



November 2024

Letter from the CEO

Welcome to the first of our dedicated shareholder updates, delivered straight to your inbox.

As Image Resources enters its sixth year of being an active miner, we are thrilled to advise construction is underway and progressing rapidly on our second mining project, the **Atlas** mineral sands project.

Our team has been working tirelessly over the past 12-months to finalise permitting and progress full-scale development of Atlas which contains 5.5 million tonnes of Ore Reserve at a very high ore grade of 9.2% heavy minerals. While the anticipated mine life is only up to three years on current reserves, there are opportunities for additional reserves in the northern half of Atlas and/or from Image's nearby Hyperion and Helene deposits. Regardless, Atlas will serve as a critical 'bridge' project to Image's Chapter 2 ambitions of multiple mines operating simultaneously, multiple products and expanded global markets.

We are currently actively constructing on all aspects of Atlas, from the mine to the processing plant and all associated infrastructure, including the relocation of mining and processing equipment from our successful Boonanarring project. We have a stretch goal of commencing commissioning and achieving first heavy mineral concentrate (HMC) production in Q1 2025.

In October we were pleased to announce execution of a US\$20 million offtake prepayment facility provided by our long-standing offtake partner Shantou Natfort Zirconium and Titanium Co., Ltd (Natfort) in China with regards to the offtake of HMC to be produced at Atlas. Entering into this unsecured, 1-year term facility with Natfort was a very positive milestone for Image as it will provide sufficient working capital to achieve positive cash flow at Atlas, as well as allow continuing efforts on a bankable feasibility study for Yandanooka and limited ongoing synthetic rutile research.

As we reflect on the Company's transition from advanced explorer to active miner in 2018, it is important to recognise we are developing Atlas using the same simple business model, and largely the same contractors, equipment and personnel used for our successful Boonanarring project. Boonanarring was built on-time and on-budget and then went on to achieve name-plate capacity in only the second month of operation. We are focused on achieving a stretch goal of maintaining this high bar achievement at Atlas.

Boonanarring was the foundational cornerstone of the Company, with five years of successful operations resulting in the production and shipment of 1.17 million tonnes of HMC and generating nearly A\$800 million in revenue which allowed the early repayment of debt, payment of dividends to shareholders in 2021 and 2022, and closing out operations in Q4 2023 with a cash balance sufficient to self-fund the construction at Atlas. Our goal is to replicate the Boonanarring successes at Atlas.

Our next priority after Atlas is the Yandanooka project, and we were extremely encouraged by the positive results delivered in the PFS earlier this year. We are now focused on completing a BFS and targeting completion near the end of Q1 2025, with the aim of fast tracking the development of Yandanooka as quickly as practicable.



We are also in the early stages of assessing the feasibility of constructing a Mineral Separation Plant (MSP) to be located at Boonanarring to capitalise on the owned land and installed infrastructure. We also continue to advance research and investigations into converting Image's ilmenite into synthetic rutile (SR) using Image's provisionally patented SR production process which would be located near the MSP.

We believe there is a significant value-adding opportunity for future HMC separation which will open the door for sale of multiple products, including monazite, into global markets, and the conversion of ilmenite to SR, if demonstrated to be technically and economically feasible, would further expand Image's market reach and revenue generation.

We are currently seeking a grant to assist with the construction and operation of a demonstration-scale SR production plant at Boonanarring. The proposed, novel SR production process will utilise hydrogen to dramatically reduce the carbon footprint of SR production when compared to existing SR production technology. We are also in the process of drafting a second patent application regarding the application of this novel process to an expanded range of ilmenite feedstocks.

Importantly, the potential for multi-decade operating life across all our projects, including Yandanooka, McCalls and Mindarra Springs, which all contain ilmenite suitable as high-quality SR feedstock, could justify capital expenditure for a full-scale SR production facility, provided future feasibility studies are positive.

By achieving our Chapter 2 ambitions of establishing multiple mines operating simultaneously, separating HMC into multiple products to be marketed globally and using our proposed novel SR production technology, Image is looking to position itself to be a mid-tier miner, as well as an innovator in the mineral sands industry.

Image's vision is supported by our long-term growth and sustainability strategy, which includes our Chapter 2 ambitions as well as our commitment to minimising our long-term environmental impacts in the areas in which we operate.

This strategy, coupled with our diverse and prospective pipeline of 100%-owned projects containing high-quality ilmenite, zircon, rutile and monazite, positions the Company to deliver economic benefits to our shareholders, employees, Government organisations and other stakeholders over the coming years.

With a proven track record of delivering the on-time and on-budget development and successful and profitable operations at Boonanarring, we are confident in our ability to deliver on our strategy going forward.

As we progress with Atlas construction across the next few months, we will continue to focus on efficiency, productivity, and more importantly, safety and environmental performance, and we eagerly look forward to Image's return to revenue generation and positive cashflow in CY2025. I look forward to providing you with further updates as we progress the development of our second mineral sands mine.

Patrick Mutz
Managing Director and CEO