

Quarterly Report – for the quarter ended 30 September 2015

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| <p>Image Resources NL ABN 57 063 977 579</p> <p>ASX Code IMA</p> <p>Contact Details Ground Floor, 23 Ventnor Avenue, West Perth WA 6005</p> <p>T +61 8 9485 2410 E: admin@imageres.com.au W: imageres.com.au</p> <p>Issued Capital Shares – Quoted 200,400,129 <i>Options – Unquoted</i> 2,695,000 (various terms)</p> <p>Cash at end of quarter \$1,860,000</p> <p>Board & Management John Jones (NED Chairman) Peter Thomas (Non-Executive Director) George Sakalidis (Exploration Director) Collis Thorp (Chief Executive Officer) Jeff Williams (Non-Executive Director) Aaron Chong Veoy Soo (Non-Executive Director)</p> | <p>Corporate</p> <p>During the quarter the principal work was directed towards the completion of the legal agreements formalising the Memorandum of Understanding (MoU), which was announced on 30 April 2015, in preparation for a forthcoming general meeting for Shareholders to opine on the proposed transaction with Murray Zircon (MZ) and Guangdong Orient Zirconic Ind Sci & Tech Co Limited (OZC).</p> <p>At the time of writing this report Due Diligence for both Image and Murray Zircon has been completed including the Mindarie Plant Inspection. All legal documentation is substantially complete and principally awaiting confirmation of approvals from Chinese Regulatory Agencies.</p> <p>As a component of this transaction an Independent Experts Report is required to accompany the recommendation to Shareholders for the general meeting and this report is currently being prepared.</p> <p>FIRB</p> <p>FIRB (Foreign Investment Review Board) approval has been received for the proposed transaction as contemplated in the MoU. Under the transaction approved by FIRB Murray Zircon is to acquire an interest in Image and a security interest on the Boonanarring tenements (M70/1194 and M70/1311).</p> <p>This is a very important step for the company leading to the commencement of production at Boonanarring.</p> <p>Collis Thorp the Chief Executive Officer said that this together with the progress on legal documentation clears the way forward for this transaction to be prepared for submission to shareholders.</p> <p>Placement</p> <p>Image Resources received applications for 23.25 million Image Shares at \$0.08 each, totalling \$1.86 million. Applications were received from a number of sophisticated and institutional investors (refer to ASX release on 3rd September).</p> <p>There was a previous issue taken up in July by some of the Directors at \$0.08 a share raising an additional \$162,400</p> <p>The funds raised strengthened Image's financial position and provide additional working capital allowing the Company to complete the legal documentation and approvals in relation to the transaction contemplated in the MoU between Image, Murray Zircon and its parent, Guangdong Orient Zirconic Ind Sci & Tech., Ltd. Image will also be continuing exploration work and some technical studies, mainly at Boonanarring.</p> <p>Research & Development</p> <p>Lodgement of Research & Development claim amount of \$135,000 with receipt of funds expected before the end of the calendar year.</p> |
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Exploration activities

Boonanarring West

Recent interpretation of drilling and ground magnetic surveys has highlighted 9km of NNW targets between 400m and 800m west of the Boonanarring Deposit (Fig.2) some of which are within a new tenement called Boonanarring West (E70/4689). Botanical surveys and a programme of work (POW) for 70 AC holes are being prepared as part of a drilling programme in early January. Infill ground magnetics is also being planned to help with the siting of extra holes and help understand areas closer to the scarp where some surface laterite obscures and/or complicates the mineral sand signatures. The close proximity of these new targets to the Boonanarring deposit augers well for the potential to add significant extra mine life.

Boonanarring South

In addition 74 AC holes for both infill and extension drilling over a 6.4km distance is being planned directly south of the 9.5km long Boonanarring Deposit (Fig.2). The infill drilling is designed to look for higher grades in the vicinity of some drill intersections including 5m@7.2% HM from 39m in hole GG1019 Easting 389983mE Northing 6542860mN and 11m@4.5% HM from 31m in hole GG977 Easting 389452mE Northing 6544040mN. The extension drilling is within new areas where sparse historical drilling has been completed along the scarp, where laterite noise is common. A POW has already been approved for this work. All the drilling costs for the planned 144 hole AC programme have been pre-paid by a placement to a major WA drilling company. This drilling agreement is now expiring on 31st December 2016 with 10,976m available for future drilling programmes.

The drilling programmes at Boonanarring West and Boonanarring South are designed to assist Image to build a 10 year mine life for the Boonanarring Deposit.

Bidaminna Project

Extensive interpretation of historical drilling, Image drilling and ground magnetics has shown that the lower mineralised zone is much more extensive than previously thought. The Bidaminna Resource 44Mt@3% HM is 5.3km long and ranges from 100 to 300m in width (Fig. 4). Seven composites have been sent for analysis of the Zircon, Rutile, Ilmenite and Leucoxene contents across 3 sections through the Bidaminna Deposit.

The current interpretation shows the Exploration Target is 11.2km in length and ranges from 600 to 1300m in width. The Exploration Target (not including the Bidaminna Resource) is estimated to contain between 100-110Mt with potential to contain 3.0Mt to 5.8Mt of contained HM (based on a range of 3 or 4% HM).

The Bidaminna Resource and Exploration Target are amenable to large volume dredge mining as it has very low slime content around 3.6%. As a result of this very encouraging interpretation Image has picked up a new tenement called Mimegarra (E 70/4779) totalling 56 sq. km. The total North Perth Basin tenements now total 1200 sq. km (Fig. 3).

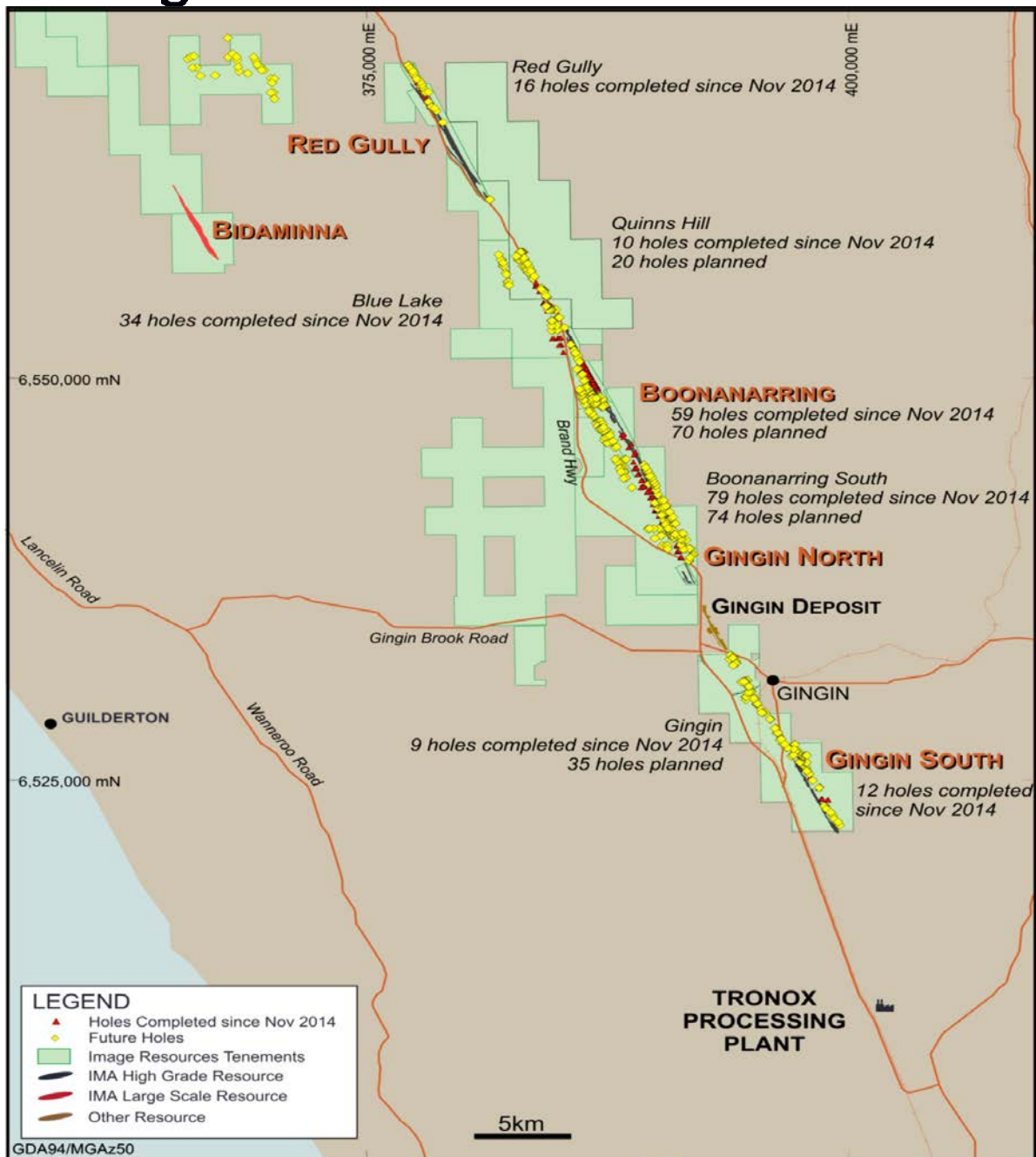


Figure 1 Drilling programmes completed and planned on Image Resources Gingin to Red Gully region in the North Perth Basin

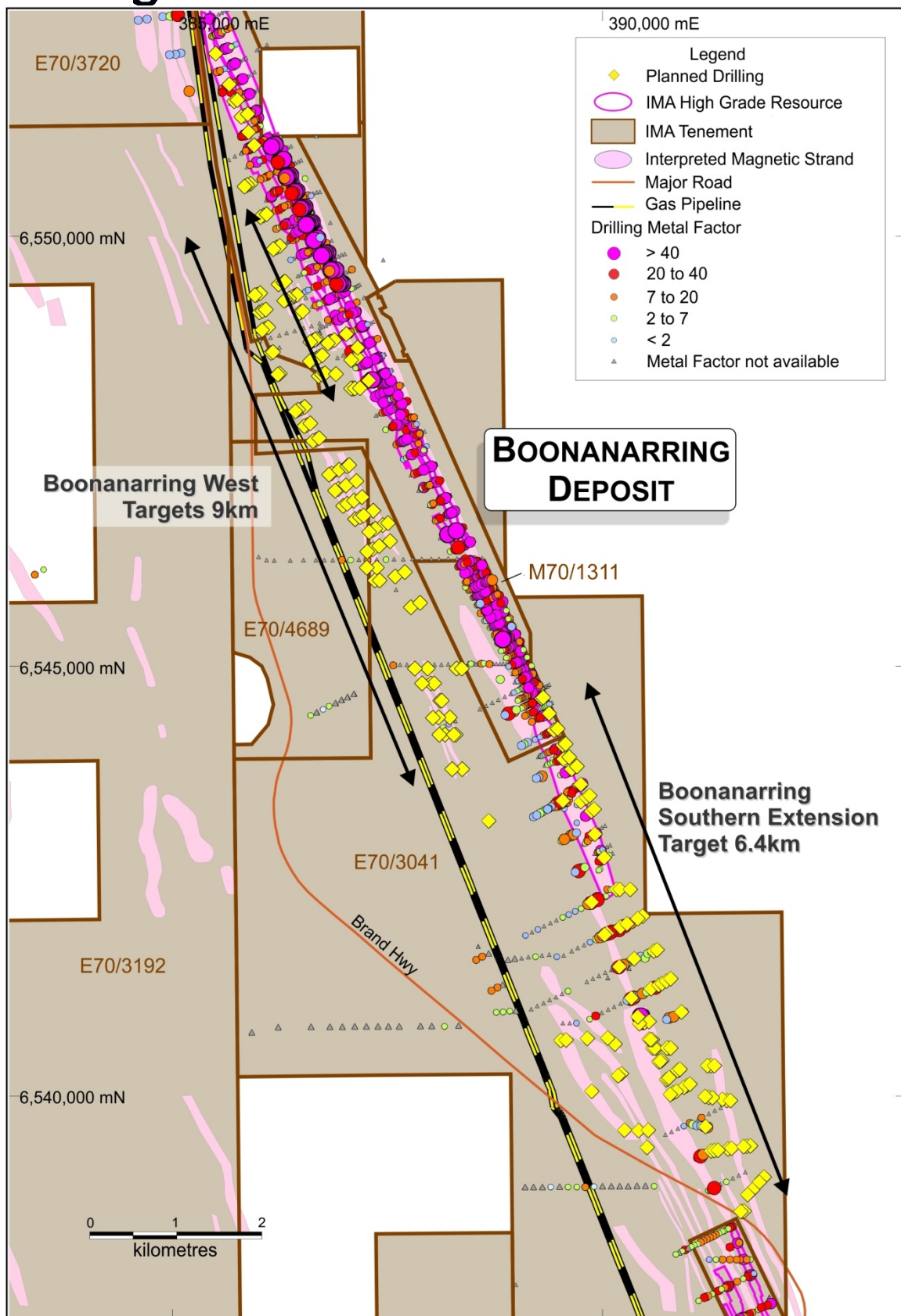


Figure 2 Boonanarring West and Boonanarring southern extension planned drilling

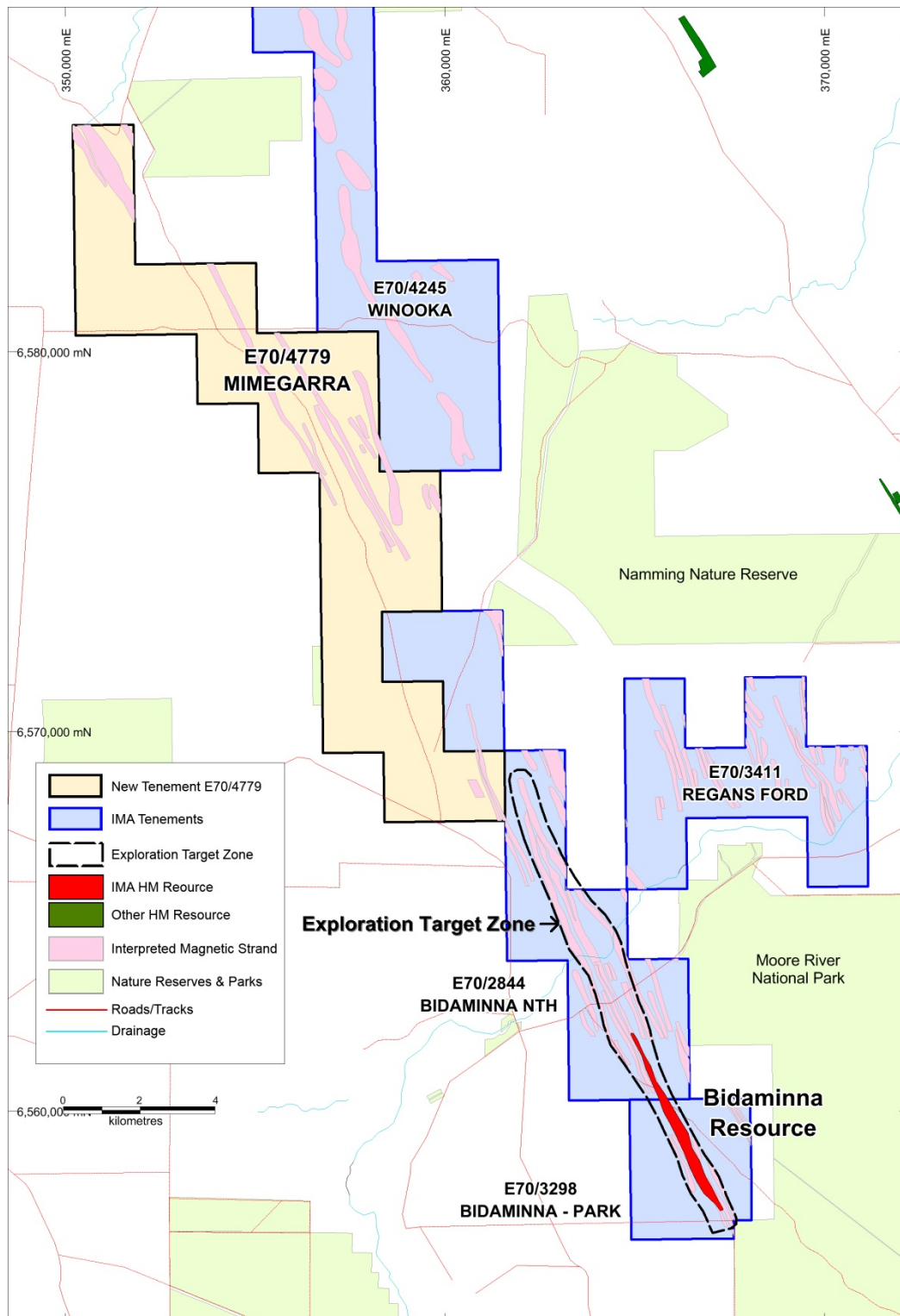


Figure 3 Bidaminna Project with new Mimegarra Tenement

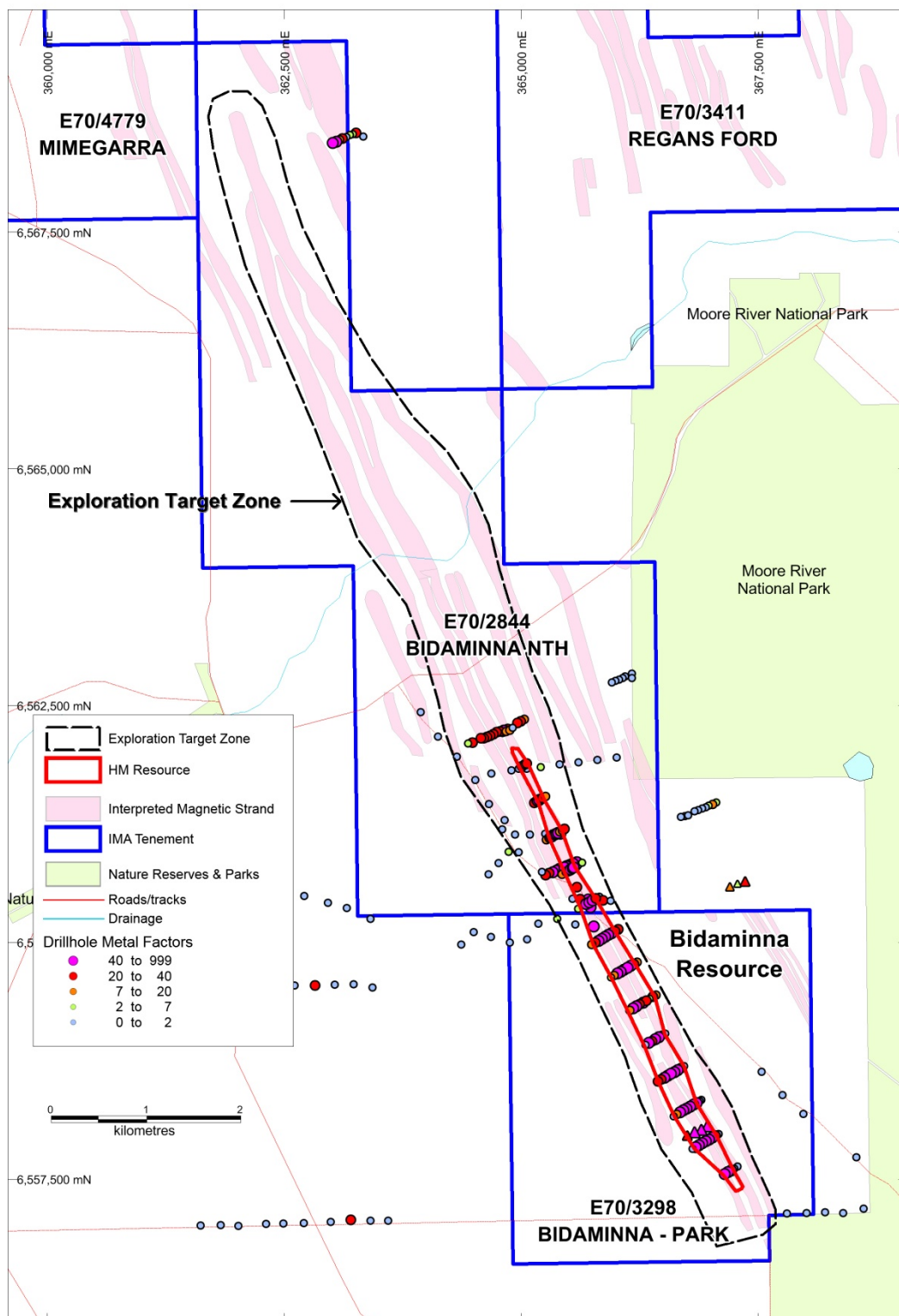


Figure 4 Bidaminna Resource and Exploration Target

| Project | # Holes likely | Metres likely |
|--------------------|----------------|---------------|
| Boonanarring South | 74 | 2,960 |
| Gingin | 35 | 700 |
| Quinns Hill | 20 | 960 |
| Boonanarring | 70 | 2,520 |
| Woolka Dredge | 40 | 1,200 |
| Total | 239 | 8,340 |

Table 1 Drilling Summary

For more information visit imageres.com.au

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

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

COMPETENT PERSON'S STATEMENT – RESOURCE ESTIMATES

The information in this report that relates to mineral resources and is based on information compiled by Lynn Widenbar BSc, MSc, DIC MAIG, MAusIMM employed by Widenbar & Associates who is a consultant to the Company. Lynn Widenbar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lynn Widenbar consents to the inclusion of this information in the form and context in which it appears in.

FORWARD LOOKING STATEMENTS

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

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

Tenement Schedule in accordance with ASX Listing Rule 5.3.3

Tenements held at the end of the Quarter

| Location | Tenement | Nature of Interest | Project | Equity (%) held at start of Quarter | Equity (%) held at end of Quarter |
|----------|----------|--------------------|-------------------------|-------------------------------------|-----------------------------------|
| WA | E28/1895 | Granted | KING (ERAYINIA JV) | 16.1% diluting | 16.1% diluting |
| WA | E28/2071 | Granted | TALC LAKE (ERAYINIA JV) | 16.1% diluting | 16.1% diluting |
| WA | E70/2636 | Granted | COOLJARLOO | 100% | 100% |
| WA | E70/2844 | Granted | BIDAMINNA NTH | 100% | 100% |
| WA | E70/2898 | Granted | COOLJARLOO | 100% | 100% |
| WA | E70/3032 | Granted | GINGIN | 100% | 100% |
| WA | E70/3041 | Granted | REGANS FORD SOUTH | 100% | 100% |
| WA | E70/3100 | Granted | QUINNS HILL | 100% | 100% |
| WA | E70/3192 | Granted | BOOTINE | 100% | 100% |
| WA | E70/3298 | Granted | BIDAMINNA -PARK | 90% | 90% |
| WA | E70/3411 | Granted | REGANS FORD | 100% | 100% |
| WA | E70/3418 | Granted | BELL | 100% | 100% |
| WA | E70/3494 | Granted | BRYALANA | 100% | 100% |
| WA | E70/3720 | Granted | BLUE LAKE | 100% | 100% |
| WA | E70/3892 | Granted | CHAPMAN HILL | 100% | 100% |
| WA | E70/3966 | Granted | REGANS FORD WEST | 100% | 100% |
| WA | E70/3997 | Granted | MUNBINIA | 100% | 100% |
| WA | E70/4077 | Granted | DARLING RANGE | 100% | 100% |
| WA | E70/4129 | Granted | MULLERING SOUTH | 100% | 100% |
| WA | E70/4130 | Granted | MULLERING NORTH | 100% | 100% |
| WA | E70/4244 | Granted | WOOLKA | 100% | 100% |
| WA | E70/4245 | Granted | WINOOKA | 100% | 100% |
| WA | M70/0448 | Granted | GINGIN SOUTH | 100% | 100% |
| WA | M70/1192 | Granted | RED GULLY | 100% | 100% |
| WA | M70/1193 | Granted | GINGIN NORTH | 100% | 100% |
| WA | M70/1194 | Granted | BOONANARRING | 100% | 100% |
| WA | P70/1516 | Granted | COOLJARLOO | 100% | 100% |
| WA | M70/1311 | Granted | BOONANARRING | 100% | 100% |
| WA | G70/0250 | Granted | BOONANARRING | 100% | 100% |
| WA | R70/0051 | Granted | COOLJARLOO NORTH | 100% | 100% |
| WA | R69/0001 | Granted | SERPENTINE LAKES | 100% | 100% |
| WA | M70/1305 | Application | ATLAS | 100% pending grant | 100% pending grant |
| WA | P70/1520 | Application | COOLJARLOO | 100% pending grant | 100% pending grant |
| WA | E70/4631 | Granted | MUNBINIA WEST | 100% | 100% |
| WA | E70/4656 | Granted | WINOOKA NORTH | 100% | 100% |
| WA | E70/4663 | Granted | BIBBY SPRINGS | 100% | 100% |
| WA | E70/4689 | Granted | BOONANARRING | 100% | 100% |

Mining Tenements acquired during the Quarter

| | | | | | |
|----|----------|-------------|-----------|-----|-----|
| WA | E70/4779 | Application | MIMEGARRA | 100 | 100 |
|----|----------|-------------|-----------|-----|-----|

Mining Tenements disposed during the Quarter

| | | | | | |
|----|----------|---------|---------------------------|------------|------------|
| WA | E70/2742 | Granted | CHANDALA (Derby Mines JV) | Earned 80% | Earned 80% |
|----|----------|---------|---------------------------|------------|------------|

Table 1 – North Perth Basin 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 |

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