

27 November 2017

FEASIBILITY STUDY NPV INCREASES TO \$197M FOR IMAGE RESOURCES BOONANARRING / ATLAS PROJECT

UPDATED BFS RESULTS WITH HIGHER COMMODITY PRICES AND UPDATED FX:

- Project Pre-Tax NPV of AU\$197M (up from A\$135M) at 8% discount rate
- Project Pre-Tax IRR of 104% (up from 64%)
- Payback period of 16 months (down from 22 months)

UNCHANGED BFS METRICS:

- Capital cost estimate of A\$52M
- Binding Off-Take Agreement for 100% of products/revenue in place
- Already acquired relocatable capital equipment to produce HMC
- Potential to extend Boonanarring mine life with high grade mineralisation confirmed with early-stage drill results.

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to announce updated Bankable Feasibility Study (BFS) results for its 100%-owned, high-grade Boonanarring and Atlas mineral sands deposits located in the infrastructure-rich North Perth Basin, with Boonanarring approximately 80km north of Perth, Western Australia.

The original BFS results were announced to the ASX on 30 May 2017 (“Original BFS”). The BFS has been updated to reflect **significantly higher mineral sands commodities price forecasts recently published by TZ Mineral International Pty Ltd (TZMI) as well as updated AUD/USD exchange rate forward curve (FX) (“Updated BFS”)**. Other material assumptions underpinning the Original BFS remain unchanged.

The increases in forecast commodity prices by TZMI were driven by the rapid rises in mineral sands commodity prices experienced after the Original BFS was finalised and results announced.

Updated Mineral Sands Commodity Price Forecasts by TZMI in November 2017 are presented in Figure 1 and the Original Mineral Sands Commodity Price Forecasts by TZMI in April 2017 as used in the Original BFS are presented in Figure 2. Prices in Figures 1 and 2 reflect the specific forecast prices for Image’s Boonanarring project products including appropriate quality discounts. Longer term commodity price forecasts for the Atlas project products remained unchanged from the Original BFS. Figure 3 is a comparison of the November 2017 FX forward curve used in the Updated BFS and the May 2017 FX forward curve used in the Original BFS.

The inclusion of higher commodity prices (as forecast by TZMI) in the Updated BFS financial model has a substantial and positive impact on the project net present value (NPV), internal rate of return (IRR) and debt payback period when compared to the results of the Original BFS. **Updated BFS NPV increased 45% to AU\$197M**, compared to AU\$135M in the Original BFS. **Updated BFS IRR increased to 104%**, compared to 64% in the Original BFS, and **Updated BFS payback period for the repayment of capital decreased to 16 months**, compared to 22 months in Original BFS.

Figure 1: Updated Mineral Sands Commodity Price Forecast

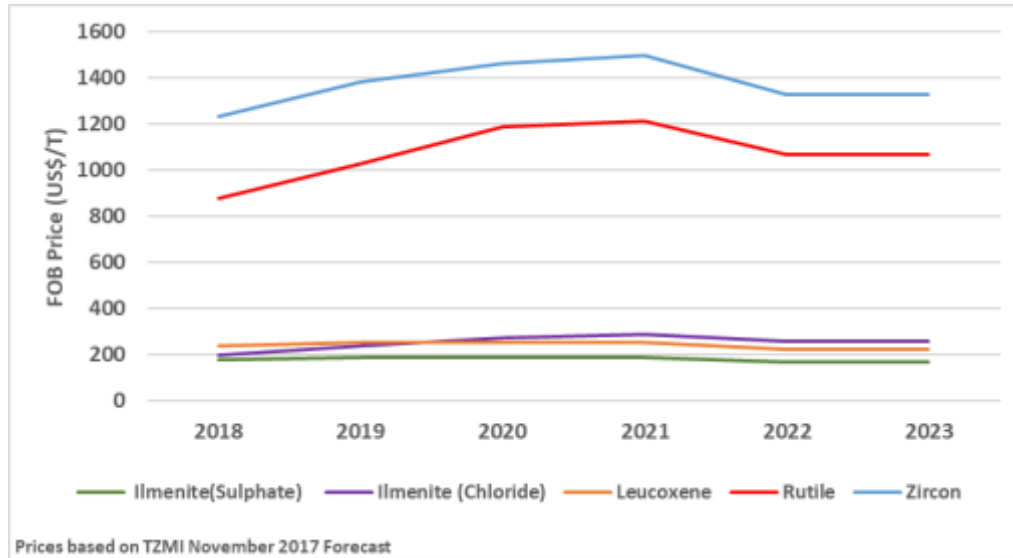


Figure 2: Mineral Sands Commodity Price Forecast Used in the Original BFS

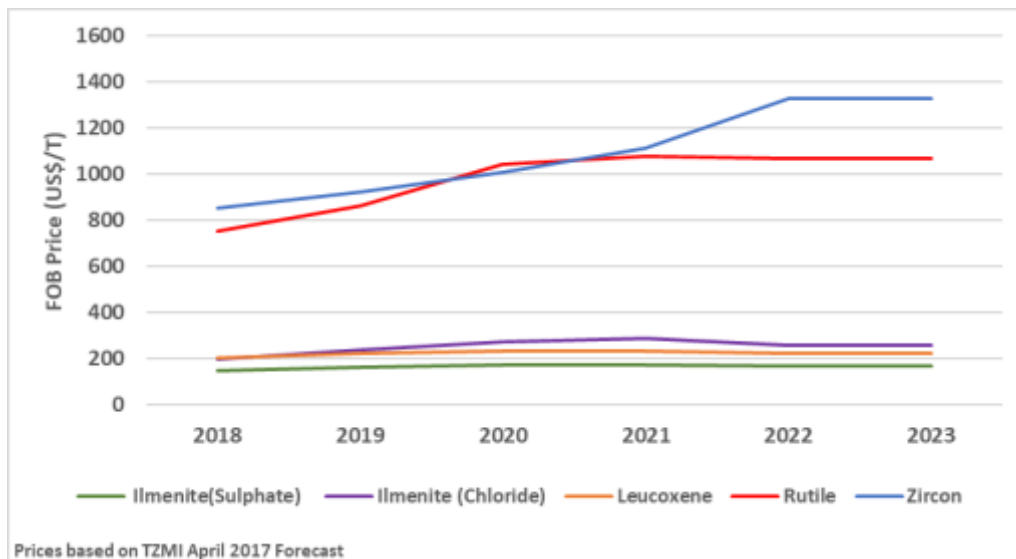
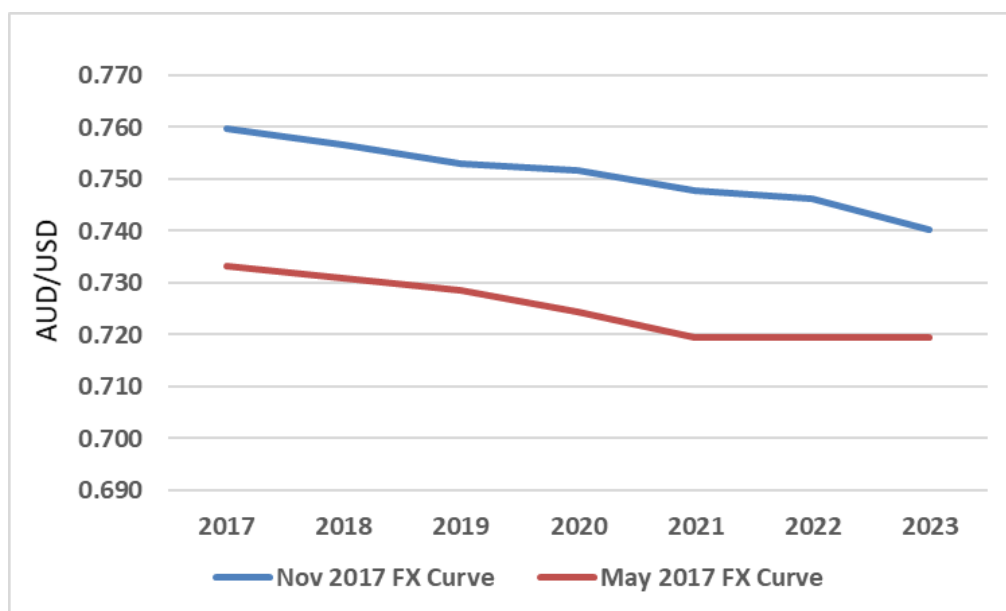


Figure 3: AUD/USD Foreign Exchange Rate (FX) Curves



Importantly, several key aspects of the Boonanarring / Atlas Project, as presented in the Original BFS, remain unchanged. These include ownership of the capital equipment required to construct and commission the Boonanarring project and produce a heavy mineral concentrate (HMC) product; low project capital costs of only AU\$52M; and a binding off-take agreement for 100% of production for the life of the mine.

Update on Schedule to Secure Project Capital Funding

Significant interest has been received from institutions and sophisticated investors as well as potential debt providers to finance the project. The Company expects that the revised BFS results will serve to increase the level of interest in financing the Boonanarring project and possibly improve the commercial terms on which it is obtained.

The Company is targeting a mix of debt and equity to finance Boonanarring with approximately 60% of total project financing to be provided by way of project debt. Discussions with potential debt providers are continuing and the Company remains confident it will secure project debt financing on favourable terms during Q1 2018. Accordingly, the decision to mine has been rescheduled to Q1 2018 with project construction and commissioning to follow. The timeline for first production remains at six (6) months following the decision to mine.

The criteria for a decision to mine includes the following:

- The receipt of all necessary government agency approvals, consents, licences, permits and registrations;

- Full project funding facilities in place and available for drawdown; and
- All material contracts, necessary for the construction and commencement of mining and HMC production, negotiated and prepared for execution.

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