

## Quarterly Report – for the quarter ended 31 December 2016

**Image Resources NL**  
ABN 57 063 977 579

**ASX Code**  
IMA

**Contact Details**  
Ground Floor, 23 Ventnor  
Avenue, West Perth WA  
6005

T: +61 8 9485 2410  
E: info@imageres.com.au  
W: imageres.com.au

**Issued Capital**  
Shares – Quoted  
379,511,740  
As at 31 December 2016

**Cash at end of quarter**  
\$1,108,000

**Board Members**  
Robert Besley  
(NED Chairman)  
Patrick Mutz  
(Managing Director)  
Peter Thomas  
(Non-Executive Director)  
George Sakalidis  
(Exploration Director)  
Chaodian Chen  
(Non-Executive Director)  
Eddy Wu  
(Non-Executive Director)  
Aaron Chong Veoy Soo  
(Non-Executive Director)

### Boonanarring/Atlas Feasibility Study

The Company's primary focus during this past quarter continued to be advancing work on the feasibility study (FS) on its 100%-owned, high-grade Boonanarring and Atlas mineral sands projects in the North Perth Basin in WA. Boonanarring is located 80 kilometres north-northwest of Perth.

The FS will be to a bankable standard and is anticipated to be completed at the end of March 2017. The FS is key to facilitating the Company's principal objective of transitioning from advanced exploration to production on an accelerated timeline, currently targeted for early 2018.

Feasibility work during the quarter included:

- Battery Limits Pty Ltd appointed as lead consultant to manage the FS in October;
- Numerous sub-contractors and consultants appointed in November to complete various aspects of FS including updating of capital and operating costs;
- Mining contractor pre-qualification process launched in November;
- Additional metallurgical bulk composite testwork commissioned in December to confirm heavy mineral recovery rates and grades expected from wet concentrator plant acquired in June 2016.
- Finalisation of geotechnical assessment programme for Boonanarring to confirm pit wall slopes for detailed mine design; and
- Completion of an updated Mineral Resources statement for the Boonanarring Project by Optiro Pty Ltd in accordance with the JORC Code (2012).

### Boonanarring Mineral Resource Estimate

Results of the updated Mineral Resource estimate for Boonanarring were reported to ASX in announcement "Tonnage Doubles in Mineral Resource Update for Boonanarring Project" dated 13 January 2017. When compared to the Mineral Resource estimate for Boonanarring prepared for Image for its 2013 feasibility study, the total tonnes of Mineral Resources increased by 103% from 21.5 million to 43.7 million tonnes, albeit at lower HM grade and mineral assemblage.

The principal reasons for the substantial increase in Mineral Resource tonnes are:

- An expanded area of mineralisation as a result of drilling completed since 2013;
- Delineation of a substantially contiguous layer of lower grade mineralisation overlying the high-grade mineralised strands (Overlying Mineralisation), previously thought to be discontinuous and sub-economic; and
- Application of a lower cut-off grade (2.0% HM versus 2.5% in 2013).

It remains to be determined what quantity of these additional tonnes of mineralisation will translate to economic reserves.

### Fund Raising Exercise

On 14 December 2016, the Company announced plans to conduct a non-renounceable, fully underwritten rights issue to offer 5 new shares for every 12 shares held on 19 December 2016 (record date). The shares were offered at \$0.04 per share to raise a total of \$6.325M before costs. The offer was scheduled to close on 12 January 2017 but was subsequently extended and closed on 19 January 2017.

	<p>Results of the successful offer were announced to the ASX on 24 January 2017, with an uptake of 84% of total new shares on offer from existing shareholder entitlements including top-up requests. The balance of new shares was placed with the underwriter (existing shareholder Million Up Ltd) and sub-underwriters.</p> <p>The Company intends to utilise the funds raised from the rights issue for the following purposes:</p> <ul style="list-style-type: none"> <li>• cover the costs associated with the rights issue;</li> <li>• complete the FS for the development of Boonanarring and Atlas projects;</li> <li>• purchase land critical to the development of Boonanarring;</li> <li>• undertake additional exploration activities; and</li> <li>• for general working capital purposes.</li> </ul> <p>On 10 January 2017, the Company exercised the land purchase option to acquire 550 hectares of land situated over a key section of the Boonanarring project which will include the site location of the wet concentrator plant and associated facilities as well as the initial mining starter pit.</p> <p><b>Corporate</b></p> <ul style="list-style-type: none"> <li>• The Annual Report was filed on 28 October 2016;</li> <li>• the company conducted its Annual General Meeting of Shareholders on 30 November 2016; and</li> <li>• An application to ASIC to change the Company's reporting period for accounting and reporting purposes from a fiscal year to a calendar year was approved by ASIC in December 2016.</li> </ul>
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## **Boonanarring and Boonanarring Extensions**

### **Regans Ford South (E70/3041)**

Exploration drilling in 2016 demonstrated the continuity of the Boonanarring Strand southwards. The Optiro resource work (ASX Release 13/01/2017) extended the eastern Boonanarring Strandline Resource from 11.2km to 13.2km and also outlined a new western strand (piggery). Both these strands have been incorporated into an updated Mineral Resource estimate which has significantly increased from 21.5Mt at 8.3% HM to 43.7Mt at 5.6% HM. Note this resource has not been closed off to the south because of a 1km gap due to lack of access with two landowners even though the mineralisation continues for a further 2km southwards into the Gingin North Resource area. Further investigation of potential access is currently being sought in the gap area and at Gingin North (**Figure 1**).

### **Boonanarring North (M70/1311)**

Approximately 1175 samples have been assayed as part of the new extensive upper layer which is thought to cover the whole of the 13.2km Boonanarring deposit (**Figure 3**). This upper layer comes close to the surface and has the potential to add significant tonnes. Composite test work using Qemscan for every second drill line has been completed. The Optiro Resource work has shown additional tonnes at lower overall Zircon and HM percentages (Refer to ASX release of 13/01/2017).

A 6-hole programme was completed mainly to infill parts of the western strand within the Boonanarring Resource area (**Figure 2**).

A 12-hole programme is planned over a roadside drilling area between 2.5-5.5km north of the Boonanarring Resource. Previous drilling 1.3km north of the Boonanarring Resource confirmed continuity of the high grade eastern strand, including 5m @ 28.4% HM from 42m (Hole IM0083), 3m @ 22.9% HM from 43m (Hole IM0084) and 9m @ 25.0% HM from 43m (hole IX0103).





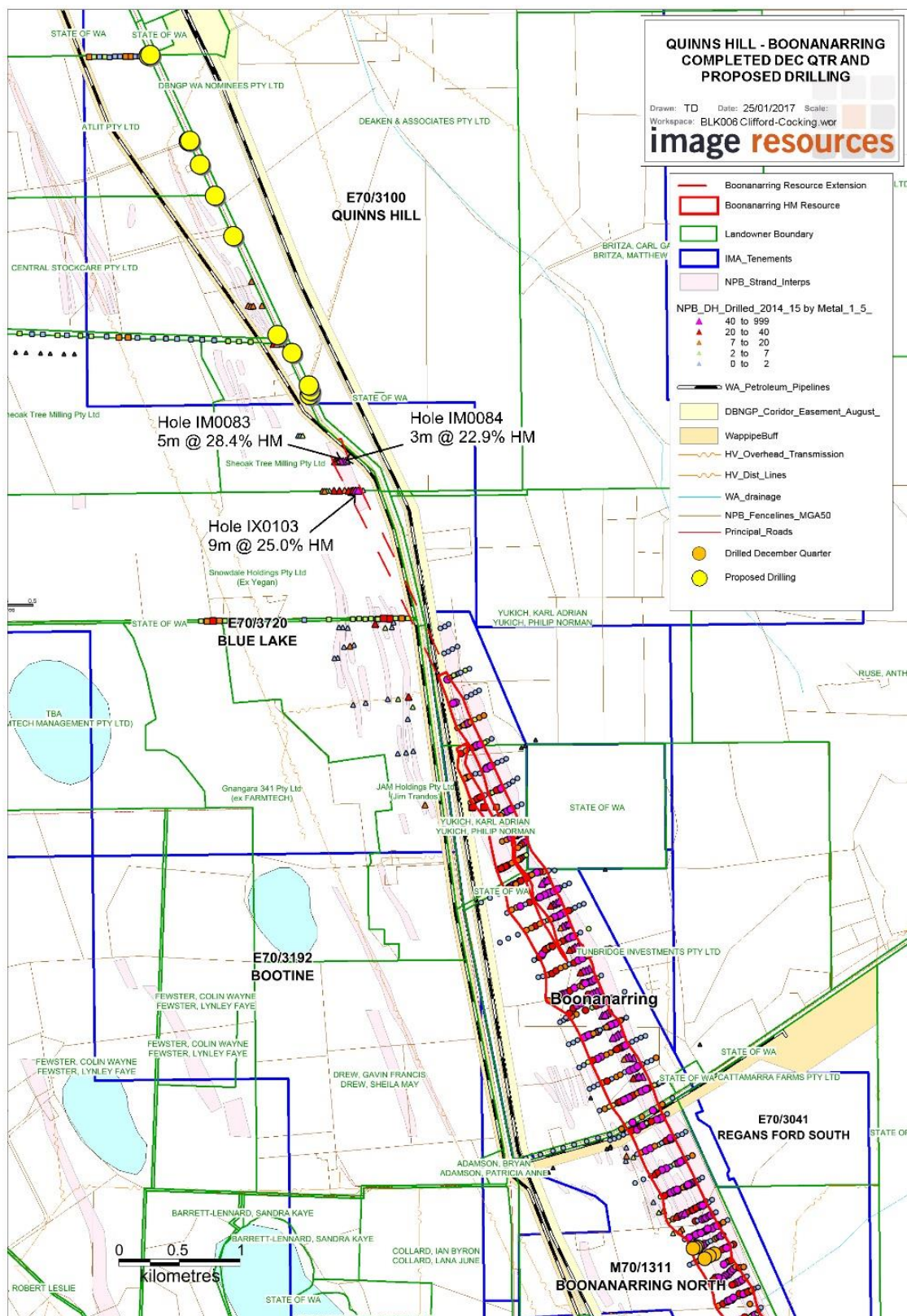


Figure 2 Boonanarring northern extension planned roadside 12-hole programme

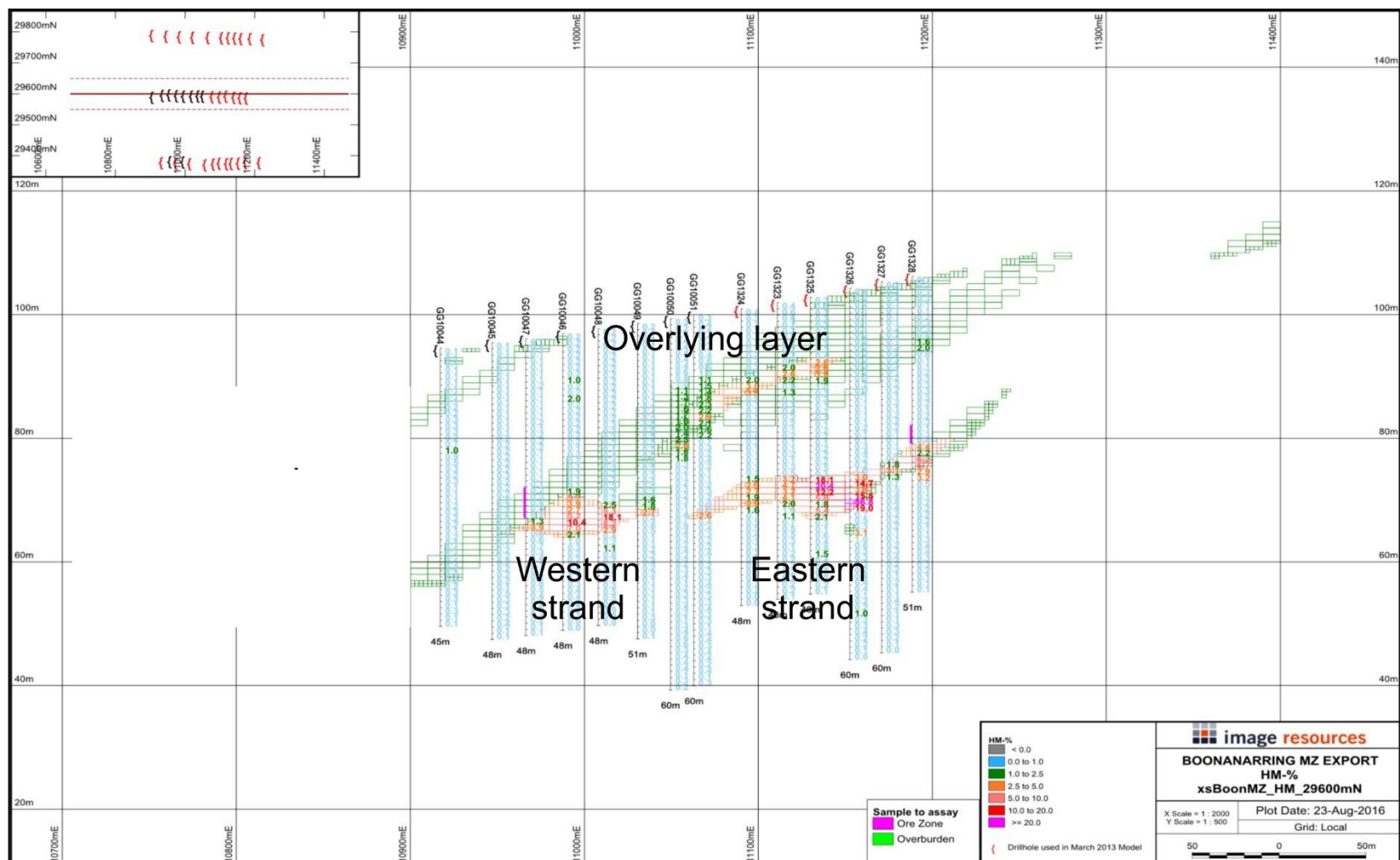


Figure 3 Block C block model cross section showing the overlying layer and the high grade Eastern and Western strands.

**Bidaminna (E70/3298), Bidaminna North (E70/2844), Mimegarra (E70/4779), Regans Ford (E70/3411)**

The Bidaminna Region ( **Figure 4**) was signalled as an unusually high leucoxene province after composites were taken across the Bidaminna Resource (refer to the 24<sup>th</sup> November 2015 ASX release). The Bidaminna Project size is as large as the Gingin Scarp group of resources (includes Red Gully, Boonanarring, Gingin North and Gingin South) totalling close to 60km.

The leucoxene concentration range of 28 to 69% of the HM in the seven Bidaminna historic Mineral Resource area composites is much higher than any of the eight deposits between Gingin South and the Cooljarloo Mine where the leucoxene range is between 1 to 10% of the HM. This makes the Bidaminna Resource very unusual and, thus, Image applied for additional land to cover the northern and southern extensions of the Bidaminna historic Mineral Resource area.

A 60-hole programme is designed to meet the shortfall in the Mines Department commitment for the 3 tenements and is along known tracks avoiding unnecessary expense with clearing lines and corresponding botanical and heritage surveys to be carried out ( **Figure 4**). This programme will more importantly test the veracity of the wireframes used for an Exploration Target of 100-110Mt between 3-4% HM. Also, an important aspect of the drilling is to test the northern parts of the Exploration target north of the existing historic Mineral Resource, as this is where the total leucoxene grade of both High Ti and Low Ti are around 69% versus 28% at the southern end of the Resource. The drilling programme will provide enough sample to complete a mini bulk test by AML. The aim of this work is to determine what sort of wet plant recoveries are possible and final leucoxene products.

The mineral assemblage values for the leucoxene-rich Bidaminna Mineral Resource and Exploration Target will be compared with other leucoxene-rich deposits and nearby dredging operations.

The Bidaminna Mineral Resource and Exploration Target, differs from the Boonanarring deposit in that they are amenable to large-scale dredge mining with a very low slime content of around 3-4%, the mineralised horizon is below the water table and has two zones of mineralisation up to 35 metres thick.

Given the potential significance of the Bidaminna Project, a new more detailed 100m spaced ground magnetic survey was completed during the quarter (**Figure 4**). The purpose of this survey was firstly to verify that the large 17km of strike-length has both a shallow and lower layer with a low strip ratio of 0.5-1.0 and to help wireframe a new Exploration Target. Secondly, to show up any new parallel shallow zones that were not recognised or partially shown up by the older 250m wider spaced survey. Thirdly, to direct the location of the planned 60-hole drilling programme.

A recent access approval for a 13-hole drilling programme will test several strands within the Regans Ford area. These strands appear to be extensive and no previous drilling has been carried out here (**Figure 4**).



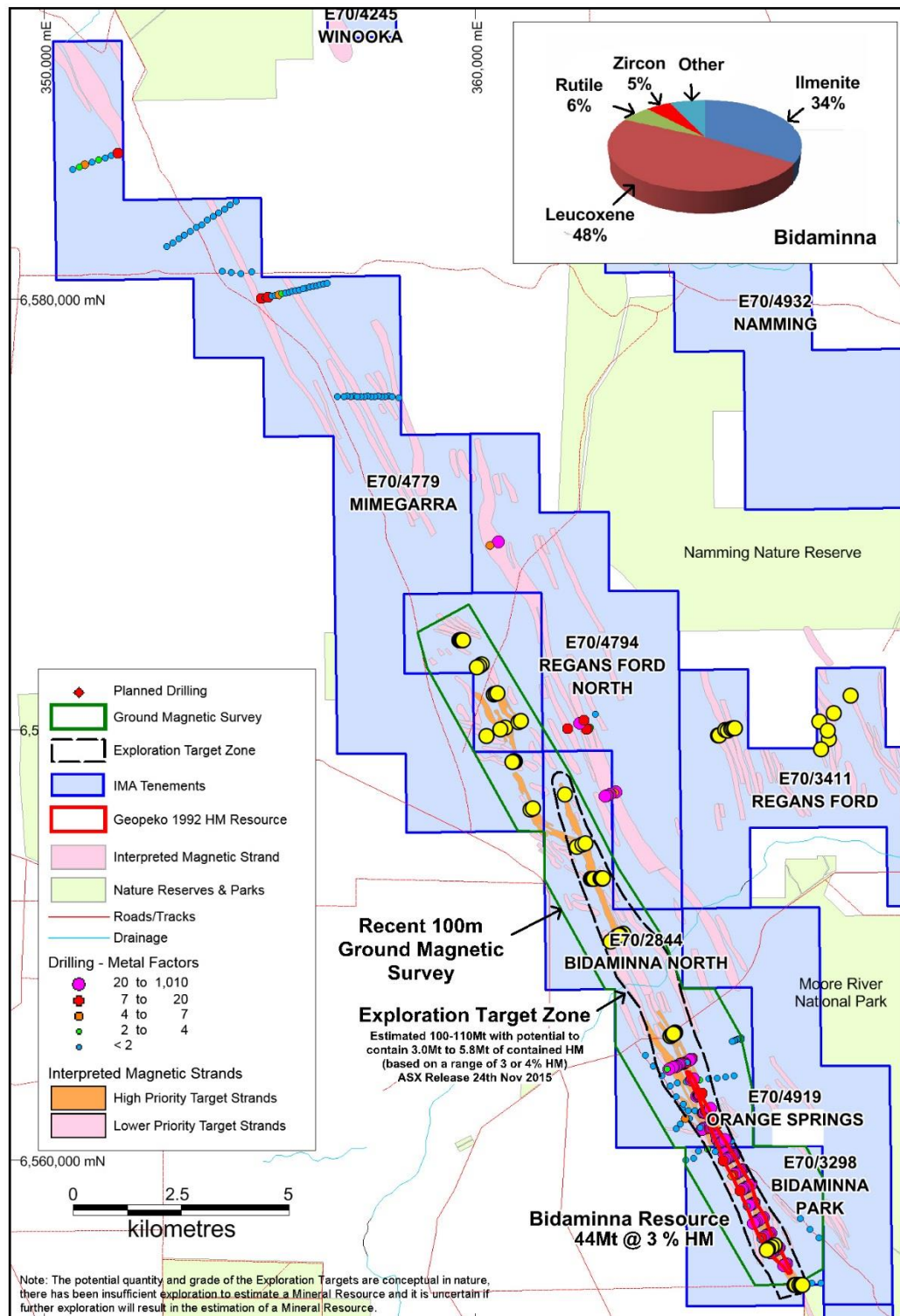


Figure 4 Bidaminna Park, Bidaminna North, Mimegarra 60-hole programme and 13 holes planned for Regans Ford.

**Woolka E70/4244**

An 11-hole programme has been designed to locate extensions of the dredge resources along strike and WNW of the Tronox proposed dredge area within both the Woolka (E70/4244) and Munbinea (E70/3997) tenements (**Figure 5**). A Heritage survey is scheduled in early February 2017 prior to the drilling. This programme should demonstrate the potential size of the dredge area within the Woolka and Munbinea tenements. Note the proposed area if successful is similar in size as the whole Tronox Cooljarloo historical dredge areas and is a major target. Tronox have just started drilling Image's Mullering royalty areas directly west of the current dredging areas.

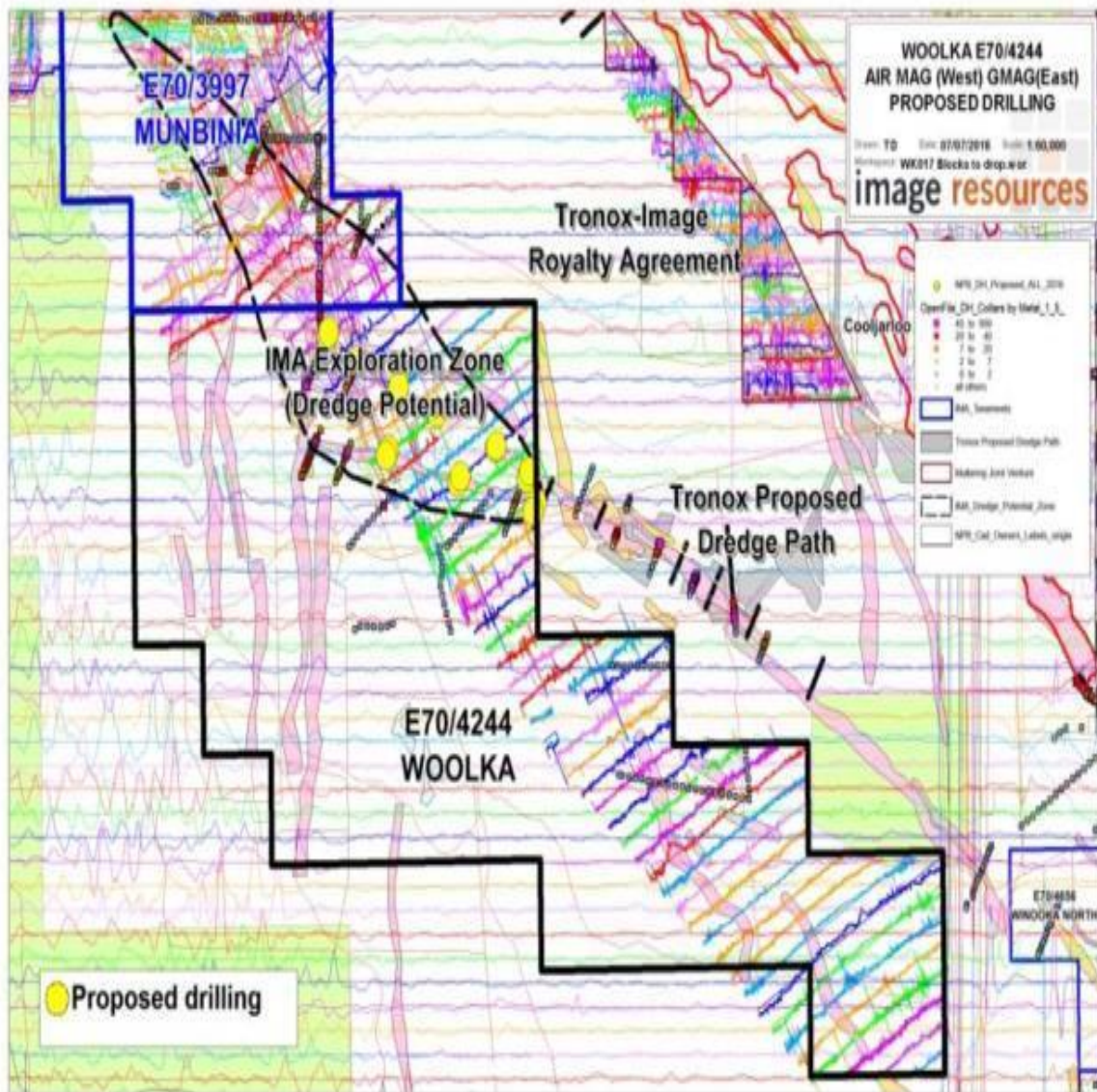


Figure 5 Woolka tenement showing an 11-hole programme west of the Tronox proposed dredge area



**Bibby Springs (E70/4663)**

Ten holes are recommended in the future to both satisfy the Mines Department minimum expenditure commitment and to evaluate the potential of **significantly increasing the size of the Helene Mineral Resource**. The Helene Resource 0.52Mt of HM plus the surrounding dry mining areas of Atlas (0.86Mt of HM) and Hyperion (0.30 Mt) are potentially significant. The final access agreements are expected prior to drilling in the March quarter.

**Completed Drilling October - December 2016**

Tenement Name	Tenement	Holes Drilled	Metres Drilled
Gingin	E70/3032	3	66
Boonanarring North	M70/1311	6	255
Regans Ford South	E70/3041	9	351
		18	672

**Planned Drilling**

Project Title	Tenement ID	DH's	Metres
Quinns Hill	E70/3100	11	550
Regans Ford	E70/3411	13	455
Woolka	E70/4244	11	440
Winooka	E70/4245	8	280
Bidaminna	E70/3298, E70/2844, E70/4779	60	3000
		103	4725

For more information visit our website at [www.imageres.com.au](http://www.imageres.com.au).

Please direct enquiries to:

**Patrick Mutz**

*Managing Director*

+61 8 9485 2410

[info@imageres.com.au](mailto:info@imageres.com.au)

**COMPETENT PERSON'S STATEMENT – EXPLORATION RESULTS, MINERAL RESOURCES AND ORE RESERVES**

Information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves (other than Boonanarring Mineral Resources) is based on information compiled by George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy. At the time that the Exploration Results, Mineral Resources and Ore Reserves were compiled, George Sakalidis was a director of Image Resources NL. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

The information in this report that relates to the estimation of Mineral Resources for the Boonanarring Project is based on information compiled by Mrs Christine Standing, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). Mrs Standing is a full-time employee of Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mrs Standing consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

**FORWARD LOOKING STATEMENTS**

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding prices, exploration or development costs and other operating results, growth prospects and the outlook of Image's operations contain or comprise certain forward looking statements regarding Image's operations, economic performance and financial condition. Although Image believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties, fluctuations in prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Image undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

### Tenement Schedule in accordance with ASX Listing Rule 5.3.3

Tenements held at the end of the Quarter

Location	Tenement	Nature of Interest	Project	Equity (%) held at start of Quarter	Equity (%) held at end of Quarter
WA	E28/1895	Granted	ERAYINIA	100%	100%
WA	E28/2071	Granted	TALC LAKE	100%	100%
WA	E70/2636	Granted	COOLJARLOO	100%	100%
WA	E70/2844	Granted	BIDAMINNA NTH	100%	100%
WA	E70/2898	Granted	COOLJARLOO	100%	100%
WA	E70/3032	Granted	GINGIN	100%	100%
WA	E70/3041	Granted	REGANS FORD SOUTH	100%	100%
WA	E70/3100	Granted	QUINNS HILL	100%	100%
WA	E70/3192	Granted	BOOTINE	100%	100%
WA	E70/3298	Granted	BIDAMINNA -PARK	90%	90%
WA	E70/3411	Granted	REGANS FORD	100%	100%
WA	E70/3494	Granted	BRYALANA	100%	100%
WA	E70/3720	Granted	BLUE LAKE	100%	100%
WA	E70/3892	Granted	CHAPMAN HILL	100%	100%
WA	E70/3997	Granted	MUNBINIA	100%	100%
WA	E70/4077	Granted	DARLING RANGE	100%	100%
WA	E70/4244	Granted	WOOLKA	100%	100%
WA	E70/4245	Granted	WINOOKA	100%	100%
WA	M70/0448	Granted	GINGIN SOUTH	100%	100%
WA	M70/1192	Granted	RED GULLY	100%	100%
WA	M70/1193	Granted	GINGIN NORTH	100%	100%
WA	M70/1194	Granted	BOONANARRING	100%	100%
WA	P70/1516	Granted	COOLJARLOO	100%	100%
WA	M70/1311	Granted	BOONANARRING	100%	100%
WA	G70/0250	Granted	BOONANARRING	100%	100%
WA	R70/0051	Granted	COOLJARLOO NORTH	100%	100%
WA	M70/1305	Application	ATLAS	100% pending grant	100% pending grant
WA	P70/1520	Application	COOLJARLOO	100% pending grant	100% pending grant
WA	E70/4631	Granted	MUNBINIA WEST	100%	100%
WA	E70/4656	Granted	WINOOKA NORTH	100%	100%
WA	E70/4663	Granted	BIBBY SPRINGS	100%	100%
WA	E70/4689	Granted	BOONANARRING	100%	100%
WA	E70/4779	Granted	MIMEGARRA	100%	100%
WA	E70/4794	Granted	REGANS FORD NORTH	100%	100%
WA	E70/4795	Application	BIDAMINNA SOUTH	100%	100% pending grant
WA	E70/4796	Granted	CALADENIA	100%	100%

Mining Tenements acquired during the Quarter

WA	E70/4919	Application	ORANGE SPRINGS	100%	100%
WA	E70/4921	Application	REGANS FORD NORTH	100%	100%
WA	E70/4932	Application	NAMMING	100%	100%



Table 6 – North Perth Basin Resources and Reserves

High Grade Resources @ 2.5% HM Cut-off						*Atlas Reserve as at 30/06/2013					
Reserve	Category	Volume	Tonnes	% HM	% SLIMES	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring <sup>1</sup>	Probable	7,160,000	14,420,000	8.3%	17.0%	1,190,000	80.3%	46.9%	5.5%	3.3%	24.5%
Atlas*	Probable	4,760,000	9,600,000	8.1%	15.5%	780,000	74.1%	55.0%	1.0%	7.0%	11.0%
<b>Total NPB Reserve</b>		<b>11,920,000</b>	<b>24,020,000</b>	<b>8.2%</b>	<b>16.4%</b>	<b>1,970,000</b>	<b>77.8%</b>	<b>50.1%</b>	<b>3.7%</b>	<b>4.8%</b>	<b>19.1%</b>
Mining Inventory (incl Inferred)		13,330,000	26,880,000	8.0%	16.5%	2,135,000	78.3%	50.1%	4.2%	5.1%	19.0%

High Grade Resources @ 2.5% HM Cut-off						* Boonanarring 2.0% Cut-off (Optiro Report 13/01/2017)					
Resource	Category	Volume	Tonnes	% HM	% SLIMES	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Atlas	Measured	4,810,000	9,700,000	8.5	15.3	820,000	76.0	52.0	5.0	8.0	11.0
Atlas	Indicated	520,000	1,080,000	3.2	19.2	34,000	74.0	53.0	8.0	7.0	6.0
<b>Atlas Total</b>		<b>5,330,000</b>	<b>10,780,000</b>	<b>7.9</b>	<b>15.7</b>	<b>854,000</b>	<b>76.0</b>	<b>52.0</b>	<b>5.0</b>	<b>8.0</b>	<b>10.0</b>
Boonanarring*	Measured	4,105,263	7,800,000	8.2	14	639,600	71.5	47.3	1.9	2.2	20.1
Boonanarring*	Indicated	13,736,842	26,100,000	5.3	18	1,383,300	73.3	49.6	2.0	2.5	19.2
Boonanarring*	Inferred	5,210,526	9,900,000	4.5	21	445,500	69.2	50.3	3.5	3.5	11.9
<b>Boonanarring Total*</b>		<b>23,052,632</b>	<b>43,800,000</b>	<b>5.6</b>	<b>18</b>	<b>2,468,400</b>	<b>72.0</b>	<b>49.1</b>	<b>2.2</b>	<b>2.6</b>	<b>18.1</b>
Gingin Nth	Indicated	680,000	1,320,000	5.7	15.7	80,000	75.0	57.0	9.0	3.0	5.0
Gingin Nth	Inferred	580,000	1,090,000	5.2	14	60,000	78.0	57.0	11.0	4.0	6.0
<b>Gingin Nth Total</b>		<b>1,260,000</b>	<b>2,410,000</b>	<b>5.5</b>	<b>15</b>	<b>140,000</b>	<b>77.0</b>	<b>57.0</b>	<b>10.0</b>	<b>3.0</b>	<b>6.0</b>
Gingin Sth	Measured	870,000	1,530,000	4.4	7.2	67,000	79.0	51.0	15.0	6.0	8.0
Gingin Sth	Indicated	3,240,000	5,820,000	6.5	7.1	380,000	91.0	68.0	10.0	5.0	8.0
Gingin Sth	Inferred	400,000	730,000	6.5	8.4	48,000	92.0	67.0	8.0	6.0	11.0
<b>Gingin Sth Total</b>		<b>4,510,000</b>	<b>8,080,000</b>	<b>6.1</b>	<b>7.3</b>	<b>495,000</b>	<b>89.0</b>	<b>65.0</b>	<b>10.0</b>	<b>5.0</b>	<b>8.0</b>
Helene	Indicated	5,600,000	11,500,000	4.6	18.6	520,000	84.0	70.0	1.0	3.0	11.0
Hyperion	Indicated	1,800,000	3,700,000	7.8	19.3	290,000	71.0	56.0	0.0	6.0	9.0
<b>Cooljarloo Nth Total</b>		<b>7,400,000</b>	<b>15,200,000</b>	<b>5.3</b>	<b>18.7</b>	<b>810,000</b>	<b>78.5</b>	<b>64.2</b>	<b>0.5</b>	<b>4.4</b>	<b>9.4</b>
Red Gully	Indicated	1,930,000	3,410,000	7.8	11.5	270,000	90.0	66.0	8.0	3.0	12.0
Red Gully	Inferred	1,455,000	2,570,000	7.5	10.7	190,000	90.0	66.0	8.0	3.0	12.0
<b>Red Gully Total</b>		<b>3,385,000</b>	<b>5,980,000</b>	<b>7.7</b>	<b>11.2</b>	<b>460,000</b>	<b>90.0</b>	<b>66.0</b>	<b>8.0</b>	<b>3.0</b>	<b>12.0</b>
<b>Grand Total</b>		<b>44,937,632</b>	<b>86,250,000</b>	<b>6.0</b>	<b>16.3</b>	<b>5,227,400</b>	<b>77.0</b>	<b>55.1</b>	<b>3.9</b>	<b>4.0</b>	<b>13.6</b>

<sup>1</sup> Refer to the 31 May 2013 release <http://www.asx.com.au/asxpdf/20130531/pdf/42g6v9v0jxn3hg.pdf> for full details of the Boonanarring Mineral Resource/Reserve Estimate for full details of the Boonanarring Mineral Resource/Reserve Estimate

Dredge Resources at 1.0% HM cut-off																
Project Area	Resource Category	Volume	TONNES	%	%	HM	VHM	Ilmenite %	Leucoxene %	Rutile	Zircon	Ilmenite	Leucoxene	Rutile	Zircon	VHM Tonnes
				HM	Slime	TONNES	%		%	%	%	%				
Titan	Indicated	10,300,000	21,200,000	1.8	22.1	380,000	84.4	71.9	2.0	1.0	9.5	270,000	7,000	5,000	36,000	318,000
Titan	Inferred	58,500,000	115,400,000	1.9	18.9	2,210,000	84.3	71.8	2.0	1.0	9.5	1,592,000	45,000	22,000	210,000	1,869,000
Titan	Total	68,800,000	136,600,000	1.9	19.4	2,590,000	84.4	71.9	2.0	1.0	9.5	1,862,000	52,000	27,000	246,000	2,187,000
Telesto	Indicated	1,700,000	3,500,000	3.8	18.4	130,000	82.6	67.5	3.4	2.2	9.5	100,000	5,000	3,000	13,000	121,000
Calypso	Inferred	27,100,000	51,500,000	1.7	13.7	850,000	84.6	68.8	3.5	1.6	10.6	585,000	30,000	14,000	90,000	719,000
Sub Total	Indicated	12,000,000	24,700,000	2.1	21.6	510,000	86.1	72.5	2.4	1.6	9.6	370,000	12,000	8,000	49,000	439,000
Sub Total	Inferred	85,600,000	166,900,000	1.8	17.3	3,060,000	84.6	71.1	2.5	1.2	9.8	2,177,000	75,000	36,000	300,000	2,588,000
Cooljarloo Total		97,600,000	191,600,000	1.9	17.8	3,570,000	84.8	71.3	2.4	1.2	9.8	2,547,000	87,000	44,000	349,000	3,027,000
Bidaminna	Inferred	26,300,000	44,600,000	3.0	3.6	1,350,000	96.0	82.4	7.2	1.0	5.4	1,113,000	97,000	13,000	73,000	1,296,000
Total Dredge		123,900,000	236,200,000	2.1	15.1	4,920,000	84.3	65.6	4.6	2.9	11.3	3,660,000	184,000	57,000	422,000	4,323,000

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

**IMAGE RESOURCES NL**

ABN

**57 063 977 579**

Quarter ended ("current quarter")

**31/12/2016**

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	22	22
1.2	Payments for		
	(a) exploration & evaluation	(658)	(1,145)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(566)	(1,342)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	13	19
1.5	Interest and other costs of finance paid	(101)	(113)
1.6	Income taxes paid/R&D refund received	-	-
1.7	Other (provide details if material)	-	-
<b>Net operating cash flows</b>		<b>(1,290)</b>	<b>(2,559)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(39)	(84)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other – deposit at call proceeds	-	750
	Other – security deposit payments	(20)	(20)
<b>Net investing cash flows</b>		<b>(59)</b>	<b>646</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,349)</b>	<b>(1,913)</b>

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1.13	Total operating and investing cash flows (brought forward)	(1,349)	(1,913)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) – share issue expenses	(3)	(15)
1.20	Other – borrowings transaction expenses	-	-
<b>Net financing cash flows</b>		<b>(3)</b>	<b>(15)</b>
<b>Net increase (decrease) in cash held</b>		<b>(1,352)</b>	<b>(1,928)</b>
1.20	Cash at beginning of quarter/year to date	2,460	3,036
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,108</b>	<b>1,108</b>

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	149
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	-

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	4,000
3.2	Credit standby arrangements – bank guarantees	55



### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,440
4.2 Development	-
4.3 Production	-
4.4 Administration	680
<b>Total</b>	<b>2,120</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	590	1,174
5.2 Deposits at call	518	1,286
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,108</b>	<b>2,460</b>

### Changes in interests in mining tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Refer Quarterly Report			
6.2 Interests in mining tenements acquired or increased	Refer Quarterly Report			

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#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	<b>Preference *securities</b> (description)	N/A			
7.2	Changes during quarter:				
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>*Ordinary securities</b>				
	Fully paid	379,511,740	379,511,740		
7.4	Changes during quarter:				
	(a) Increases through issues - Placement				
	(b) Decreases through returns of capital, buy-backs				
7.5	<b>*Convertible debt securities</b> (description)	N/A			
7.6	Changes during quarter:				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)			Exercise price	Expiry date
	Over fully paid shares	1,500,000	Not quoted	8.5 cents	4/12/2018
	Over fully paid shares	1,500,000	Not quoted	10.0 cents	4/12/2018
	Over fully paid shares				
	Over fully paid shares				
	Over fully paid shares				
	Over fully paid shares				
7.8	Issued during quarter	N/A			
7.9	Exercised during quarter	N/A			
7.10	Expired during quarter	2,600,000	Not quoted		
7.11	<b>Debentures</b> (totals only)	N/A			
7.12	<b>Unsecured notes</b> (totals only)	N/A			

+ See chapter 19 for defined terms.

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
2. This statement does give a true and fair view of the matters disclosed.

Sign here:

  
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Date: 31 January 2017

Print name:

Dennis Wilkins (**Company Secretary**)

**Notes:**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities**  
The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
5. **Accounting Standards**  
ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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