

31 October 2016

BIDAMINNA PROJECT UPDATE

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to announce that **ground magnetics surveys** are currently being conducted across a **17km strike length of the Exploration Target* and further extension areas of the Bidaminna Project**. The objective of the magnetic surveys is to map the **potential mineralisation extensions of the leucoxene-rich mineral sand historic Mineral Resources** as previously reported by Image on 24 November 2015.

The surveys are scheduled to be **completed in November**. The survey data will be used to **model and wireframe the extents of the mineralisation** in an effort to outline an **expanded Exploration Target***. The modelled data will also be used to guide the location of drill holes for a likely follow-on drilling programme. Image’s practice of using magnetic survey data to determine drill hole locations has proven to be an effective measure to minimise the total number of drill holes required to convert mineralised intercepts to resources.

Optical mineralogical analysis is also being conducted on samples of heavy mineral collected from the Company’s 2014 drilling program across the Bidaminna historic mineral resources area, **to verify the leucoxene-rich nature of the mineralisation** previously identified with QEMSCAN analysis, **and to assess the quality and potential marketability of the leucoxene components** of the mineral assemblage. Mineralogical analysis and assessment of potential leucoxene component value is scheduled to be completed in November.

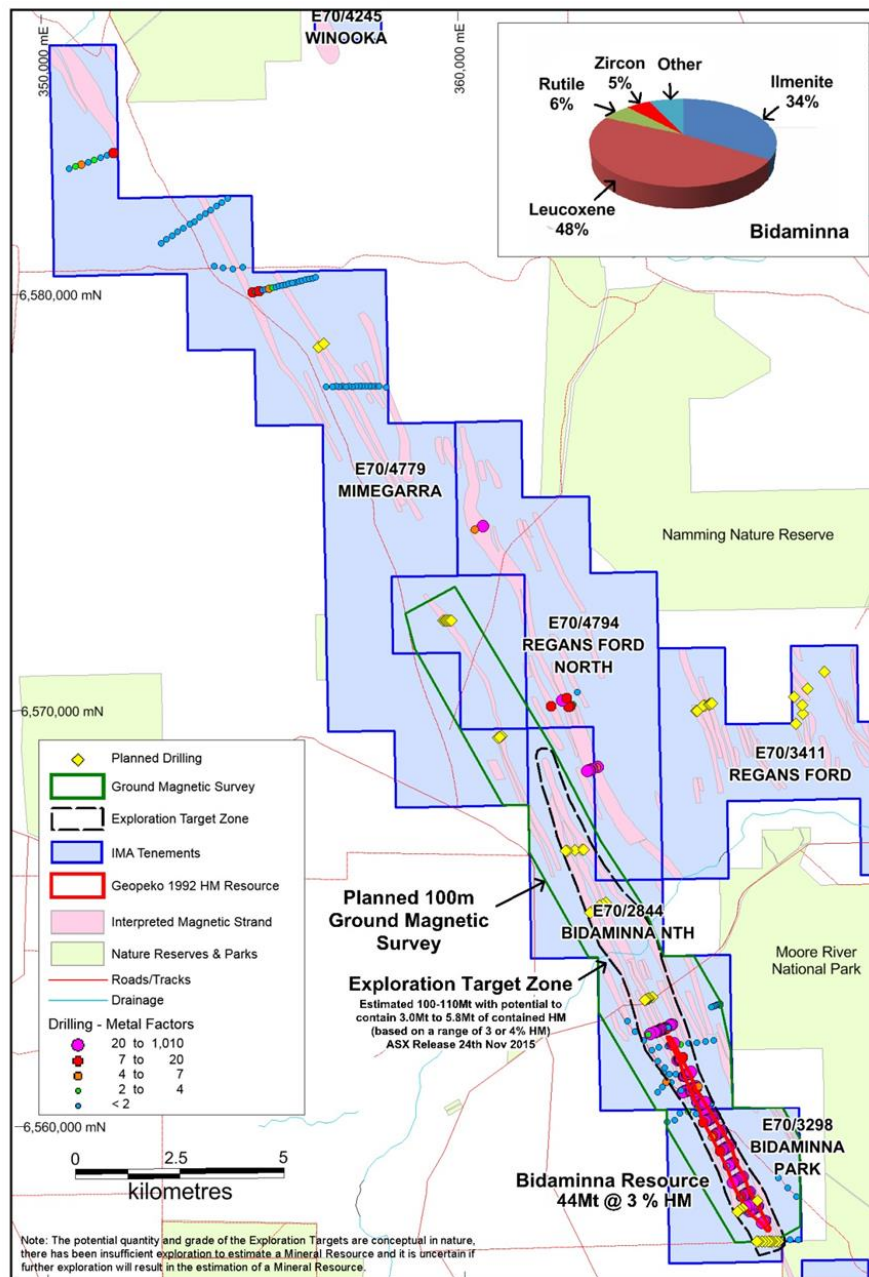
Background

As announced by Image on 24 November 2015, Bidaminna historic Mineral Resources were determined to contain a leucoxene-rich mineral assemblage based on QEMSCAN analysis conducted by Bureau Veritas Laboratories. Leucoxene concentrations were shown to range from 28% to more than 60% of the heavy mineral assemblage across the resource area, with the higher concentrations trending to the north, and with the Exploration Target* area located to the north of the historic resource area. The Exploration Target* for Bidaminna is 100-110 million tonnes of ore at 3-4% total heavy minerals (THM). This is in addition to the current Bidaminna historic Mineral Resources of 44.6 million tonnes at 3% THM and 96% valuable heavy minerals (VHM) at 1.0% THM cut-off grade.

The Company believes Bidaminna has the potential to evolve into a standalone dredge mining target, and if the leucoxene-rich nature of the mineralisation is confirmed, the value proposition of the mineral assemblage would likely be far superior to an ilmenite-rich mineral assemblage typical of the mineralisation in the West Perth Basin.

Notes:

* It is important to note that **Exploration Target** estimates are conceptual in nature and that there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



Bidaminna Project: Location of Resources, Exploration Target area and ground magnetic survey area.

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

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

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.