image resources

NL

ABN: 57 063 977 579

ANNUAL FINANCIAL REPORT

FINANCIAL YEAR
ENDED 30 JUNE 2015

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

JOHN JONES
Non-Executive Chairman

GEORGE SAKALIDIS
Executive Director - Exploration

PETER THOMAS
Non-Executive Director

JEFF WILLIAMS
Non-Executive Director

AARON CHONG VEOY SOO
Non-Executive Director

COMPANY SECRETARY

DENNIS WILKINS

(DW Corporate)

EXECUTIVE OFFICER

COLLIS THORP
Chief Executive Officer

WEBSITE
www.imageres.com.au

FOR SHAREHOLDER INFORMATION CONTACT

SHARE REGISTRY

Security Transfers Registrars
770 Canning Highway
Applecross, WA 6153
Telephone (08) 9315 2333
Facsimile (08) 9315 2233

FOR INFORMATION ON THE COMPANY CONTACT

PRINCIPAL & REGISTERED OFFICE

Ground Floor, 23 Ventnor Avenue
West Perth WA 6005

PO Box 469
West Perth WA 6872

Telephone (08) 9485 2410
Facsimile (08) 9486 8312

BANKERS

Bank of Western Australia Ltd
Hay Street, West Perth WA 6005

AUDITORS

Somes Cooke
Chartered Accountants
35 Outram Street, West Perth WA 6005

STOCK EXCHANGE

Australian Securities Exchange (ASX)

COMPANY CODE

IMA (Fully paid shares)

ISSUED CAPITAL

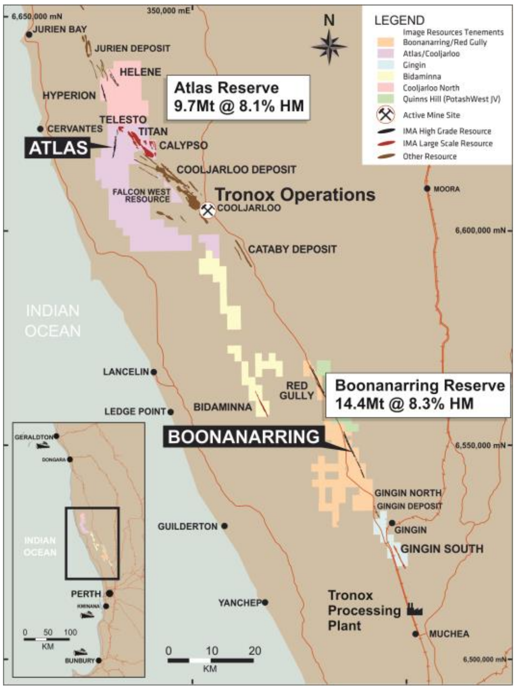
200,400,129 fully paid ordinary shares

2,695,000 unlisted options:

- 95,000 options exercisable at $0.6995 cents by 21 December 2015
- 2,600,000 options exercisable at $0.3908 cents by 27 December 2016

During the past financial year the company has been focusing on the potential development of the Boonanarring and Atlas Projects, selling non-core assets, rationalising tenements and endeavouring to extend the mine life at the Boonanarring Project to at least ten years.

Figure 1: North Perth Basin Project Areas



Commercialisation of Projects

During the year the main focus of corporate activities was centred on negotiating a Memorandum of Understanding (MoU) and preparing of the legal agreements related to the previously announced MoU (Quarterly Report 31 March) with Murray Zircon Pty Ltd and its parent Guangdong Orient Zirconic Ind Sci & Tech Co. Ltd (Orient Zirconic). The merger transaction requires completion of six separate legal agreements and these are currently in the process of being finalised.

In parallel with the preparation of the legal documentation the Company has been conducting due diligence on the Murray Zircon Mindarie Plant that is to be relocated from South Australia to the Gingin area to ensure it is compatible with our expectations for the Boonanarring deposits. We are also updating our financial models to reflect changes in the exchange rate, product pricing and operating circumstances that we expect once the project is commissioned and in production. This work is necessary to complete our banking submissions to support the financing of the project.

Image has maintained a dialogue with its neighbours regarding the potential joint ventures and development scenarios and these discussions are ongoing. During the year a transaction was concluded with Tronox Ltd over the Mullering Dredging Project for $50,000 plus a sliding royalty of up to 5% of gross revenue. The Company also concluded the sale of the Cyclone Extended deposit for $435,000 to Diatreme Resources Ltd, with Image retaining a 1% production royalty.

Image has rationalised its tenement holdings reducing from 1500sq km last year to the current 880sq km after further detailed exploration drilling and magnetic surveying was completed. The remaining tenement package retains highly prospective resources and target strands including eight deposits drilled to JORC standard, plus the dredge extension project west of the Mullering Project. The main deposits include the reserves at

Boonanarring and Atlas comprising 24 Mt at 8.2% heavy minerals of which 19.1% is high value zircon (Refer to Figure 1 for Reserves and Resources).

Murray Zircon/ Orient Zirconic MoU

Image Resources NL **(Image)** has signed a non-binding Memorandum of Understanding **(MoU)** with Murray Zircon Pty Ltd **(Murray Zircon**) and its parent, Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd **(Orient Zirconic)** which had a market capitalisation of A$1.6BN. The MoU is directed at fast-tracking the development of Image's 100%-owned high grade Boonanarring mineral sands deposit in 2016 followed by the Atlas deposit.

In summary the MoU outlines an asset purchase transaction subject to Image Shareholders' approval and independent expert opinion. Key elements include:

- The acquisition of a wet plant together with certain ancillary equipment (all of which Murray Zircon operated for 3 years until April 2015);
- Orient Zirconic to take 90% of all zircon products at market prices;
- Orient Zirconic to provide a US$8M downstream working capital facility;
- Murray Zircon to provide, for drawdown following completion of the acquisition, a short term loan in the amount A$4M. If Image does not get into production within 3 years then this loan, subject to certain exceptions, is not repayable.
- Securing Murray Zircon's key operational and managerial expertise for the purpose of rapidly developing Image's flagship high grade mineral sands deposits in the North Perth Basin in Western Australia;
- Murray Zircon to provide a purchase option for Murray Zircon's mineral separation plant at its South Australian Mindarie project;
- Murray Zircon to receive shares representing 42% of the expanded share capital of Image at completion. If a decision to mine is reached and project finance secured within 2 years of completion then Murray Zircon will receive a further 5%;
- Image's board for a period of 2 years to be comprised of equal numbers of nominees of Image and nominees of Murray Zircon plus an independent chairman;

Various protective mechanisms for minority shareholders such as Murray Zircon not to increase its percentage shareholding in Image, other than as specifically required under the MoU, for 2 years, Murray Zircon's shareholding to be escrowed for 2 years, and Murray Zircon to support non change of control resolutions put to shareholders by the board.

Orient Zirconic, which owns 65% of Murray Zircon and is one of China's largest zircon processing companies and manufactures a comprehensive range of zirconium products. The company is listed on the Shenzhen Stock Exchange (Code: 002167) with a current market capitalisation exceeding $1 billion. Orient Zirconic is currently subject to an investigation by the China Securities Regulatory Commission (CSRC) a Chinese Investigative authority with respect to previous capital expenditure and related disclosures. Image will maintain a watching brief on this process.

Preliminary indications are that MZ's ore processing equipment is of the right capacity and processing capability to accommodate Image's Boonanarring ore with only minor adjustments. This means our project will benefit from access to a package of pre-engineered and proven ore processing equipment and infrastructure that is available for immediate transfer to Boonanarring.

Murray Zircon equipment to be provided includes an in-pit mine slurry unit; pipelines and booster pump skids; poles and wires; complete Primary Concentration Plant including slimes thickener, associated water tanks and HMC dewatering equipment; maintenance equipment and critical spares; laboratory equipment; rolling stock and miscellaneous office/ablution buildings. Image and Murray Zircon estimate the total value of the plant and equipment to be approximately $20M.

Initial production is planned from the Boonanarring deposit, located near the township of Gingin, approximately 65km north of Perth in an area with significant existing infrastructure.

Exploration activities – Boonanarring Region

Since November 2014 and 231 holes totalling 9,022 metres have been completed. The aim of the drilling was to extend the mine life of the Boonanarring Deposit by identifying additional adjacent resources and for some metallurgical drilling within the Boonanarring Deposit. The Boonanarring Deposit is our main deposit, which is planned to be in production in early 2017. It has a high grade content of 21.5mt of ore at 8.2% HM, for a total of 1.77mt of HMC (of which 79% is VHM). The Boonanarring Resource is unusually elevated with 21% Zircon content within the HM.

A new 6.3km strand, 300m west of the Boonanarring Resource, has been identified by drilling programmes. 31 AC holes indicated a direct extension from the Gingin North deposit for the first time (Refer to Figure 2 and Resource Table A). A further drilling programme of 84 holes is planned to test the full extension of the new 6.3km strand plus the direct southern extension of the Boonanarring deposit (Figure 2).

In addition a programme of 44 AC holes predominately over 3 lines has shown a 1.6km potential northern extension from the Boonanarring high grade eastern strand. There is a high grade intersection of 8m@ 21.6% HM (Figure 2) which is 250m north of another high grade hit of 14m @17.9% HM. A further programme of 20 AC holes is planned to test for a potential 5.2 km extension of the Boonanarring eastern strand and in addition test for the parallel western strand. Access for future drilling and development may be subject to landholder and government approvals.

Drilling costs for 20,000m have been pre-paid by a previous placement to a major WA drilling company, with approximately 11,000 meters of prepaid drilling still available to the Company at 30 June 2015.

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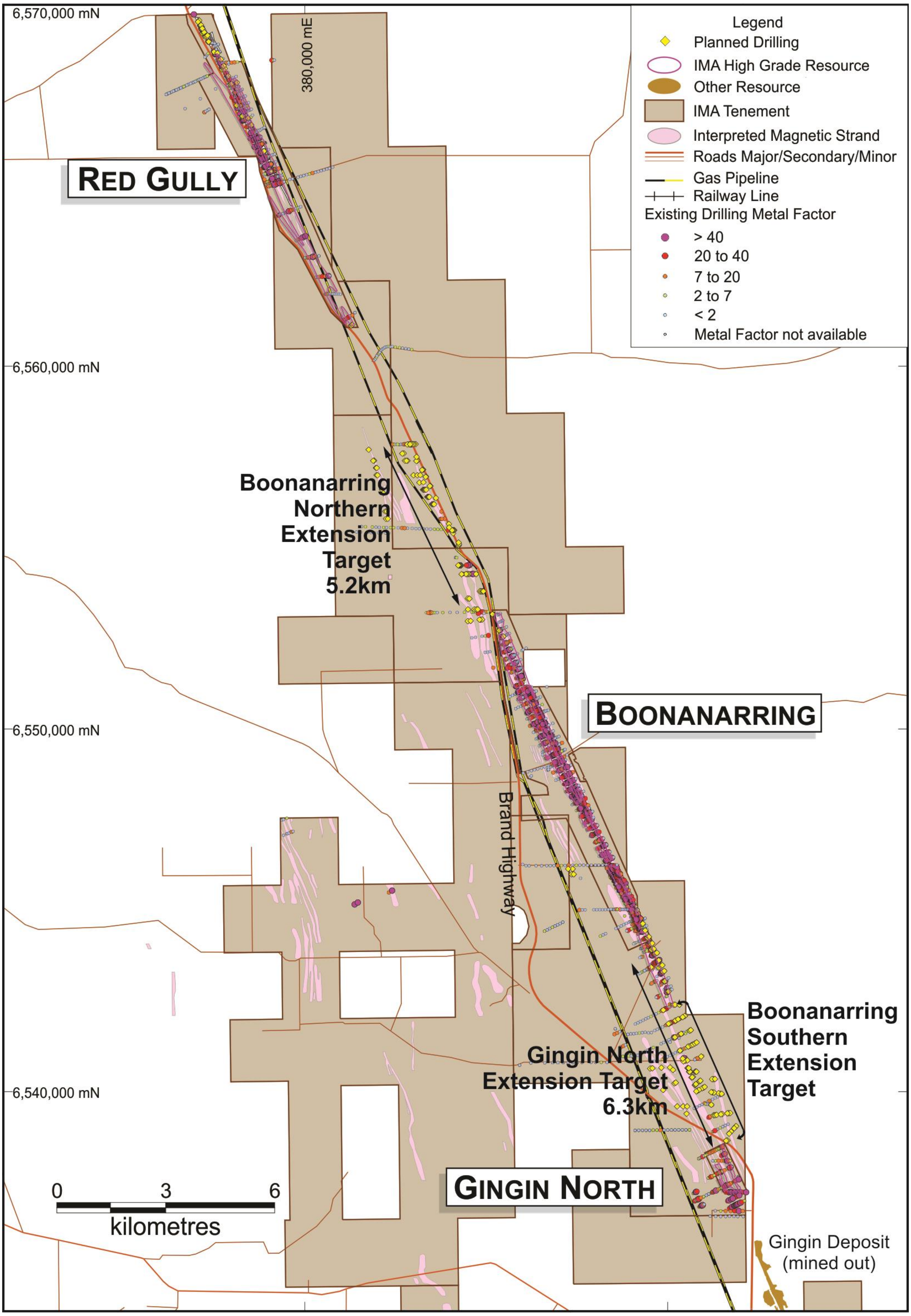


Figure 2: Red Gully – Boonanarring – Gingin North Resources and planned drilling summary

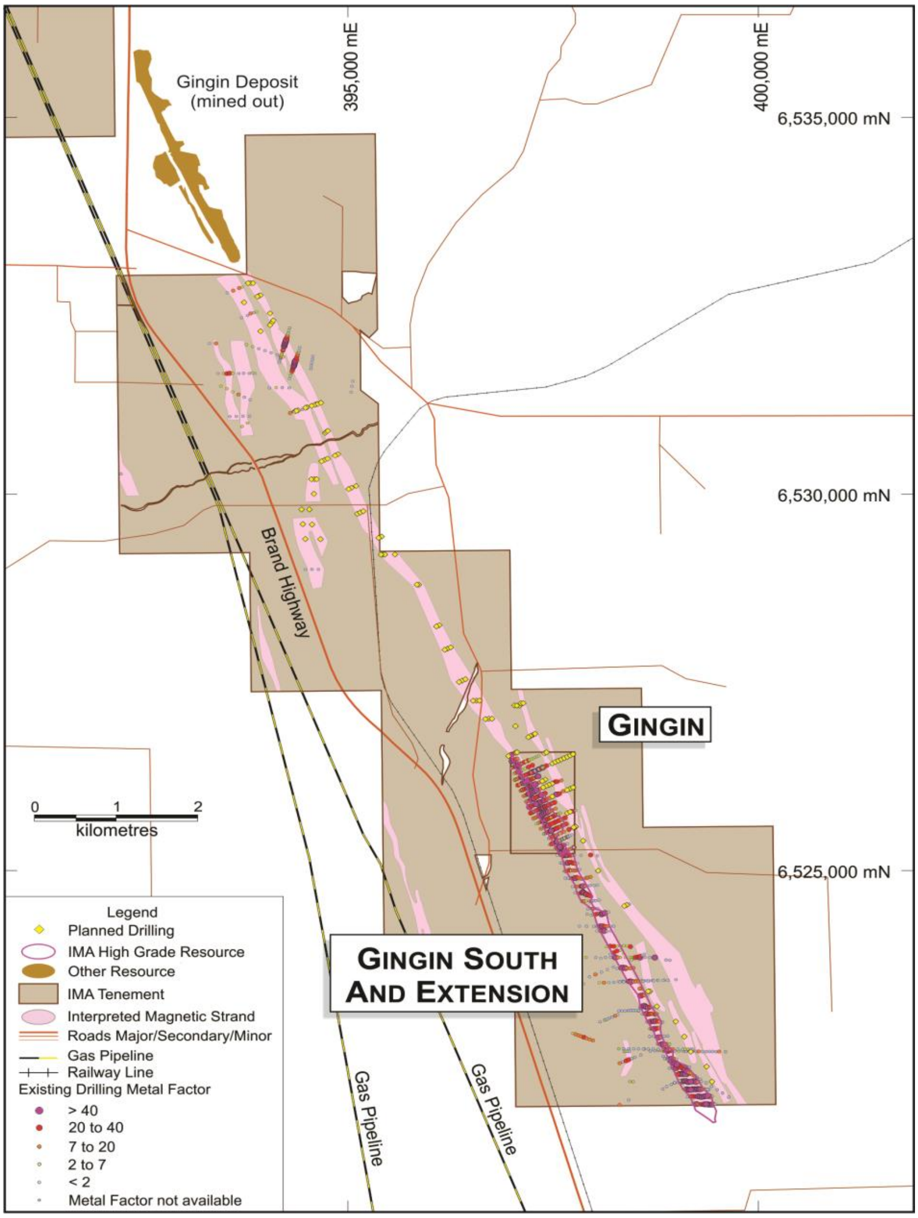
Exploration activities – Gingin Region

Separate to the Boonanarring drilling, 35 holes have been planned for the Gingin area to test for the potential link up with the Gingin South deposit (Figure 3). If successful than this zone would be 12.5km in length. The Gingin South tenement has a Resource of 8.1mt of ore at 6.1%, for a total of 495,000t of HMC (of which 89% is VHM).

The TiO_2 levels in the ilmenite at the Gingin South Resource are suitable for conversion to synthetic rutile and we will test the remaining 7km of untested targets for its suitability for synthetic rutile.

The Gingin South, Atlas, Hyperion and Boonanarring all have significant SR compatible Ilmenite. This is felt to be strategic due to the proximity of a number of SR kilns within the North Perth Basin and the dwindling competitors SR Ilmenite Resources.

Figure 3: Gingin to Gingin South Resources and planned drilling summary



Tronox-Image Sale/ Royalty Agreement over the Mullering Tenements

The Mullering tenements (E70/4129 and E70/4130) have been sold to Tronox for a $50,000 cash payment and a sliding royalty. The sliding royalty will be based on quarterly production figures on minerals mined from the Mullering tenements as follows:

If the quarterly average grade is greater than 2% but less than 4% the royalty will be pro rata from 0 to 5%.
All ore with a grade of 4% or higher receives a 5% royalty.

For example:
at 2.5% average grade the royalty will be 1.25%
at 3.0% average grade the royalty will be 2.50%
at 3.5% average grade the royalty will be 3.75%
at 4.0% average grade the royalty will be 5.00%

These two tenements are adjacent to Tronox's dredging operation (Figure 1). Public record shows a number of dredging areas under application for potential mining adjacent to the two Mullering tenements.

New Exploration (Dredge) Target Zone

In addition Image Resources has outlined a new exploration zone which is located 3 km west of the proposed Tronox dredge development area. This new project is within a 10km long by 1.5km wide area. Work to date has utilised historical drilling, ground magnetics, aeromagnetics and topography. The target areas that have been selected have similar properties to the proposed Tronox dredging areas east of Image's Woolka EL (E70/4244). This interpretation infers an extension of the Tronox proposed dredge area within our Woolka ground which has not been previously drilled (Figure 4).

Separately, Tronox have also previously reviewed and analysed samples from Atlas, Hyperion, Helene and Gingin South Deposits. These deposits are near their existing mining and processing centres and are believed to have dry mining potential.

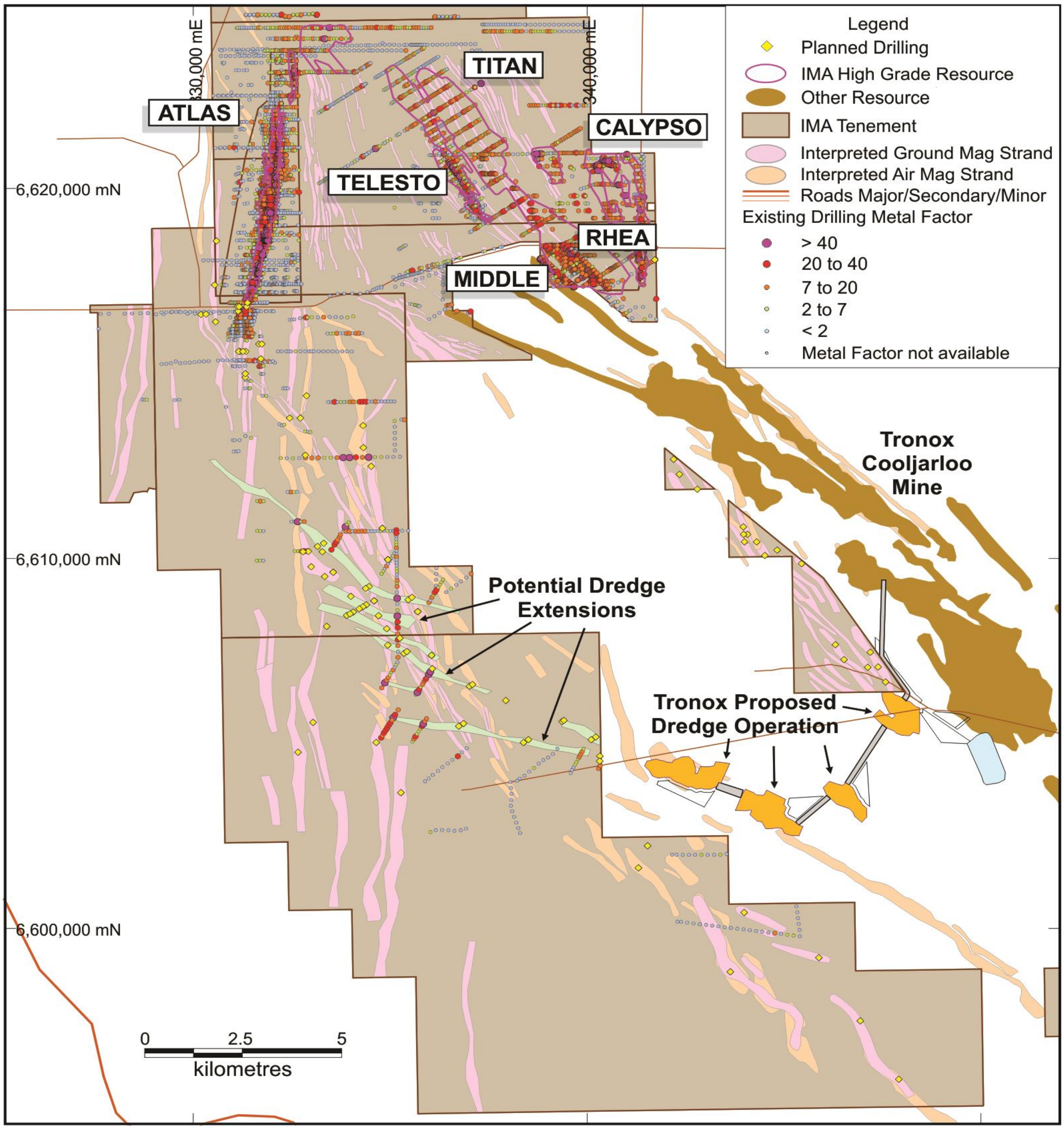


Figure 4: Resources and proposed drilling summary for potential dredge extension

Diatreme Resources Limited

During the year the Company concluded the sale of the Cyclone Extended deposit for $435,000 to Diatreme Resources Ltd, with Image retaining a 1% production royalty.

A production royalty of 1% will be retained by Image on all heavy mineral production within the area of the transferred tenements. Diatreme will have the option to acquire the royalty for an additional payment of $435,000 exercisable by 16 February 2017. Should Diatreme choose not to exercise the option, the royalty will remain in place.

RESOURCES AND RESERVES SCHEDULE

All **Resources** and **Reserves** in this report are estimated and reported in accordance with the 2004 JORC Code.

Further details for the basis for the Boonanarring and Atlas Reserves/Resources classification criteria are disclosed in the ASX releases dated 16 July 2013 and 16 September 2013 (The Previous Announcements). The Previous Announcements detail the sampling techniques and data, the methods applied for estimation and reporting of these mineral resources/reserves and the reserves classification criteria. CSA undertook independent audits of the Boonanarring Resource which did not result in any material deficiencies being identified. No independent audits have been undertaken on the other resources. Internal audits were undertaken by Image staff and external contractors. These internal audits did not identify any significant deficiencies. In addition to the external and internal audit processes applied to resources/reserves, George Sakalidis compiles and/or reviews resource/reserve information on behalf of the Image Resources' board and disclosure of initial resource/reserve information and any subsequent amendments are reviewed and approved by the board.

There has been no material change to the resources and reserves since the Previous Announcements.

The following resource/reserve tables should be read in conjunction with The Previous Announcements.

RESOURCES AND RESERVES SCHEDULE

Table A: North Perth Basin HM Resources and Reserves

Reserve Summary											
Project Area	Category	Volume	Tonnes	% HM	% SLIMES	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring	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%
Total NPB Reserve		**11,920,000**	**24,020,000**	**8.2%**	**16.4%**	**1,970,000**	**77.8%**	**50.1%**	**3.7%**	**4.8%**	**19.1%**
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											
Resource	Resource Category	BCM	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	52	5	8	11
Atlas	Indicated	520,000	1,080,000	3.2	19.2	34,000	74	53	8	7	6
Atlas Total		**5,330,000**	**10,780,000**	**7.9**	**15.7**	**854,000**	**76**	**52**	**5**	**8**	**10**
Boonanarring	Measured	1,680,000	3,000,000	7.8	10.1	230,000	70	49	1	3	17
Boonanarring	Indicated	7,000,000	14,300,000	9	17.2	1,270,000	80	49	6	3	22
Boonanarring	Inferred	2,100,000	4,200,000	6.5	17.4	270,000	83	51	8	7	18
Boonanarring Total		**10,780,000**	**21,500,000**	**8.3**	**16.2**	**1,770,000**	**79**	**49**	**6**	**4**	**21**
Gingin Nth	Indicated	680,000	1,320,000	5.7	15.7	80,000	75	57	9	3	5
Gingin Nth	Inferred	580,000	1,090,000	5.2	14	60,000	78	57	11	4	6
Gingin Nth Total		**1,260,000**	**2,410,000**	**5.5**	**15**	**140,000**	**77**	**57**	**10**	**3**	**6**
Gingin Sth	Measured	870,000	1,530,000	4.4	7.2	67,000	79	51	15	6	8
Gingin Sth	Indicated	3,240,000	5,820,000	6.5	7.1	380,000	91	68	10	5	8
Gingin Sth	Inferred	400,000	730,000	6.5	8.4	48,000	92	67	8	6	11
Gingin Sth Total		**4,510,000**	**8,080,000**	**6.1**	**7.3**	**495,000**	**89**	**65**	**10**	**5**	**8**
Helene	Indicated	5,600,000	11,500,000	4.6	18.6	520,000	84	70	1	3	11
Hyperion	Indicated	1,800,000	3,700,000	7.8	19.3	290,000	71	56	0	6	9
Cooljarloo Nth Total		**7,400,000**	**15,200,000**	**5.3**	**18.7**	**810,000**	79	64	0	4	9
Red Gully	Indicated	1,930,000	3,410,000	7.8	11.5	270,000	90	66	8	3	12
Red Gully	Inferred	1,455,000	2,570,000	7.5	10.7	190,000	90	66	8	3	12
Red Gully Total		**3,385,000**	**5,980,000**	**7.7**	**11.2**	**460,000**	**90**	**66**	**8**	**3**	**12**
Grand Total		**32,665,000**	**63,950,000**	**7.1%**	**13.9%**	**4,529,000**	**80**	**57**	**6**	**5**	**13**

Dredge Resources at 1.0% HM cut-off

Project Area	Resource Category	Volume	TONNES	% HM	% Slime	HM TONNES	VHM %	Ilmenite %	Leucoxene %	Rutile %	Zircon %	Ilmenite	Leucoxene	Rutile	Zircon	VHM 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**

COMPETENT PERSON'S STATEMENT – EXPLORATION RESULTS

The information in this report is based on information compiled by George Sakalidis BSc Hnrs in Geology and Geophysics who is a member of AuisIMM and The Australian Society of Exploration. George Sakalidis 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 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.

COMPETENT PERSON'S STATEMENT – RESOURCE ESTIMATES

The information in this report that relates to mineral resources is based on information compiled by George Sakalidis BSc Hnrs in Geology and Geophysics who is a member of AuisIMM and The Australian Society of Exploration. George Sakalidis 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'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

COMPETENT PERSON'S STATEMENT – TECHNICAL STUDIES AND ORE RESERVES

The information in this report that relates to Ore Reserves and technical studies is based on information compiled by George Sakalidis BSc Hnrs in Geology and Geophysics who is a member of AuisIMM and The Australian Society of Exploration. George Sakalidis 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 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.

Your directors present their report on the Company for the year ended 30 June 2015.

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:

John Jones (Appointed as Chair 29 October 2014)
Peter Thomas (Resigned as Chair 29 October 2014)
George Sakalidis
Jeff Williams
Aaron Chong Veoy Soo (Appointed 28 July 2015)
Jon O'Callaghan (Appointed 1 April 2014, Resigned 3 September 2014)

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the evaluation of the Boonanarring and Atlas deposits comprising part of Image's North Perth Basin Heavy Mineral Sands Project (**Project**) in Western Australia and the negotiation of a Memorandum of Understanding with Murray Zircon Limited for the potential development of the Project. The Company's major mineral sands tenements and resources are located in the North Perth Basin of Western Australia.

RESULTS FROM OPERATIONS

During the year the Company recorded an operating loss of $3,277,985 (2014: $2,266,921).

DIVIDENDS

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial year and the directors do not recommend the payment of any dividend.

REVIEW OF OPERATIONS

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

EARNINGS PER SHARE

Basic loss per share for the financial period was 1.92 cents (2014: 1.62 cents). Diluted loss per share in respect of both years ended 30 June 2015 and 30 June 2014 are the same as for basic loss per share.

FINANCIAL POSITION

From 30 June 2014 the net assets of the Company decreased by $439,755 to $1,049,362 including cash and cash equivalents of $965,131. This is largely due to expenditure incurred on project evaluation, exploration and tenement expenses aggregating $2,328,834 and other expenses of $1,629,980 offset by receipt of $179,675 from the R&D Tax incentive, $2,602,303 raised through share issues and proceeds from the sale of tenements of $484,261.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following matter:

a) On 3rd September 2015 the Company announced that it completed a placement for 23.25 million shares at $0.08 per share for gross proceeds of $1.86 million.

no other material matters have occurred subsequent to the end of the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL ISSUES

The Company carries out operations in Australia which are subject to environmental regulations under both Commonwealth and State legislation in relation to those exploration activities. The Company's exploration manager is responsible for being aware of, and monitoring compliance with, regulations. During or since the financial year there have been no known significant breaches of these regulations.

INFORMATION ON DIRECTORS AND COMPANY SECRETARIES

John Jones
Chairman
Appointed as Director on 24 June 2014 and then Chair on 29 October 2014, Mr Jones is a well-known and respected mining identity, who has been associated with a number of successful mining corporations in his 40 plus years in business. Mr Jones has a strong prospecting instinct, clear strategic vision and a desire for exploration, mining and corporate success. During the past three years he has also served as a director of the following other listed companies:

- Troy Resources Limited – appointed July 1988, continuing.
- Altan Rio Minerals Ltd – appointed November 2007, continuing.
- Tanga Resources Ltd - appointed June 2014, continuing.
- Anglo Australian Resources Ltd – appointed February 1990, continuing.
- Altan Nevada Minerals Ltd - appointed May 2010, continuing.

Peter Thomas
Non-Executive Director
Mr Thomas, 57, having served on ASX listed company boards for some 30 years, has been a non-executive director of Image Resources NL since 10 April 2002. He resigned as Chair on 29 October 2014. 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. During the past three years he has also served as a director of the following other listed companies:

- Emu NL – appointed August 2007, continuing.
- Magnetic Resources NL - appointed August 2006, resigned July 2013.
- Middle Island Resources Limited – appointed March 2010, continuing.
- Meteoric Resources NL - appointed February 2004, resigned September 2014.

George Sakalidis
Executive Director - Exploration
Mr Sakalidis is an exploration geophysicist with over 30 years' industry experience. His career has included extensive gold, diamond, base metals and mineral sands exploration. Mr Sakalidis has been involved in a number of significant mineral discoveries, including the Three Rivers and Rose gold deposits, the Dongara Mineral Sands Deposits, the Boonanarring-Gingin South-Helene Mineral Sands Deposits in Western Australia and he was involved in the tenement applications over the Silver Swan nickel deposit. He was also involved with the tenement application for the recently discovered Monty Copper mineralisation adjacent to the Degrussa Copper deposit He is a founding Director and is currently an Executive Exploration Director of this company, Image Resources NL (since listing on 4 July 2002) and Meteoric Resources NL (since listing on 16 July 2004). Mr Sakalidis is also a founding director of ASX listed companies Emu NL, Magnetic Resources NL and Potash West NL.

During the past three years he has also served as a director of the following other listed companies:

- Meteoric Resources NL - appointed February 2004, continuing.
- Magnetic Resources NL - appointed August 2006, resigned October 2014.
- Potash West NL – appointed November 2010, resigned 26 November 2014.
- Emu NL – appointed August 2007, resigned November 2013.

Jeff Williams
Non-Executive Director
Appointed as director on 24 June 2014, Mr Williams has over 43 years' industry experience with 16 years' experience as a professional mining engineer in Australia and seven years in the stockbroking industry. He is a Fellow of the Australasian Institute of Mining and Metallurgy with mining experience ranging from mine planning, underground management and feasibility studies through to mine development. During the past three years he has also served as a director of the following other listed companies:

- MacPhersons Resources Limited - appointed January 2010, continuing.
- Callabonna Resources Limited, appointed March 2012, continuing.
- World Titanium Resources Limited - appointed December 2011, 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 16 years of experience in legal practice and currently a partner in Stanley Ponniah, Ng & Soo, Advocates & Solicitors.

Dennis Wilkins
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. Mr Wilkins is currently a director of Key Petroleum Limited and Shaw River Manganese Limited.

AUDIT COMMITTEE
At the date of this report the members of the Company's audit committee comprise Messrs Williams, Thomas and Jones (with Mr Williams undertaking the role of the Chair of that committee).

REMUNERATION COMMITTEE
At the date of this report the Remuneration Committee ("**committee**") comprises Messrs Williams, Thomas and Jones (with Mr Williams undertaking the role of the Chair of that committee). During the year, the committee held one meeting. All members attended this meeting.

MEETINGS OF DIRECTORS
During the financial year ended 30 June 2015, there were 15 meetings of directors; each of the directors in office at the time the meetings were held attended the relevant meetings.

REMUNERATION REPORT (Audited)
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:

Key Management Personnel	Position
John Jones	Non-Executive Chairman – appointed Chair on 29 October 2014
Peter Thomas	Non-Executive Director – resigned as Chair on 29 October 2014
George Sakalidis	Executive Director – Exploration
Jeff Williams	Non-Executive Director
Jon O'Callaghan	Non-Executive Director then Managing Director - appointed 1 April 2014 and 15 April 2014 respectively. Resigned 3 September 2014.
Collis Thorp	Chief Operating Officer (CEO) – appointed COO on 12 May 2014 and CEO on 26 September 2014

The Company'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 Company 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 therefor 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 programmes established for employees.

Retirement and Superannuation Payments

Prescribed benefits were provided by the Company to all 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 Company Performance and Remuneration

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

Use of Remuneration Consultants

The Company did not employ the services of a remuneration consultant during the financial year ended 30 June 2015.

Current Board Remuneration Structure

The current remuneration structure for the board is as follows:

Director	Annual Directors Fees
Mr J Jones (Non-Executive Chairman)	$40,000 + statutory super
Mr P Thomas (Non-Executive Director)	$30,000 + statutory super
Mr J Williams (Non-Executive Director)	$30,000 + statutory super
Mr A Soo (Non-Executive Director)	$30,000 + statutory super
Mr G Sakalidis (Executive Technical Director - refer to Executive Contracts below)	$ Nil

Key Management Personnel Remuneration

Year ended 30 June 2015							
	Short-term benefits			Post-employment		Share-based payments	
	Directors Fees ($)	Other Fees & contractual payments ($)	Non-monetary benefits ($)	Statutory superannuation ($)	Total cash and cash equivalent benefits ($)	Equity-settled share based payments ($)	Total ($)
Directors							
Peter Thomas	39,167	-	-	3,708	42,875	-	42,875
George Sakalidis	43,318	186,078	-	4,107	233,503	-	233,503
John Jones	37,167	-		3,530	40,697	-	40,697
Jeff Williams	30,500	-	-	2,896	33,396	-	33,396
Jon O'Callaghan [1]	5,000	38,813	-	475	44,288	-	44,288
Executive Officers							
Collis Thorp [2]	-	241,020	-	31,740	272,760	-	272,760
Total	**155,152**	**465,911**	**-**	**46,456**	**667,519**	**-**	**667,519**

Note 1 Mr O'Callaghan was appointed a Director 1 April 2014 and Managing Director on 15 April 2014. Mr O'Callaghan resigned on 3 September 2014.

Note 2 Mr Thorp was appointed COO on 12 May 2014 and CEO on 26 September 2014.

Year ended 30 June 2014							
	Short-term benefits			Post-employment		Share-based payments	
	Directors Fees ($)	Other Fees & contractual payments ($)	Non-monetary benefits ($)	Statutory superannuation ($)	Total cash and cash equivalent benefits ($)	Equity-settled share based payments ($)	Total ($)
Directors							
Peter Thomas	60,000	80,384	-	5,550	145,934	-	145,934
Jon O'Callaghan [1]	7,500	87,438	-	694	95,632	-	95,632
Peter Davies [2]	-	257,885	-	34,992	292,877	-	292,877
George Sakalidis	40,000	153,835	-	3,700	197,535	-	197,535
John Jones [3]	-	-	-	-	-	-	-
Jeff Williams [3]	-	-	-	-	-	-	-
Executive Officers							
Collis Thorp [4]	-	35,209	-	3,257	38,466	-	38,466
Graeme Scott [5]	-	175,000	-	16,188	191,188	-	191,188
Total	**107,500**	**789,751**	**-**	**64,381**	**961,632**	**-**	**961,632**

Note 1 Mr O'Callaghan was appointed a Director 1 April 2014 and Managing Director on 15 April 2014. Further consultancy fees of $13,688 (not included above) were paid to Otranto Capital LLP prior to his appointment as a Director. Mr O'Callaghan resigned on 3 September 2014.

Note 2 Mr Davies ceased as Managing Director, Director and Project Manager on 15 April 2014, 14 May 2014 & 1 July 2014 respectively.

Note 3 Appointed 24 June 2014; Mr Jones and Mr Williams were paid consultancy fees of $25,000 and $8,400 respectively prior to their appointments as Directors.

Note 4 Mr Thorp was appointed COO on 12 May 2014.

Note 5 Mr Scott resigned as CFO on 3 July 2014.

Executive Contracts

Remuneration arrangements for executives are formalised in employment agreements. The following outlines the details of contracts with the executives:

Collis Thorp - Chief Executive Officer
- Base Salary - $22,730 per month (inclusive of superannuation).
- The agreement may be terminated by the provision of one month's written notice by either the Company or the CEO.

George Sakalidis – Executive Director – Exploration
A revised employed agreement was signed and commenced effective 1 June 2015. The terms of this agreement are:
- Base Salary - $175,000 per annum inclusive of superannuation based on a 70% commitment of time being an average of 28 hours work per week.
- The agreement may be terminated by the provision of one month's written notice by either the Company or Mr Sakalidis.

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 $1,750 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.

Options held by Key Management Personnel

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

30 June 2015:

Name	Balance at the start of the year	Exercised during the year	Expired during the year	Other changes during the year	Balance at the end of the year	Vested & exercisable at the end of the year
Peter Thomas	1,150,000	-	(500,000)	-	650,000	650,000
Peter Davies [1] (ceased 1 July 2014)	3,750,000	-	-	(3,750,000)	-	-
George Sakalidis	1,600,000	-	(800,000)	-	800,000	800,000
Jon O'Callaghan (appointed 1 April 2014, ceased 3 September 2014)	-	-	-	-	-	-
John Jones (appointed 24 June 2014)	-	-	-	-	-	-
Jeff Williams (appointed 24 June 2014)	-	-	-	-	-	-
Collis Thorp (appointed CEO 26 September 2014, COO on 12 May 2014)	-	-	-	-	-	-
Totals	**6,500,000**	**-**	**(1,300,000)**	**(3,750,000)**	**1,450,000**	**1,450,000**

Note 1 Peter Davies ceased employment on 1 July 2014 and his 3,750,000 options were subsequently cancelled.

30 June 2014

Name	Balance at the start of the year	Exercised during the year	Expired during the year	Other changes during the year	Balance at the end of the year	Vested & exercisable at the end of the year
Peter Thomas	1,150,000	-	-	-	1,150,000	1,150,000
Peter Davies (ceased 1 July 2014)	3,750,000	-	-	-	3,750,000	3,750,000
George Sakalidis	1,600,000	-	-	-	1,600,000	1,600,000
Jon O'Callaghan (appointed 1 April 2014)	-	-	-	-	-	-
John Jones (appointed 24 June 2014)	-	-	-	-	-	-
Jeff Williams (appointed 24 June 2014)	-	-	-	-	-	-
Collis Thorp (appointed 12 May 2014)	-	-	-	-	-	-
Graeme Scott (ceased 3 July 2014)	-	-	-	-	-	-
Dennis Wilkins	-	-	-	-	-	-
Fiona Lawe Davies	-	-	-	-	-	-
Totals	**6,500,000**	**-**	**-**	**-**	**6,500,000**	**6,500,000**

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:

30 June 2015:

Name	Balance at the start of the year	Net share movements	Balance at the end of the year
Peter Thomas	2,100,306	-	2,100,306
Jon O'Callaghan (appointed 1 April 2014, ceased 3 September 2014)	216,376	(216,376)	-
Peter Davies (ceased 1 July 2014)	200,000	(200,000)	-
George Sakalidis	3,128,489	-	3,128,489
John Jones (appointed 24 June 2014)	-	-	-
Jeff Williams (appointed 24 June 2014)	-	-	-
Collis Thorp (appointed CEO 26 September 2014, COO on 12 May 2014)	-	-	-
Dennis Wilkins [1]	1,000	(1,000)	-
Totals	**5,646,171**	**(417,376)**	**5,228,795**

Note 1 Mr Wilkins was not considered as a Key Management Person during the financial year.

30 June 2014:

Name	Balance at the start of the year	Net share movements	Balance at the end of the year
Peter Thomas	2,100,306	-	2,100,306
Jon O'Callaghan (appointed 1 April 2014, ceased 3 September 2014)	-	216,376	216,376
Peter Davies (ceased 1 July 2014)	200,000	-	200,000
George Sakalidis	3,026,372	102,117	3,128,489
John Jones (appointed 24 June 2014)	-	-	-
Jeff Williams (appointed 24 June 2014)	-	-	-
Collis Thorp (appointed 12 May 2014)	-	-	-
Graeme Scott (ceased 3 July 2014)	-	-	-
Dennis Wilkins	1,000	-	1,000
Fiona Lawe Davies	-	-	-
Totals	**5,327,678**	**318,493**	**5,646,171**

Note 1 Shares acquired prior to Mr O'Callaghan's appointment as a director.
Note 2 On-market purchases.

What follows in this Directors' Report has not been subject to audit.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options over such instruments issued by the Company as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001, **at the date of this report** are as follows:

	Fully Paid Ordinary Shares	**Options over Ordinary Shares**
		Granted 27.12.2011 Expiring 27.12.2016 Exercisable at $0.3908
Peter Thomas	2,100,306	650,000
George Sakalidis	3,878,489	800,000
Aaron Soo	9,988,961	-
John Jones	-	-
Jeff Williams	-	-
Total	**15,967,756**	**1,450,000**

SHARE OPTIONS GRANTED TO DIRECTORS AND OFFICERS

No options were issued to directors and officers during or since the end of the financial year.

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 Company and in the discharge of his duties as a director, to seek independent professional advice and recover the reasonable costs thereof from the Company. The advice shall only be sought after consultation about the matter with the chairman (where it is reasonable that the chairman be consulted) or, if it is the chairman 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 $10,250 (2014: $11,440) was incurred in insurance premiums for this purpose.

OPTIONS

As at the date of this report there are 2,695,000 unquoted options over unissued ordinary shares in the Company as follows:

(a) 95,000 exercisable at $0.6995 per option on or before 21 December 2015;

(b) 2,600,000 exercisable at $0.3908 per option on or before 27 December 2016.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

Signed in accordance with a resolution of the directors

SIGNED: JOHN JONES
CHAIRMAN
Perth
24 September 2015

AUDITOR'S INDEPENDENCE DECLARATION

SOMES COOKE
Profit from our Resources

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WA 6005

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Chartered Accountants (Aus)
Business Consultants
Financial Advisors

To those charged with governance of Image Resources NL

As auditor for the audit of Image Resources NL for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

b) No contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

SOMES COOKE

Nicholas Hollens

SIGNED: NICHOLAS HOLLENS

35 Outram Street
West Perth WA 6005

Date: 24 September 2015

Image Resources NL and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Image Resources NL has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2015 Corporate Governance Statement is dated at 30 June 2015 and reflects the corporate governance practices in place throughout the 2015 financial year. The 2015 Corporate Governance Statement was approved by the Board on 23 September 2015. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.imageres.com.au.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2015

image resources

	Notes	2015 ($)	2014 ($)
Revenue:			
Interest and dividends income		**25,477**	77,703
Other revenue	3	**497,900**	46,131
Expenses:			
Depreciation expense	11	**(22,223)**	(26,490)
Exploration and evaluation expenses		**(2,328,834)**	(1,814,800)
Other expenses	3	**(1,629,980)**	(1,550,526)
(Loss) before income tax expense		**(3,457,660)**	(3,267,982)
Income tax benefit	4	**179,675**	1,001,061
(Loss) from continuing operations		**(3,277,985)**	(2,266,921)
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Changes in the fair value of available-for-sale financial assets		**(7,340)**	14,760
Other comprehensive income for the year, net of tax		**(7,340)**	14,760
Total profit or (loss) and other comprehensive income for the year		**(3,285,325)**	(2,252,161)
Total profit or (loss) and other comprehensive income for year attributable to members of the Company		**(3,285,325)**	(2,252,161)
Basic (loss) per share (cents per share)	7	**(1.92)**	(1.62)
Diluted (loss) per share (cents per share)	7	**(1.92)**	(1.62)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

image resources

	Notes	2015 ($)	2014 ($)
Current Assets			
Cash and cash equivalents	8	**965,131**	1,288,461
Trade and other receivables	9	**8,981**	20,331
Other assets	10	**328,515**	100,885
Total Current Assets		**1,302,627**	1,409,677
Non-Current Assets			
Property, plant and equipment	11	**57,641**	113,735
Other financial assets	12	**54,302**	200,393
Total Non-Current Assets		**111,943**	314,128
TOTAL ASSETS		**1,414,570**	1,723,805
Current Liabilities			
Trade and other payables	13	**341,147**	225,849
Provisions	14	**24,061**	8,839
Total Current Liabilities		**365,208**	234,688
TOTAL LIABILITIES		**365,208**	234,688
NET ASSETS		**1,049,362**	1,489,117
Equity			
Contributed equity	15	**40,064,206**	37,218,636
Reserves	15	**391,060**	1,127,250
Accumulated (losses)		**(39,405,904)**	(36,856,769)
TOTAL EQUITY		**1,049,362**	1,489,117

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2015

image resources

	Contributed Equity (Net of Costs) ($)	Available for Sale Financial Asset Reserve ($)	Employee Benefit Reserve ($)	Accumulated Losses ($)	Total ($)
Balance at 1.7.2013	36,756,352	(10,000)	1,122,490	(34,589,848)	3,278,994
Operating (loss) for the year	-	-	-	(2,266,921)	(2,266,921)
Other comprehensive income	-	14,760	-	-	14,760
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	490,000	-	-	-	490,000
Share issue costs	(27,716)	-	-	-	(27,716)
Balance at 30.6.2014	37,218,636	4,760	1,122,490	(36,856,769)	1,489,117
Balance at 1.7.2014	**37,218,636**	**4,760**	**1,122,490**	**(36,856,769)**	**1,489,117**
Operating (loss) for the year	**-**	**-**	**-**	**(3,277,985)**	**(3,277,985)**
Other comprehensive income	**-**	**(7,340)**	**-**	**-**	**(7,340)**
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	**3,022,303**	**-**	**-**	**-**	**3,022,303**
Share issue costs	**(176,733)**	**-**	**-**	**-**	**(176,733)**
Expiry of options			**(728,850)**	**728,850**	
Balance at 30.6.2015	**40,064,206**	**(2,580)**	**393,640**	**(39,405,904)**	**1,049,362**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2015

	Notes	2015 ($)	2014 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers and contractors		**(1,510,982)**	(1,555,868)
Research and development tax incentives received		**179,675**	1,001,061
Expense recoveries received		**-**	63,130
Interest received		**29,145**	77,599
Dividends received		**3,058**	2,916
Net cash (used in) operating activities	16	**(1,299,104)**	(411,162)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		**(4,376)**	(46,108)
Payments for exploration and evaluation		**(2,038,866)**	(2,057,879)
Purchase of new prospects		**(6,720)**	(14,029)
Payments for security deposits		**(45,171)**	-
Release of restricted cash – term deposits for bank guarantees		**48,000**	179,313
Proceeds from sale of investments		**60,073**	-
Proceeds from sale of plant and equipment		**53,003**	-
Proceeds from disposal of tenements		**484,261**	-
Net cash (used in) investing activities		**(1,449,796)**	(1,938,703)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new issues of shares	15	**2,602,303**	490,000
Share issue costs		**(176,733)**	(27,716)
Net cash provided by financing activities		**2,425,570**	462,284
Net (decrease) in cash held		**(323,330)**	(1,887,581)
Cash and cash equivalents at the beginning of the financial year		**1,288,461**	3,176,042
Cash and cash equivalents at the end of the financial year	8	**965,131**	1,288,461

The accompanying notes form part of these financial statements.

This financial report includes the financial statements and notes of the Company.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has 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.

The financial statements were authorised for issue on 23 September 2015.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

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. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

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.

Going Concern

The directors have prepared the financial statements of the Company on a going concern basis.

In the directors' opinion, the Company is able to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Accounting Policies

a) Revenue

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to the financial asset.

Research and development tax incentives are recognised as other revenue during the financial period in which the claim for refund is made.

Profit on sale of exploration areas of interest is recognised upon the transfer of ownership.

All revenue is stated net of the amount of goods and services tax (GST).

b) Employee Benefits

Provision is made for the Company'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. There is no liability for long service leave entitlements.

c) Exploration and Evaluation Expenditure

All exploration and evaluation expenditure is expensed to Statement of Profit and Loss and other Comprehensive Income as incurred. The effect of this write-off is to increase the loss incurred from continuing operations as disclosed in the Statement of Profit and 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.

d) Acquisition of Assets

The cost method is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure or mine properties based on the stage of development reached at the date of acquisition.

e) 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.

f) Income Tax

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 and 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 period 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.

g) Cash and Cash Equivalents

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.

h) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit and Loss and Other Comprehensive Income. This policy has no application where paragraph (c) Exploration and Evaluation Expenditure applies.

i) Earnings per Share

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

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

j) Property, plant, and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment are measured on the cost basis.

The carrying amounts of property, plant and equipment are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant, equipment and motor vehicles are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for the class of plant, equipment and motor vehicle depreciable assets range between 20% and 100%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit and Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

k) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit and loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit and loss.

The Company does not designate any interests in joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e., gains and losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit and loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current assets.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid 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. "Fair value" commonly does not reflect realisable value and the Board does not represent that stated fair values reflect their view of market or realisable values. This observation is over-riding and shall prevail over any inconsistent possible interpretation.

Impairment

At each reporting date, the Company 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.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

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.

l) Provisions

Provisions are recognised when the Company 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.

m) Leases

Lease payments for operating leases (where substantially all the risks and benefits remain with the lessor) are charged as an expense in the periods in which they are incurred.

Lease incentives under operating leases, if any, are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

n) Contributed Equity

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

o) Share-based Payments and Value Attribution to Equity Remuneration/Benefits

Share-based compensation benefits provided to directors are approved in general meeting by members. Share-based benefits provided to non-directors are approved by the Board of Directors and form part of that employee's remuneration package.

The International Financial Reporting Standards specifies that a valuation technique must be applied in determining the fair value of employees' or directors' stock options as at their grant date. No particular model is specified.

In respect of share options granted, the (theoretical) fair value is recognised over the vesting period as an employee benefit expense with a corresponding increase in equity. The theoretical fair value of the options is calculated at the date of grant taking into account the terms and conditions upon which the options were granted, the effects of non-transferability, exercise restrictions and behavioural considerations. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The directors do not consider the resultant value as determined by the Black-Scholes Option Pricing Model is in anyway representative of the market value of the share options issued, however, in the absence of reliable measure of the goods or services received, AASB 2: Share Based Payments prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant.

p) Comparative Figures

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

q) Segment Reporting

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 Company as the Managing Director and other members of the Board of directors.

r) Critical Accounting Estimates, Assumptions and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and from within the Company.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on best estimates by directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income tax legislation and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the directors' best estimate pending an assessment being received from the Australian Taxation Office.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Share based payments

Share-based payment transactions, in the form of options to acquire ordinary shares, are ascribed a fair value using the Black-Scholes option pricing model. This model uses assumptions and estimates as inputs.

s) New Accounting Standards for Application in Future Periods

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

These standards are not expected to have a material impact on the Company in the current or future reporting periods.

NOTE 2 OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Company 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 Company is a minerals sands exploration and evaluation company. Currently all the Company's mineral sands tenements and resources are located in Western Australia.

Revenue and assets by geographical region

The Company's revenue is received from sources and assets located wholly within Australia.

Major customers

Due to the nature of its operations, the Company does not yet provide products and services.

Financial information

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

image resources

NOTE 3 REVENUE AND EXPENDITURE

	2015 ($)	2014 ($)
REVENUE		
Other Income		
Profit on sale of tenements	483,144	-
Profit on sale of plant and equipment	14,756	-
Expense recoveries	-	46,131
	497,900	46,131
EXPENDITURE		
Other Expenses		
Occupancy costs	(61,925)	(125,007)
Filing and ASX Fees	(36,711)	(28,328)
Corporate and management	(981,173)	(971,647)
Other expenses from continuing operations	(550,171)	(425,544)
	(1,629,980)	(1,550,526)

NOTE 4 INCOME TAX

	2015 ($)	2014 ($)
The components of tax expense comprise:		
Current tax	-	-
Deferred tax asset/liability	-	-
	-	-

The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:

	2015 ($)	2014 ($)
Loss from continuing operations before income tax	3,457,660	3,267,982
Prima facie tax benefit attributable to loss from continuing operations before income tax at 30%	1,037,298	980,395
Tax effect of Non-allowable and additional deductible items		
• Profit from available-for-sale financial assets	23,603	
• Capital profit on disposal of available for sale financial assets	(11,692)	
• Capital raising costs	(47,968)	(36,997)
Effect of tax losses and temporary differences not brought to account	(1,001,241)	(943,398)
Under provision for prior year arising from R and D tax refund	(179,675)	(1,001,061)
Income tax offset attributable to the Company	(179,675)	(1,001,061)

Unrecognised temporary differences

Net deferred tax assets (calculated at 30%) have not been recognised in respect of the following items:

	2015 ($)	2014 ($)
Prepayments	2,018	844
Provisions	105,929	(11,601)
Capital raising costs	4,117	99,408
Unrecognised deferred tax assets relating to the above temporary differences	112,064	88,651

Unrecognised deferred tax assets

The Company has accumulated tax losses of $30,886,204 (2014: $27,893,955).

The potential deferred tax benefit of these losses $9,265,861 will only be recognised if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released;

(ii) the Company continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

NOTE 5 KEY MANAGEMENT PERSONNEL COMPENSATION

	2015 ($)	2014 ($)
Short-term employee benefits	**621,063**	923,347
Post-employment benefits	**46,456**	64,381
Equity-settled share based payments	**-**	-
	667,519	987,728

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 year.

Equity-settled share based payments
There were no issues of equity-settled share based payments during the year. Had there been any issues the expense is calculated as the fair value of the options, rights and shares on grant date.

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

Information on related party and entity transactions are disclosed in Note 21.

NOTE 6 AUDITORS REMUNERATION

	2015 ($)	2014 ($)
Amounts received or due and receivable by the auditors of the Company for:		
Auditing and reviewing the financial reports	**22,000**	22,300
Other	**200**	600
	22,200	22,900

NOTE 7 LOSS PER SHARE

	2015 ($)	2014 ($)
The following reflects the earnings and share data used in the calculation of basic and diluted loss per share		
Loss for the year	**(3,277,985)**	(2,266,921)
Loss used in calculating basic and diluted loss per share	**(3,277,985)**	(2,266,921)
Weighted average number of ordinary shares used in calculating basic loss per share	**170,639,117**	140,280,113

The Company had 2,695,000 (2014: 8,790,000) options over fully paid ordinary shares on issue at balance date. Options are considered to be potential ordinary shares, however, they are not considered to be dilutive in this period and accordingly have not been included in the determination of diluted loss per share.

Since the end of the financial year no ordinary shares have been issued pursuant to the employee share incentive scheme.

NOTE 8 CASH AND CASH EQUIVALENTS

	2015 ($)	2014 ($)
Cash at bank	**233,353**	260,657
Deposits at call	**731,778**	1,027,804
	965,131	1,288,461

NOTE 9 TRADE AND OTHER RECEIVABLES

	2015 ($)	2014 ($)
Trade receivables	**8,981**	14,401
GST and tax refundable	**-**	5,930

	8,981	20,331
NOTE 10 OTHER ASSETS - CURRENT	**2015 ($)**	**2014 ($)**
Restricted cash – security for guarantees	**20,000**	68,000
Rental bonds	**61,302**	16,131
Prepayments	**247,213**	16,754
	328,515	100,885

Restricted cash represent term deposits held by the Company's banks as security for bank guarantees in favour of the Department of Mines and Petroleum in respect of potential rehabilitation on certain of the Company's tenement holdings, and cash deposits held by the property manager in relation to operating lease commitments for the office premises. It is anticipated that the term deposits held by the Company's banks will soon be released back to the Company under the new Mining Rehabilitation Fund regime.

NOTE 11 PROPERTY PLANT AND EQUIPMENT	**2015 ($)**	**2014 ($)**
Plant, equipment and motor vehicles	**186,176**	329,759
Less: Accumulated depreciation	**(128,535)**	(216,024)
	57,641	113,735
Reconciliations of the carrying amount of plant, equipment and motor vehicles from the beginning to the end of the financial year.		
Plant, equipment and motor vehicles		
Carrying amount at beginning of year	**113,735**	94,117
Additions	**4,376**	46,108
Disposals	**(38,247)**	-
Depreciation expense	**(22,223)**	(26,490)
Total plant, equipment and motor vehicles at end of year	**57,641**	113,735

NOTE 12 OTHER FINANCIAL ASSETS	**2015 ($)**	**2014 ($)**
Non-Current		
Available-for-sale financial assets – shares in listed corporations	**54,302**	200,393
Investments in related parties		
Available-for-sale financial assets includes the following investments held in director-related party entities:		
Magnetic Resources NL – partly-paid shares	**14**	71
Meteoric Resources NL – fully paid shares	**46,768**	140,305
Meteoric Resources NL – partly-paid shares	**20**	199
	46,802	140,575

NOTE 13 TRADE AND OTHER PAYABLES	**2015 ($)**	**2014 ($)**
Trade creditors and accruals	**331,822**	225,849
GST and tax payable	**9,325**	-
	341,147	**225,849**

NOTE 14 CURRENT PROVISIONS	**2015 ($)**	**2014 ($)**
Employee leave benefits	**24,061**	8,839

NOTE 15 ISSUED CAPITAL

	2015		2014	
	No.	$	No.	$
Contributed Equity – Ordinary Shares				
At the beginning of the year	**143,925,423**	**37,218,636**	140,156,193	36,756,352
Placement issue of shares at $0.13			3,769,230	490,000
Issue of shares as satisfaction for drilling services at $0.13	**3,230,770**	**420,000**		
Placement issue of shares at $0.115	**10,433,936**	**1,199,903**	-	-
Placement issue of shares at $0.08	**17,530,000**	**1,402,400**	-	-
Share issue costs		**(176,733)**	-	(27,716)
Closing balance:	**175,120,129**	**40,064,206**	143,925,423	37,218,636

	2015 $	2014 $
Reserves		
Available-for-sale financial assets reserve	**(2,580)**	4,760
Employee benefits reserve (i)	**393,640**	1,122,490
Closing balance	**391,060**	1,127,250

(i) The employee benefits reserve is used to recognise the fair value of options issued. During the year to 30 June 2015, the value previously ascribed to options that lapsed during the year was transferred to retained losses.

Options

The Company had the following options over un-issued fully paid ordinary shares at the end of the year:

	2015 No.	2014 No.
Options exercisable at $0.6995 on or before 21.12.2015	**95,000**	95,000
Options exercisable at $0.3908 on or before 27.12.2016	**2,600,000**	2,600,000
Options exercisable at $1.1162 on or before 18.12.2014	**-**	2,345,000
Options exercisable at $0.50 on or before 1.6.2015	**-**	1,250,000
Options exercisable at $0.70 on or before 1.6.2016	**-**	1,250,000
Options exercisable at $1.00 on or before 1.6.2016	**-**	1,250,000
Total Options	**2,695,000**	8,790,000

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.

NOTE 16 CASH FLOW INFORMATION

	2015 ($)	2014 ($)
Reconciliation of operating loss after income tax with funds used in operating activities:		
Operating loss after income tax	**(3,277,985)**	(2,266,921)
Depreciation	**22,223**	26,490
Exploration and evaluation expenditure	**2,328,834**	1,814,800
Profit on sale of plant and equipment	**(14,756)**	-
Profit on sale of tenements	**(483,145)**	-
Profit on sale of available-for-sale financial assets	**(8,151)**	-
Loss on write down of value of available-for-sale financial assets	**86,829**	-
Changes in operating assets and liabilities:		
Decrease in trade and other receivables relating to operating activities	**6,726**	167,218
Decrease in prepayments	**9,061**	6,178
Increase / (Decrease) in trade and other payables relating to operating activities	**16,038**	(119,257)
Increase / (Decrease) in provisions	**15,222**	(39,670)
Cash flow from operations	**(1,299,104)**	(411,162)

NOTE 17 TENEMENT EXPENDITURE CONDITIONS AND LEASING COMMITMENTS

The Company 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 $1,209,000. Of this amount, $120,500 is expected to be met by JV participants.

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 Company 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 if 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 Company 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.

The Company has leased office premises at 23 Ventnor Avenue, West Perth, WA. The lease expires on 31 December 2016. The commitment for the 2015/16 financial year is $126,048 including outgoings and car parking. The commitment for the 2016/17 year is $63,024.

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 Company will secure rights to access those portions of the Tenements encroaching freehold land.

The Company has entered into an option agreement with the freehold owner of key block of land at Boonanarring upon which the feasibility study postulates that the processing plant will be constructed and the initial mining pit will be located. If acquired, this land will provide the site for the supporting infrastructure, initial mining and processing operations for the North Perth Basin project.

The Company has commenced 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. This is the only deposit forming part of the high grade dry mining targets within the NPB Project which has, insofar as the Company 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 Company's other tenements may contain dredge mining targets which could be subject to Native Title claim.

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

NOTE 19 SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following matter:

a) On 3rd September 2015 the Company announced that it completed a placement for 23.25 million shares at $0.08 per share for gross proceeds of $1.86 million.

No other material matters have occurred subsequent to the end of the financial year.

NOTE 20 EQUITY-SETTLED SHARE BASED PAYMENTS

No share options were granted during the financial year (2014: nil).

The share based payments expense (assessed by reference to "fair value") shown in the financial report amounted to $0 (2014: nil).

NOTE 21 RELATED PARTY AND RELATED ENTITY TRANSACTIONS

Transactions with directors, director-related parties and related entities **other than those disclosed elsewhere in this financial report** are as follows:

	2015 ($)	**2014 ($)**
Leeman Pty Ltd, a George Sakalidis related party, hire of specialised equipment	**(1,950)**	(4,800)

Total amounts owing to directors and/or director-related parties at 30 June 2015 was $0 (2014: $29,950 including GST).

NOTE 22 CONTINGENT LIABILITIES AND COMMITMENTS

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

NOTE 23 FINANCIAL INSTRUMENTS DISCLOSURE

(a) **Financial Risk Management Policies**

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

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

Specific Financial Risk Exposure and Management

The main risks the Company is exposed to through its financial instruments, are 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 Company manages liquidity risk by monitoring forecast cash flows, cash reserves, liquid investments, receivables, payables and commitments.

Capital Risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that the Company may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being via equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raising as required.

The Company is considering various options for the development of the Boonanarring mineral sands project and may seek to raise a significant amount of debt and equity finance to develop the project.

The working capital position of the Company at 30 June 2015 and 30 June 2014 was as follows:

	2015 ($)	2014 ($)
Cash and cash equivalents	**965,131**	1,288,461
Restricted cash and rental bond	**81,302**	84,131
Trade and other receivables	**8,981**	20,331
Trade and other payables and provisions	**(341,147)**	(225,849)
Working capital position	**714,267**	1,167,074

Credit Risk

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 Company has lodged cash deposits (designated as restricted cash above) totalling $81,302 (2014: $84,131) with the bank as collateral security for tenement guarantees and with office lease property managers for rental guarantees.

The following table provides information regarding the credit risk relating to cash and cash equivalents and restricted cash based on credit ratings:

	2014 ($)	2013 ($)
AAA rated	**-**	-
AA rated	**-**	-
A rated	**1,046,433**	1,372,592

The credit risk for counterparties included in trade and other receivables at balance date is detailed below.

	2015 ($)	2014 ($)
Trade and other receivables		
Trade receivables	**8,981**	14,401
GST and tax refundable	**-**	5,930
	8,981	20,331

(b) **Financial Instruments**

The Company holds no derivative instruments, forward exchange contracts or interest rate swaps.

Financial Instrument composition and maturity analysis

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

2015	**Weighted Average Effective Interest Rate %**	**Floating Interest Rate ($)**	**Non-Interest Bearing ($)**	**Total ($)**
Financial Assets:				
Cash and cash equivalents		964,917	214	965,131
Restricted cash		50,000	31,302	81,302
Trade and other receivables		-	8,981	8,981
Available-for-sale financial assets		-	54,302	54,302
Total Financial Assets	2.27%	1,014,917	94,799	1,109,716
Financial Liabilities:				
Trade and other payables and provisions		-	(365,208)	(365,208)
Net financial assets		1,014,917	(270,409)	744,508

	2015 $
Trade and other payables are expected to be settled as follows:	
Less than 6 months (see note 13)	(341,147)
	(341,147)

2014	**Weighted Average Effective Interest Rate %**	**Floating Interest Rate ($)**	**Non-Interest Bearing ($)**	**Total ($)**
Financial Assets:				
Cash and cash equivalents		1,284,583	3,878	1,288,461
Restricted cash		68,000	16,131	84,131
Trade and other receivables		-	20,331	20,331
Available-for-sale financial assets		-	200,393	200,393
Total Financial Assets	3.05%	1,352,583	240,733	1,593,316
Financial Liabilities:				
Trade and other payables and provisions		-	(234,688)	(234,688)
Net financial assets		1,352,583	6,045	1,358,628

	2014 $
Trade and other payables are expected to be settled as follows:	
Less than 6 months (see notes 13)	(225,849)
	(225,849)

(c) **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).

2015	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial Assets:				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets:				
- Listed investments	54,302	-	-	54,302
	54,302	-	-	54,302

2014	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial Assets:				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets:				
- Listed investments	200,393	-	-	200,393
	200,393	-	-	200,393

Sensitivity Analysis – Interest rate risk

The Company 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 year 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, with all other variables remaining constant would be as follows:

	2015 ($)	**2014 ($)**
Change in loss – increase/(decrease):		
- Increase in interest rate by 2%	**(19,703)**	(27,129)
- Decrease in interest rate by 2%	**19,703**	27,129
Change in equity – increase/(decrease):		
- Increase in interest rate by 2%	**19,703**	27,129
- Decrease in interest rate by 2%	**(19,703)**	(27,129)

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 30 June 2015 and performance for the year ended on that date of the Company; and
   (c) the audited remuneration disclosures set out in the Remuneration Report section of the Directors' Report for the year ended 30 June 2015 complies with section 300A of the Corporations Act 2001;
2. the Chief Financial Officer has declared pursuant to section 295A(2) of the Corporations Act 2001 that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) the financial statements and the notes for the financial year comply with Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view;
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;
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.

ORIGINAL SIGNED BY JOHN JONES
CHAIRMAN

PERTH
Dated this 24th day of September 2015

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Profit from our Resources

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Chartered Accountants (Aus)
Business Consultants
Financial Advisors

Report on the Financial Report

We have audited the accompanying financial report of Image Resources NL which comprises the statement of financial position as at 30 June 2015, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which was given to the directors of Image Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Image Resources NL is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 21 of the directors' report for the year ended 30 June 2015. The directors of the 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 conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Image Resources NL for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001.*

Somes Cooke

SOMES COOKE

Nicholas Hollens

SIGNED: NICHOLAS HOLLENS

Somes Cooke
35 Outram Street
West Perth WA 6005

24 September 2015