.4	14	10.3	3.4	53	7.7	14
	Inferred	1.4	3.3	77	2.3	11	9.0	2.7	56	7.2	12
	Total	1.4	38.8	915	2.4	14	10.2	3.4	54	7.7	14
Robbs Cross	Indicated	1.4	14.0	261	1.9	15	12.7	5.0	47	6.2	6
	Inferred	1.4	3.8	77	2.0	14	10.9	4.1	50	8.1	6
	Total	1.4	17.8	338	1.9	15	12.3	4.8	48	6.6	6
Thomson	Inferred	1.4	26	516	2.0	19	13.8	5.4	42	6.9	18
	Total	1.4	26	516	2.0	19	13.8	5.4	42	6.9	18
West Mine North	Indicated	2.0	10.2	748	7.3	6	6.5	1.8	48	2.3	11
	Inferred	2.0	1.8	48	2.7	9	8.6	2.1	50	3.0	17
	Total	2.0	12.0	796	6.6	6	6.6	1.8	48	2.4	12
Ellengail	Indicated	2.0	6.5	346	5.3	10	8.0	10.4	66	3.2	15
	Inferred	2.0	5.3	218	4.1	10	8.2	8.4	62	2.5	15
	Total	2.0	11.8	565	4.8	10	8.1	9.6	64	2.9	15
Corridor	Inferred	2.0	18	568	3.1	7	5.5	0.4	47	4.8	14
	Total	2.0	18	568	3.1	7	5.5	0.4	47	4.8	14
Totals	Measured	Various	2.6	112	4.3	10	2.1	2.3	72	11	15
	Indicated	Various	144.6	4,519	3.1	12	6.1	3.9	62	9	14
	Inferred	Various	64.1	1,660	2.6	12	8.7	4.0	50	7	15
	Total	Various	211.4	6,291	3.0	12	6.7	3.9	59	9	14

Note 1: Information in this release that relates to Eneabba Project Mineral Resource estimates were prepared by Optiro Pty Ltd and first disclosed by Sheffield under JORC Code (2012). For further details refer to Sheffield's ASX announcements of

- 3 October 2018 for Yandanooka, Durack, Drummond Crossing, West Mine North, Ellengail;
- December 2017 Quarterly Activities Report for Robbs Cross and Thomson deposits; and,
- ASX announcement 10 September 2021 for the Corridor Deposit.

Image Resources NL is in the process of acquiring the Robbs Cross, Thomson, Yandanooka, Drummond Crossing, West Mine North, Ellengail and Corridor projects from Sheffield. Although Image has reviewed reports, information and data in relation to these projects (which comprise the Eneabba Project Mineral Resources) and has no reason to question the reliability of the reported information, Image cannot confirm whether there is any new information or data that materially affects the information included in the relevant Sheffield market announcements, nor can it confirm, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Image cannot confirm that the form and context in which the Competent Persons' findings are presented have not been materially modified from the relevant original market announcements. The Company will directly commission a competent person to provide JORC and ASX compliance statements when these Mineral Resources are included in future public reports.

Table 2.

Mineral Resources Summary – Material Mining Projects – JORC Code 2012 – as at 31 December 2020

IMAGE RESOURCES NL MINERAL RESOURCES – MATERIAL MINING PROJECTS

The estimated Mineral Resources at Boonanarring have been updated to include depletion from mining through 31 December 2020 and thereby represent remaining Mineral Resources as at 31 December 2020.

Mineral Resources - Strand Deposits; in accordance with the JORC Code (2012) @ 2.0% HM Cut-off										
Project/Deposit	Category	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	----- as percent of 'HM (%)' -----				
						VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring	Measured	7.4	7.3	13	0.5	77	51	4.0	3.1	19
Boonanarring	Indicated	7.1	5.4	17	0.4	79	48	8.3	4.7	18
Boonanarring	Inferred	1.4	3.5	18	0.05	77	53	5.0	4.1	16
Boonanarring Total		15.9	6.1	15	1.0	78	50	5.7	3.8	19
Atlas	Measured	9.9	7.9	16	0.8	71	49	4.2	7.2	10
Atlas	Indicated	6.4	3.7	17	0.2	57	42	3.4	4.7	6.8
Atlas	Inferred	1.8	4.0	20	0.1	41	29	3.3	4.4	4.8
Atlas Total		18.1	6.0	17	1.1	66	46	4.0	6.4	9.3
Sub-Total Atlas/Boonanarring		34.0	6.1	16	2.1	72	48	4.8	5.2	14

GOVERNANCE CONTROLS

Mineral Resources and Ore Reserves are compiled by qualified Image Resources personnel and / or independent consultants following industry standard methodology and techniques. The underlying data, methodology, techniques and assumptions on which estimates are prepared are subject to internal peer review by senior Company personnel, as is JORC compliance. Where deemed necessary or appropriate, estimates are reviewed by independent consultants. Competent Persons named by the Company are members of the Australasian Institute of Mining and Metallurgy and / or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code 2012.

MINERAL RESOURCES – NON-MATERIAL PROJECTS

The Mineral Resources for the Company's non-material mining projects as at 31 March 2021 are shown in the tables below. Inaugural Mineral Resources have been reported for Boonanarring Northwest and Boonanarring North Extension and Mineral Resources updates have been reported for Gingin North, Helene and Hyperion projects during the March Quarter 2021. There are no Ore Reserves reported in relation to these non-material projects.

Table 3.

Mineral Resources Summary – Non-Material Projects – as at 31 March 2021

Mineral Resources - Strand Deposits; in accordance with JORC Code (2012) @ 2.0% HM Cut-off										
Project/Deposit	Category	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	----- as percent of 'HM (%)' -----				
						VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring Northwest	Indicated	3.1	5.1	11	0.2	82	35	30	6.8	9.6
Boonanarring Northwest	Inferred	1.2	5.0	10	0.1	79	27	36	7.4	8.3
Boonanarring North Extension	Indicated	2.5	11.8	17	0.3	72	41	12	2.7	16
Boonanarring North Extension	Inferred	0.2	4.7	17	0.0	68	39	11	2.5	16
Gingin North	Indicated	6.6	4.7	16	0.3	77	50	15	4.5	7.2
Gingin North	Inferred	2.0	4.7	13	0.1	76	41	23	5.4	5.5
Boonanarring Satellite Total		15.6	5.9	14	0.9	76	43	19	4.6	11
Helene	Indicated	12.1	4.9	18	0.6	74	47	14	5.1	7.4
Helene	Inferred	1.0	4.0	15	0.04	74	45	16	5.7	7.5
Hyperion	Indicated	3.6	8.3	19	0.3	58	36	8.1	6.7	8.0
Hyperion	Inferred	0.03	5.9	17	0.002	48	31	4.9	5.0	7.3
Cooljarloo Nth Total		16.7	5.5	18	0.92	69	43	12	5.7	7.6

Previously Reported Mineral Resources - Strand Deposits; in accordance with JORC Code (2004) @ 2.5% HM Cut-off										
Project/Deposit	Category	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	----- as percent of 'HM (%)' -----				
						VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Gingin Sth	Measured	1.5	4.4	7.2	0.1	79	51	15	5.6	7.8
Gingin Sth	Indicated	5.8	6.5	7.1	0.4	91	68	9.8	5.1	8.1
Gingin Sth	Inferred	0.7	6.5	8.4	0.0	92	67	7.5	5.8	11
Gingin Sth Total		8.1	6.1	7.3	0.5	89	65	10	5.2	8.3
Red Gully	Indicated	3.4	7.8	12	0.3	90	66	8.3	3.1	12
Red Gully	Inferred	2.6	7.5	11	0.2	89	65	8.2	3.0	12
Red Gully Total		6.0	7.7	11	0.5	89	66	8.2	3.1	12
Sub-Total Gingin & Red Gully		14.1	6.8	8.9	1.0	89	65	9.3	4.2	10

Historic Deposit Mineral Resources - Strand deposit; in accordance with JORC Code (2004) @ 2.5% HM Cut-off										
Project/Deposit	Category	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	----- as percent of 'HM (%)' -----				
						VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Regans Ford	Indicated	9.0	9.9	17	0.9	94	70	10	4.3	10
Regans Ford	Inferred	0.9	6.5	19	0.1	91	68	7.7	4.4	10
Regans Ford Total		9.9	9.6	17	1.0	94	70	9.9	4.3	10
Grand Totals - Strand Deposits		90	6.4	13	5.8	78	53	10	4.9	11

COMPETENT PERSON STATEMENT AND PREVIOUSLY REPORTED INFORMATION

This report includes information that relates to Ore Reserves and Mineral Resources which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

- **Boonanarring Mineral Resources and Ore Reserves:** Release "Boonanarring Annual Ore Reserve Update" dated 10 March 2021
- **Atlas Ore Reserves:** 30 May 2017 – "Ore Reserves Update for 100% Owned Atlas Project"
- **Atlas Mineral Resources:** 8 May 2017 – "68% Increase in Mineral Resources for Atlas Project"
- **Boonanarring North Extension Mineral Resources:** 31 March 2021 – "Project MORE Update Boonanarring and Atlas Projects"

- **Boonanarring Northwest Mineral Resources:** 31 March 2021 – “Project MORE Update Boonanarring and Atlas Projects”
- **Gingin North Mineral Resources:** 31 March 2021 – “Project MORE Update Boonanarring and Atlas Projects”
- **Helene Mineral Resources:** 31 March 2021 – “Project MORE Update Boonanarring and Atlas Projects”
- **Hyperion Mineral Resources:** 31 March 2021 – “Project MORE Update Boonanarring and Atlas Projects”

These reports are available to view on Image Resources NL’s website under “ASX Releases”. The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person’s findings are presented have not been materially modified from the original market announcement.

This report includes information that relates to Mineral Resources for non-material mining projects of the Company which were prepared and first disclosed under JORC Code 2004. The information was extracted from the Company’s previous ASX announcements as follows:

- **Gingin South Mineral Resources:** 21 Jul 2011
- **Red Gully Mineral Resources:** 9 Mar 2011

These reports are available to view on the Company’s website under “ASX Releases”. The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person’s findings are presented have not been materially modified from the original market announcement. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to tonnes, grade and mineral assemblage for **Regans Ford deposit** (not part of the Company’s material mining projects) is based on historic information published by Iluka Resources Limited indicating the Mineral Resources were compiled in accordance with the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. *This information was prepared and disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

The information in this report that relates to exploration results is extracted from the Company’s ASX announcements noted in the text of the announcement which are available to view on the Company’s website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements and that the form and context in which the competent person’s findings are presented have not been materially altered.

The information in this report that relates to exploration results (other than those previously reported as noted above) is based on, and fairly reflects, information and supporting documentation prepared by George Sakalidis BSc (Hons), who is a member of the Australasian Institute of Mining and Metallurgy. George Sakalidis is an employee of Image Resources NL. George Sakalidis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. George Sakalidis has provided his prior written consent to the inclusion of this information in the form and context in which it appears in this report. Mr Sakalidis is a shareholder in the Company.

The information in this report that relates to historical Exploration Results presented in Figure 9 was extracted from the ASX announcements from the entities listed in the notes above Figure 9 and was reported under JORC Code 2004. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcements. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.