

QUARTERLY ACTIVITIES REPORT – for quarter ended 31 March 2019

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Issued Capital
 Shares – Quoted
 964,247,598
 As at 31 March 2019

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

HIGHLIGHTS

- **First full quarter as operational mining company** at 100%-owned Boonanarring Mineral Sands Project located 80km north of Perth, WA.
- **In only the second month of production ramp-up period (January 2019) heavy mineral concentrate (HMC) production was 25,492 dry metric tonnes (DMT) or 127% of long-term, full-scale, average monthly production rate of 20,000 DMT.**
- **HMC production for the quarter was 68.7K DMT or 167% of the 41.1K DMT budget.**
- **Heavy mineral (HM) ore grade was 11.1% HM or 176% of 6.3% HM budgeted.**
- **Ore processed was significantly lower than budgeted (664Kt vs. 762Kt),**
- **HMC sales were 47.9K DMT or 106% of 45.0K DMT budget. HMC inventory at the end of the quarter was 38.5K DMT.**
- **Revenue was \$24.8M or 106% of \$23.4M budget. Average revenue per DMT HMC Sold was slightly lower than budget (\$517 vs. \$521).**
- **Project operating costs were \$15.4M or 72% of \$21.3M budget.**
- **Project operating 'unit' costs per DMT HMC Sold were substantially lower than budget (\$322 vs. \$473).**
- **Average margin (revenue minus project operating costs) per DMT HMC Sold was substantially higher than budget (\$195 vs. \$48). Similarly, EBITDA was substantially higher than budget (\$9.3M vs. \$2.1M).**
- **March Quarter summary and annual guidance:**

	QTR Actual	Annual Guidance*	
		Low	High
HMC Produced (DMT)	68,736	220,000	240,000
HMC Sold (DMT)	47,947	220,000	240,000
Revenue (\$million)	24.8	125	142
Revenue/DMT HMC Sold	517	568	592
Project Operating Costs (\$million)	15.4	85	95
Project Operating Costs/DMT HMC Sold	322	385	420
Project EBITDA	A\$9.3M	A\$40M	A\$50M

* As announced to the ASX 18 February 2019 (Image Resources CY 2019 Guidance)

- **Cash at the end of the quarter was \$7.4M excluding \$10M from the sale of HMC shipment No. 3 which sailed on 27 March 2019 as funds from the conversion of the letter of credit were received in early April.**
- **Zero lost time accidents** through construction, commissioning and four months of production.
- **The USD:AUD foreign exchange rate remained favourable ending the quarter below 0.71;**
- **The market price for premium grade zircon used as a benchmark to determine the standard grade price for Image's zircon in its HMC product remained unchanged during the quarter. However, the market price for standard grade zircon in China decreased by US\$60-90/t during the quarter to US\$1,425-1,475/t.**

ACTIVITIES REPORT

High Level Summary

The Company successfully completed its first full quarter as an active mining company at its 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project located 80km north of Perth in the North Perth Basin in WA. This cements the Company's position as Australia's newest mineral sands mining company.

Overall, performance for the quarter was very positive with heavy mineral concentrate (HMC) production, product sales and revenue all higher than budgeted, while project operating costs were substantially lower than budgeted. The net result being demonstrated profitability with project operating margin and EBITDA at 400% of budget. Unfortunately, cashflow was lower than it could have been due as the receipt of AU\$10M cash from the sale of the third shipment of HMC being received in the first week of April.

Another positive outcome was the identification of the likely presence of a high-grade Core in the eastern strand of the Boonanarring deposit which may not have been adequately delineated by the typical 15-20m drill spacings used to determine the current Mineral Resources and Ore Reserves. Once a close-spaced drilling programme, designed to adequately delineate the Core, is completed, the Mineral Resources and Ore Reserves will be re-estimated and could result in a positive upgrade of the overall Ore Reserve. The close-spaced drilling programme commenced on 1 April 2019.

Photo 1 – Night Operations at Boonanarring



Details

Zero Lost Time Injuries

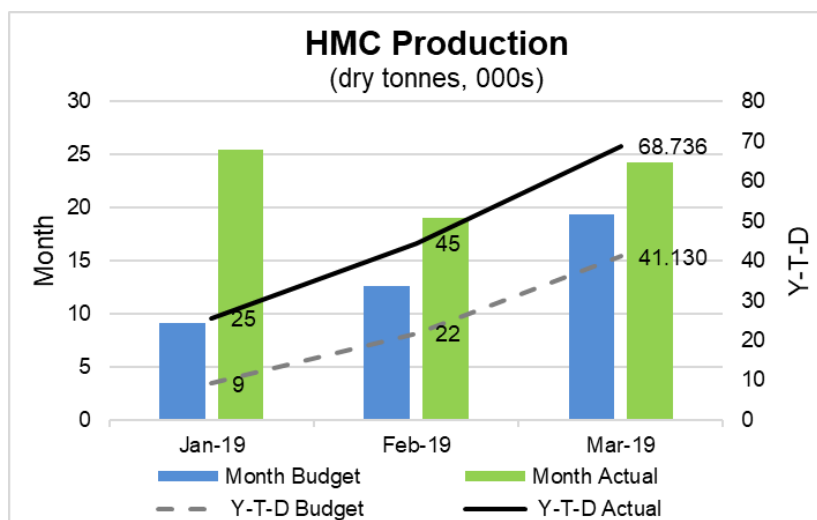
The Company completed its first full quarter of mining and ore processing operations with zero lost time injuries. This completes 12 months site operations, including project construction, commissioning and four months of operations, with zero lost time injuries. The Company remains committed to the promotion of a safety culture including safety programmes and procedures that encourage job safety analysis and planning as well as active incident reporting for the purpose of continual improvement of the health, safety and well-being of all employees, contractors, visitors and members of the community as well as protection of the environment.

Operating Statistics

HMC Production: January 2019 was only the second month of the production ramp-up period and HMC production of 25,492 tonnes not only exceeded budget, but also exceeded the long-term, full-scale average monthly production rate of 20,000 tonnes of HMC. This result implies the Boonanarring project ramped-up to full-scale production in only two months.

HMC production for February and March also exceeded budget (Figure 1), such that HMC production for the quarter was 167% of budget with the surplus production of 27.6K tonnes amounting to 1.4 months of production at the long-term, full-scale average monthly production rate of 20,000 tonnes.

Figure 1 – HMC Production

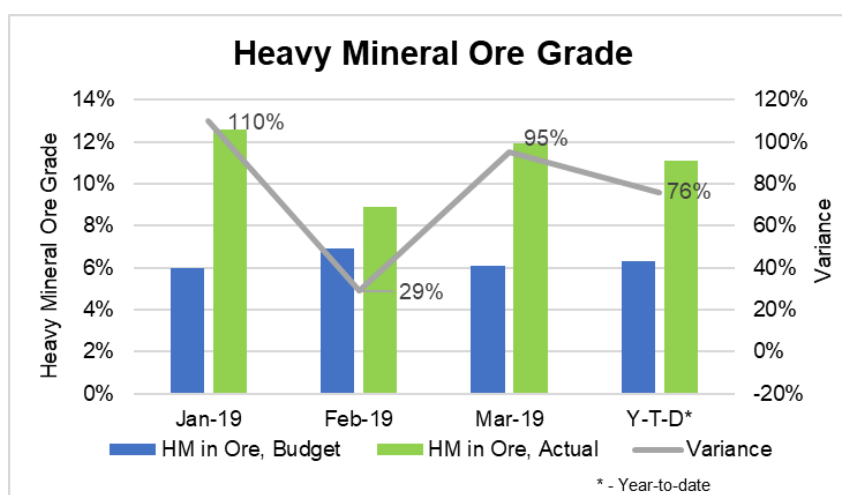


Ore Feed Grade: The primary reason for the higher HMC production was substantially higher ore grade. The average ore grade forecast in the budget for the quarter was 6.3% heavy minerals (HM), however the actual average ore grade was 11.1% HM or 176% of budget [or a variance of 76%; (actual – budget)/budget]. Refer Figure 2.

As announced to the ASX on 14 March 2019 (Image Resources Targeting Ore Reserve Upgrade at Boonanarring in Response to Substantially Higher than Expected Ore Grades) this higher ore grade is believed to be due to the presence of a very high-grade horizontal Core running along strike within the eastern strandline that may not have been adequately delineated using the standard 15-20 metre drill hole spacing typically used for mineral sands deposits. A close-spaced drilling programme (2.5-5m spaced holes on 50m lines) has been designed to address the high variability of ore grade in the Core.

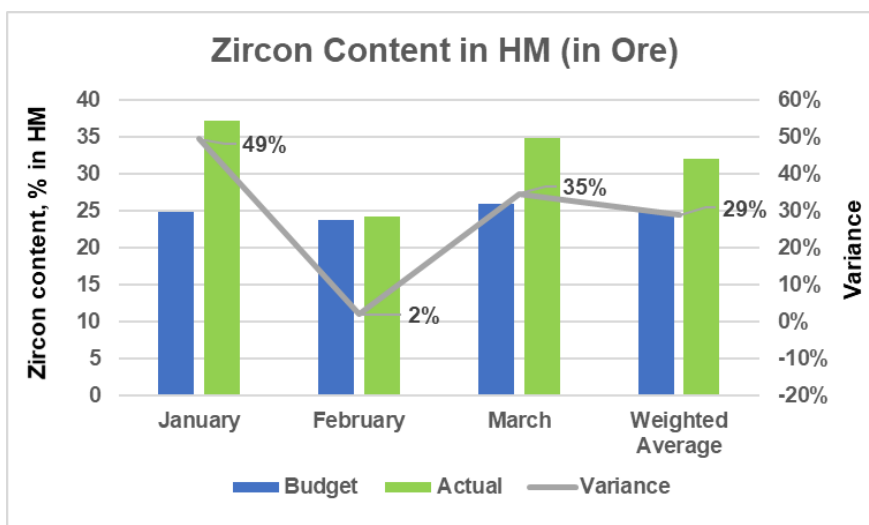
The close-spaced drilling programme commenced on 2 April 2019 and the full programme of drilling, analysis, Mineral Resources estimate, mine modelling and Ore Reserve determination is anticipated to be complete near the end of June 2019.

Figure 2 – Ore Grade



Zircon Grade in Ore: In addition to higher HM ore grade, analysis of HM indicates it contains a significantly higher concentration of zircon than estimated in the Ore Reserve (Figure 3). A simple comparison of Figure 2 and 3 indicates the higher the HM grade, the higher the zircon concentration in the HM. On average, the zircon grade in the ore assayed 29% higher than estimated in the ore reserve for the ore processed in this quarter. If this trend continues throughout the Ore Reserve, it has the potential to have a significant impact on overall revenue as zircon represents more than 80% of total revenue.

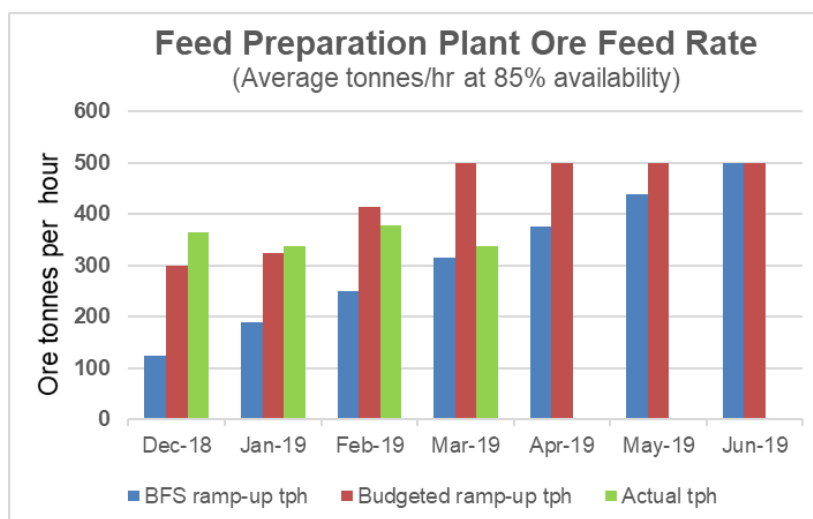
Figure 3 – Zircon Grade in Ore



Ore Feed Rate: The ore processing rate to the feed preparation plant (FPP) was lower than budgeted in February and again in March (Figure 4). Total ore processed during the quarter was significantly lower than budgeted at 664K tonnes versus a budget of 762K tonnes. The primary contributor to the lower ore feed rates is due to the unexpected high ore grade which results in HMC production that exceeds the current capacity of the HMC cleaning and dewatering circuits, and which requires the ore feed rate to be reduced. Work is underway to identify required design changes to increase the capacity of these circuits to accommodate higher ore grades at higher ore processing rates.

The second contributor to lower ore feed rate is limited capacity of the FPP trommel when processing ore with higher clay content, generally from the western ore strand. Options to expand the trommel screening capacity, including replacement with a larger unit, are being evaluated as a matter of priority.

Figure 4 – Ore Feed Rate



Operating Summary: With exception to the ore processing rate, all other operating statistics for the quarter exceeded budget targets. In March 2019, the HM Recovery target was decreased to 86% as a step to increase overall quality of the HMC. This change was successful as the heavy minerals not recovered are non-valuable.

Table 1 – Operating Statistics

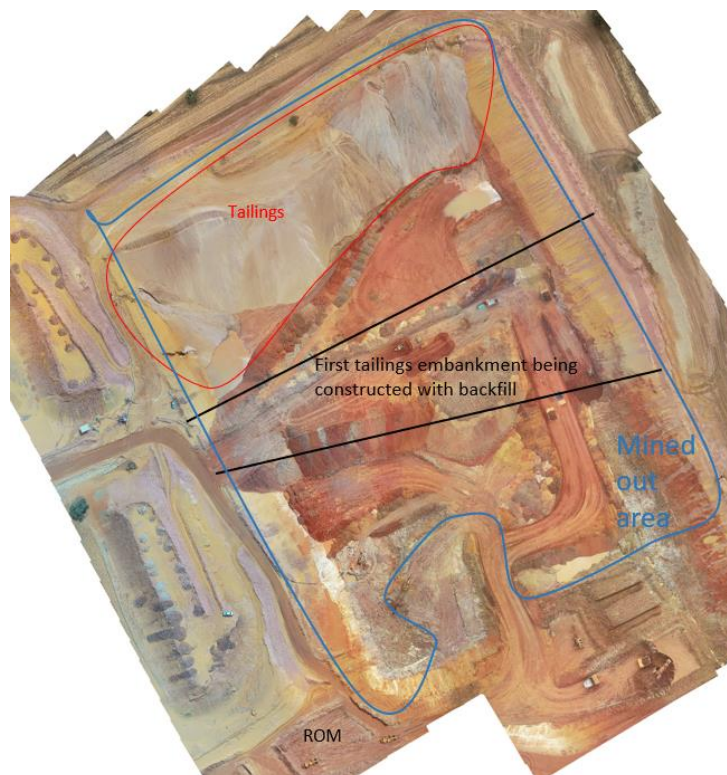
Item	Unit	March 2019			Q1 2019		
		Actual	Budget	Variance	Actual	Budget	Variance
FPP/WCP runtime	hrs.	651	632	3%	1,896	1,835	3%
Availability	%	87.5	85.0	3%	87.8	85.0	3%
FPP Ore Feed	t	219,699	319,697	-31%	446,977	556,580	-20%
FPP Ore Feed	tph	337	506	-33%	236	303	-22%
Ore HM grade	%	11.9	6.1	95%	11.1	6.3	76%
HMC produced	t	24,224	19,425	25%	68,736	41,130	67%
HMC HM grade	%	93.0	90.0	3%	92.4	90.6	2%
HM Recovery	%	85.8	90.0	-5%	86.3	80.8	7%

Notes: FPP = Ore Feed Preparation Plant
WCP = Wet Concentration Plant
HMC = Heavy Mineral Concentrate
HM = Heavy Mineral
Variance = (Actual - Budget)/Budget

Mining

Overburden removal and ore mining by contractor Piacentini & Son continued successfully throughout the reporting period. Overburden removal and ore mining is progressing according to the mine schedule. Ore was mined from both the western and eastern strandlines. Due to the extreme ore grade variability (2% to 45+% HM), ore blending continues to be a key element of mine scheduling and control. Piacentini also continues to construct solar cells for slimes disposal and more recently commenced construction of the first in-pit embankment to facilitate a transition to co-disposal of tailings sands and slimes.

Figure 5 – Mine Footprint



HMC Sales

A total of three bulk shipments of HMC were completed (one per month) during the reporting period. Total dry metric tonnes (DMT) shipped were 47,947 or 106% of 45,000 DMT budget (see Table 2). All sales were completed under the existing HMC off-take agreements and reflected market pricing for the 30-day period leading up to the time of each shipment.

Table 2 – HMC Shipping Log

Q1 2019 HMC Shipping Summary						
Shipment ID	Ship Date	Dry Tonnes	Vessel	ZrO2	TiO2	Budget Tonnes
IMA-NAT-001	12-Jan-19	10,026	Shanghai Spirit	15.5%	34.2%	10,000
IMA-NAT-002	16-Feb-19	20,039	Globe Explorer	17.7%	32.4%	15,000
IMA-NAT-003	27-Mar-19	17,882	Crimson Grace	20.0%	32.2%	20,000
	Totals	47,947				45,000

Revenue

Total revenue for the first three shipments of HMC was AU\$24.8M or 106% of \$23.4M budget. Average revenue per DMT HMC sold was slightly lower than budget (\$517 vs. \$521) due to lower quality product during initial stages of operation and due to a softening of standard grade zircon prices. The quality of the HMC improved rapidly in January and February to target levels at greater than 90% HM and continued to improve in ZrO2 content throughout the quarter.

Revenue was restrained by sales but not by production, as HMC production outstripped HMC sales, leading to an inventory build-up of 38.5K tonnes HMC at the end of March. The Company is actively seeking additional buyers outside of the current off-take agreements for the surplus production, as this unanticipated extra production has taxed the current off-takers' capacity in the short-term.

Operating Costs

Project operating costs were substantially lower than budget at \$15.5M or only 72% of \$21.3M budget for the quarter. Similarly, project operating 'unit' costs were lower than budget at \$322/t HMC sold or 68% of \$473/t budgeted costs. Costs including exploration and corporate were \$355/t HMC sold or 67% of \$526/t budget.

Operating costs were lower than budget due to lower overall costs in most categories and also due to the mining and processing of fewer ore tonnes due to the higher than anticipated HM ore grade.

Operating Margin and EBITDA

Overall average margin of \$195 per DMT HMC Sold (unit revenue minus unit project operating costs) was substantially higher than budget of \$48, due to lower project operating costs and favourable USD:AUD exchange rate. As a result, EBITDA for the quarter was also substantially higher at \$9.3M compared to a budget of \$2.1M.

Quarter Summary and Annual Guidance

	QTR Actual	Annual Guidance*	
		Low	High
Ore Tonnes Processed (million)	0.66	3.4	3.7
HMC Produced (DMT)	68,736	220,000	240,000
HMC Sold (DMT)	47,947	220,000	240,000
Revenue (\$million)	24.8	125	142
Revenue/DMT HMC Sold	517	568	592
Project Operating Costs (\$million)	15.4	85	95
Project Operating Costs/DMT HMC Sold	322	385	420
Project EBITDA	A\$9.3M	A\$40M	A\$50M

* As announced to the ASX 18 February 2019 (Image Resources CY 2019 Guidance)

Cash

Cash at the end of the quarter was \$7.4M excluding \$10M from the sale of HMC shipment No. 3 which sailed on 27 March 2019 but with receipt of funds from the letter of credit delayed until early April. Shipment No. 3 originally scheduled for mid-March was delayed to the end of the month due to ship availability.

Foreign Exchange Rate

For the second consecutive quarter the USD:AUD foreign exchange rate (FX) remained favourable ending the quarter below 0.71. The current budget is based on an assumed FX of 0.74.

Zircon Pricing

The premium grade zircon market price used as a benchmark to determine the standard grade price for Image's zircon in its HMC product remained steady with Iluka Resources announcing it would maintain its current published pricing for six months from 31 March 2019. However, due to weaker than expected economic conditions in China, the market price for standard grade zircon decreased during the quarter by US\$60-90/t to US\$1,425-1,475/t. The price drop is believed to be due to a softening of demand and inventory holders lowering selling prices to maintain cashflows. This situation is thought to be temporary as the underlying fundamentals of supply/demand remain positive for zircon.

Corporate

The Quarterly Activities and Cashflow Reports for the period ending 31 December 2018 were filed on 31 January 2019.

The Company approved a detailed budget for calendar year (CY) 2019 and published annual guidance for production, costs, revenue and EBITDA on 18 February 2019 (ASX announcement - Image Resources CY 2019 Guidance).

Exploration Highlights

- Discussions are continuing with three landowners, seeking access agreements to allow drilling of the northernmost 2.6km of the Boonanarring Deposit's Northern Extension.
- A total of 97 aircore infill holes have now been completed for 3770m in Boonanarring Block C with results pending and forms part of a larger 208 hole 10,400m drill programme planned initially in Blocks A, B and C with average depths of 50m to allow accurate wireframing of this high-grade zone
- The newer Boonanarring West mineralisation target area, which is only 600m west of the Boonanarring Deposit has now been enlarged to a significant 10km in length and a programme of 35 drillholes was completed this quarter. A program of 126 holes totalling 3150m is planned for 2019 mainly focused on the northern parts of the Boonanarring West target area, which will allow conversion of the northern Boonanarring West mineralisation to an Indicated JORC category.
- At Erayinia 10 RC holes for 1200m have been completed (results pending) to follow up fire assay results on 1m splits, which identified three, high-grade anomalous gold zones not previously defined by 4m composite sample chemical assays, and include intercepts of 3m at 11.5g/t Au from 92m including 2m at 16.6g/t Au from 93m in hole EYRC03; 2m at 9.9g/t Au from 56m in hole EYRC01; and 3m at 2.4g/t Au from 47m in hole EYRC01.

Boonanarring Northern Extension

The Company is still in discussions with three landowners regarding access agreements for delineation drilling over the 2.6km northernmost section of the extension of the high-grade Boonanarring deposit announced on 13 March 2017. If access agreements are secured, 80 drillholes for 3,840m on a 200m x 40m drill grid are likely required to convert the mineralisation in this area to an Indicated Mineral Resources Category (Fig. 1).

The Boonanarring high-grade northern extension area has been confirmed from previous roadside drilling and includes very high zircon grades ranging from 16.4% to 22.2% of the heavy mineral (HM) content, which includes outstanding HM high-grade intersections of 8m @ 23.8% HM in drillhole IX00245, 8m @ 21.1% HM in IX00244 and 8m @ 16.3% HM in IX00250 (ASX release 26/06/2017). In addition, the northernmost part of the extension area has a lower strip ratio of around 3.2:1 as compared to a higher strip ratio for the currently planned Boonanarring mine area. This extension area is deemed to be within economic pumping distance of the planned location of the Boonanarring wet concentration plant.

The grade is similar to Block A (double the average grade at half the strip ratio). Drilling of the Boonanarring Northern extension to Indicated Status would consist of 78 drillholes for 3500m on a 200m x 40m drill grid covering a 2.6km stretch, which is subject to access on three properties.

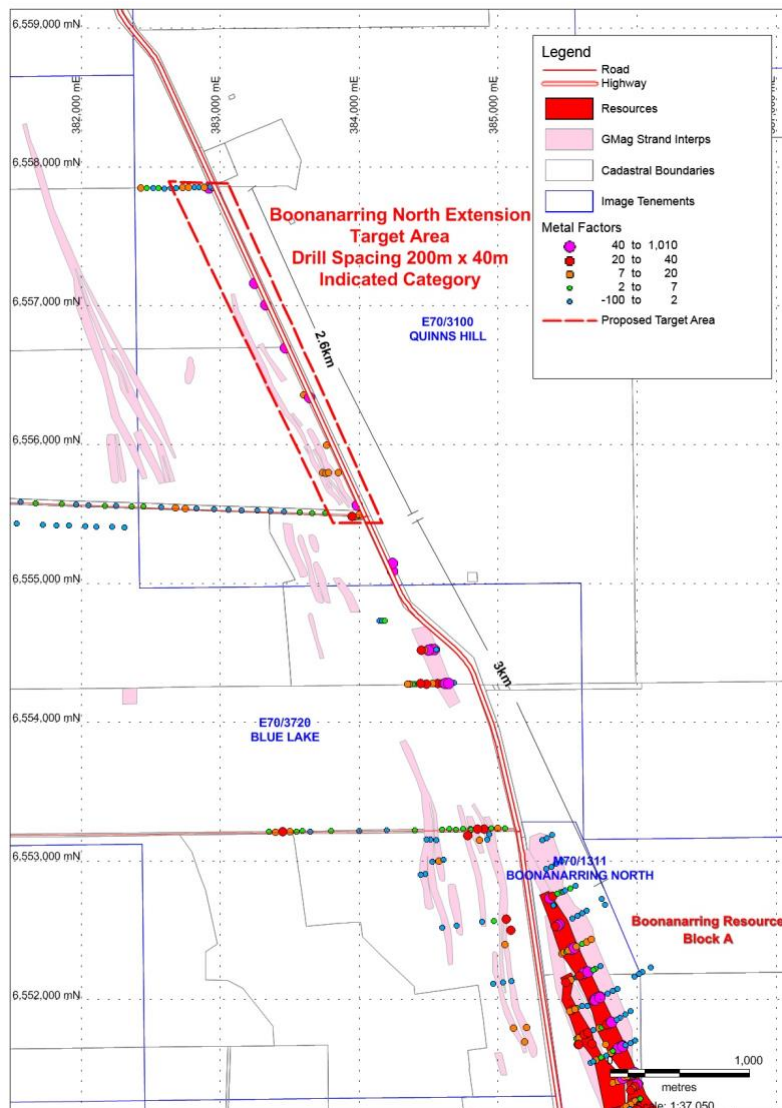


Figure 1. Boonanarring North Extension Target area showing proposed drilling subject to access

Boonanarring Mine Drilling

An infill programme on a 5m x 50m spacing has started with a corroborating detailed ground magnetic programme which will measure every 0.5m x 25m and help resolve the various highest-grade zones and map them in more detail and potentially discriminate more than one zone.

This very high-grade core zone is continuous through Blocks A, B and the northern part of C and resembles a horizontal cylinder in shape and is defined by the greater than 150GT contour. A large 10,400m drill programme is planned initially in Block B and C, comprising 206 AC holes for 10400m with an average depth of 50m. This will allow accurate wireframing of this high-grade zone.

So far 97 holes have now been completed for 3770m in Block C (Figure 2) and results are pending from the laboratory.

Another consideration is for more detailed zircon assays and composite work down the hole. This is important as the zircon gives 75% of the value of the project and all detailed variations should be evaluated. Often mining companies with higher zircon content deposits take Zircon assays every metre down the hole. An XRF logger has been ordered and will be trialled on some of the HM sachets and compared to the Qemscan analyses.

This very high-grade core zone is continuous through Blocks A, B and the northern part of C and resembles a horizontal cylinder in shape and is defined by the greater than 150GT contour (grade x thickness) as shown in Figure 2 and this infill programme is almost half completed.

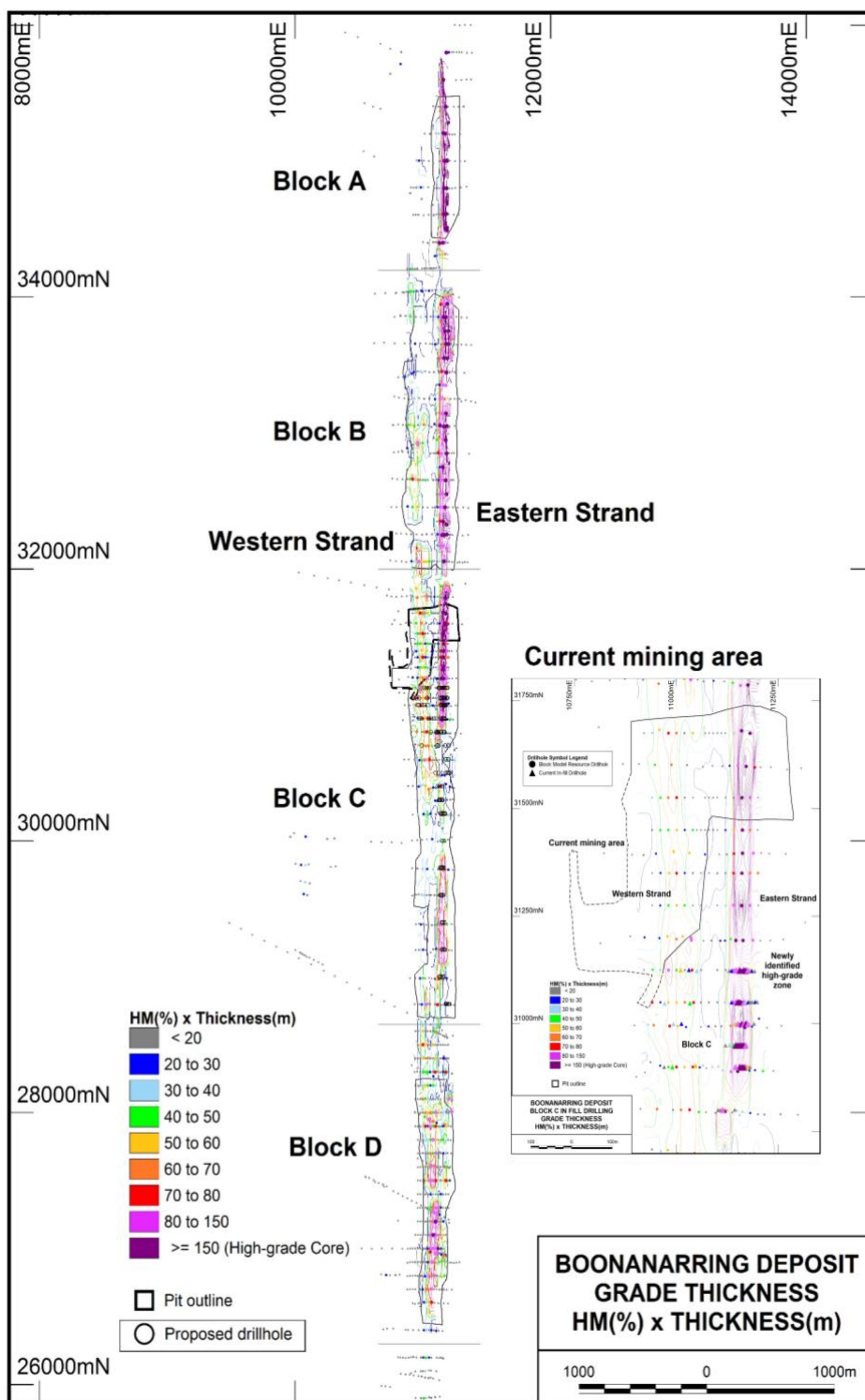


Figure 2 Proposed infill high grade core drilling within Blocks A, B, C and D within the Boonanarring Deposit.

After recent drilling at Boonanarring West and further ground magnetic interpretation a much larger target is outlined being 10000m x 300m, only 600m west of the Boonanarring Resource. The overall grade appears strongest in the northern parts of the Boonanarring West target after several drilling programmes. For this reason, most of the proposed drilling will be focused on the northern area.

To convert the northern Boonanarring West mineralisation to an Indicated JORC category, a 126 drillhole programme is planned for 2019 (Fig. 3). Of these 20 aircore holes have been drilled for 614m in the March 2019 quarter and assays are pending. Composite test work will be carried out to work out the percentage of zircon within the HM suite. The mineralisation is open to the SSE and is at a lower RL of 50–55 ASL compared to 65–70 ASL for the Boonanarring Resource.

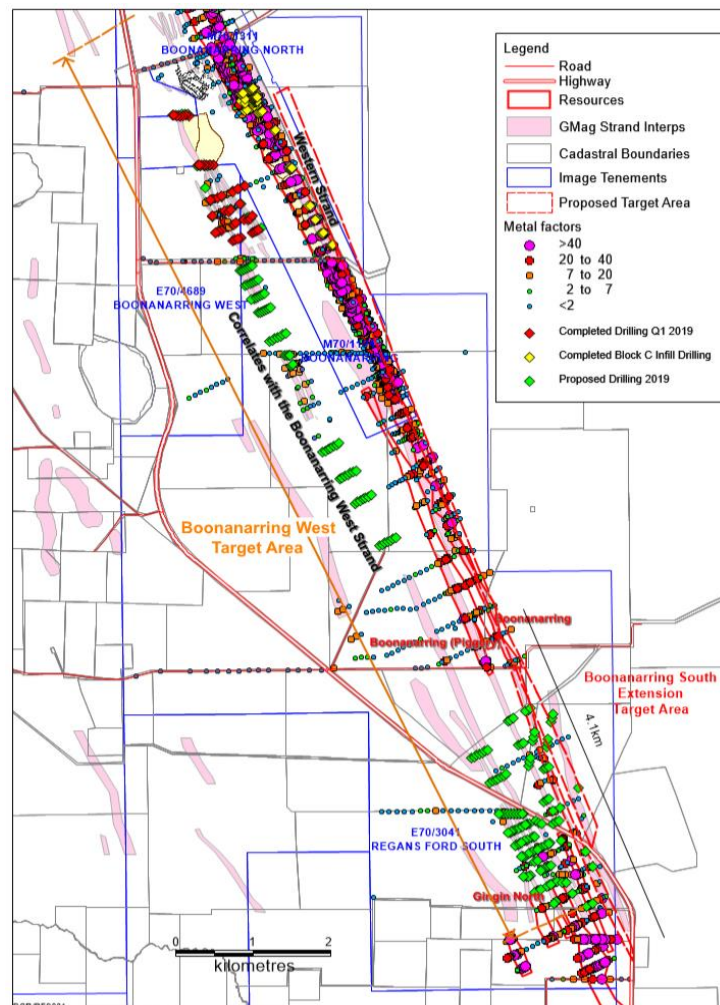


Figure 3. Boonanarring West Target Area showing proposed drilling in 2019

Bidaminna Mineral Resources and Northern Extension

The Bidaminna Project is unusual as the heavy mineral assemblage contains significant quantities of higher value leucoxene. The pricing of leucoxene can vary and can be 3 to 4 times the value of ilmenite. The leucoxene content in the current Mineral Resources (JORC 2004) area over 3 separate lines varies from 28% leucoxene in the HM in the southernmost part of the Mineral Resources area, up to 69% in the northernmost part of the Mineral Resources area.

Recent Qemscan and mini bulk testing suggest a lowering of the Leucoxene content moving north of the resource with increased altered Ilmenite. This variation can only be accurately defined by more drilling and bulk composite test work. The two mineralised zones are up to 35m thick and below the water table.

The Historical Resource of 44Mt at 3% HM @ 1% cut off is over a 6km length and our Exploration Target is 125–150Mt at 2–3%HM with a 0.5% cut off.

A 106-hole programme totalling 5618m is planned mainly north and south of the Moore River to outline the detailed variation in the leucoxene contents, which appears critical for the economics of this deposit (Fig. 5) following an extensive 30km environmental survey (botanical, banksia, dieback and heritage) completed in early October 2018. Of these 5 aircore holes have been drilled for 260m in the March 2019 quarter and results are pending.

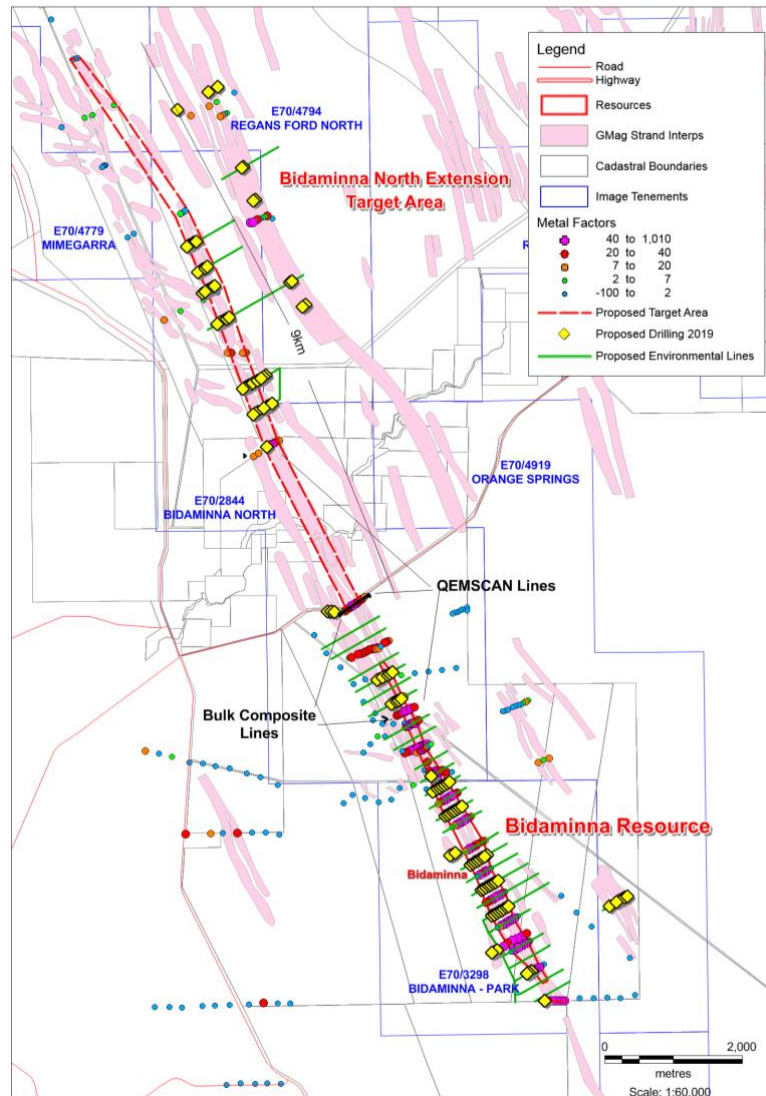


Figure 5. Bidaminnna Deposit and potential northern extension showing holes planned in 2019

Atlas Southern Extension drilling at Munbinia and Munbinia West and dredge target drilling at Woolka

The Woolka Dredge Target area is very large being 10km² and has potential for a very large resource. A 13-hole drilling programme was completed in the December Quarter. The results were encouraging, allowing Image to focus on the next major drilling programme in 2019. A major drilling programme of 94 holes totalling 3760m in 2019 is designed to locate a strategic world-class dredgeable deposit adjacent to Tronox's Cooljarloo 2000t/h dredging operation. This drilling will permit an Inferred/Indicated Resource to be calculated. Mineralisation is adjacent to and on direct strike with Tronox's Cooljarloo West dredging proposal area.

At Munbinia the southern extension of the Atlas Deposit (6.5km) will be tested by a 160-hole programme totalling 3200m over a potential 3km southern extension.

An 18-hole programme at Munbinia West was completed to test for new mineralisation over a km-long target area, which is only 3km west of the Atlas Deposit (Fig. 6). Only low-grade mineralisation was detected.

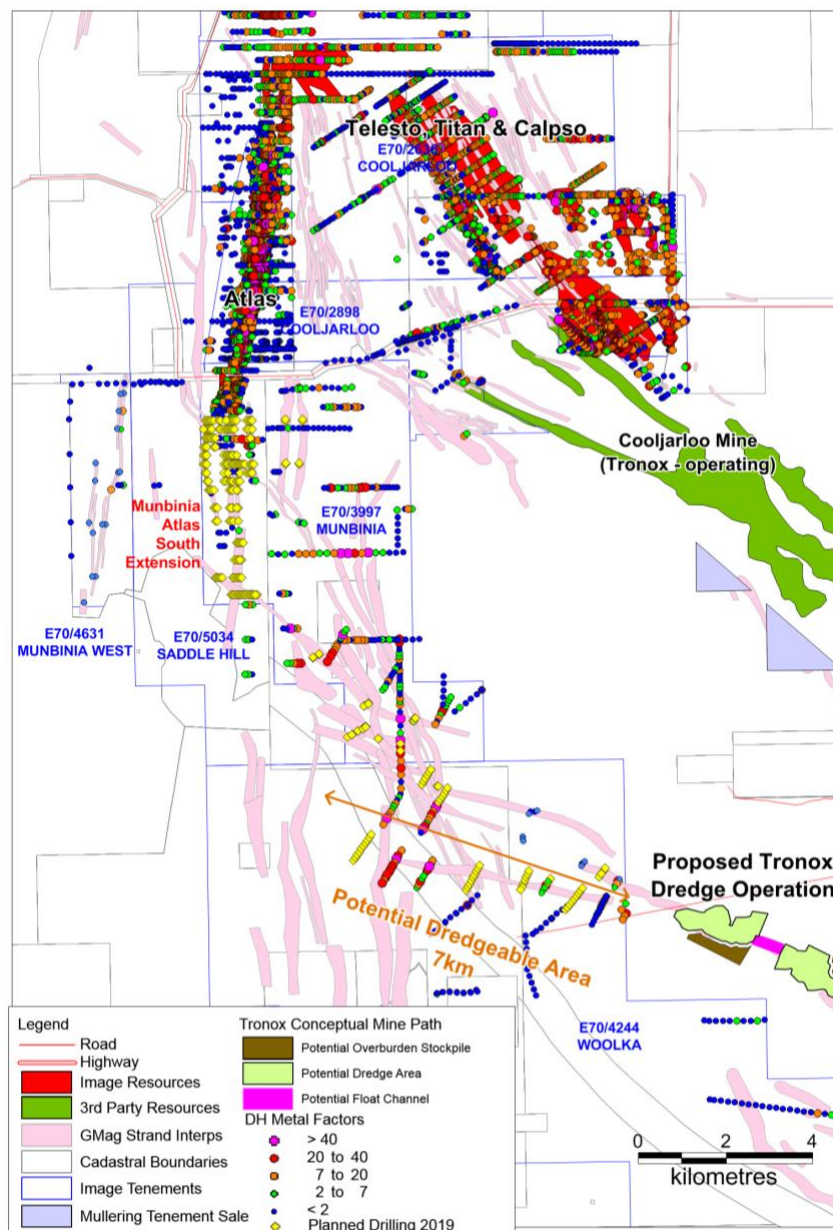


Figure 6. Atlas South Extension drilling at Munbinia and Munbinia West and dredge drilling at Woolka

Erayinia Gold Drilling

High-grade gold results were obtained from fire assay analysis of 1m splits (Figs 7 and 8) at Image's 100%-owned Erayinia prospect (E28/1845 and E28/2742 totalling 106.7km² located 130km ESE of Kalgoorlie where there are numerous operating gold mines. The drill programme has been successful in identifying strike continuity of the King mineralisation, which starts 350m to the south. A prospective shear zone is interpreted to extend the King mineralisation within the excised Prospecting Licences (P28/1320–21) to the north within Image Resource's tenement (E28/1895). The mineralisation within the adjoining P28/1320–21 is over 1km in length and is within a 150m-wide zone with maximum 1m gold intervals projected to surface.

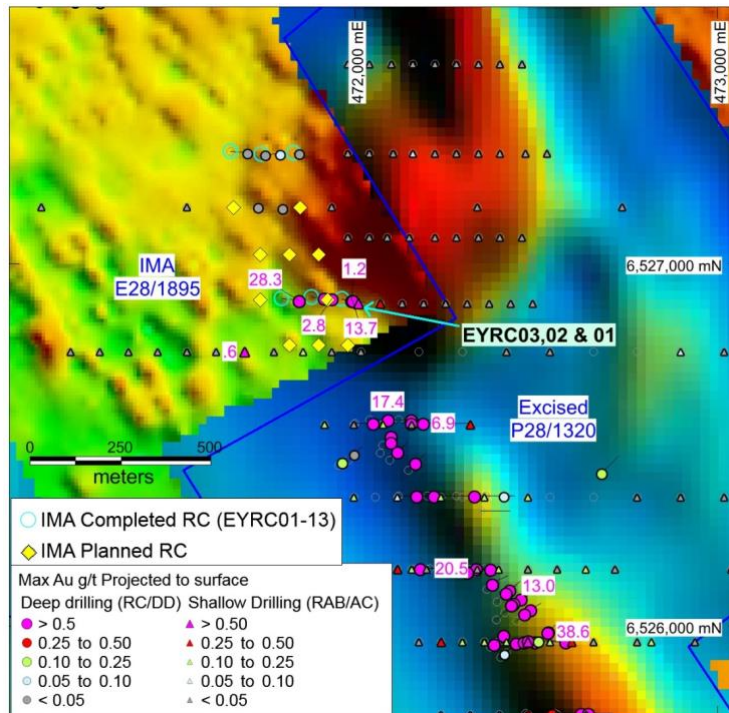


Figure 7. Ground Magnetism merged with Aeromagnetism with planned RC drilling, previous RC holes and historical AC holes

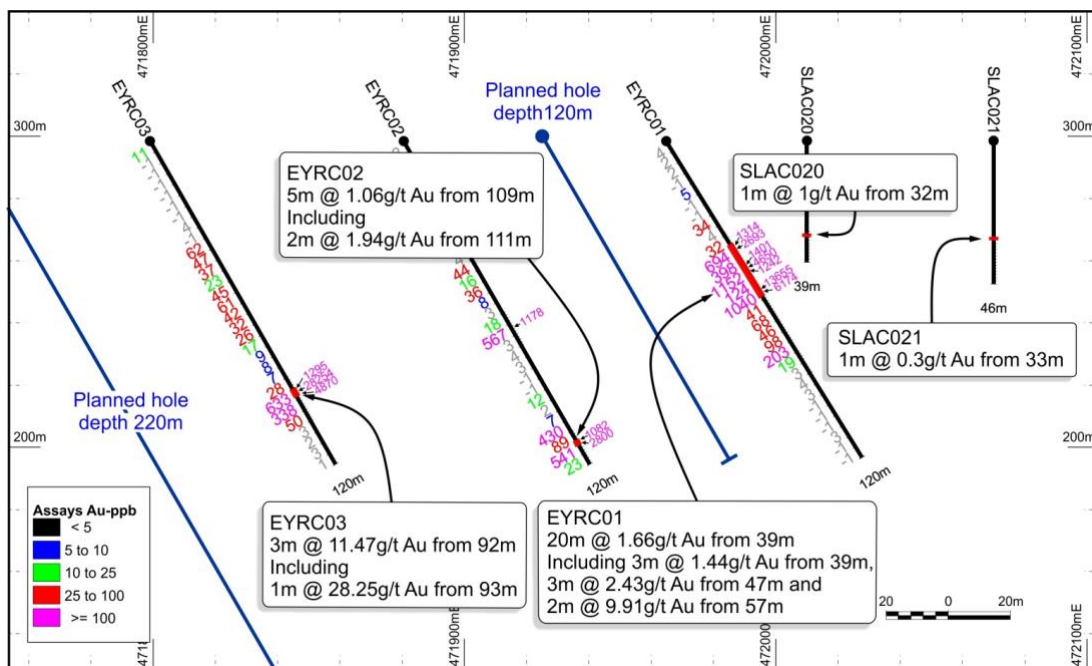


Figure 8. Cross section showing EYRC01,2,3 RC Intercepts from 1m assays and historical aircore drilling and planned RC drilling that will test the down dip potential.

The fire assay results (see IMA ASX Release 28 February 2019 show high grade gold intersections including 3m at 11.5g/t, which were much higher than the preliminary wet chemistry assays conducted on 4m composites, analysed by the aqua regia method (see IMA ASX Release 19 September 2018 for preliminary results).

The fire assay results on the 1m composites compared to the 4m composites analysed by aqua regia can be summarized as follows:

- 3m at 11.5g/t Au from 92m including 2m at 16.6g/t Au from 93m (fire assays) compared to the 4m composite at 0.63g/t Au (aqua regia assays) from 92m in hole EYRC03;
- 2m at 9.9g/t Au from 56m (fire assays) compared to the 4m composite at 1.04g/t Au (aqua regia assays) from 56m in hole EYRC01; and
- 3m at 2.4g/t Au from 47m (fire assays) compared to the 4m composite at 0.40g/t Au (aqua regia assays) from 44m in hole EYRC01.

As a result of these upgraded gold results, more anomalous zones will be analysed by fire assay over the 1m split intervals and a follow-up programme of 10 RC holes for 1200m has just finished and samples are being sent to the laboratory for analysis. This drill programme is designed to test the extent of the above high-grade zones (Figures 8 and 9) and includes 4 additional drill lines over a 500m strike length, to test for the potential NNW extent of this high-grade gold mineralisation.

The recently completed RC drilling programme of 7 RC holes (EYRC07 to EYRC13) totalling 337m is now considered of limited effectiveness as some of the holes drilled only went to a vertical depth of around 45m, which is too shallow to pick up the above high-grade gold zones, which start around 50m and are expected to deepen going to the north. The next drill programme will be to an average depth of 136m. The most southern drill line will start adjacent to the King mineralisation to the south (**Figure 8**) which was drilled by WMC in 1998–99 and Integra in 2003–07.

The intersections in EYRC01 are within a sheared, bleached and silicified mafic unit. The mineralisation is interpreted to occur as west-dipping, stacked pyrite, quartz, and carbonate lodes within a package of Archean mafic and sedimentary rocks.

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

Information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves (other than Boonanarring and Atlas Mineral Resources and Ore Reserves) 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 and Atlas Projects 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.

The information in this report that relates to the estimation of Ore Reserves for the Boonanarring and Atlas Projects has been compiled in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition). The Ore Reserves have been compiled by Jarrod Pye, Mining Engineer and previously a full-time employee of Image Resources, under the direction of Andrew Law of Optiro, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Law has sufficient experience in Ore Reserves estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Law consents to the inclusion in the report of the matters compiled by him 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.

Attachments: Table 2. Tenement Schedule in accordance with ASX Listing Rule 5.3.3
 Table 3. Mineral Resources and Ore Reserves as at 3 August 2017

Table 2 – Tenement Schedule

Tenement Schedule in accordance with ASX Listing Rule 5.3.3

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	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	M70/1194	Granted	BOONANARRING	100%	100%
WA	P70/1516	Granted	COOLJARLOO	100%	100%
WA	M70/1311	Granted	BOONANARRING NORTH	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 WEST	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% pending grant	100% pending grant
WA	E70/4919	Granted	ORANGE SPRINGS	100%	100%
WA	E70/4946	Granted	RED GULLY NORTH	100%	100%
WA	E70/4949	Granted	NAMMEGARRA	100%	100%
WA	E28/2742	Granted	MADOONIA DOWNS	100%	100%

WA	E70/5192	Application	WINOOKA SOUTH	100% pending grant	100% pending grant
WA	E70/5193	Granted	CHAPMAN HILL NORTH	100%	100%
WA	E70/5213	Application	GINGINUP HILL	100% pending grant	100% pending grant

Mining Tenements acquired during the Quarter

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Mining Tenements disposed during the Quarter

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Table 3 – Mineral Resources and Ore Reserves as at 3 August 2017

High Grade Ore Reserves - Strand Deposits; in accordance with the JORC Code (2012)											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring ¹	Proved	5,008,000	9,344,000	8.6	14.3	803,771	76.081	48.9	1.8	2.2	23.2
Boonanarring ¹	Probable	5,565,000	10,514,000	5.9	17.6	622,429	78.653	52.3	1.8	2.7	21.9
Total Boonanarring		10,573,000	19,858,000	7.2	16.1	1,426,200	77.203	50.4	1.8	2.4	22.7
Atlas ¹	Probable	5,000,000	9,477,000	8.1	15.5	767,637	73.3	50.7	4.5	7.5	10.6
Total Atlas		5,000,000	9,477,000	8.1	15.5	767,637	73.3	50.7	4.5	7.5	10.6
Total Ore Reserves		15,573,000	29,335,000	7.5	15.9	2,193,837	75.8	50.5	2.7	4.2	18.4
High Grade Mineral Resources - Strand Deposits; in accordance with the JORC Code (2012) @ 2.0% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring ²	Measured	6,359,359	11,799,213	8.0	14	942,167	74.3	48.3	1.7	2.2	22.0
Boonanarring ²	Indicated	11,802,047	22,265,400	4.9	18.3	1,081,208	71.7	49.2	2.2	2.5	17.8
Boonanarring ²	Inferred	4,987,703	9,420,449	4.5	21	422,507	68.8	50.0	3.5	3.4	11.9
Boonanarring Total		22,886,875	43,485,062	5.6	18	2,445,882	72.2	49.0	2.2	2.6	18.4
Atlas ²	Measured	5,210,526	9,900,000	7.9	16.1	782,000	71.0	49.1	4.2	7.2	10.5
Atlas ²	Indicated	3,368,421	6,400,000	3.7	17.3	237,000	56.5	41.6	3.4	4.7	6.8
Atlas ²	Inferred	947,368	1,800,000	4.0	19.9	72,000	41.5	29.0	3.3	4.4	4.8
Atlas Total		9,526,316	18,100,000	6.0	16.9	1,091,000	65.9	46.1	4.0	6.5	9.3
Sub-Total Atlas/Boonanarring		32,413,191	61,585,062	5.7	17.7	3,536,882	70.3	48.1	2.8	3.8	15.6
Previously Reported Mineral Resources - Strand Deposits; in accordance with JORC Code (2004) @ 2.5% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Gingin Nth ³	Indicated	680,175	1,318,642	5.7	15.7	75,163	75.4	57.4	9.3	3.2	5.5
Gingin Nth ³	Inferred	580,000	1,090,000	5.2	14.0	57,116	78.4	57.3	11.3	3.7	6.0
Gingin Nth Total		1,260,175	2,408,642	5.5	15.0	132,279	76.7	57.3	10.2	3.4	5.7
Gingin Sth ³	Measured	872,830	1,526,122	4.4	7.2	67,149	79.4	50.7	15.3	5.6	7.8
Gingin Sth ³	Indicated	3,241,835	5,820,480	6.5	7.1	377,167	90.6	67.6	9.8	5.1	8.1
Gingin Sth ³	Inferred	398,573	732,912	6.5	8.4	47,566	91.6	67.4	7.5	5.8	10.9
Gingin Sth Total		4,513,238	8,079,514	6.1	7.3	491,882	89.2	65.3	10.3	5.2	8.3
Helene ³	Indicated	5,568,110	11,466,106	4.6	18.6	522,854	88.7	74.6	0.0	3.6	10.5
Hyperion ³	Indicated	1,786,781	3,742,471	7.7	19.3	286,673	69.4	55.8	0.0	6.3	7.3
Cooljarloo Nth Total		7,354,891	15,208,577	5.3	18.8	809,528	81.9	67.9	0.0	4.6	9.4
Red Gully ³	Indicated	1,930,000	3,409,768	7.8	11.5	265,962	89.7	66.0	8.3	3.1	12.4
Red Gully ³	Inferred	1,455,000	2,565,631	7.5	10.7	192,422	89.0	65.4	8.2	3.0	12.3
Red Gully Total		3,385,000	5,975,399	7.7	11.2	458,384	89.4	65.7	8.2	3.1	12.4
Sub-Total Other		16,513,304	31,672,132	6.0	14.1	1,892,073	85.2	66.0	5.4	4.3	9.6
Historic Deposit - Strand deposit; in accordance with JORC Code (2004)											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Regans Ford ⁴	Indicated	4,505,285	9,024,226	9.9	16.8	893,398	94.3	70.0	10.0	4.3	10.0
Regans Ford ⁴	Inferred	455,933	918,536	6.5	18.5	59,705	90.5	68.3	7.7	4.4	10.1
Regans Ford Total		4,961,218	9,942,762	9.6	17.0	953,103	94.1	69.9	9.9	4.3	10.0

1. COMPLIANCE STATEMENT - Boonanarring/Atlas Ore Reserves

The Ore Reserves statement has been compiled in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition). The Ore Reserves have been compiled by Jarrod Pye, Mining Engineer and full-time employee of Image Resources, under the direction of Andrew Law of Optiro, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Law has sufficient experience in Ore Reserves estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Mr Law consents to the inclusion in the report of the matters compiled by him in the form and context in which it appears.

2. COMPLIANCE STATEMENT - Boonanarring/Atlas Mineral Resources

The information in this report that relates to the estimation of Mineral Resources 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.

3. COMPETENT PERSON'S STATEMENT – MINERAL RESOURCE ESTIMATES

The information in this presentation that relates to Mineral Resources is based on information compiled by Lynn Widenbar BSc, MSc, DIC MAusIMM MAIG employed by Widenbar & Associates who is a consultant to the Company. Lynn Widenbar 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 2004 edition of the ‘Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Lynn Widenbar consents to the inclusion of this information in the form and context in which it appears.

4. HISTORIC INFORMATION - REGANS FORD DEPOSIT

The information in this presentation that relates to tonnes, grades and mineral assemblage is based on historic information published by Iluka Resources Limited and indicating the mineral resources were compiled in accordance with the JORC Code (2004).

Previously Reported Mineral Resources - Dredge deposits; in accordance with JORC Code (2004) @ 1.0% HM Cut-off																
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM	Ilmenite	e	Rutile	Zircon	Ilmenite	Leucoxen	Rutile	Zircon	VHM
							(%)	(%)	(%)	(%)	(%)					
Titan ³	Indicated	10,335,053	21,163,741	1.8	22.1	378,831	86.0	71.9	1.5	3.1	9.5	272,493	5,720	11,782	35,875	325,870
Titan ³	Inferred	58,517,775	115,445,391	1.9	18.9	2,205,007	85.9	71.8	1.5	3.1	9.5	1,583,857	33,737	67,253	208,814	1,893,660
Total Titan	Total	68,852,828	136,609,132	1.9	19.4	2,583,838	85.9	71.8	1.5	3.1	9.5	1,856,350	39,457	79,034	244,689	2,219,530
Telesto ³	Indicated	1,716,328	3,512,204	3.8	18.4	134,499	83.3	67.5	0.7	5.6	9.5	90,776	968	7,519	12,791	112,054
Calypso ³	Inferred	27,113,647	51,457,008	1.7	13.7	854,186	85.6	68.1	1.6	5.1	10.8	581,701	13,667	43,564	92,252	731,184
Bidamina ³	Inferred	26,260,000	44,642,000	3.0	3.6	1,339,260	96.8	83.11	7.2	1.0	5.5	1,113,000	97,000	13,000	73,000	1,296,000
Total Dredge		123,942,803	236,220,344	2.1	15.2	4,911,783	88.7	74.1	3.1	2.9	8.6	3,641,826	151,092	143,116	422,732	4,358,767

3. COMPETENT PERSON'S STATEMENT – RESOURCE ESTIMATES

The information in this presentation that relates to Mineral Resources is based on information compiled by Lynn Widenbar BSc, MSc, DIC MAusIMM MAIG employed by Widenbar & Associates who is a consultant to the Company. Lynn Widenbar 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 2004 edition of the ‘Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Lynn Widenbar consents to the inclusion of this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

IMAGE RESOURCES NL

ABN

57 063 977 579

Quarter ended ("current quarter")

31/03/2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1. Receipts from customers ¹		
1	14,761	14,761
1. Payments for		
2		
(a) exploration & evaluation	(318)	(318)
(b) development	-	-
(c) production	(15,785)	(15,785)
(d) staff costs	(724)	(724)
(e) administration and corporate costs	(377)	(377)
1. Dividends received (see note 3)	-	-
3		
1. Interest received	11	11
4		
1. Interest and other costs of finance paid	(3)	(3)
5		
1. Income taxes paid	-	-
6		
1. Research and development refunds	-	-
7		

+ See chapter 19 for defined terms

1 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Other (provide details if material) 8	-	-
1. Net cash from / (used in) operating 9 activities	(2,435)	(2,435)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3,960)	(3,960)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material) Term Deposits greater than 90 days matured	-	-
2.6 Net cash from / (used in) investing activities	(3,960)	(3,960)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,534	1,534
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(21)	(21)
3.5 Proceeds from borrowings	566	566
3.6 Repayment of borrowings	(229)	(229)

+ See chapter 19 for defined terms

1 September 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,850	1,850

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,886	11,886
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,435)	(2,435)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,960)	(3,960)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,850	1,850
4.5	Effect of movement in exchange rates on cash held	60	60
4.6	Cash and cash equivalents at end of period ¹	7,401	7,401

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,386	11,871
5.2	Call deposits	15	15
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above) ¹	7,401	11,886

¹ Excludes A\$ 10 million received in early April for a shipment completed in March.

+ See chapter 19 for defined terms

1 September 2016

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	303
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	65,085	57,815
8.2 Credit standby arrangements	55	55
8.3 Other – Insurance Premium Funding Loan	337	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

2 Loans are held as follows:

- Murray Zircon Pty Ltd – A\$4,000,000. Interest rate is 5% paid six monthly in arrears.
- A senior secured debt facility with Pala Investments Limited (“Pala”), Castelake IV, L.P. and CL V Investment Solutions LLC of US\$38,850,000 + capitalised interest of US\$4,897,362 (A\$61,085,046 at 31 December 2018). Interest rate is 14% for the first fifteen months following draw down and 13% thereafter for the balance of the loan. Interest for the first fifteen months is added to the loan amount and thereafter paid quarterly in arrears. Further details can be found in the announcement lodged with the ASX on 8 March 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,000
9.2 Development	-
9.3 Production	17,000
9.4 Staff costs	600
9.5 Administration and corporate costs	500
9.6 Other – Capital	400
9.7 Total estimated cash outflows ²	19,500

² Cash outflows exclude forecast sales receipts.

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer Quarterly Report			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer Quarterly Report			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date:

Print name:

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

+ See chapter 19 for defined terms

1 September 2016