

30th November 2016

Chairman's Address

Image Resources NL Annual General Meeting

The past year has seen your company make significant progress in moving from explorer to emerging mineral sand producer with the completion of an asset sale and purchase and related agreements in June 2016 with Murray Zircon and Orient Zirconic. This has delivered a processing plant and equipment, including an ore slurring unit in the mine, slurry delivery system and a complete wet processing plant to produce a heavy mineral concentrate, plus a new shareholder with more than 20 years' experience in the zircon processing industry with global zirconium products sales. Importantly this has also established an operating team and board that have extensive experience in building and operating mineral sand mines.

The focus of the company is the completion of a bankable feasibility study (BFS) for the high-grade, zircon-rich Boonanarring and Atlas projects in the North Perth Basin. This work commenced in June, under the direction of the new Board and is on schedule and budget for completion in March 2017. Preliminary results of the BFS are positive despite current weak mineral sands commodity prices. A positive BFS outcome and improving commodity prices would see the company fast-track project development with first production targeted for early 2018.

Commodity prices and market sentiment for the exploration/mining sector were at historical low levels in 2015. This continued into early 2016. However, the gold sector saw a turn around with significant improvement in gold prices stimulating strong market interest in gold explorers and producers. In recent months, price improvements and market interest have been strong in base metals, bulk commodities and speciality minerals such as lithium and graphite. Prices for zircon and titanium minerals appear to have bottomed out from their extended period of low prices with reasonable recent gains in Ilmenite; up 30% since June. A continued uplift in mineral sand prices into a strong commodity cycle would provide the ideal setting for commencement of production and strong performance from the high-grade Boonanarring deposit.

Image has a portfolio of mineral sand deposits in the North Perth Basin with the potential to provide long-term production. A number of these were advanced during the year. Recent drilling and resource analysis at the Boonanarring deposit are indicating an expansion of Reserve/Resource tonnages is likely that could support higher throughput rates than envisaged in the 2013 feasibility study. It is important to note the processing plant acquired by Image can operate at 60 to 70% above the rate set in the 2013 FS.

The Board believes that with the Boonanarring/Atlas project nearing BFS completion, the strong shareholder support and improving market conditions, Image is well placed to achieve its strategic objective of becoming a mineral sands producer. The Company has the benefit of a strong technical team and board that has a track record of project development, implementation and operation.

On behalf of the Board, I would like to thank all our shareholders for their support over the past year and look forward to sharing with you our success over the coming year.

Bob Besley
Chairman
Image Resources NL