

12 July 2017

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## **SHARE PLACEMENT TO ADVANCE LONG-LEAD ITEMS FOR BOONANARRING MINERAL SANDS PROJECT**

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**Image Resources NL (ASX: IMA) (Image or the Company)** announces it has received commitments to subscribe for a placement of 33,648,356 new shares at a price of 9 cents each, to raise \$3,028,352 (before costs). The placement commitments were received from new and existing shareholders of the Company.

Commenting on the placement of shares, Managing Director Patrick Mutz stated “the funds raised through this placement are directly related to the larger project capital financing requirements for the development of the Boonanarring project scheduled for later this year. Bringing this portion of the equity funding forward helps hedge our bet that there will be no delays in completing full project capital funding as scheduled, and importantly, will allow ‘long-lead’ items to be ordered or initiated so as to provide the best opportunity for the targeted start of production to remain on schedule.”

The long-lead items intended to be actioned include the following items associated with fast-tracking the development of the Boonanarring project in advance of full project capital funding:

- deposits on equipment (e.g. slimes thickener, HV electrical transformer and switch gear, classifier);
- detailed engineering (electrical, civil and mechanical);
- miscellaneous site preparation surveys and geotechnical work;
- EPCM planning; and
- land purchase option fees.

New shares under this placement will be issued pursuant to the Company’s existing capacity under ASX Listing Rule 7.1 with settlement to occur in two tranches anticipated to be 18 and 25 July 2017, with the latter date to allow for transfer of funds from mainland China.

Mr Bob Besley, Chairman commented, “The Company remains encouraged by the strong support shown for the development of the Boonanarring project, and the robustness of the project continues to strengthen as market prices for mineral sand commodities continue to rise.”

Evidence of rising commodity prices includes Iluka's recent announcement of an increase in the price for premium grade zircon to US\$1160/tonne as of 1 July 2017. This moves the price of zircon to 25% higher than the benchmark projected zircon price used in the Company's bankable feasibility for the first year of production (2018). To put rising commodity prices in perspective, if overall average life-of-mine commodity prices increase by just 10% above the projected prices used in the bankable feasibility study, the NPV of the project will increase by nearly \$60M to over \$190M".

## **Status of securing Full Project Funding**

### **Debt-**

Debt financing discussions continue, in conjunction with the Company's advisor PCF Capital, and are progressing to schedule. A number of local and offshore financiers continue to review the project technical information and associated financial modelling. It is anticipated that financing terms will be established over the period to the end of August 2017, with financial close targeted for the end of the quarter.

### **Equity-**

Active marketing campaigns via industry conferences and roadshows continue to provide endorsement for the project with equity markets showing high levels of interest for the equity portion of the project capital.

## **Background**

The Company published very positive bankable feasibility study (BFS) results on 30 May 2017 and continues to fast-track the development of the Boonanarring-Atlas mineral sands project located 80 km north of Perth in the infrastructure-rich North Perth Basin. BFS financial metrics include \$135M Project NPV; \$52M project development capital; 64% IRR; and 22-month payback period. Off-take for the project is for 100% of production of heavy mineral concentrate, for the life of the mine, and is binding. First production is currently scheduled for the 2<sup>nd</sup> Quarter 2018. (Refer ASX release 30 May 2017). Image confirms that all the material assumptions underpinning the forecast financial information in the ASX Release dated 30 May 2017 continue to apply and have not materially changed.

**This announcement is intended to end the suspension of trading of the Company's securities.**

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