IMAGE RESOURCES

ANNUAL FINANCIAL REPORT 2022

Image Resources NL

ABN: 57 063 977 579

Contents

Corporate Directory

DIRECTORS

Mr Robert Besley	Non-Executive Chair
Mr Patrick Mutz	Managing Director
Mr Chaodian Chen	Non-Executive Director
Mr Aaron Chong Veoy Soo	Non-Executive Director
Ms Ran Xu	Non-Executive Director
Mr Winston Lee	Non-Executive Director
Mr Peter Thomas	Non-Executive Director

COMPANY SECRETARIES

Mr Dennis Wilkins (DWCorporate Pty Ltd)
Mr John McEvoy

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

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AUDITORS

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Perth WA 6000
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STOCK EXCHANGE

Australian Securities Exchange (ASX)
ASX Code - IMA (Fully paid shares)

ISSUED CAPITAL

1,083,712,757 fully paid ordinary shares

Image Resources NL ("**Image**" or "**the Company**") completed its 4th full year (CY2022) of successful operations at the Company's 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project in the North Perth Basin, located 80km north of Perth. The Company met its market guidance in all areas except heavy mineral concentrate ("**HMC**") production which was 2% below the guidance range due to the mining and processing of lower grade ore in Q4. Importantly, guidance on project operating costs was met despite significant inflationary pressures and other cost rises affecting all areas of the business including mining, logistics and labour.

CY2023 is scheduled to be a year of transition with the relocation of mining and processing operations from Boonanarring to Atlas whilst continuing to advance studies and pre-development efforts on the Company's 100%-owned Bidaminna project as a standalone dredge mining operation, as well as new projects associated with the strategic acquisition of the Eneabba Tenements and McCalls project in CY2022 which added substantially to Image's potential future project development opportunities.

2022 in Review

<u>Operations</u>

CY2022 was another successful year for the Company, and the 4th full-year as a profitable Australian mining company. In Q2, Image paid its second annual dividend of A$0.02 per share fully franked, on the back of almost A$80 million cash on hand and debt-free position at the end of CY2021.

The March 2022 Quarter was marked by a number of other key events including very strong shareholder support in defence against an action by the Company's largest shareholder (under section 249D of the *Corporations Act 2001* (Cth)) ("**249D action**"), to remove three Directors from the Board and replace them with three new Directors aligned with the largest shareholder. The 249D action was defeated as a result of very strong shareholder support at an extraordinary general meeting of shareholders on 24 March 2022. More than 96% of shareholders who cast a vote, voted against the 249D action and in support of the three then-current Image Directors remaining on the Board.

Two other key events during the March Quarter were the strategic acquisitions of the Eneabba Tenements and the McCalls project, located in the North Perth Basin near Image's other mineral sands projects. These new projects have transformed Image's mineral sands portfolio to one with potential for multiple, multi-decade operations, and the opportunity to grow the Company into a sustainable, long-life multi-operation mining company.

The March quarter was also highlighted by a 6% QoQ increase in average realised HMC prices to a record quarterly high of A$961/tonne.

Image engaged in a cost-sharing arrangement with Mineral Technologies ("**MT**") in late CY2021 for the construction and operation of a demonstration-scale wet concentration plant ("**WCP**") located at Boonanarring. Construction was completed in Q1 2022 to demonstrate MT's ground-breaking CT1 heavy mineral separation technology. CT1 technology advantages include a smaller footprint compared to conventional spiral separation technology and the ability to operate at higher solids content in the slurry feed. Operation of the demonstration plant continued through Q4 2022 and was deemed to have successfully demonstrated its design advantages at comparable metallurgical recoveries. The technology is now being considered for commercial scale use at the Company's Atlas and Bidaminna projects.

In Q2 2022, a Standstill Agreement was signed with the Company's largest shareholder and associates to refrain from further 249D actions for at least 14 months in exchange for a nominated director Board seat and access to 50% of HMC production through Image's existing offtake partners at full market-based pricing.

During Q2 2022, zircon and ilmenite prices both increased a further 5%, although average HMC realised prices declined QoQ due to lower zircon content in the HMC.

Throughout Q2, the Company was also focussed on securing land access for the possible extension of Boonanarring operations beyond the otherwise planned closure in Q1 2023. As a result of these efforts, on 9 September 2022, Image announced the execution of a land lease agreement to extend mining at Boonanarring by 3-4 months to the end of Q2 2023.

In September 2022, the Company announced underlying EBITDA of A$40.6 million (1H 2021: A$29.3 million) an after-tax profit of A$17.9 million for the half year ended 30 June 2022 (2020: A$2.9 million) with the increase in profit compared to the prior half-year driven by higher zircon and ilmenite prices combined with a lower (more favourable) AUD:USD foreign exchange rate, partly offset by cost inflation including higher diesel, parts and labour costs.

The December quarter was highlighted by the release of an Atlas Project Ore Reserve Update (refer ASX release dated 21 December 2022). Subject to receipt of relevant approvals, mining at Atlas is scheduled to commence 2H 2023 and HMC production in Q4 2023. HMC sales are fully committed under existing HMC offtake agreements at market-based pricing. In December, the Company also provided an update on the Bidaminna feasibility study indicating results of the study were delayed into Q1 2023.

Full Year Results

Total HMC sales for CY2022 were 187kt compared to 293kt in CY2021 due to reduced overall production at Boonanarring, with lower production mainly driven by declining average HM ore grades, reflecting the progression of mining to the southern end of Block C and Block D at Boonanarring, with lower HM grades including lower zircon grades in Block D.

The average HMC realised price for the full year was A$917 per tonne (CY2021: A$611/t) reflecting higher average zircon and ilmenite market benchmark prices compared to CY2021. Lower sales volumes but at higher average realised prices resulted in revenues for CY2022 being broadly in line with CY2021 at A$172 million (CY2021: A$179 million).

The Boonanarring project generated EBITDA of approximately A$69 million in CY2022 (CY2021: A$75 million).

Lower HMC sales guidance for CY2023 of 110-120kt HMC and forecast for CY2024 of 220-250kt reflects the anticipated completion of mining and processing at Boonanarring in Q3 2023, before relocating mining and ore processing operations to Image's 100%-owned Atlas deposit which is currently under final development planning and permitting.

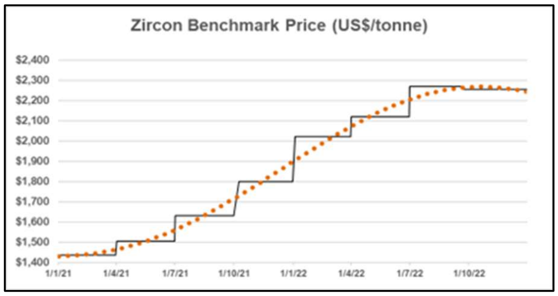
<u>Mineral Sands Commodity Prices and FX</u>

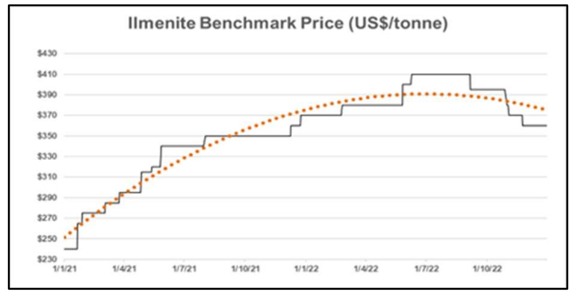
Boonanarring HMC pricing is based on the underlying content of zircon (as % ZrO_2+HfO_2) and titanium dioxide (as % TiO_2) in the HMC and benchmark market prices for the various products (zircon, rutile, and ilmenite) at appropriate quality specifications, with the majority of the value of Boonanarring HMC derived from the zircon content.

After starting to increase in Q1 2021, benchmark market prices for zircon continued to strengthen on a quarterly basis through the remainder of 2021 and continuing through Q3 2022 before declining slightly in Q4 2022, resulting in an overall increase of 56% from start of CY2021 to end of CY2022. Similarly, benchmark prices for ilmenite benchmark market prices rose steadily from Q1 2021 through Q3 2022 before declining in Q4 2022, and with an overall increased 55% from start to of CY2021 to end of CY2022.

CY2022 saw a decline in average zircon content of ore mined at Boonanarring, and therefore in HMC sold. The content of zircon (as % ZrO_2+HfO_2) after averaging roughly 22% in the HMC for Q1, declined to roughly 17% in Q2, and declined further to 14% and 15% respectively in Q3 and Q4 2022. Average zircon grades are expected to increase somewhat in CY2023 as we complete mining in Block D and move back to the final sections in Block C.

Higher benchmark market prices for contained zircon and ilmenite in HMC sold, combined with a lower (more favourable) AUD:USD exchange rate were the main reasons for a significant increase in average HMC realised price in CY2022. This was only partially offset by lower average zircon grades in the HMC. The average realised price per tonne of HMC sold in CY2022 was A$306/t higher (50% higher) than the average price in CY2021 (A$917/t vs A$611/t in CY2021).





Corporate

Sales revenue for the year was A$172 million (2021: A$179 million) with project operating and selling costs of A$103 million (2021: A$97 million) and with full-year CY2022 project EBITDA of A$69 million (2021: A$75 million). During CY2022 the Company generated a Net Profit After Tax ("**NPAT**") of A$15.2 million (2021: A$19.4 million) for a total NPAT of approximately A$80 million for the first 4 full years of operations.

As at 31 December 2022, Image had a healthy cash position of A$53.4 million (2021: A$79.8 million), after outlaying $37.4 million for project acquisitions (Eneabba and McCalls), $12.8 million in dividends and $14.1 million in income tax. For CY2022, the Company generated net cash flow from mine operating activities of A$65.0 million (2021: A$82.8 million).

Growth and Sustainability

Growth Strategy

The Company's original operating strategy and plan outlined in its 2017 Bankable Feasibility Study ("**BFS**") was to mine and process all available Ore Reserves at Boonanarring and then to self-fund the relocation of the mining fleet and processing facilities to Atlas. That strategy and plan is still active and operating as outlined, with completion of ore processing at Boonanarring scheduled for the end of Q2 2023 and mining currently forecast to commence at Atlas in Q4 2023. However, with the changes to Image's mineral sands portfolio with the strategic acquisition of the Eneabba Tenements and McCalls project, a new strategy of growth and sustainability has been adopted. The original strategy of Boonanarring and Atlas is referred to as 'Chapter 1', and the new growth and sustainability strategy is referred to as 'Chapter 2'.

The acquisition of the Eneabba Tenements and McCalls project served to substantially increase Image's 100%-owned projects for potential development and substantially boosted the Company's total Mineral Resources.

Following completion of the strategic acquisitions of the Eneabba Tenements and the McCalls project in 1H 2022, the Company commenced work on the assessment of the Mineral Resources acquired, as well as securing or transferring necessary access agreements for exploration. In addition, in Q4, work commenced on the preliminary assessment of Yandanooka and Durack projects as part of the Eneabba Tenements, for determination as to which project amongst the Eneabba Tenements may be most suitable for fast-track development. Similarly, in Q4 2022, work commenced on the preliminary assessment of the McCalls project to outline plans for securing land access for further delineation drilling and bulk sample collection for the purposes of wet plant recovery, mineral separation testing and later synthetic rutile ("**SR**") testing.

Testing by previous owners suggests the Eneabba Tenements have the potential for dry mining of very shallow mineralisation, utilising conventional recovery techniques such as the existing equipment used at Boonanarring. On the other hand, the McCalls Project will be evaluated to determine the viability of using hydraulic mining to mine the thick and broad seams of shallow mineralisation containing high quality ilmenite, likely suitable as a long-term feedstock supply for chloride slag or SR production. The McCall project also provides the opportunity for Image to consider becoming a potential SR producer using more environmentally friendly processing techniques than those used by existing producers, representing a potential long-term competitive advantage.

Chapter 1 strategy involves a single mining operation and a single product (HMC) sold into a single geographical jurisdiction (China). Chapter 2 centres on the development of potential multiple simultaneous operations and multiple products sold into multiple geographical jurisdictions. Chapter 2 activities commence with studies aimed at demonstrating economic viability and leading to the following:

- Finalisation of pre-feasibility study ("**PFS**") and subsequent definitive feasibility study leading to the development of a standalone dredge mining operation at Bidaminna, to be operated in parallel with dry mining operations.
- Feasibility study leading to the development of initial dry mining and processing operations at 100%-owned Yandanooka project in the Eneabba Tenements area, with potential for follow-on operations using the same capital equipment for dry mining and processing operations at Durack and later other projects in the area.
- Studies leading to the development of hydraulic mining and processing operations at 100%-owned McCalls project to be operated in parallel with dry mining and dredge mining operations.
- Studies leading to the construction of a Mineral Separation Plant ("**MSP**") to capture the value-adding advantages of producing individual mineral sands products (including by-products such as monazite) and expanding the Company's market reach geographically, as well as capitalising on the opportunity for effective post-mining use of the land and installed infrastructure at Boonanarring; and,
- Studies leading to the potential for construction of a SR production facility in the vicinity of the MSP, for the value-adding and market-expanding upgrading of ilmenite from Bidaminna and McCalls to 'green' SR by using hydrogen as the iron reductant.

<u>Atlas Development</u>

The Atlas Project is 100%-owned and was included as part of Image's BFS published in 2017. It is contemplated to be mined following the conclusion of mining at Boonanarring and is currently progressing through final stages of development planning and permitting.

Atlas is located approximately 160km north of Perth (80km north of Boonanarring). The plan outlined in the BFS was for the WCP and associated equipment, infrastructure, and mining operations to be relocated from Boonanarring to Atlas when mining and processing at Boonanarring is complete.

On 21 December 2022 the Company released an Atlas Project Ore Reserve Update (refer to the Company's ASX release dated 21 December 2022). The Ore Reserve is limited to the southern section of the overall Mineral Resources footprint, due to potential heritage, native vegetation, and flora issues in the north. Current plans are to complete construction and commence mining at Atlas in 2H 2023 and with first HMC production in Q4 2023. Development and construction is expected to be funded from internal cash reserves with the Company maintaining its current debt-free position.

Atlas is currently progressing through the final approval process, with the Environmental Review Document submitted in December 2022 for public comment. Current estimate for the grant of approvals for Atlas is mid-CY2023.

The 100%-owned Hyperion and Helene projects are located to the immediate north of Atlas and are potentially within economic pumping distance from the proposed location of the Atlas WCP. Both projects are being assessed as part of the overall plan to extend the mine life in the Atlas area.

<u>Bidaminna Pre-Development</u>

The Bidaminna Project is also 100%-owned and is currently under feasibility study as a potential stand-alone production centre, to be operated in parallel with dry mining operations. Bidaminna is located 100km north of Perth and 20km northwest of the Boonanarring project.

Heritage clearances for drilling at Bidaminna were delayed in 2H 2021 and Q1 2022. Appropriate clearances were finally provided late in Q1 2022 and drilling, for geotechnical information to support the ongoing PFS being conducted by IHC Mining (formerly known as IHC Robbins), was completed in Q2 2022. Drilling to upgrade the Mineral Resources was also completed in Q2. However, due to delays with sample analyses because of worker shortages at the commercial laboratories, the updated Mineral Resources estimate has been delayed into Q1 2023, and consequently the PFS results have been similarly delayed into Q1 2023.

Exploration

The Company's portfolio of tenements is predominantly focussed on mineral sands, except for four contiguous exploration licences and prospecting licences with a focus on gold. The total area of all tenements is 1,704 square kilometres. All tenements are located in Western Australia and all mineral sands tenements are located in the North Perth Basin. The gold tenements are located approximately 120km southeast of Kalgoorlie.

As Image is an established mining company, and therefore exploration activities in CY2022 have been largely focused on the development of known Mineral Resources, with limited exploration focusing on identifying new mineralisation.

In March 2022, the Company released a Mineral Resource Update on the Eneabba Tenements (refer to the Company's ASX release dated 11 March 2022).

In May 2022, the Company released a Mineral Resource Update for the McCalls project. (refer to the Company's ASX release dated 20 May 2022).

In July 2022, the Company provided a Mineral Resource Update for West Mine North, part of the Eneabba Tenements (refer to the Company's ASX release dated 29 July 2022).

In December 2022, the Company provided an Ore Reserve Update for Atlas (refer to the Company's ASX release dated 21 December 2022).

Exploration activities focussed on the search for new mineralisation included aeromagnetic surveys and follow-on drilling at Woolka South and Bidaminna Northwest for mineral sands and continuing but limited drilling at Erayinia and King for gold.

Drilling results at Woolka South and Bidaminna Northwest are pending.

Infill drilling at Erayinia in 2022 resulted in a number of significant gold intersections mainly within the central part of the northern mineralised zone, which was previously sparsely drilled (refer to the Company's ASX release dated 18 January 2023). Several intersections are open at depth and will be followed up with deeper RC drilling in 2023.

Business Risks

The Company has recently updated its detailed risk review resulting in an amended risk profile and inherent risk ratings for what are considered significant potential risks to the Company.

The completion of the Boonanarring project, including rehabilitation, and development of the Atlas Project are characterised as having significant inherent risk, and may not be successful. The risks and uncertainties described below are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties of which Image is not aware or that Image currently considers to be immaterial may also adversely affect the business, financial condition, results of operations or prospects.

Each risk area has been rated for residual risk after adjusting for controls and treatment actions.

Key risks with residual ratings of either **Very High** or **High** associated with business strategies, and prospects for future financial years include:

1. Approvals, Licenses and Permits: Residual Risk Rating: **Very High**

   The Company will require certain licenses, permits and approvals to develop the Atlas Project, and subsequently other projects. Image has yet to obtain the key permits and approvals required for the Atlas Project. The duration and success of efforts to obtain approvals and permits are contingent upon many variables that are outside the Company's control. Failure to obtain, or delays in obtaining such licenses and permits may adversely affect the Company's ability to proceed with the operating of the Atlas Project and subsequent projects.

   In addition, there is potential for legislative and regulatory reform, which could lead to more onerous conditions being placed upon approvals for new or existing operations.

   The Company manages these risks by ensuring employees have the skills and disciplines to establish relationships and follow and implement the approval processes directed at ensuring all contingencies are covered.

2. Financial Stability and Funding: Residual Risk Rating: **High**

   Boonanarring is nearing the end of operations and will require significant future expenditure on rehabilitation. In addition, the Company is advancing the development of the Atlas Project. Should the Company proceed to develop this project significant capital expenditure will be incurred. As at 31 December 2022, Image has cash on hand of $53.5 million but is reliant on the generation of additional cash flow from operations to meet capital expenditure requirements for Atlas, other project developments and Boonanarring rehabilitation as well as general corporate and exploration expenditures. There is no assurance that the Company will be able to generate funds from operations in the future. There is additional risk with respect to the development of new projects in respect to forecast and actual future mineral sands prices and foreign exchange rates which could negatively impact project returns.

   If other sources of funding are required, there is no guarantee that such funding will be available.

   The Company has demonstrated a track record of being able to successfully manage its projects and to generate internal cashflows or raise funds when required. The Company has strong relationships with potential funding providers.

3. Counterparty Risk (Offtake Contracts): Residual Risk Rating: **High**

   The Company currently has two offtake contracts in place with product purchasers. If one or both of these purchasers breaches or otherwise fails to honour its contractual offtake commitments, any such breach may materially and adversely impact the Company's financial results and performance. Image may not be able to find alternative purchasers for its products.

   The Company has close relationships with existing offtakers and at the same time is looking to develop new markets for its products.

4. Operational Risks including health, safety & wellbeing of staff, contractors, and visitors:

   Residual Risk Rating: **High**

   Mining is inherently dangerous and subject to factors or events beyond the Company's control The Company's current business, and any future development or mining operations, involve various types of risks and hazards typical of companies engaged in the mining industry. Such risks include, but are not limited to: (i) industrial accidents; (ii) structural slides and pit wall failures, ground or slope failures and accidental release of water from surface storage facilities; (iii) fire or flooding; (iv) periodic interruptions due to inclement or hazardous weather conditions; (v) environmental hazards; (vi) discharge of pollutants or hazardous materials; (vii) failure of processing and mechanical equipment and other performance problems; (viii) geotechnical risks, and unusual and unexpected geological conditions; and (xi) force majeure events, or other unfavourable operating conditions.

   Open cut mining, plant refurbishment and exploration activities present inherent risks of injury to people and damage to equipment.

Operational issues could result in reduced operational performance and an inability to meet target returns and shareholder expectations.

The Company employs appropriately skilled safety professionals to manage the safety and wellbeing of employees and has well developed procedures and processes, a strong safety culture, and robust training programs.

5. Ore Reserves – Depletion and Replacement: Residual Risk Rating: **High**

Once mining commences, Ore Reserves are gradually depleted. The ability of the Company to replace the Ore Reserves with equivalent grade and quality is an inherently uncertain process and the Company may not be able to identify replacement Ore Reserves that it will be able to extract in a timely manner to maintain revenue streams. In addition, the quantities of minerals ultimately mined may differ from that indicated by drilling results. In the event that minerals are present in lower amounts than expected or the product mined is of a lower quality than expected, the demand for, and realisable price of, the Company's products may decrease.

The Company has a pipeline of new projects and has expanded its development team. Combined with strong relationships with experienced consultants, the Company is confident that it has the capability to progress development of these projects.

6. Employee Attraction and Retention Residual Risk Rating: **High**

The labour market in Western Australia for experienced employees is highly competitive, particularly in mining. There is a risk that the Company will not be able to attract and retain the level of talent necessary to support the Company's growth ambitions. The risk is exacerbated in the near term by a requirement to transition from a mainly daily commute style operation at Boonanarring to onsite accommodation at Atlas and the resulting increased risk of not being able to retain key people due to altered working conditions.

The Company has a well-developed program for attracting and retaining key staff, including paying competitive base salaries, bonuses available to all staff primarily based on Company performance and an Employee Share Plan (available to all employees).

7. Major Shareholder Relations Residual Risk Rating: **High**

Misalignment between the Company's Board/management and major shareholders could result in the Company being unable to deliver on its growth plan and failing to deliver on shareholder expectations.

The Company focuses on maintaining a strong relationship with existing major shareholders and actively manages the structure of its share register, including maintaining regular contact.

Other key risks identified with current residual risk ratings of medium, which could result in significant impact on the Company included geopolitical landscape, community relations including with Traditional Owners, community activism, corporate governance issues, maintaining a social license to operate and supply chain interruption.

In addition, the Company recognises that physical and transitional impacts of climate change may affect its assets, productivity, the markets in which it sells its products, and the jurisdictions in which it operates. The Company continues to develop its assessment of the potential impacts of climate change and the transition to a low carbon economy.

The Company's physical and transitional risk assessment process is ongoing. Changes in the Company's climate strategy and the transition to a low carbon economy may materially impact financial results in future reporting periods.

Your directors present their report, together with the financial statements of the Group, being the Company, Image Resources NL, and its controlled entities, for the financial year ended 31 December 2022 compared with the financial year ended 31 December 2021.

DIRECTORS

The following persons were directors of Image Resources NL ("**Image**") during the year and up to the date of this report, unless stated otherwise:

Robert Besley
Patrick Mutz
Chaodian Chen
Aaron Chong Veoy Soo
Peter Thomas
Ran Xu (Appointed: 1 June 2022)
Winston Lee (Appointed: 14 June 2022)
Huangcheng Li (Resigned: 30 May 2022)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year involved the operation of the 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project located 80km north of Perth in WA and exploration of tenements in the North Perth basin.

RESULTS FROM OPERATIONS

During the year the Group recorded an operating profit of $15,168,000 (for the year to 31 December 2021: operating profit of $19,384,000). Basic profit per share for the year was 1.43 cents (year to 31 December 2021: profit of 1.94 cents). Diluted profit per share for the year was 1.42 cents (year to 31 December 2021: profit of 1.81 cents).

DIVIDENDS PAID OR RECOMMENDED

During the reporting period, in April 2022, Image paid a franked dividend of 2.0 cents per share. The financial impact of dividends paid during the reporting period totalled $20.8m.

Dividend Policy

The Company's dividend policy provides for the Board of Directors, as soon as practicable after the end of a Group financial year, and to the extent permitted by law, to distribute to Shareholders as a dividend, all Excess Cash held at the end of that Financial Year; with Excess Cash defined as cash held by the Group, other than cash that the Board considers is necessary or desirable to be retained by the Group for the Group's existing liabilities and future activities.

REVIEW OF OPERATIONS

A review of operations is covered elsewhere in this Annual Financial Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

All significant changes in the state of affairs of the Group during the year are discussed in detail above.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

There were no material significant events subsequent to the reporting date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Review of Operations set out on pages 3 to 9 of this Annual Financial Report, provide an indication of the Group's likely development and expected results. In the opinion of the Directors, disclosure of any further information about these matters and the impact on Group operations could result in unreasonable prejudice to the Group and has not been included in this report.

ENVIRONMENTAL ISSUES

The Group carries out operations in Australia which are subject to environmental regulations under both Commonwealth and State legislation in relation to those activities. The Group's MD, Exploration Manager, COO and Operations Manager are responsible for monitoring and reporting on compliance with all environmental regulations. During or since the financial year there have been no known significant breaches of these regulations.

INFORMATION ON DIRECTORS AND COMPANY SECRETARIES

Robert Besley
Chair

Appointed as Director and Chair on 8 June 2016 Robert Besley and has more than 40 years' experience in the mining industry. Mr Besley has served in a number of Government and industry advisory roles including several years as Deputy Chairman of the NSW Minerals Council. He holds a BSc (Hons) in Economic Geology from the University of Adelaide and is a Member of the Australian Institute of Geoscientists. He managed the creation, listing and operation of two successful mining companies; CBH Resources Limited which he led as Managing Director from a small exploration company to Australia's 4th largest zinc producer; and Australmin Holdings Limited (acquired by Newcrest) which brought into production a gold mine in WA and mineral sands mine in NSW. More recently he was a founding Director of KBL Mining Limited which operated the Mineral Hill copper-gold mine in NSW and was Chairman of Silver City Minerals Limited, which explored for silver-lead-zinc in the Broken Hill District. He was a Non-Executive and independent Director of Murray Zircon from commencement of development and production of the Mindarie Mineral Sands Project until June 2016. He also serves on the Company's audit, remuneration and hedge committees. Mr Besley has not been a director of any other listed public companies in the past 3 years.

Patrick Mutz
Managing Director

Patrick Mutz has more than 40 years of international mining industry experience in technical (metallurgist), managerial, consulting and executive roles in all aspects of the industry from exploration through project development, mining and mine rehabilitation. He has operational experience in open cut, underground, and in-situ mining and related processing, on projects in the USA, Germany, Africa and Australia. Since his arrival in Australia from the USA in 1998, he has served as CEO / Managing Director of a number of publicly listed and private mining companies based in South Australia, Victoria and Western Australia, primarily involved with project development and company transitioning from exploration to production. Mr Mutz is a Fellow of the AusIMM. He holds a Bachelor of Science (Honours) and an MBA from the University of Phoenix in the US. Patrick serves on the Company's hedge committee. During the past 3 years he has served as a director of the following other listed companies:

- Aura Energy Limited – appointed 18 May 2023, continuing.

Peter Thomas
Non-Executive Director

Mr Thomas, having served on ASX listed company boards for over 30 years, has been a non-executive director of Image Resources NL since 10 April 2002. For over 30 years until June 2011, he ran a legal practise on his own account specialising in the delivery of wide ranging legal, corporate and commercial advice to listed explorers and miners. He serves on the Company's audit, remuneration and investment committees. During the past 3 years he has served as a director of the following other listed companies:

- Emu NL – appointed August 2007, continuing.
- Middle Island Resources Limited – appointed March 2010, continuing.

Aaron Chong Veoy Soo
Non-Executive Director

Mr Soo has been a long-term supporter and shareholder in Image Resources. Mr Soo is an advocate & solicitor practising in West Malaysia with 22 years of experience in legal practice and currently a partner in Stanley Ponniah, Ng & Soo, Advocates & Solicitors. He also serves on the Company's audit and investment committees. Mr Soo has not been a director of any other listed public companies in the past 3 years.

Chaodian Chen
Non-Executive Director

Mr Chen founded Guangdong Orient Zirconic Ind. Sci. Tech. Co., Ltd. (**OZC**) in 1995 and built that company into a leader in the zirconium industry. He served as President and Chairman of OZC until mid-2013 when China National Nuclear Corporation (CNNC) became the largest shareholder in OZC. He became the Chairman of Murray Zircon when that company was founded in 2011 as a result of OZC's first investment in mining in Australia. Mr Chen is the Vice President of China non-ferrous metals industry association titanium zirconium & Hafnium Branch. He holds an EMBA degree and is a Certified Engineer. He also owns a number of patents involving the processing of zircon. He serves on the Company's investment committee. During the past 3 years he has served as a director of the following other listed companies:

- Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd, resigned 9 November 2016. Reappointed 11 January 2020 and resigned 13 January 2023.

Ran Xu
Non-Executive Director

Ms Ran Xu has a masters degree in HR Management and Industrial Relations. She started working in LB Group in 2014 as a Procurement and Strategy VP and is now the Associate President of Strategy. Ms Xu has extensive experience and market intelligence in the ilmenite and pigment industry. She serves on the Company's investment committee (appointed July 2022). Ms Xu has not been a director of any other listed companies in the past 3 years.

Winston Lee
Non-Executive Director

Winston Lee is the CEO of Vestpro International Limited, a commodity holding company, with assets under management including major stakes in private and publicly listed mining companies. Mr Lee is establishing a position in the global mining industry through investments, operations, and explorations in North America, Asia and Africa. He has 7 years of experience in developing international cooperation with resource companies as well as investments in heavy metal, healthcare and other natural resources. He led the Research and Development department of Zipro Technology Corporation, collaborating with professors and the Dean of Engineering at National Taiwan University. Mr Lee serves as Head of Finance of an AI driven simulation platform company and plays a central role covering a wide range of capital and legal structures as well as asset sales. The company owns patents involving Virtual Matter and Virtual Environments. Mr Lee is a passionate patron of the arts supporting emerging contemporary artists. Mr Lee has not been a director of any other listed public companies in the past 3 years.

Dennis Wilkins
Joint Company Secretary (Appointed 25 September 2012)

Mr Wilkins is the founder and principal of DW Corporate Pty Ltd, a leading privately held corporate advisory firm servicing the natural resources industry. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006. Since July 2001 Mr Wilkins has been running DW Corporate Pty Ltd, where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

John McEvoy
Joint Company Secretary and Chief Financial Officer (Appointed 4 July 2023)

Mr McEvoy joined Image Resources NL in July 2014 and is Chief Financial Officer and Joint Company Secretary. Mr McEvoy has an honours degree in Mathematics from Southampton University and has 30 years of experience in senior mining finance roles incorporating the whole mining company life-cycle from initial discovery to mine closure. Mr McEvoy is a member of the Institute of Chartered Accountants in England & Wales (ICAEW) and is a graduate of the Australian Institute of Company Directors (AICD).

AUDIT COMMITTEE

During the financial year the members of the Company's audit committee comprised Messrs Thomas (Chair), Besley and Soo. During the year, the committee held two meetings. All members attended these meetings.

REMUNERATION COMMITTEE

During the financial year the members of the Remuneration Committee ("committee") comprised Messrs Besley (Chair), Thomas and Lee. During the year, the committee held five meetings. All members eligible attended these meetings.

HEDGE COMMITTEE

During the financial year the members of the Hedge Committee ("committee") comprised Messrs Besley (Chair), Mutz and McEvoy. During the year, the committee held four meetings. All members attended these meetings.

INVESTMENT COMMITTEE

During the financial year the members of the Investment Committee ("committee") comprised Messrs Thomas (Chair), Chen and Soo with Ms Xu appointed during July 2022. During the year, the committee held one meeting. All members of the Committee at the time of the meeting attended this meeting.

MEETINGS OF DIRECTORS

During the financial year ended 31 December 2022, there were twelve meetings of directors held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee		Investment Committee		Hedge Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Besley	12	12	2	2	5	5	-	-	4	4
Patrick Mutz	12	12	-	-	-	-	-	-	4	4
Peter Thomas	12	12	2	2	5	5	1	1	-	-
Aaron Soo	12	12	2	2	-	-	1	1	-	-
Chaodian Chen	12	12	-	-	-	-	1	1	-	-
Huangcheng Li	9	8	-	-	-	-	-	-	-	-
Dennis Lee (Alternate for Huangcheng Li) (resigned 30 May 2022)	9	6	-	-	-	-	-	-	-	-
Ran Xu (Appointed 1 June 2022)	3	3	-	-	-	-	-	-	-	-
Winston Lee (Appointed 14 June 2022)	3	3	-	-	2	2	-	-	-	-

OPTIONS

At the date of this report, unissued ordinary shares of the Company under option or warrant are:

Type	Number	Exercise Price	Expiry Date
Options	8,000,000	$0.32	27 May 2023
Warrants	3,351,099	$0.1365	20 May 2023

The options were issued during the previous financial year on 27 May 2021.

During this financial year 21,525,000 warrants were exercised at 11.385 cents per share to acquire 21,525,000 fully paid ordinary shares and 7,898,901 warrants were exercised at 13.65 cents per share to acquire 7,898,901 fully paid ordinary shares. Since the end of the financial year, as at the date of this report, no options or warrants were exercised to acquire fully paid ordinary shares.

CORPORATE STRUCTURE

Image is a no liability company incorporated and domiciled in Australia.

ACCESS TO INDEPENDENT ADVICE

Each director has the right, so long as he is acting reasonably in the interests of the Group and in the discharge of his duties as a director, to seek independent professional advice and recover the reasonable costs thereof from the Group. The advice shall only be sought after consultation about the matter with the chair (where it is reasonable that the chair be consulted) or, if it is the chair that wishes to seek the advice or it is unreasonable that he be consulted, another director (if that be reasonable). The advice is to be made immediately available to all Board members other than to a director against whom privilege is claimed.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into agreements indemnifying, to the extent permitted by law, all the directors and officers of the Company against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company. During the year an amount of $223,086 (the year to 31 December 2021: $168,049) was incurred in insurance premiums for this purpose.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out in this annual financial report.

Names and positions held of key management personnel (defined by the Australian Accounting Standards as being *"those people having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly. This includes an entity's directors")* in office at any time during the financial year were:

Name	Position
Non-Executive Directors	
Robert Besley	Non-Executive Chair
Peter Thomas	Non-Executive Director
Aaron Soo	Non-Executive Director
Chaodian Chen	Non-Executive Director
Ran Xu (Appointed 1 June 2022)	Non-Executive Director
Winston Lee (Appointed 14 June 2022)	Non-Executive Director
Huangcheng Li (Resigned 30 May 2022)	Non-Executive Director
Executive Directors	
Patrick Mutz	Managing Director
Executive Officers	
George Sakalidis	Head of Exploration
John McEvoy	Chief Financial Officer
Todd Colton	Chief Operating Officer

The Group's policy for determining the nature and amount of emoluments of key management personnel is set out below:

Key Management Personnel Remuneration and Incentive Policies

The Remuneration committee's mandate is to make recommendations to the Board with respect to appropriate and competitive remuneration and incentive policies (including basis for paying and the quantum of any bonuses), for key management personnel and others as considered appropriate to be singled out for special attention, which:

- motivates them to contribute to the growth and success of the Group within an appropriate control framework;
- aligns the interests of key leadership with the interests of the Company's shareholders;
- are paid within any limits imposed by the Constitution and make recommendations to the Board with respect to the need for increases to any such amount at the Company's annual general meeting; and
- in the case of directors, only permits participation in equity-based remuneration schemes after appropriate disclosure to, due consideration by and with the approval of the Company's shareholders.

Non-Executive Directors

- The committee is to ensure that non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements.
- To the extent that the Company adopts a remuneration structure for its non-executive directors other than in the form of cash and superannuation, the disclosure thereof shall be made to stakeholders and approvals obtained as required by law and the ASX listing rules.

Incentive Plans and Benefits Programs

The committee is to:

- review and make recommendations concerning long-term incentive compensation plans, including the use of equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans;
- ensure that, where practicable, incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide remuneration when they are achieved; and
- review and, if necessary, improve any existing benefit program established for employees.

Key Management Personnel Contracts

Remuneration arrangements for Key Management Personnel are formalised in employment agreements. The following outlines the details of contracts:

Executives

Patrick Mutz – Managing Director

- Base Salary - $598,000 per annum (from 1 July 2022) inclusive of superannuation.
- Performance bonus – participates in a Group-wide executive performance incentive scheme.
- Allowances – from 1 January 2019, the Group will contribute up to $40,000 per 12 month period or proportion thereof for accommodation whilst located in Perth and towards airfares for travel between Adelaide and Perth. The Group provides a Group vehicle for use on Group business and commuting between his place of residence in the Perth area and the corporate office and the Group's various mining and exploration sites as and when necessary.
- The agreement may be terminated by the Group by the provision of six months written notice. The employee may terminate the contract by the provision of three months' notice.

George Sakalidis – Head of Exploration

- Base Salary - $249,690 per annum (from 1 July 2021) inclusive of superannuation based on a 70% commitment of time being an average of 28 hours work per week. Salary is paid monthly based on a rate of $171.49 per hour inclusive of 10.5% superannuation.
- Performance bonus – participates in a Group-wide executive performance incentive scheme.
- The agreement may be terminated by the provision of one months written notice by either the Group or Mr Sakalidis.

John McEvoy – Chief Financial Officer

- Base Salary - $412,000 per annum (from 1 July 2022) inclusive of superannuation.
- Performance bonus – participates in a Group-wide executive performance incentive scheme.
- The agreement may be terminated by the provision of three months written notice by either the Group or Mr McEvoy.

Todd Colton – Chief Operating Officer

- Base Salary - $456,000 per annum (from 1 July 2022) inclusive of superannuation.
- Performance bonus – participates in a Group-wide executive performance incentive scheme.
- The agreement may be terminated by the provision of three months written notice by either the Group or Mr Colton.

Non-Executives

Clause 91 (1) of the Company's Constitution provides that Directors are entitled to receive Directors' fees within the limits approved by shareholders in general meeting. Shareholders approved the aggregate fees to be paid to Directors to be $500,000 per annum on 29 May 2020.

Each Non-Executive Director's actual remuneration for the year ended 31 December 2022 and the year to 31 December 2021 is shown below. Each Non-Executive Director has an unspecified term of appointment, which is subject to the Company's Constitution. Conditions are reviewed at least annually by the Remuneration Committee. There are no termination benefits for any Non-Executive Director.

Base fees for each non-executive director during their period in office were as follows:

	Base Fees per annum $	Audit Committee Fee $	Remuneration Committee Fee $
Robert Besley	100,000	-	-
Peter Thomas	60,000	6,000	6,000
Aaron Soo	60,000	6,000	-
Chaodian Chen	60,000	-	-
Ran Xu	60,000	-	-
Winston Lee	60,000	-	-
Huangcheng Li	60,000	-	-

Fees are inclusive of superannuation where required.

Consultant Agreements

DW Corporate Services Pty Ltd: provides the services of Dennis Wilkins as Company Secretary. These services are provided under a services agreement for a fixed monthly retainer fee of $2,000 plus additional services charged at specified hourly rates. Four months' written notice of termination is required from either party.

Guaranteed Rate Increases

There are no guaranteed rate increases fixed in the contracts of any of the key management personnel.

Non-Executive Director Options

No Non-Executive Director (NED) options were issued during the year ended 31 December 2022.

NED options were issued during the year ended 31 December 2021 after shareholder approval at the Shareholder General Meeting held on 27 May 2021.

The purpose of the grant of these options was to provide a mid-term incentive for each NED's continuing efforts as a Director of the Company. The Directors consider that the NED options were a cost effective and efficient means to reward and align the interests of the Company's Directors with the interest of all shareholders. To that end, the NED Options have an exercise price with the objective of the Group's strategy, being to increase Shareholder value. Also, to that end, each unexercised NED option will lapse prior to the expiry date if a Directors ceases to be an officer or employee of the Company.

Issue of NED options to Directors of the Company requires prior approval of Shareholders in accordance with Listing Rule 10.11.

During the 31 December 2021 year 10,000,000 options were issued to NEDs at an exercise price of $0.32 per share and an expiry date of 27 May 2023.

Employee Share Plan

The Image Employee Share Plan (ESP) was implemented after shareholder approval at the Shareholder General Meeting held on 13 February 2018.

The purpose of the ESP is to give an additional incentive to employees of the Group to provide dedicated and ongoing commitment and effort to the Group, and for the Group to reward its employees for their efforts. It was considered an effective way to align the objectives of management with the interests of shareholders.

The plan rewards share price growth. The plan shares are of value to the holder of the shares only to the extent to which the share price exceeds the share price after the offer is made to the employee. Furthermore, the plan does not give rise to a tax liability on issue (unlike some options) therefore encouraging long term holdings.

Issue of Plan Shares to Directors of the Company requires prior approval of Shareholder in accordance with Listing Rule 10.14.

During the 31 December 2022 year 17,978,563 ESP shares were issued. Of these 1,485,333 shares were issued to a Director.

The principal provisions of the plan include:

- The Plan is available to all executive Directors and employees of the Group;
- The Company may at any time, in its absolute discretion, make an offer to an Eligible Employee;
- The number of Plan Shares issued to an Eligible Employee is determined by the Directors of the Company;
- The issue price is the volume weighted average price of shares in the 5 trading days prior to the Issue Date;
- The person accepting the offer ("Participant") is deemed to have agreed to borrow from the Company on the terms of the loan agreement referred to below an amount to fund the purchase of the Plan Shares;
- The Plan Shares rank pari passu with all issued fully paid shares in respect of voting rights, dividends and entitlement to participate in any bonus or rights issues;
- Plan participants may not dispose of any ESP Shares within 12 months of the issue date;
- Until the loan to the Participant is fully repaid the Company has control over the disposal of the Plan Shares; and
- Application will be made as soon as practicable after the allotment, for Plan Shares to be listed for quotation on ASX.

The principal provisions of the loan agreement include:

- The amount lent will be an advance equal to the issue price of the Plan Shares multiplied by the number of Plan Shares issued.
- The repayment date is the date falling 3 years after the Issue Date.
- The loan can be repaid at any time but the Participant must pay any amount outstanding on the date the employee ceases to be an employee of Image (or such late date as determined by Image at its discretion). All dividends declared and paid on the Plan Shares will be applied towards the repayment of the advance and there is no interest on the advance.
- A holding lock will be placed on the Plan Shares until the loan is fully repaid.

Retirement and Superannuation Payments

Prescribed benefits were provided by the Company to directors by way of superannuation contributions to externally managed complying superannuation funds during the year. These benefits were paid as superannuation contributions to satisfy (at least) the requirements of the Superannuation Contribution Guarantee Act and in satisfaction of any salary sacrifice requests. All contributions were made to accumulation type funds selected by the director and accordingly actuarial assessments were not required.

Relationship between Group Performance and Remuneration

There is no relationship between the financial performance of the Group for the current or previous financial year and the remuneration of the key management personnel. Policy requires that remuneration be set having regard to market conditions and to encourage the continued services of key management personnel.

Use of Remuneration Consultants

Executive Remuneration

During CY2022, the Company (through the Remuneration Committee) engaged BDO Remuneration and Reward **(**“**BDO**”**)** to benchmark individual executive remuneration against similar positions of an appropriate group of peer companies of relative market cap, number of employees and number of operations, and to recommend changes to the remuneration program with respect to fixed remuneration, short-term incentives and long-term incentives, with the objective of ensuring executive remuneration is market competitive while improving alignment with shareholder value. BDO’s approach was to recommend remuneration program features that have already been adopted by other resources companies and deemed to align with shareholder expectations. BDO’s key recommendations included:

- the development of formal short-term incentive plan (STIP) and formal long-term incentive plan (LTIP).
- measuring performance based on established key performance indicators.
- establishing an appropriate peer group of companies for market comparisons of total fixed remuneration (TFR) and total incentive opportunity (TIO).
- STIP to include mix of cash and equity, with 12-month vesting period on equity component.
- LTIP vesting period to increase from one year to three years to align with longer term shareholder value, and
- utilise the services of an independent remuneration consultant to ensure appropriate market comparisons, performance ratings and incentive awards.

BDO’s recommendations were endorsed by the Board and have been adopted for application for the 2022-23 Performance Year, subject to any required shareholder approvals at the May 2023 annual general meeting of shareholders, such as for new equity instruments.

Non-Executive Director Remuneration

The Remuneration Committee also engaged BDO to review non-executive director **(**“**NED**”**)** remuneration against the same basket of peer companies used for the executive remuneration benchmarking, and to make recommendations to improve market competitiveness. BDO identified that NED salaries were substantially below market levels and recommended that salaries increase, but that 30% of NED salaries be paid in equity. The Board adopted BDO’s recommendations subject to shareholder approval for an increase of the maximum aggregate amount of directors’ fees payable as NED remuneration (“**NED Fee Cap**”) and the specific equity instrument to be used. Resolutions for shareholder approval will be included in the Notice of Meeting for the upcoming annual general meeting in May 2023 proposing an increase to the NED Fee Cap and outlining the specific equity instruments proposed to be used for 30% of NED remuneration going forward.

Current Board Remuneration Structure

The current remuneration structure for the Board is as follows:

Director		Annual Directors Fees	Committee Fees
Mr R Besley	(Non-Executive Chair)	$100,000 inclusive of super	-
Mr P Mutz	(Managing Director)	$598,000 inclusive of super	-
Mr P Thomas	(Non-Executive Director)	$60,000 inclusive of super	$12,000 inclusive of super
Mr A Soo	(Non-Executive Director)	$60,000 [1]	$6,000 [1]
Mr C Chen	(Non-Executive Director)	$60,000 [1]	-
Mrs R Xu	(Non-Executive Director)	$60,000 [1]	-
Mr W Lee	(Non-Executive Director)	$60,000 [1]	-

Note 1: No super is required to be paid as the Directors are permanent foreign residents.

Non-Executive Director remuneration for the years ended 31 December 2022 and 31 December 2021

	Financial year	Board fees	Committee fees	Super-annuation	Share-based payments	Total
Robert Besley	2022	100,000	-	8,676	-	108,676
	2021	100,000	-	8,676	13,456	122,132
Peter Thomas	2022	54,546	10,909	6,709	-	72,164
	2021	54,729	8,662	6,186	13,456	83,033
Aaron Soo	2022	60,000	6,000	-	-	66,000
	2021	60,000	6,000	-	13,456	79,456
Chaodian Chen	2022	60,000	-	-	-	60,000
	2021	60,000	-	-	13,456	73,456
Ran Xu	2022	35,000	-	-	-	35,000
	2021	-	-	-	-	-
Winston Lee	2022	32,833	-	-	-	32,833
	2021	-	-	-	-	-
Huangcheng Li	2022	25,000	-	-	-	25,000
	2021	60,000	-	-	13,456	73,456
Fei Wu	2021	20,794	4,159	2,370	-	27,323
	2022	367,379	16,909	15,385	-	399,673
	2021	355,523	18,821	17,232	67,280	458,856

Notes: Huancheng Li resigned as a director on 30 May 2022
Ran Xu was appointed as a director on 1 June 2022
Winston Lee was appointed as a director on 14 June 2022
Fei Wu resigned as a director on 18 May 2021

Key Management Personnel Remuneration

Table 1: Remuneration for the years ended 31 December 2022 and 31 December 2021

	Financial Year	Short-term benefits Salary ($)	Cash Bonus ($)	Non-monetary benefits [1] ($)	Other ($)	Post Employment Super-annuation ($)	Total ($)
Executive Directors							
Patrick Mutz	2022	529,831	185,687	45,372	-	27,784	788,674
	2021	482,895	148,775	44,134	29,182	26,219	731,205
Executive Officers							
John McEvoy	2022	364,335	75,000	-	-	27,555	466,890
	2021	344,879	80,133	-	-	24,824	449,836
Todd Colton	2022	393,110	77,000	-	-	27,500	497,610
	2021	353,568	82,280	-	-	26,042	461,890
George Sakalidis	2022	157,771	20,594	-	-	18,321	196,686
	2021	176,222	25,998	-	-	19,770	221,990
	2022	**1,445,047**	**358,281**	**45,372**	**-**	**101,160**	**1,949,860**
	2021	**1,357,564**	**337,186**	**44,134**	**29,182**	**96,855**	**1,864,921**

1. Non-monetary benefits include allowances paid for travel and accommodation during the financial year.

Options Granted as Remuneration

During the 2022 financial year no options were issued to Non-Executive Directors. During the 2021 financial year 10,000,000 options (in aggregate) were issued to Non-Executive Directors. Details of the options issued are as follows:

Name	Grant date	Exercise price per option	Expiry date	Fair value of options granted	Number of Options Issued	Balance at the end of the year
Robert Besley	27 May 2021	$0.32	27 May 2023	13,456	2,000,000	2,000,000
Chaodian Chen	27 May 2021	$0.32	27 May 2023	13,456	2,000,000	2,000,000
Aaron Chong Veoy Soo	27 May 2021	$0.32	27 May 2023	13,456	2,000,000	2,000,000
Huangcheng Li [1]	27 May 2021	$0.32	27 May 2023	13,456	2,000,000	-
Peter Thomas	27 May 2021	$0.32	27 May 2023	13,456	2,000,000	2,000,000

Note 1: Huangcheng Li resigned as a director on 30 May 2022 and subsequently his conditional right to the options lapsed as he ceased employment with the company, The options were subsequently cancelled.

All options were granted for nil consideration. Options lapse if the Non-Executive Director ceases employment with the Company. The options vested on the grant date. The fair value of the options is calculated at the date of the grant using the Black Scholes option pricing model.

Options held by Non-Executive Directors

Name	Balance at the beginning of the year No.	Exercised No.	Exercised $	Lapsed No.	Balance at the end of the year No.
Robert Besley	2,000,000	-	-	-	2,000,000
Chaodian Chen	2,000,000	-	-	-	2,000,000
Aaron Chong Veoy Soo	2,000,000	-	-	-	2,000,000
Huangcheng Li	2,000,000	-	-	(2,000,000)	-
Peter Thomas	2,000,000	-	-	-	2,000,000
	10,000,000	-	-	(2,000,000)	8,000,000

Shares held by Key Management Personnel

The number of shares in the Company held at the beginning and end of the year and net movements during the financial year by key management personnel and/or their related entities are set out below:

Name	Balance at Beginning of Year or Date of Appointment	Purchased during the Year	Award under Employee Share Plan	Expired during the Year	Other	Balance at End of Year or Date of Retirement
Non-Executive Directors						
Robert Besley	666,667	-	-	-	-	666,667
Peter Thomas	2,104,306	-	-	-	-	2,104,306
Aaron Soo	14,800,000	200,000	-	-	-	15,000,000
Chaodian Chen	-	-	-	-	-	-
Huangcheng Li	145,515,494	6,000,000	-	-	(151,515,494) [1]	-
Winston Lee	-	-	-	-	151,515,494 [2]	151,515,494
Ran Xu	-	-	-	-	-	-
Executive Directors						
Patrick Mutz	4,149,463	-	1,485,333	(685,190)	-	4,949,606
Executive Officers						
George Sakalidis	3,565,531	-	490,690	(315,651)	-	3,740,570
John McEvoy	3,917,665	-	1,000,000	(564,306)	(1,749,211) [3]	2,604,148
Todd Colton	2,422,033	-	1,026,667	(560,208)	-	2,888,492
Total	177,141,159	6,000,000	4,002,690	(2,125,355)	(1,749,211)	183,469,283

Note 1: Number of shares held when director resigned on 30 May 2022.
Note 2: Number of shares held when director was appointed on 14 June 2002.
Note 3: Number of shares sold during the year.

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments, apart from those described in the tables above, relating to options, rights and shareholdings.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This Report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the directors.

ROBERT BESLEY
CHAIR
Perth, 21 March 2023

ELDERTON
AUDIT PTY LTD

Auditor's Independence Declaration

As auditor for the audit of Image Resources NL for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

I) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

II) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Image Resources NL and the entities it controlled during the period.

Elderton Audit Pty Ltd.

Elderton Audit Pty Ltd

Rafay Nabeel
Director

21 March 2023
Perth

Consolidated statement of profit or loss and other comprehensive income

For the Year Ended 31 December 2022

	Notes	Year to 31 Dec 2022 ($000)	Year to 31 Dec 2021 ($000)
Continuing operations			
Operating sales revenue	3	171,537	178,847
Cost of sales	3	(113,880)	(115,143)
Gross profit		57,657	63,704
Government royalties		(7,790)	(7,944)
Shipping and other selling costs		(16,035)	(20,253)
Corporate expenses		(6,385)	(4,986)
Exploration and evaluation expenses		(5,330)	(3,549)
Other income and expense		115	86
Foreign currency gain / (loss)	3	1,810	1,429
Operating profit		24,042	28,487
Finance income	3	58	27
Financing costs	3	(2,539)	(1,192)
Profit before income tax		21,561	27,322
Income tax expense	6	(6,393)	(7,938)
Profit for the year from continuing operations		15,168	19,384
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of financial assets measured at fair value through other comprehensive income		(6)	4
Items that will not be reclassified to profit or loss			
Hedging gain / (loss)		177	(475)
Total other comprehensive income		171	(471)
Total comprehensive income for the year		15,339	18,913
Net profit attributable to owners of Image Resources NL		15,168	19,384
Total comprehensive income attributable to owners of Image Resources NL		15,339	18,913

	Notes	Cents	Cents
Earnings per share			
Basic earnings per share	5	1.43	1.94
Diluted earnings per share	5	1.42	1.81

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

As at 31 December 2022

	Notes	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Current assets			
Cash and cash equivalents	7	53,455	79,840
Trade and other receivables	8	2,021	2,318
Inventory	11	27,950	21,739
Other financial assets	9	1,416	1,745
Total current assets		84,842	105,642
Non-current assets			
Property, plant and equipment	10	107,045	68,962
Other financial assets	9	4,658	4,629
Deferred tax assets	6	4,534	-
Total non-current assets		116,237	73,591
Total assets		201,079	179,233
Current liabilities			
Trade and other payables	12	21,718	19,560
Provisions	13	11,929	1,004
Borrowings	14	108	148
Income tax payable	6	8,622	11,093
Total current liabilities		42,377	31,805
Non-current liabilities			
Trade and other payables		455	-
Provisions	13	41,961	35,611
Borrowings	14	89	172
Deferred tax liabilities	6	-	742
Total non-current liabilities		42,505	36,525
Total liabilities		84,882	68,330
Net assets		116,197	110,903
Equity			
Issued capital	15	127,331	113,999
Reserves	16	18,713	26,764
Accumulated losses	16	(29,847)	(29,860)
Total equity		116,197	110,903

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

For the Year Ended 31 December 2022

	Issued Capital ($000)	Profit Reserve Account ($000)	Other Reserves ($000)	Accum'd Losses ($000)	Total ($000)
Balance at 1 January 2021	**110,607**	**24,783**	**3,100**	**(29,860)**	**108,630**
Comprehensive profit					
Operating profit for the year	-	-	-	19,384	19,384
Other comprehensive income	-	-	(471)	-	(471)
Transfer to profit reserve – dividend	-	19,384	-	(19,384)	-
Total comprehensive profit for the year	-	19,384	(471)	-	18,913
Derivatives fair value movement	-	-	18	-	18
Transactions with owners in their capacity as owners					
Dividends declared	-	(19,877)	-	-	(19,877)
Share based payment	-	-	67	-	67
Warrants exercised during the year	-	-	(240)	-	(240)
Shares issued during the year	3,916	-	-	-	3,916
Shares cancelled during the year	(510)	-	-	-	(510)
Cost of share issue	(14)	-	-	-	(14)
Total transactions with owners in their capacity as owners	3,392	(19,877)	(155)	-	(16,640)
Balance at 31 December 2021	**113,999**	**24,290**	**2,474**	**(29,860)**	**110,903**

	Issued Capital ($000)	Profit Reserve Account ($000)	Other Reserves ($000)	Accum'd Losses ($000)	Total ($000)
Balance at 1 January 2022	**113,999**	**24,290**	**2,474**	**(29,860)**	**110,903**
Comprehensive profit					
Operating profit for the year	-	-	-	15,168	15,168
Other comprehensive income	-	-	171	-	171
Transfer to profit reserve – dividend	-	15,168	-	(15,168)	-
Total comprehensive profit for the year	-	15,168	171	-	15,339
Derivatives fair value movement	-	-	(18)	-	(18)
Transactions with owners in their capacity as owners					
Dividends declared	-	(20,776)	-	-	(20,776)
Warrants exercised during the year	-	-	(2,583)	-	(2,583)
Shares issued during the year	15,402	-	-	-	15,402
Shares cancelled during the year	(2,043)	-	-	-	(2,043)
Options cancelled during the year	-	-	(13)	13	-
Cost of share issue	(27)	-	-	-	(27)
Total transactions with owners in their capacity as owners	13,332	(20,776)	(2,614)	13	(10,045)
Balance at 31 December 2022	**127,331**	**18,682**	**31**	**(29,847)**	**116,197**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the Year Ended 31 December 2022

	Notes	Year to 31 Dec 2022 ($000)	Year to 31 Dec 2021 ($000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		173,446	190,587
Payments to suppliers and contractors		(121,372)	(113,332)
Interest received		58	27
Interest paid		(1,258)	(1,147)
Other income		60	84
Income tax paid		(14,139)	(1,486)
Net cash from operating activities	7	36,795	74,733
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for security deposits		-	(85)
Payments for financial derivatives		(228)	-
Proceeds from sale of property, plant and equipment		3	4
Purchase of property, plant and equipment		(49,692)	(7,630)
Payments for exploration and evaluation		(5,231)	(3,795)
Net cash used in investing activities		(55,148)	(11,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new issues of shares	15	3,529	414
Payments for share issue costs		(27)	(15)
Proceeds from employee loan repayments		996	512
Dividends paid	14	(12,770)	(19,025)
Repayment of borrowings	14	-	(17,169)
Net cash used in financing activities		(8,272)	(35,283)
Net increase / (decrease) in cash held		(26,625)	27,944
Cash at beginning of the year		79,840	50,761
Effect of exchange fluctuations on cash held		240	1,135
Cash and cash equivalents at the end of the year	7	53,455	79,840

The accompanying notes form part of these financial statements.

Note 1 Basis of Preparation

The financial statements cover the consolidated group comprising Image Resources NL (the Company) and its subsidiaries, together referred to as Image or the Group. The Company is a for-profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Stock Exchange. The financial statements were authorised for issue on 21 March 2023.

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRSs). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The Directors consider the going concern basis of preparation to be appropriate based on forecast future cash flows.

Foreign Currency Translation

Both the functional and presentation currency of the Company is in Australian Dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at balance date. All translation differences relating to transactions and balances denominated in foreign currency are taken to the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Critical Accounting Estimates, Assumptions and Judgements

The Group makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are found in the following notes:

Income Tax	Note 6
Property, Plant and Equipment	Note 10
Provisions	Note 13

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised, and future periods affected.

Rounding of amounts

All amounts in the financial statements have been rounded to the nearest thousand dollars, except as indicated, in accordance with the ASIC Corporations Instrument 2016/191.

Other Accounting Policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements or at note 26

Note 2 Operating Segments

Segment Information

Identification of reportable segments

The Group has identified that it operates in only one segment based on the internal reports that are reviewed and used by the Board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is a minerals sands production and exploration Group. Currently all the Group's mineral sands tenements and resources are located in Western Australia.

Revenue and assets by geographical region

The Group's revenue is derived from sources and assets located wholly within Australia.

Major customers

The Group currently provides products to two off-takers plus one buyer outside the primary offtake agreements.

Financial information

Reportable items required to be disclosed in this note are consistent with the information disclosed in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position and are not duplicated here.

Accounting Policy

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Group as the Managing Director and other members of the Board of Directors.

	Year to 31 Dec 2022 ($000)	Year to 31 Dec 2021 ($000)
Note 3 Revenue and Expenses		
Sales Revenue		
Concentrate sales	171,537	178,847
Operating Expenses		
Mine operating costs	(84,230)	(77,092)
Depreciation and amortisation	(33,112)	(33,362)
Amortisation of capitalised borrowing costs	(2,461)	(5,705)
Inventory movement	5,923	1,016
Cost of sales	(113,880)	(115,143)
Gross Profit	57,657	63,704
Foreign Currency Gain / (Loss)		
Realised foreign currency gain / (loss)	(88)	247
Unrealised foreign currency gain / (loss)_	1898	1,182
	1,810	1,429
Finance Income		
Interest income	58	27
Finance Costs		
Interest expense	(1,436)	(906)
Loss on hedging maturities	(1,103)	(286)
	(2,539)	(1,192)

Note 3 Revenue and Expenses (Cont'd)

Accounting Policy

Revenue Recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

	Year to 31 Dec 2022 ($000)	Year to 31 Dec 2021 ($000)
Note 4 Auditors Remuneration		
Amounts received or due and receivable by the auditors of the Company for:		
- Auditing and reviewing the financial reports – (Elderton Audit Pty Ltd)	56	51

	Year to 31 Dec 2022 (Cents)	Year to 31 Dec 2021 (Cents)
Note 5 Earnings Per Share		
Basic earnings per share	1.43	1.94
Diluted earnings per share	1.42	1.81
	($000)	**($000)**
Reconciliation of earnings used in calculating earnings per share		
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	15,168	19,384
	Number of shares	**Number of shares**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,060,059,599	998,194,328
Weighted average number of ordinary shares used in the calculation of diluted earnings per share		
Weighted average number of ordinary shares (basic)	1,060,059,599	998,194,327
Effects of dilution from:		
Warrants	9,525,458	33,689,873
Options	8,416,438	10,000,000
Weighted average number of ordinary shares (diluted)	1,078,001,495	1,041,884,200

The Company had 8,000,000 (2021: 10,000,000l) options over fully paid ordinary shares on issue at balance date.

Accounting Policy

(i) Basic Earnings per Share – Basic earnings per share (EPS) is determined by dividing the profit or loss from continuing operations after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share – Options that are considered to be dilutive are taken into consideration when calculating the diluted earnings per share.

	Year to 31 Dec 2022 ($000)	Year to 31 Dec 2021 ($000)
Note 6 Income Tax		
The major components of income tax expense for the years ended 31 December 2022 and 2022 are:		
Current income tax		
Current income tax charge	12,001	12,579
Adjustments in respect of current income tax of previous years	(332)	(1,282)
Deferred income tax		-
Relating to origination and reversal of temporary differences	(5,427)	(4,500)
Adjustments in respect of deferred tax of previous years	151	1,141
Income tax expense in the statement of profit or loss	6,393	7,938

	Year to 31 Dec 2022 ($000)	Year to 31 Dec 2021 ($000
Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable on profit / (loss) from ordinary activities before tax is reconciled to the income tax (expense) / benefit as follows:		
Accounting profit before tax	21,561	27,322
Prima facie tax on operating profit at statutory rate of 30% (2019: 30%)	6,469	8,196
Non-deductible expenses	63	30
Capital raising costs charged to equity	(10)	(5)
Costs classified as other comprehensive income	53	(142)
Adjustments in respect of current income tax of previous years	(333)	(1,282)
Adjustments in respect of deferred tax of previous years	151	1,141
Income tax expense	6,393	7,938

The Corporate tax rate payable by the Company if the Company was required to pay income tax in the year ended 31 December 2022 was 30% (31 December 2021: 30%). The deferred tax asset held on the balance sheet is calculated at the 30% income tax rate.

Deferred tax assets	12,678	8,865
Deferred tax liabilities	(8,144)	(9,607)
Net deferred tax assets / (liabilities)	4,534	(742)

Composition of and movements in deferred tax assets and liabilities during the year

	Assets		Liabilities		Net	
	2022 ($000)	2021 ($000)	2022 ($000)	2021 ($000)	2022 ($000)	2021 ($000)
Property, plant and equipment	-	-	(4,780)	(6,344)	(4,780)	(6,344)
Unrealised foreign exchange gains	715	1,284	-	-	715	1,284
Provisions and accruals	431	394	-	-	431	394
Capital raising costs	22	113	-	-	22	113
Mine rehabilitation	11,510	7,074	-	-	11,510	7,074
Borrowing costs	-	-	(738)	(1,476)	(738)	(1,476)
Receivables	-	-	(3)	(4)	(3)	(4)
Consumables	-	-	(619)	(532)	(619)	(532)
Inventories	-	-	(1,947)	(1,245)	(1,947)	(1,245)
Financial derivatives	-	-	(53)	-	(53)	-
Investments	-	-	(4)	(6)	(4)	(6)
Net deferred tax assets / (liabilities)	12,678	8,865	(8,144)	(9,607)	4,534	(742)

Accounting Policy

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the Statement of Profit or Loss and Other Comprehensive Income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities and assets are therefore measured at the amounts expected to be paid to or recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses, if any in fact are brought to account.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Key Estimate - Recovery of Deferred Tax Assets or Liabilities

Judgement is required in determining whether deferred tax assets or liabilities are recognised in the Consolidated Statement of Financial Position. Deferred tax assets or liabilities, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets or liabilities. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise net deferred tax assets or liabilities could be impacted. Additionally, future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods.

The Group has unrecognised deferred tax assets or liabilities arising from tax losses and other temporary differences. The ability of the Group to utilise its tax losses is subject to meeting the relevant statutory tests.

The income tax expense has been estimated and calculated based on management’s best knowledge of current income tax legislation. There may be differences with the treatment of individual jurisdiction provision’s but these are not expected to have any material impact on the amounts as reported.

	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Note 7 Cash and Cash Equivalents		
Cash at bank	53,439	79,824
Deposits at call	16	16
	53,455	79,840
Cash flows from operating activities reconciliation		
Operating profit after income tax:	15,346	19,384
Effect of non-cash items		
Income tax expense	(7,747)	6,452
Depreciation and amortisation expense	35,835	39,241
Exploration and evaluation expense	5330	3,549
Profit on sale of property, plant and equipment	(3)	(2)
Realised foreign currency loss	1,658	(411)
Unrealised foreign currency (gain) / loss	(1,898)	(659)
Share based payments expense	-	67
Financial derivative expenses	(177)	(475)
Changes in operating assets and liabilities:		
Increase in trade and other receivables relating to operating activities	255	10,957
Decrease in prepayments	43	(608)
Increase in inventory	(6,211)	(1,298)
Increase / (Decrease) in trade and other payables relating to operating activities	1,051	(1,511)
Increase / (Decrease) in provisions	(6,687)	47
Cash flow from operations	36,795	74,733

Recognition and Measurement
Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Note 8 Trade and Other Receivables		
GST and tax refundable	877	1,022
Restricted cash – security for guarantees	142	142
Prepayments	900	943
Other receivables	102	211
	2,021	2,318
Note 9 Other Financial Assets		
Current		
Loans to employees – (Employee share plan)	696	1,137
Loans to Key Management Personnel – (Employee share plan)	316	590
Derivatives	404	18
	1,416	1,745
Non-Current		
Loans to Employees – (Employee Share Plan)	3,544	3,420
Loans to Key Management Personnel (Employee Share Plan)	1,088	1,176
Equity investments at fair value – shares in listed corporations	26	33
	4,658	4,629

Note 10 Property, Plant and Equipment

	Plant and Equipment ($000)	Land and Buildings ($000)	Mine Development ($000)	Borrowing Costs ($000)	Exploration ($000)	Total ($000)
Year ended 31 December 2021						
Balance at 1 January 2020	25,344	18,388	28,447	10,627	-	82,806
Additions	1,594	2,203	5,598	-	155	9,550
Mine closure and rehabilitation asset	-	-	15,859	-	-	15,859
Disposals	(12)	-	-	-	-	(12)
Depreciation	(12,482)	-	(21,053)	(5,706)	-	(39,241)
Closing Net Book Value	14,444	20,591	28,851	4,921	155	68,962
At 31 December 2021						
Cost	56,929	20,591	66,602	21,968	155	166,245
Accumulated Depreciation	(42,485)	-	(37,751)	(17,047)	-	(97,283)
Net Book Value	14,444	20,591	28,851	4,921	155	68,962
Year ended 31 December 2022						
Balance at 1 January 2021	14,444	20,591	28,851	4,921	155	68,962
Additions	726	5,477	5,175	-	38,578	49,956
Mine closure and rehabilitation asset	-	-	23,961	-	-	23,961
Asset Transfer	10,000	-	(10,000)	-	-	-
Disposals		-	-	-	-	-
Depreciation	(9,030)	-	(24,343)	(2,461)	-	(35,834)
Closing Net Book Value	16,140	26,068	23,644	2,460	38,733	107,045
At 31 December 2022						
Cost	67,655	26,068	85,738	21,968	38,733	240,162
Accumulated Depreciation	(51,515)	-	(62,094)	(19,508)	-	(133,117)
Net Book Value	16,140	26,068	23,644	2,460	38,733	107,045

Property, plant and equipment includes the purchase of a wet concentration mineral sands processing plant and ancillary mining and processing equipment from Murray Zircon on 8 June 2016 for $11,935,028 and construction costs incurred building the Boonanarring Mine. Mine development expenditure represents the cost incurred in preparing mines for commissioning and production, other attributable costs incurred before production commences and mine closure and rehabilitation costs.

Land represents farm lots at Boonanarring and Atlas which the Group has acquired.

Borrowing costs incurred financing the senior debt facility were fully capitalised to property, plant and equipment. Depreciation on plant and equipment, mine development and borrowing costs is charged to the inventory cost base.

The calculation of the plant and equipment depreciation assumes that the plant and equipment will have a market value of $15M once the processing of all Boonanarring mined ore has been completed. At 1 January 2021 this value was increased from $10M to $15M.

Leases

The Group has lease contracts for motor vehicles and office equipment used in its operations. The leases have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The right of use assets is included in Plant and Equipment above as their values are too immaterial to state separately.

Set out below are the leased assets carrying amounts recognised and the movements during the period.

	Office Lease ($000)	Motor Vehicles ($000)	Office Equipment ($000)	Total ($000)
Year ended 31 December 2021				
Balance at 1 January 2021	-	78	5	83
Additions	355	32	-	387
Depreciation	(79)	(76)	(5)	(160)
Closing Net Book	276	34	-	310
Year ended 31 December 2022				
Balance at 1 January 2022	276	34	-	310
Additions	-	78	-	78
Depreciation	(118)	(61)	-	(179)
Closing Net Book	158	51	-	209

Recognition and Measurement of Property, Plant and Equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item flow to the Group and the cost of the item can be measured reliably.

Mine development costs are capitalised to property, plant and equipment only once a decision to mine is made and the development is fully funded. Mine development expenditure represents the cost incurred in preparing mines for commissioning and production, and also includes other attributable costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining project. Once production commences, these costs are amortised over the estimated economic life of the mine on a units of production basis. Mine development costs are written off if the mine property is abandoned. Development costs incurred to maintain production are expensed as incurred against the related production.

At each reporting date, the entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the entity makes a formal assessment of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs of disposal and value in use.

Depreciation

Depreciation is provided on a straight-line or units of production basis on all plant and equipment commencing from the time the asset is held ready for use. Major depreciation periods are:

- Plant and equipment – 1 to 5 years
- Motor vehicles – 3 to 5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting period and adjusted prospectively, if appropriate.

Right of Use Assets

As a lessee, the Group recognises a right-of-use asset, representing its right to use the underlying asset and a corresponding lease liability, on the statement of financial position, for leases (other than short term and low value lease). The right-of-use asset is amortised on a straight-line basis over its lease term.

The Group recognises the right-of-use asset and the lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (at the present value of future lease payments), and subsequently at cost less accumulated depreciation, any impairment losses and adjustments for remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, then the Groups' incremental borrowing rate or, where not available, a market rate alternative. The lease liability is further remeasured if the estimated future lease payments change.

Key Estimate - Impairment of Property, Plant and Equipment and Mine Development Expenditure

Non-current assets are assessed for impairment when there is an indication that their carrying amount may not be recoverable. The recoverable amount of each Cash Generating Unit (CGU) is determined as the higher of value-in-use and fair value less costs of disposal estimated on the basis of discounted present value of the future cash flows (a level 3 fair value estimation method).

The estimates of discounted future cash flows for each CGU are based on significant assumptions including:

- estimates of the quantities of mineral reserves and ore resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and ore resources;
- future production levels and the ability to sell that production;
- future product prices based on the Group's assessment of forecast short and long-term prices for each of the key products;
- future exchange rates for the Australian dollar compared to the US dollar using external forecasts by recognised economic forecasters;
- future cash costs of production, sustaining capital expenditure, rehabilitation and mine closure;
- the asset specific discount rate applicable to the CGU.

Determination of Mineral Resources and Ore Reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, and provision for decommissioning and restoration. The information in this report as it relates to ore reserves, mineral resources or mineralisation is reported in accordance with the AusIMM "Australian Code for Reporting of Identified Mineral Resources and Ore Reserves 2012". The information has been prepared by or under supervision of competent persons as identified by the Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

Note 11 Inventory

	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Current		
Ore stockpiles	3,220	2,459
Heavy mineral concentrate and other intermediate stockpiles	22,667	17,506
Stores and consumables	2,063	1,774
	27,950	21,739

Accounting Policy

Inventories of heavy mineral concentrate are valued at the lower of weighted average cost and net realisable value (NRV). Cost comprises direct costs and an appropriate proportion of fixed and variable expenditure including depreciation and amortisation. Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost.

NRV is the estimated selling price in the ordinary course of business less the estimated costs of production and to complete the sale.

Note 12 Trade and Other Payables

	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Current		
Trade creditors	10,694	10,418
Accruals	9,474	8,848
GST and tax payable	7	209
Dividends payable	1,082	-
Other payables	461	85
	21,718	19,560
Non-Current		
Other payables	455	-
	455	-

Trade creditors, accruals, GST and tax payables and other payables are normally settled on 30 Day terms.

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

Note 13 Provisions

	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Current		
Employee leave benefits	1,329	1,004
Mine closure and rehabilitation	10,600	-
	11,929	1,004
Non-Current		
Employee leave benefits	58	32
Mine closure and rehabilitation	41,903	35,579
	41,961	35,611
Movement in mine closure and rehabilitation		
Balance at the beginning of the year	35,579	19,720
Increase in rehabilitation estimate	23,961	15,663
Rehabilitation activities	(7,296)	-
Unwinding of discount	259	196
	52,503	35,579

Mine closure and rehabilitation obligations
The calculation of the mine closure and rehabilitation provision requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering costs and inflation and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine closure and rehabilitation obligations.

The mine closure and rehabilitation provision is recorded as a liability at fair value, assuming a risk-free discount rate equivalent to the 5 year Australian US Government bond rate of 1.45% as at 31 December 2022 (31 December 2021: 0.99%) and an inflation factor of 3.0% (31 December 2021: 1.0%). Although the ultimate amount to be incurred is uncertain, management has, at 31 December 2021, estimated the asset retirement cost of work completed to date using an expected remaining mine life of 1.5 years and a total undiscounted estimated cash flow of $34,523,627 (31 December 2021: $34,523,627). Management's estimate of the underlying asset retirement costs are independently reviewed by an external consultant on a regular basis for completeness and was most recently reviewed in December 2021.

Accounting Policy

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Mine Closure and Rehabilitation

A mine closure and rehabilitation provision is recognised at the commencement of a mining project and/or construction based on the estimated costs necessary to meet legislative requirements by estimating future costs and discounting these to a present value. The provision is recognised as a liability, separated into current (estimated costs arising within twelve months) and non-current components based on the expected timing of these cash flows. A corresponding asset is included property, plant and equipment (mine development assets section), only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, and is amortised over the life of the mine.

At each reporting date the mine closure and rehabilitation provision is re-measured in line with changes in discount rates and timing or amounts of the costs to be incurred. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved and are dealt with on a prospective basis as they arise.

Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by non-casual employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Key Estimate - Rehabilitation and Site Restoration Provision

Significant estimates and assumptions are made in determining the provision for rehabilitation of the mine as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from amounts currently provided.

Changes in the liability relating to mine closure and rehabilitation obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the entity), other than the unwinding of the discount which is recognised as a financing expense in the Statement of Profit and Loss and Other Comprehensive Income. Changes in the asset value have a corresponding adjustment to future amortisation charges.

The mine closure and rehabilitation provision does not include any amounts related to remediation costs associated with unforeseen circumstances.

Note 14 Borrowings

	Interest Rate	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Current			
Lease liabilities	(8%)	108	148
		108	148
Non-Current			
Lease liabilities	(8%)	89	172
		89	172
Total Current and Non-Current		197	320

	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Lease Liabilities Movement		
Balance at the beginning of the year	320	105
Additions	79	392
Accretion of interest	35	22
Payments	(237)	(199)
Balance at the end of the year	197	320

Lease liabilities includes leases for motor vehicles and the office lease for three years from 1 May 2021 for Level 2, 7 Ventnor Avenue, West Perth WA 6005.

Leases
As a lessee, the Group recognises a right-of-use asset, representing its right to use the underlying asset and a corresponding lease liability, on the statement of financial position, for leases (other than short term and low value lease). The right-of-use asset is amortised on a straight-line basis over its lease term.

The Group recognises the right-of-use asset and the lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (at the present value of future lease payments), and subsequently at cost less accumulated depreciation, any impairment losses and adjustments for remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, then the Groups' incremental borrowing rate or, where not available, a market rate alternative. The lease liability is further remeasured if the estimated future lease payments change.

Accounting Policy
Borrowings are initially recognised at fair value and revalued where the borrowings are denominated in a foreign currency.

Transaction costs paid on the establishment of loan facilities are capitalised to property, plant and equipment to the extent that it is probable that some or all of the facility will be drawn down and that the borrowings are directly related to the purchase of property, plant and equipment. Where there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed to profit and loss. Borrowing costs incurred after the property, plant and equipment is installed and operating are expensed to the profit and loss statement directly.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The fair value of financial liabilities carried at amortised cost approximates their carrying values.

Note 15 Issued Capital

	Year to 31 Dec 2022		Year to 31 Dec 2021	
	No.	($000)	No.	($000)
Contributed Equity – Ordinary Shares				
At the beginning of the period	1,012,642,386	113,999	992,139,693	110,607
Warrants exercised at $0.1365 expiring 20 May 2023	7,898,901	1,702	3,035,714	654
Warrants exercised at $0.11385 expiring 24 May 2023	21,525,000	4,409	-	-
Dividend reinvestment plan shares	33,384,977	6,683	3,562,802	613
Employee share plan shares issued at $0.162	-	-	16,353,949	2,649
Employee share plan shares issued at $0.145	17,978,563	2,607	-	-
Employee shares cancelled	(9,236,211)	(2,042)	(2,449,772)	(509)
Share issue costs	-	(27)	-	(15)
Balance at the end of the period	1,084,193,616	127,331	1,012,642,386	113,999

Terms and Conditions of Contributed Equity
Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held, regardless of the amount paid up thereon. At a general meeting every shareholder present in person or by proxy, representative or attorney has: a) on a show of hands, one vote; and b) on a poll, one vote for each fully paid share held.

Accounting Policy
Ordinary share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Note 16 Reserves and Accumulated Losses

	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Reserves		
Profit Reserve – Dividend	18,682	24,290
Other Reserves		
Fair value reserve of financial assets	10	16
Hedging reserve	-	18
Warrants reserve	265	2,848
Share based payments reserve	54	67
Other reserves – OCI	(298)	(475)
	31	2,474
Closing balance	18,713	26,764
Profit Reserve Account		
Balance at the beginning of the year	24,290	24,783
Current year profit	15,168	19,384
Dividend paid	(20,776)	(19,877)
Balance at the end of the year	18,682	24,290
Fair Value Reserve of Financial Assets		
Balance at the beginning of the year	16	12
Changes in the fair value of equity investments	(6)	4
Balance at the end of the year	10	16
Hedging Reserve		
Balance at the beginning of the year	18	-
Changes in hedging fair value	(18)	18
Balance at the end of the year	-	18
Reserve – Warrants		
Balance at the beginning of the year	2,848	3,088
Exercise of warrants	(2,583)	(240)
Balance at the end of the year	265	2,848
Share Based Payments Reserve		
Balance at the beginning of the period	67	-
Share based payment	-	67
Cancellation of director options	(13)	-
Balance at the end of the period	54	67
Other Reserves		
Balance at the beginning of the period	(475)	-
Other comprehensive income	177	(475)
Balance at the end of the period	(298)	(475)

Profit Reserve Account

The profits from the years ended 31 December 2022 and 31 December 2021 were transferred to a profit reserve to be applied against future dividend payments.

Warrants Reserve

The warrants reserve is used to recognise the fair value of warrants issued

Hedging Reserve

Image uses two types of hedging instruments as part of its foreign currency risk management strategy. These include foreign currency forward contracts and foreign currency call options. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve.

	31 Dec 2022 No.	31 Dec 2021 No.
Warrants		
The Company had the following warrants over un-issued fully paid ordinary shares at the end of the year:		
Exercisable at $0.1365 on or before 20 May 2023	3,351,099	11,250,000
Exercisable at $0.11385 on or before 24 May 2023	-	21,525,000
	3,351,099	32,775,000
	($000)	**($000)**
Accumulated Losses		
Opening balance	(29,860)	(29,860)
Profit for the year	15,168	19,384
Transfer to profit reserve account	(15,168)	(19,384)
Cancellation of director option – share based payment reversal	13	-
	(29,847)	(29,860)

a) Summaries of warrants granted

The following table details the number and weighted average exercise prices (WAEP) and movements in warrants issued during the year.

	Number 2022	WAEP 2022	Number 2021	WAEP 2020
Outstanding at 1 January	32,775,000	0.1216	35,810,714	0.1204
Issued during the year	-	-	-	-
Exercised during the year	(29,423,901)	0.1199	(3,035,714)	0.1365
Outstanding at 31 December	3,351,099	0.1365	32,775,000	0.1216
Exercisable at 31 December	3,351,099	0.1365	32,775,000	0.1216

b) Weighted average remaining contractual life

The weighted average remaining contractual life for the warrants outstanding as at 31 December 2022 is between 0 and 1 years (31 December 2021: Between 1 and 2 years).

c) Range of exercise price

The range of exercise prices for warrants outstanding at the end of the year was $0.11385 to $0.1365 (31 December 2021: $0.11385 to $0.1365).

d) Weighted average fair value

The weighted average fair value of warrants granted during the year was Nil (31 December 2021: Nil).

e) Warrants pricing model

The fair value of warrants previously granted was estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the warrants were granted.

The following table lists the inputs to the model used for the year ended 31 December 2018.

	31 Dec 2018 Tranche A	31 Dec 2018 Tranche B
Dividend yield (%)	Nil	Nil
Expected volatility (%)	85%	85%
Risk-free interest rate (%)	2.50%	2.47%
Expected life of warrants (years)	5.02	4.95
Warrant exercise prices ($)	$0.091	$0.79
Weighted average share price at grant date ($)	$0.13	$0.12

The minimum life of the Warrants is the length of any vesting period. The maximum life is based on the expiry date. For the purposes of these warrants the exercise date is estimated as the expiry date. The expected volatility reflects the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of warrants granted were incorporated into the measurement of fair value.

Note 17 Tenement Expenditure Commitments

The Group has certain obligations to perform minimum exploration work on the tenements in which it has an interest. These obligations vary from time to time. The aggregate of the prescribed expenditure conditions applicable to the granted tenements for the next twelve months amounts to $1,860,820.

Application for exemption from all or some of the prescribed expenditure conditions will be made but no assurance is given that any such application will be granted. Nevertheless, the Group is optimistic, given its level of expenditure in the North Perth Basin, that it would likely be granted exemptions, on a project basis, in respect of the prescribed expenditure conditions applicable to many of its North Perth Basin tenements.

If the prescribed expenditure conditions are not met with respect to a tenement, that tenement is liable to forfeiture.

The Group has the ability to diminish its exposure under these conditions through the application of a variety of techniques including applying for exemptions (from the regulatory expenditure obligations), surrendering tenements, relinquishing portions of tenements or entering into farm-out agreements whereby third parties bear the burdens of such obligation in whole or in part.

Note 18 Tenement Access

The interests of holders of freehold land encroached by the Tenements are given special recognition by the Mining Act (WA). As a general proposition, a tenement holder must obtain the consent of the owner of freehold before conducting operations on such freehold land. Unless it already has secured such rights, there can be no assurance that the Group will secure rights to access those portions of the Tenements encroaching freehold land.

The Group has finalised negotiations with the Traditional Owners and their representatives in regard to the Native Title claim affecting part of the Atlas deposit and being the subject of a registered (but undetermined) claim. The agreement is in the process of being signed by all parties. This is the only deposit forming part of the high-grade dry mining targets within the North Perth Basin (NPB) Project which has, insofar as the Group is aware, any potential to be subject to Native Title. However, heritage aspects of the remaining areas of the project still have to be taken into consideration.

Outside of the NPB Project the Group's other tenements may contain dredge mining targets which could be subject to Native Title claim.

The Group is not in a position at this time to assess the likely effect of any Native Title claim impacting the Group.

Note 19 Significant Events Subsequent to Reporting Date

There were no material significant events subsequent to the reporting date.

Note 20 Employee Benefits

Employee Share Plan

Under the terms of the Image Share Plan ("ESP"), as approved by shareholders, Image may, in its absolute discretion, make an offer of ordinary fully paid shares in Image to any Eligible Employee, to be funded by a limited recourse interest free loan granted by the Company.

The issue price is determined by the Directors and is not to be less than the volume weighted average price of shares in the 5 trading days prior to the Issue Date. Eligible Employees use the abovementioned loan to acquire the plan shares. The loan amount per share may in certain circumstances be more than the issue price where shareholder approval is required for the issue and the share price is more than the issue price. The shares may be sold 12 months after their issue date generally only if the employee is currently employed.

The following table illustrates the number, weighted average share loan prices (WASLP) and weighted average share issue price (WASIP), and movements in plan shares during the year.

	Number 2022	WASIP 2022	WASLP 2022	Number 2021	WASIP 2021	WASLP 2021
Outstanding at 1 January	33,600,999	0.188	0.188	24,013,898	0.205	0.205
Granted during the year	17,978,563	0.145	0.145	16,353,949	0.162	0.162
Sold during the year	(4,919,423)	0.202	0.202	(4,317,076)	0.162	0.162
Released to employee	(339,976)	-	-	-	-	-
Cancelled during the year	(9,236,211)	0.221	0.221	(2,449,772)	0.208	0.208
Outstanding at 31 December	37,083,952	0.152	0.152	33,600,999	0.188	0.188
Exercisable at 31 December	19,105,389	0.159	0.159	17,247,050	0.213	0.213

Non-Executive Directors Option Plan

The Shareholders of the Company approved the issue of 10,000,000 options to Non-Executive Directors of the Company at the Annual General Meeting of the Company on 27 May 2021.

(a) General terms of Option Plan

There is no consideration paid for the issue of the Options.

There is no vesting period required for the exercise of the options to shares.

Unexercised options will lapse prior to the expiry date if a Directors ceases to be an officer or employee of the Company.

(b) Recognise share-based payment expense

The share-based payment expense for the year ended 31 December 2022 in relation the non-executive director option plan charged to profit and loss was Nil. (31 December 2021: 67,000).

(c) Summary of options granted

	Number 2021	WAEP 2021	Number 2021	WAEP 2021
Outstanding at 1 January	10,000,000	0.32	-	-
Issued during the year	-	-	10,000,000	0.32
Lapsed during the year	(2,000,000)	0.32	-	-
Outstanding at 31 December	8,000,000	0.32	10,000,000	0.32
Exercisable at 31 December	8,000,000	0.32	10,000,000	0.32

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 31 December 2022 is between 0 and 1 year. (31 December 2021: 1 and 2 years).

(e) Range of exercise price

The range of exercise price for options outstanding at the end of the year was $0.32 (2021: $0.32).

(f) Weighted average fair value

Weighted average fair value of options granted during the year was $0.006728 (2021: $0.006728).

(g) **Option pricing model**

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 31 December 2021:

	2021
Dividend yield (%)	12.12%
Expected volatility (%)	50.33%
Risk-free interest rate (%)	0.015%
Expected life of options (years)	2 years
Option exercise price	$0.3200
Weighted average share price at grant date ($)	$0.1689

NOTE 21 RELATED PARTY AND RELATED ENTITY TRANSACTIONS

	31 Dec 2022 ($000)	**31 Dec 2021 ($000)**
Key Management Personnel Compensation		
Short-term employee benefits	2,233	2,143
Post-employment benefits	117	114
Equity-settled share-based payments	-	67
	2,350	2,324

Short-term employee benefits
These amounts include fees and benefits paid to non-executive Chair and non-executive directors as well as all salary and paid leave benefits awarded to executive directors and other KMP.

Post-employment benefits
These amounts are the costs of superannuation contributions payable for the period.

Equity-settled share-based payments
This amount is calculated as the fair value of the options and represents the value of the services received during the period the options are held over the financial period. This value was calculated using the Black-Scholes option pricing model. Further information on the share-based payment transaction is disclosed in Note 20.

Further key management personnel remuneration information has been included in the Remuneration Report section of the Directors Report.

Transactions with other related parties

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. Transactions with directors, director-related parties and related entities **other than those disclosed elsewhere in this financial report** are as follows:

	Year to 31 Dec 2022 ($000)	Year to 31 Dec 2021 ($000)
Revenue		
Concentrate Sales - Orient Zirconic Resources (Australia) Pty Ltd	47,035	45,487
Expenses		
Magnetic Resources NL, a George Sakalidis related party, purchase of stationary	-	(1)
Magnetic Resources NL, a George Sakalidis related party, vehicle hire	-	(2)
Spouse of Patrick Mutz – The Group purchases travel expenses from a national travel agency of which his spouse is an agent and receives a commission. The amount disclosed is an estimate of the fees and commissions which is shared between the agency and the spouse of Patrick Mutz	(3)	(1)
	47,032	45,483

Total amounts owing to directors and/or director-related parties and related entities at 31 December 2022 were Nil (31 December 2021: $Nil). All transactions were incurred on normal commercial terms and were arm's length transactions.

Orient Zirconic Resources (Australia) Pty Ltd is a related party due to its 5.2% interest in the shares of the Company and Director Chaodian Chen being a director of its owner Guangdong Orient Zirconic In Sci & Tech Co., Ltd. Murray Zircon Pty Ltd is a related party due to it holding a 21.12% interest in the shares of the Company.

NOTE 22 CONTINGENT LIABILITIES

Other than those matters disclosed in Notes 17 and 18, there are no contingent liabilities or commitments.

NOTE 23 FINANCIAL RISK MANAGEMENT

a) Financial Risk Management Policies

The Group's financial instruments consist of deposits with banks, receivables, available-for-sale financial assets, payables and borrowings.

Risk management policies are approved and reviewed by the Board. The use of hedging derivative instruments is not contemplated at this stage of the Group's development.

Specific Financial Risk Exposure and Management

The main risks the Group is exposed to through its financial instruments, are commodity price, interest rate and liquidity risks.

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows, cash reserves, liquid investments, receivables, financial liabilities and commitments.

Capital Risk

Management controls the capital of the Group in order to maintain the appropriate working capital position to ensure that the Group can fund its operation, continue as a going concern and continue to provide returns for shareholders and benefits for other stakeholders. Capital is managed by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

The working capital position of the Group at 31 December 2022 and 31 December 2021 was as follows:

	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Cash and cash equivalents	53,315	79,700
Restricted cash	140	140
Trade and other receivables	1,990	4,908
Inventory	27,950	21,739
Trade and other payables and provisions	(23,047)	(20,564)
Borrowings	(108)	(148)
Income Tax Payable	(8,622)	(11,093)
Working capital position	51,618	74,682

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and deposits with financial institutions as well as credit exposures to outstanding receivables.

The Group is not exposed to credit risk through sales of mineral sands product due to a letter of credit being in place prior to a mineral sands shipment leaving port. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Group has lodged cash deposits (designated as restricted cash above) totalling $139,645 (2021: $139,645) with the bank as collateral security for office lease property managers for rental guarantees and also security for company credit cards.

The following table provides information regarding the credit risk relating to cash and cash equivalents, term deposits and restricted cash based on Standard & Poors credit ratings:

	31 Dec 2022 ($000)	31 Dec 2021 ($000)
AA- rated	53,594	79,980

Financial Instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments.

31 December 2022	Weighted Average Effective Interest Rate %	Fixed Interest Rate ($000)	Floating Interest Rate ($000)	Non-Interest Bearing ($000)	Total ($000)
Financial Assets:					
Cash and cash equivalents		-	53,439	-	53,439
Restricted cash		-	155	-	155
Trade and other receivables		-	-	1,990	1,990
Derivatives		-	-	405	405
Equity investments at fair value		-	-	26	26
Total Financial Assets	0.13%	-	53,594	3,011	56,605
Financial Liabilities:					
Trade and other payables		-	-	22,173	22,173
Borrowings		198	-	-	198
Total Financial Liabilities	0.16%	198	-	22,173	22,371
Net Financial Assets		(198)	53,594	(19,162)	34,234

31 December 2021	Weighted Average Effective Interest Rate %	Fixed Interest Rate ($000)	Floating Interest Rate ($000)	Non-Interest Bearing ($000)	Total ($000)
Financial Assets:					
Cash and cash equivalents		-	79,825	-	79,825
Restricted cash		-	155	-	155
Trade and other receivables		-	-	2,960	2,960
Derivatives		-	-	18	18
Equity investments at fair value		-	-	33	33
Total Financial Assets	0.07%	-	79,980	3,011	82,991
Financial Liabilities:					
Trade and other payables		-	-	19,560	19,560
Borrowings		320	-	-	320
Total Financial Liabilities	0.18%	320	-	19,560	19,880
Net Financial Assets		(320)	79,980	(16,549)	63,111

The table below summarises the maturity profile of the Group's' financial liabilities according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. As a result, these balances may not agree with the amounts disclosed in the statement of financial position:

	Less than 3 months ($000)	3 to 12 Months ($000)	1 to 5 years ($000)	Total ($000)
31 December 2022				
Trade and other payables	21,263	455	455	22,173
Borrowings	33	116	49	198
	21,296	571	504	22,371
31 December 2021				
Trade and other payables	19,560	-	-	19,560
Borrowings	3	17	300	320
	19,563	17	300	19,880

b) Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)	Total ($000)
31 December 2022				
Financial Assets:				
Financial assets at fair value through profit or loss:				
Equity investments at fair value:				
- Listed investments	32	-	-	32
Derivatives at fair value	-	18	-	18
	32	18	-	50
31 December 2021				
Financial Assets:				
Financial assets at fair value through profit or loss:				
Equity investments at fair value:				
- Listed investments	32	-	-	32
Derivatives at fair value	-	18	-	18
	32	18	-	50

Sensitivity Analysis – Interest rate risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the financial period results and equity which could result from a change in this risk.

As at balance date, the effect on loss and equity as a result of changes in the interest rate on financial assets, with all other variables remaining constant would be as follows:

	Year to 31 Dec 2022 ($000)	Year to 31 Dec 2021 ($000)
Change in loss – increase/(decrease):		
- Increase in interest rate by 2%	(1,072)	(1,600)
- Decrease in interest rate by 2%	1,072	1,600
Change in equity – increase/(decrease):		
- Increase in interest rate by 2%	1,072	1,600
- Decrease in interest rate by 2%	(1,072)	(1,600)

NOTE 24 HEDGING	31 Dec 2022 ($000)	31 Dec 2021 ($000)
Current assets / (liabilities)		
Foreign exchange forwards	-	101
Foreign exchange options	405	(83)
	405	18

The Group is exposed to risk from movements in foreign exchange in relation to its forecast US dollar denominated sales and as part of the risk management strategy has entered into foreign exchange forward contracts and has purchased Australian dollar call options.

(a) Recognition

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of the reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged relationship designated.

(b) Fair value of derivatives

Derivative financial instruments are the only assets and liabilities measured and recognised at fair value at 31 December 2022 (31 December 2021: Nil) comprising the above hedging instruments. The fair value of hedging instruments is determined using valuation techniques with inputs that are observable market data (a level 2 measurement). The valuation of the call options is determined using forward foreign exchange rates at the balance date. The only unobservable input used in the calculation is the credit default rate, movements in which would not have a material effect on the valuation.

(c) Hedge accounting

At the start of a hedge relationship, the Group formally designates and documents the hedge relationship, including the risk management strategy for undertaking the hedge. This includes identification of the hedging instrument; the hedged item or transaction and the nature of the risk being hedged. Hedge accounting is only applied where effective tests are met.

(d) Cash flow hedges

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss. The ineffective portion was immaterial in the current and prior periods.

Foreign exchange call options in relation to expected USD revenue, predominantly from contracted sales to 31 December 2022, remain open at the reporting date. The foreign exchange call option hedges held at 31 December 2022 cover US$16.8 million of expected USD revenue at an average strike price of 70.0 cents (At 31 December.2021: US47 million of expected USD revenue at an average strike price of 79.0 cents).

Amounts recognised in equity are transferred to the income statement when the hedging instruments matures.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or if its designation as a hedge is revoked amounts previously recognised in equity remain in equity until the forecast transaction occurs.

NOTE 25 CONTROLLED ENTITIES

The consolidated financial statements incorporate the following subsidiaries:

Controlled Entities	Country of Incorporation	2021	2020
Image Resources NL (Parent Company)	**Australia**		
Craton Resources Pty Ltd	Australia	100%	100%
Titon Resources Pty Ltd	Australia	100%	100%
Titan-DR Resources Pty Ltd	Australia	100%	100%
Titan-SR Resources Pty Ltd	Australia	100%	100%

The Controlled Entities did not operate during the financial year. At 31 December 2022 no Deed of Cross Guarantee had been entered into as they have not yet incurred any debts.

NOTE 26 OTHER ACCOUNTING POLICIES

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is accounted for differently as follows:

- Exploration and evaluation expenditure associated with exploration and evaluation activity including direct costs and an appropriate portion of related overhead expenditure is expensed to the Statement of Profit or Loss and other Comprehensive Income as incurred. The effect of this write-off is to decrease the profit incurred from continuing operations as disclosed in the Statement of Profit or Loss and other Comprehensive Income and to decrease the carrying values in the Statement of Financial Position. That the carrying value of mineral assets, as a result of the operation of this policy, is zero does not necessarily reflect the Board's view as to the market value of that asset.
- Exploration expenditure associated with the acquisition of tenement licences may be recognised as an exploration asset if it is considered that the expenditures incurred are expected to be recouped through successful development and exploitation of the area of interest. Additional exploration and evaluation expenditure incurred on these tenement licences acquired is also added to the value of the exploration asset.

Accounting for exploration and evaluation expenditure is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Once a development decision is made, all past exploration and expenditure in respect of an area of interest that has been capitalised is transferred to mine properties where it is amortised over the life of the area of interest to which it relates on a unit of production basis. No amortisation is charged during the exploration and evaluation phase.

The application of the above accounting policy requires to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available, which may require adjustments to the carrying value of assets. Capitalised exploration and evaluation expenditure is assessed for impairment when an indicator of impairment exists, and capitalised assets are written off where required.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Fair Value

Fair value is determined based on closing market prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. The expression "fair value" – and derivatives thereof – wherever used in this report bears the meaning ascribed to that expression by the Australian Accounting Standards Board.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

New Accounting Standards for Application in Future Years

There are a number of new Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early.

These standards are not expected to have a material impact on the Group in the current or future period until mandatory adoption.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Directors' Declaration

The directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Act 2001;

   (b) give a true and fair view of the financial position as at 31 December 2022 and performance for the year ended on that date of the Group;

2. this declaration has been made after receiving the declarations required to be made to the directors by the CEO and CFO in accordance with section 295A of the Corporations Act 2001 for the year ended 31 December 2022;

3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and

4. the directors have included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.

ROBERT BESLEY
CHAIR

PERTH
Dated this 21 March 2023

ELDERTON
AUDIT PTY LTD

Independent Audit Report to the members of Image Resources NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Image Resources NL ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

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Provision for Rehabilitation
Refer to Note 13

Key Audit Matter	How our audit addressed the key audit matter
As at 31 December 2022, the Group has a liability of $52.5 million relating to the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during operation in Boonanarring but not yet rehabilitated. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements and technology. At each reporting date the rehabilitation liability is reviewed and re-measured in line with changes in observable assumptions, timing and the latest estimates of the costs to be incurred based on area of disturbance at reporting date. This area is a key audit matter as the determination of the restoration liability involves a level of complex calculations and significant management judgement.	Our audit work included, but was not restricted to, the following: • Obtaining an Independent expert valuation report and external underlying documentation for their determination of future required activities, their timing and associated cost estimations. We also determined the nature and quantum of costs contained in the provision estimate. • Testing the accuracy of historical restoration and rehabilitation provisions by comparing to actual expenditure. • Assessing the planned timing of environmental restoration and demobilisation provisions through comparison to mine plans and reserves. • Assessing the competence, scope and objectivity of the Group's external experts used in determination of the provisions estimate. • Analysed inflation rate and discount assumptions in the provision calculation with current market data and economic forecasts. • Evaluating the completeness of the provisions estimate to the Group's analysis of each operating location to identify where disturbance requires rehabilitation or demobilisation and our understanding of the Group's operations.

Revenue Recognition
Refer to Note 3

Key Audit Matter	How our audit addressed the key audit matter
The entity has reported revenue of $171.5 million from sales of minerals. The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates. There is also a risk around the timing of revenue recognition, particularly focused on the contractual terms of delivery and location of the customers. Based on these factors, we have identified revenue recognition as a key risk for our audit	Our audit work included, but was not restricted to, the following: • considering the appropriateness of the revenue recognition accounting policies. • understanding the significant revenue processes including performance of an end to end walkthrough of the revenue assurance process and identifying the relevant controls. • performing cut off procedures. • assessing the transfer of control to the customer by reviewing contracts and shipping documentation. • verifying a sample of transactions with supporting documents. • ensuring adequate disclosure in the financial statements

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Image Resources NL for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Elderton Audit Pty Ltd.

Elderton Audit Pty Ltd

Rafay Nabeel
Director

21 March 2023
Perth