image resources

NL

ABN: 57 063 977 579

ANNUAL REPORT

FINANCIAL YEAR ENDED 30 JUNE 2016

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CORPORATE DIRECTORY

DIRECTORS

ROBERT BESLEY
Non-Executive Chairman

PATRICK MUTZ
Managing Director

GEORGE SAKALIDIS
Executive Director - Exploration

AARON CHONG VEOY SOO
Non-Executive Director

PETER THOMAS
Non-Executive Director

CHAODIAN CHEN
Non-Executive Director

FEI WU
Non-Executive Director

COMPANY SECRETARY

DENNIS WILKINS

(DW Corporate)

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

Greenwich & Co Audit Pty Ltd
35 Outram Street, West Perth WA 6005
Telephone: (08) 6555 9500

STOCK EXCHANGE

Australian Securities Exchange (ASX)

COMPANY CODE

IMA (Fully paid shares)

ISSUED CAPITAL

379,511,740 fully paid ordinary shares

2,600,000 unlisted options:

- options exercisable at $0.3908 cents by 27 December 2016

The Company's primary focus during the past year was completing the Asset Sale and Purchase Agreement (Transaction) with Murray Zircon Pty Ltd and Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd. Completion occurred on 8 June 2016.

This Transaction provides a substantial boost to the Company's principal objective of advancing the development of its high-grade Boonanarring Mineral Sands Project in the North Perth Basin located 80 kilometres north-northwest of Perth.

Boonanarring Mineral Sands Project

The Transaction delivered the following major benefits to the Company:

- All plant & equipment and internal infrastructure items necessary to construct a complete heavy mineral recovery operation; from slurry unit in the mine to wet concentration plant for HMC;
- $4M Short-Term loan funds with very favourable terms;
- Contracted off-take agreement for life-of-mine with Orient Zirconic for 90% of zircon at market price. This equates to approximately 70% of project revenue;
- Secondary working capital loan funds of US$8M following first production;
- Access to a range of mineral separation services including a purchase option for a mineral separation plant in South Australia;
- New cornerstone shareholder that has been operating in zircon processing and zirconium product sales for 20 years;
- Board restructure with a new independent Chairman, new Managing Director and two new Non-Executive Directors, all with mineral sands project development and operations experience;
- A significant reduction in the capital required for project development.

The combination of ready-for-development, high-grade resources and reserves amassed by Image across the past 5-7 years and the capital equipment assets, experienced management and other benefits arising from the Transaction establishes a solid base on which the Company can rapidly, efficiently and cost-effectively build and advance towards production.

The Company is now principally focused on updating and upgrading its 2013 feasibility study to a bankable feasibility study (BFS) for the Company's 100% owned Boonanarring and Atlas mineral sands deposits located in an infrastructure rich area of the North Perth Basin, a proven mineral sands mining province. The first phase of updating the feasibility study will include an update of the minerals resources and reserves in accordance with JORC2012; a geotechnical assessment to determine optimal pit wall slopes; and detailed mine design. A second phase will incorporate overall detailed project engineering and a reassessment of the economic model.

The current estimate for completion of the BFS is early 2017. Favourable feasibility results and funding of remaining project capital could allow the Company to achieve first production in early 2018.

Exploration activities

A number of areas have recently been dropped with the current North Perth Basin holdings being reduced by 10% to 900 square kilometres (Fig.1). A number of Projects have been recommended for further exploration to both meet the mines department commitments and to potentially outline new and incremental strategic resources. The drilling is aimed at extending known deposits including Boonanarring and other deposits including Helene, Bidaminna, Gingin North and the Tronox dredge area.

In addition some infill drilling and further assaying are being carried out with the aim of extending the mine life of the Boonanarring project.

Boonanarring and Boonanarring Extensions

The main focus during the current year has been on extensions south of the Boonanarring Resource. A 46 hole drill programme was completed mainly investigating the southern extension of the high grade eastern Boonanarring strand. The visual in-field panning estimates show continuity over a 6.4km length (Fig.2) with a 1km gap that is subject to access which has not been tested as yet. A further 8 hole infill drilling programme is planned. In addition, a new NW trending strand is planned to be tested with an 11-hole drill programme (Fig 2).

Within the Boonanarring resource area, a 17 hole infill drill programme is planned to close off the extents of the high grade eastern strand.

Extensions to the north will be assessed by a roadside drilling programme of 22 holes. This will be assessing the potential for a 5km extension north of the current Boonanarring deposit. As announced previously (25th March 2015 and 13th July 2015) this extension was confirmed over a distance of 1.6km with high grade results in hole IX00103 of 14m @ 17.9% HM from 40m depth and in hole IM00083 of 8m @ 21.5% HM from 39m depth.

Bidaminna Park (E70/3298), Bidaminna North (E70/2844), Mimegarra (E70/4779)

The Bidaminna Region (Fig 3.) is indicating as an unusually high Leucoxene province after composites were taken across the Bidaminna resource area. The Bidaminna Project size appears potentially as large as the Gingin Scarp group of resources (includes Red Gully, Boonanarring, Gingin North and Gingin South) totalling close to 60km.

The Leucoxene range of 28 to 69% of the HM in the seven Bidaminna composites is much higher than any of the eight deposits between Gingin South and the Cooljarloo Mine where the Leucoxene range is between 1 to 10% of the HM. This makes the Bidaminna Resource very unusual and, as a result, Image has applied for additional tenements to cover the northern and southern extensions of the Bidaminna resource area.

The commodity pricing for Leucoxene is not readily reported however according to recent presentations from MZI Resources Ltd (27th May and 18th November 2015), the L70 Leucoxene (65-85% TiO_2) price was reported to be US$352/tonne whilst the L88 Leucoxene (85-95% TiO_2) price was reported as US$1,166/tonne. This augers well for the potential economics of the Bidaminna project, as the mineral suite is dominated by the much higher value Leucoxene products, whilst most of the North Perth Basin deposits are commonly dominated by the lower value ilmenite products which are currently US$100-150 per tonne.

A planned 37 hole drill programme is designed to test for extensions of the Bidaminna Resource. The Bidaminna Resource and Exploration Target, differs from the Boonanarring Deposit, in that they are amenable to large volume dredge mining with a very low slime content of around 3.6%. The mineralised horizon is below the water table and has thick zones of mineralisation up to 35 metres thick. Bidaminna may have the potential to become a standalone dredging operation and may be of interest to companies' currently operating dredge in the region. A further 5km northern extension will also be tested, mainly within the Mimegarra tenement.

Woolka E70/4244, Munbinia E70/3997

A 13 hole drill programme is planned to locate extensions of the dredge resources along strike and WNW of the Tronox proposed dredge area within both the Woolka and Munbinea (E70/3997) tenements (Fig.4). A Heritage survey is planned prior to the drilling. This programme should demonstrate the potential size of the dredge area within the Woolka and Munbinea tenements. Note the proposed area if successful is similar in **size as the whole Tronox Cooljarloo historical dredge areas** and is potentially a major target. Tronox has commenced drilling on Image's Mullering royalty areas directly west of Tronox's current dredging operation.

Erayinia (E78/1895), Talc Lake (E38/2071) Gold Tenements

The northern (6.5km) and southern extension (5km) of the King Gold mineralisation has historically been insufficiently tested (Fig.5). Given the strong interest in the gold sector, a ground magnetic survey is warranted covering these extensions and other interesting shear and intrusvie style targets. This information in combination with historical drilling will be used to further access the gold potential of these tenements.

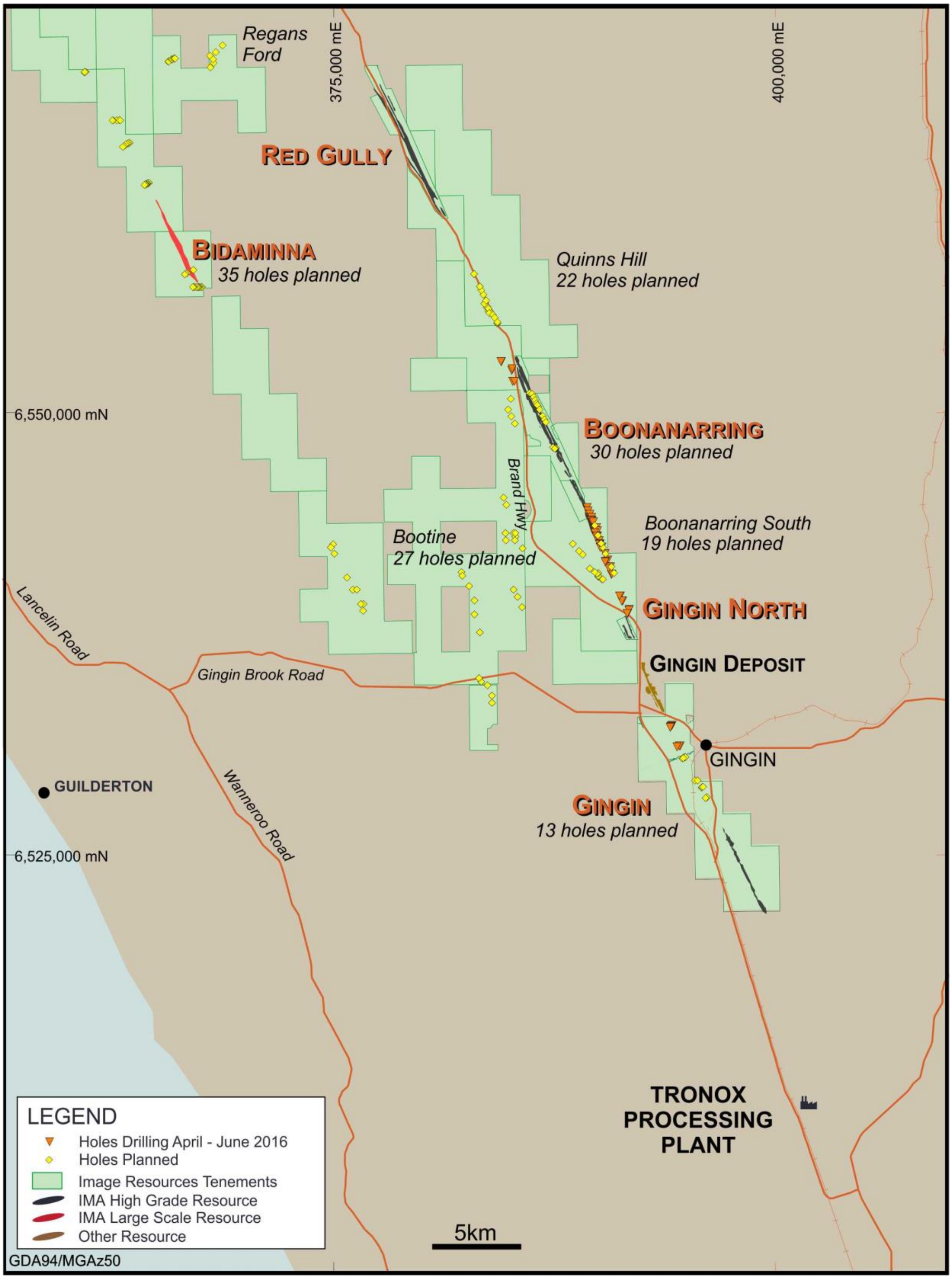

Figure 1 Drilling programmes completed and planned on Image Resources Gingin to Red Gully region in the North Perth Basin

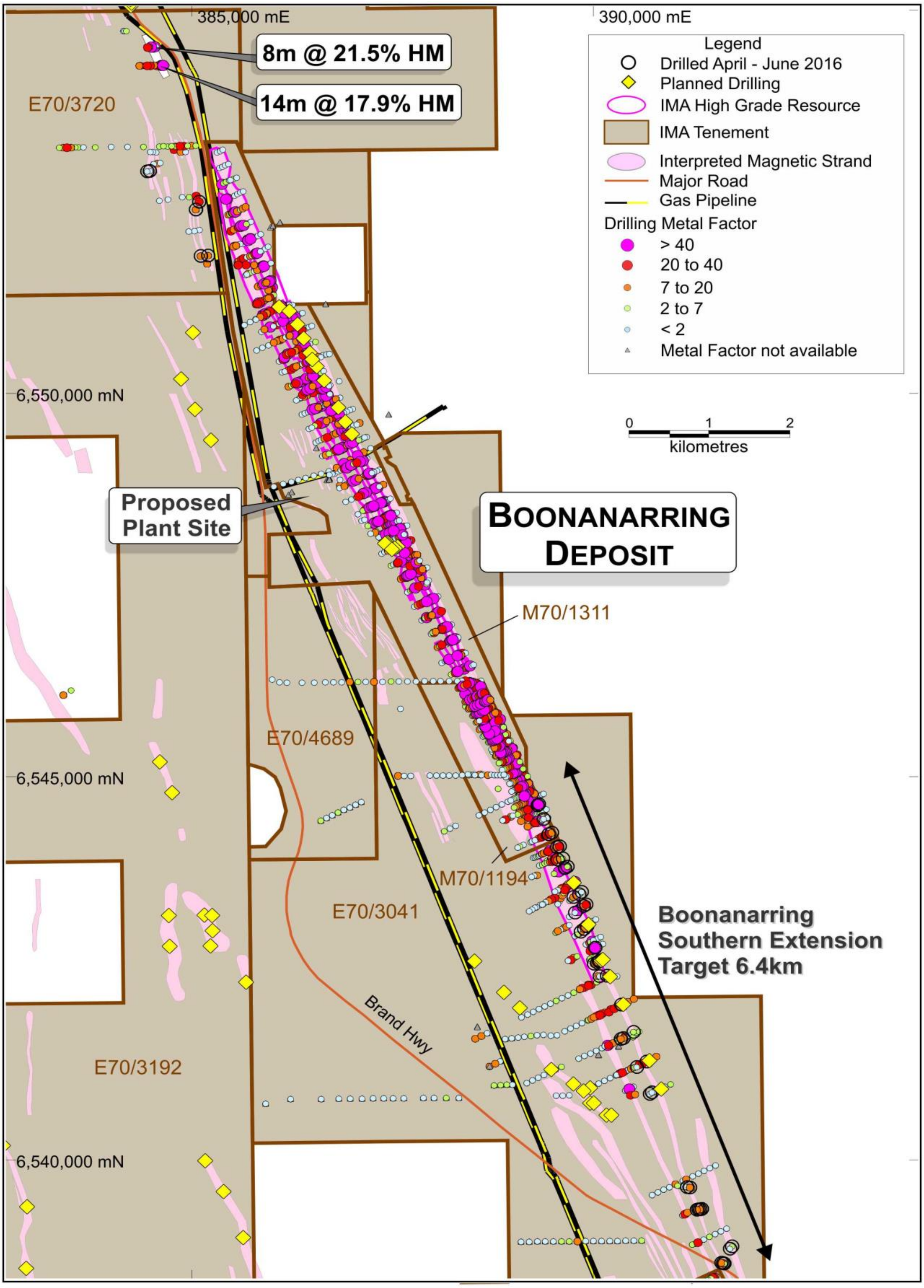

Figure 2 Boonanarring West planned drilling (highlighted yellow)

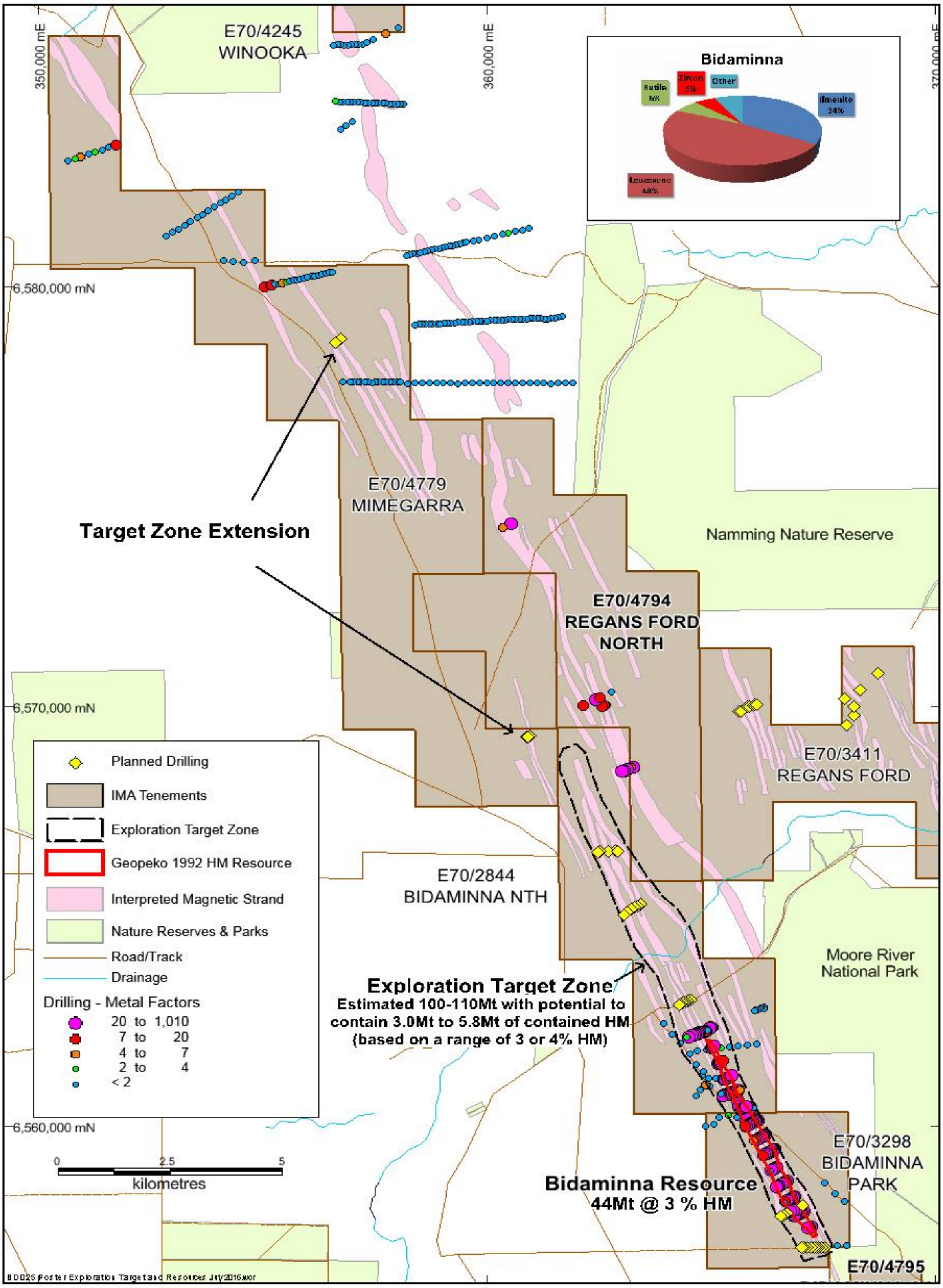

Figure 3 Bidaminna, Bidaminna North and Mimegarra with planned drilling (highlighted in yellow)

Note: The potential quantity and grade of the Exploration Targets are conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

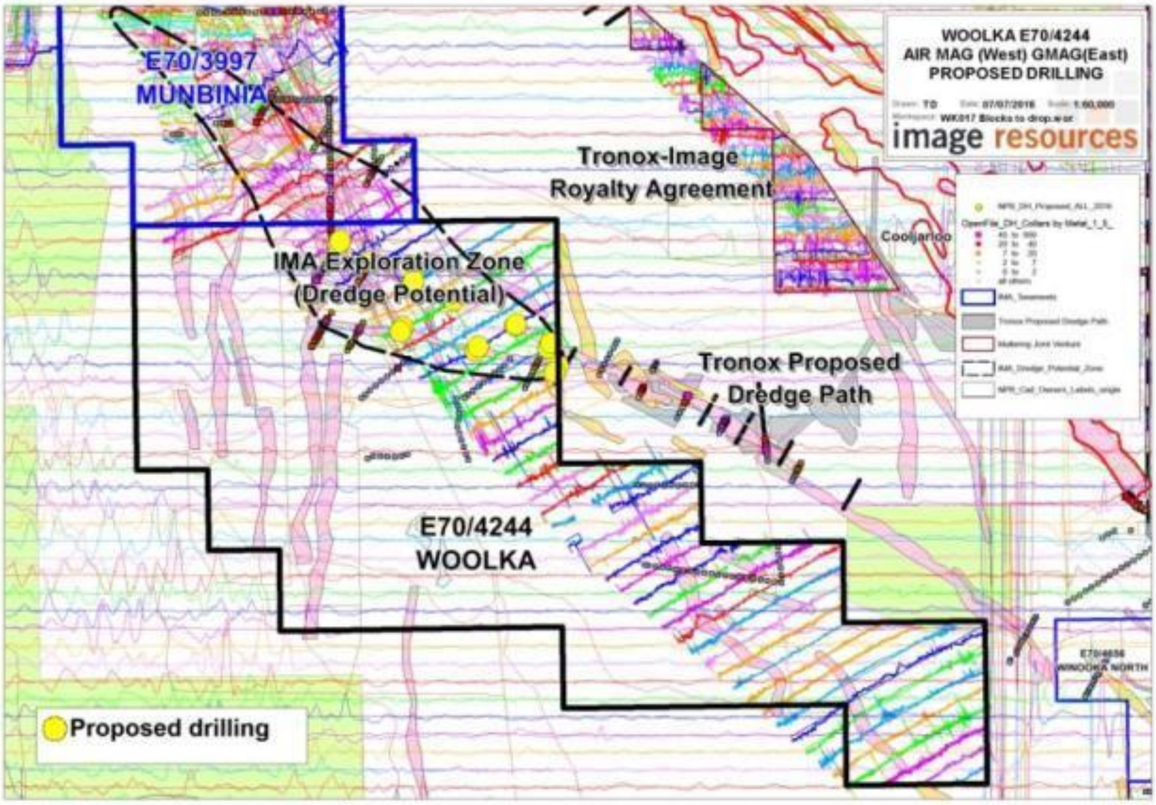

Figure 4 Woolka and Munbinia tenement showing 13-hole programme west of the Tronox proposed dredge area

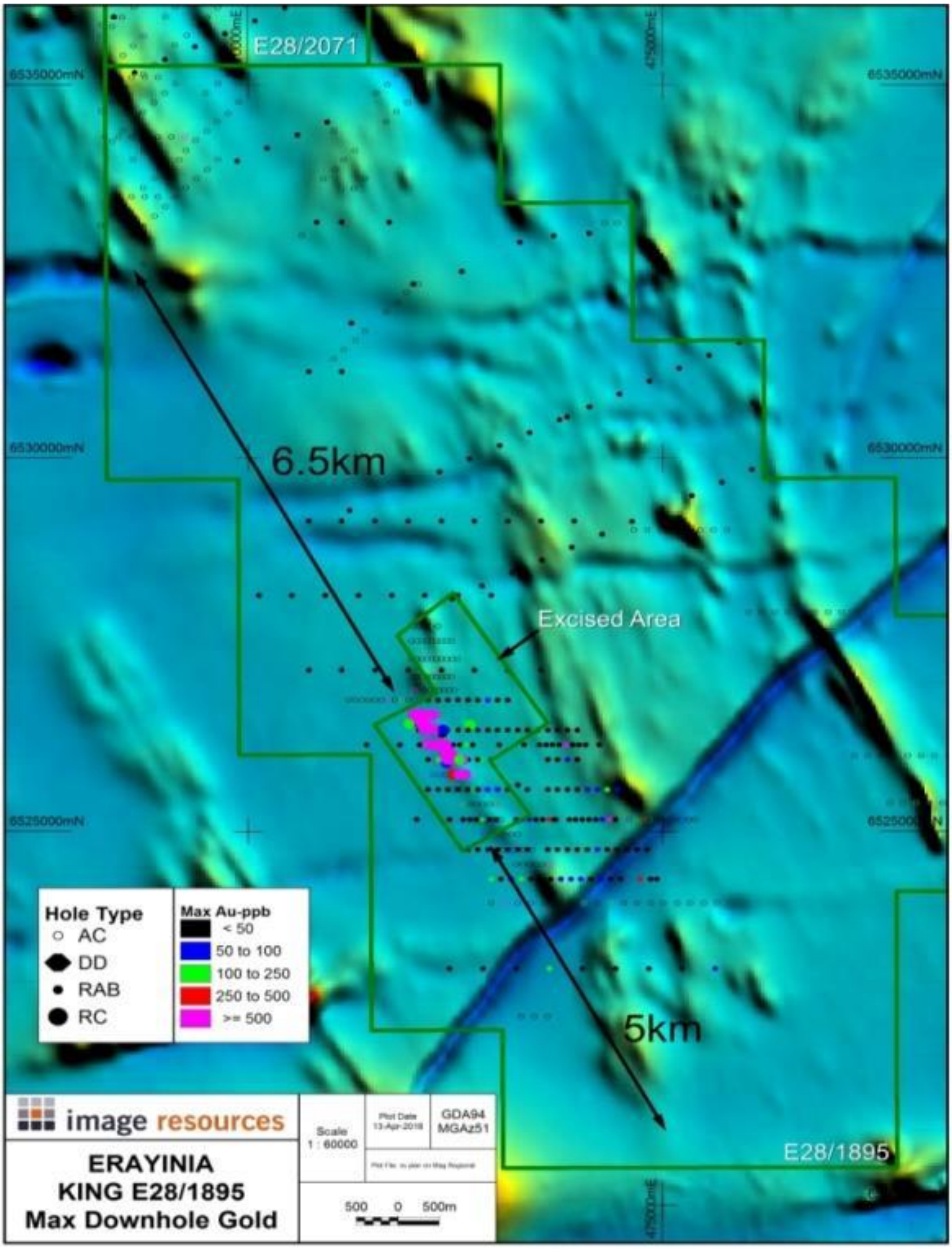

Figure 5 Erayinia tenement showing areas recommended for ground magnetics and a 12 hole drilling programme after an exemption is applied for this year.

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**

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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. Mr 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'. Mr 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. Mr 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'. Mr 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. Mr 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'. Mr 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 2016.

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:

Robert Besley (Appointed as Chair 8 June 2016)
Peter Thomas (Appointed Chair 12 May 2016, resigned as Chair 8 June 2016)
George Sakalidis
Aaron Chong Veoy Soo (Appointed 27 July 2015)
Chaodian Chen (Appointed 8 June 2016)
Fei Wu (Appointed 8 June 2016)
John Jones (Appointed as Chair 29 October 2014, resigned as Chair and Director 12 May 2016)
Jeff Williams (Resigned 31 January 2016)
Patrick Mutz (Appointed as Managing Director 8 June 2016)

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the continuation of progressing towards development of the Boonanarring and Atlas deposits comprising part of Image's North Perth Basin Heavy Mineral Sands Project (Project) in Western Australia including completing the Asset Sale and Purchase Agreement (Transaction) with Murray Zircon Pty Ltd (Murray Zircon) and Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd. (Orient Zirconic). Completion of this transaction occurred on 8 June 2016.

RESULTS FROM OPERATIONS

During the year the Company recorded an operating loss of $4,165,508 (2015: $3,277,985).

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 1.98 cents (2015: 1.92 cents). Diluted loss per share in respect of both years ended 30 June 2016 and 30 June 2015 are the same as for basic loss per share.

FINANCIAL POSITION

From 30 June 2015 the net assets of the Company increased by $12,075,355 to $13,102,662 including cash and cash equivalents of $3,036,134. The increase in net assets is largely due to the acquisition of plant, equipment and inventory valued at $13,015,205 from Murray Zircon and capitalisation of a completion fee of $372,664 on the Murray Zircon transaction. The loss for the year was largely as a result of expenditure incurred on project evaluation, exploration and tenement expenses aggregating $1,824,399 and other expenses of $2,541,478 offset by a receipt of $118,379 from the R&D Tax incentive.

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

There have been no material significant events subsequent to the reporting date.

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

Robert Besley
Chairman
Appointed as Director and Chair on 8 June 2016 Robert Besley is a Director of KBL Mining Limited (ASX:KBL) and Chairman of Silver City Minerals Ltd (ASX:SCI) and has more than 40 years' experience in the mining industry. Mr Besley has served in a number of Government advisory roles including several years as Deputy Chairman of the NSW Minerals Council. He holds a BSc (Hons) in Economic Geology from the University of Adelaide and is a Member of the Australian Institute of Geoscientists. He managed the creation, listing and operation of two successful mining companies; CBH Resources Limited which he led as Managing Director from a small exploration company to Australia's 4th largest zinc producer; and Australmin Holdings Limited (acquired by Newcrest) which brought into production a gold mine in WA and mineral sands mine in NSW. More recently he was a founding Director of KBL Mining Limited which operates the Mineral Hill copper-gold mine in NSW, is Chairman of Silver City Minerals Limited, which is actively exploring for silver-lead-zinc in the Broken Hill District and has been a Non-Executive and independent Director of Murray Zircon from commencement of development and production of the Mindarie Mineral Sands Project until June 2016. He also serves on the Company's audit and remuneration committees. During the past three years he has also served as a director of the following other listed companies:

- KBL Mining Limited, appointed 29 February 2008, continuing.
- Silver City Minerals Limited - appointed 5 March 2010, continuing

Patrick Mutz
Managing Director
Patrick Mutz has more than thirty years of international mining industry experience in technical (metallurgist), managerial, consulting and executive roles in all aspects of the industry from exploration through project development, mining and mine rehabilitation. He has operational experience in open cut, underground, and in-situ mining and related processing, on projects in the USA, Germany, Africa and Australia. Since his arrival in Australia from the USA in 1998, he has served as CEO / Managing Director of a number of publicly listed and private mining companies based in South Australia, Victoria and Western Australia, primarily involved with project development and company transitioning from exploration to production. Mr Mutz is a Fellow of the AusIMM and a member of the Australian Institute of Company Directors. He holds a Bachelor of Science (Honours) and an MBA from the University of Phoenix in the US. Prior to joining Image Patrick was CEO of Murray Zircon Pty Ltd focusing on the development and mining and processing operations of its 100%-owned Mindarie Mineral Sands Project in South Australia, where hee lead the company on its goal of becoming South Australia's newest mineral sands mining company at that time. Mr Mutz has not been a director of any other listed public companies in the past 3 years.

Peter Thomas
Non-Executive Director
Mr Thomas, having served on ASX listed company boards for over 30 years, has been a non-executive director of Image Resources NL since 10 April 2002. 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. He also serves on the Company's remuneration committee. During the past three years he has also served as a director of the following other listed companies:

- Emu NL – appointed August 2007, continuing.
- Middle Island Resources Limited – appointed March 2010, continuing.
- Meteoric Resources NL - appointed August 2007, 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), Meteoric Resources NL (since listing on 16 July 2004) and Magnetic Resources NL. 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, reappointed 29 January 2016.
- Potash West NL – appointed November 2010, resigned 26 November 2014.
- Emu NL – appointed August 2007, resigned November 2013.

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. He also serves on the Company's audit committee. Mr Soo has not been a director of any other listed public companies in the past 3 years.

Chaodian Chen
Non-Executive Director
Mr Chen founded Orient Zirconic in 1995 and has built the company into a leading company in the zirconium industry. He served as President and Chairman of the company until mid-2013 when China National Nuclear Corporation (CNNC) became the largest shareholder in Orient Zirconic. He became the Chairman of Murray Zircon when the company was founded in 2011 as a result of Orient Zirconic's first investment in mining in Australia. Mr Chen is the Vice President of China non-ferrous metals industry association titanium zirconium & Hafnium Branch. He holds an EMBA degree and is a Certified Engineer. He also owns a number of patents involving the processing of zircon. During the past three years he has also served as a director of the following other listed company:

- Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd, continuing.

Fei (Eddy) Wu
Non-Executive Director
Mr Wu has solid operational experience in the Australian resource and mining industry. He specialises in combining the strengths of Australian upstream mining with Chinese downstream processing and end use to optimise the strategy for resource development and maximise the resource value. As the first CEO of Murray Zircon, he built and led the team to complete the development and start-up at the Mindarie mineral sands project in late 2012. Mr Wu was appointed as a Non-Executive Director of Murray Zircon in early 2013. He is currently the CEO and a Director of Queensland Mining Corporation Limited and the CEO of WIM Resources Pty Ltd. Eddy graduated from the University of Science and Technology, Beijing. He holds a Master's Degree in Commerce (Finance) from the Australian National University and a Master's Degree in Science from Cass Business School, City University London. He also serves on the Company's audit and remuneration committees as Chair of both. During the past three years he has also served as a director of the following other listed company:

- Queensland Mining Corporation Limited. Appointed 9 August 2013, continuing.

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.

AUDIT COMMITTEE
At the date of this report the members of the Company's audit committee comprise Messrs Besley, Soo and Wu (with Mr Wu undertaking the role of the Chair of that committee). During the year no separate committee meeting was held. Matters to do with the 2015 annual audit were discussed and considered at Board level.

REMUNERATION COMMITTEE
At the date of this report the Remuneration Committee ("committee") comprises Messrs Besley, Thomas and Wu (with Mr Wu 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 2016, there were 6 meetings of directors held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Besley	1	1	-	-	-	-
Peter Thomas	6	6	-	-	1	1
George Sakalidis	6	6	-	-	1	1
Aaron Soo	5	5	-	-	-	-
Chaodian Chen	1	1	-	-	-	-
Fei Wu	1	1	-	-	-	-
John Jones	5	5	-	-	1	1
Jeff Williams	4	4	-	-	1	1
Patrick Mutz	1	1	-	-	-	-

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
Robert Besley	Non-Executive Chairman – appointed 8 June 2016
Patrick Mutz	Managing Director – appointed 8 June 2016
Peter Thomas	Non-Executive Director - appointed Chair 12 May 2016, resigned as Chair 8 June 2016
Aaron Soo	Non-Executive Director – appointed 27 July 2015
George Sakalidis	Executive Director – Exploration
Fei (Eddy) Wu	Non-Executive Director – appointed 8 June 2016
Chaodian Chen	Non-Executive Director – appointed 8 June 2016
John Jones	Non-Executive Chairman – resigned as Chair and Director on 12 May 2016
Jeff Williams	Non-Executive Director – resigned 31 January 2016
Collis Thorp	Chief Operating Officer (CEO) – appointed CEO on 26 September 2014, resigned as CEO 8 June 2016, appointed as Chief Development Officer on 8 June 2016. Made redundant effective 1 July 2016.

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 thereof 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 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 2016.

Current Board Remuneration Structure

The current remuneration structure for the board is as follows:

Director		Annual Directors Fees	Committee Fees
Mr R Besley	(Non-Executive Chairman)	$40,000 + statutory super	$5,000 + statutory super
Mr P Mutz	(Managing Director)	$240,000 inclusive of super	-
Mr P Thomas	(Non-Executive Director)	$30,000 + statutory super	$5,000 + statutory super
Mr A Soo	(Non-Executive Director)	$30,000	-
Mr F Wu	(Non-Executive Director)	$30,000 + statutory super	$5,000 + statutory super
Mr C Chen	(Non-Executive Director)	$30,000	-
Mr G Sakalidis	(Executive Technical Director)	$175,000 inclusive of super	-

Key Management Personnel Remuneration

Year ended 30 June 2016							
	Short-term benefits			Post-employment		Share-based payments	
	Directors Fees ($)	Other Fees & contractual payments ($)	Non-monetary benefits ($)	Superannuation ($)	Total cash and cash equivalent benefits ($)	Equity-settled share based payments ($)	Total ($)
Non-Executive Directors							
Robert Besley [1]	2,712	-	-	258	-	-	2,970
Peter Thomas	32,801	-	-	3,116	-	-	35,917
Aaron Soo [2]	28,044	-	-	-	-	-	28,044
Fei (Eddy) Wu [1]	2,110	-	-	200	-	-	2,310
Chaodian Chen [1]	1,808	-	-	-	-	-	1,808
John Jones [3]	34,624	-	-	3,289	-	-	37,913
Jeff Williams [4]	17,500	-	-	1,663	-	-	19,163
Executive Director							
Patrick Mutz [1]	12,833	3,413	-	1,833	-	-	18,079
George Sakalidis	172,024	-	-	15,915	-	-	187,939
Executive Officers							
Collis Thorp [5]	241,020	49,500	-	33,712	-	-	324,232
Total	**545,476**	**52,913**	**-**	**59,986**	**-**	**-**	**658,375**

Note 1 Mr Besley, Mr Wu, Mr Chen were appointed as Non-Executive Directors and Mr Mutz was appointed Managing Director, all on 8 June 2016.
Note 2 Mr Soo was appointed on 27 July 2015.
Note 3 Mr Jones resigned on 12 May 2016.
Note 4 Mr Williams resigned on 31 January 2016.
Note 5 Mr Thorp was made redundant 1 July 2016.

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 ($)
Non-Executive Directors							
Peter Thomas	39,167	-	-	3,708	42,875	-	42,875
John Jones	37,167	-	-	3,530	40,697	-	40,697
Jeff Williams	30,500	-	-	2,896	33,396	-	33,396
Executive Officers							
George Sakalidis	43,318	186,078	-	4,107	233,503	-	233,503
Jon O'Callaghan [1]	5,000	38,813	-	475	44,288	-	44,288
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.

Key Management Personnel Contracts

Remuneration arrangements for Key Management Personnel are formalised in employment agreements. The following outlines the details of contracts:

Executives

Patrick Mutz – Managing Director

- Base Salary - $240,000 per annum inclusive of superannuation
- Initial contract term – 1 year
- Performance bonus - $100,000 per annum awarded as part of an executive performance incentive scheme and on completion of measured key performance indicators and performance above and beyond mere ordinary performance.
- Allowances – A company vehicle or taxis and car rental is provided for use on company business to a maximum of $15,000 per annum. The Company will contribute up to $25,000 per annum for accommodation whilst located in Perth. The Company will contribute up to $20,000 towards airfares for travel between Adelaide and Perth during the initial term.
- The agreement may be terminated by the Company by the provision of three months written notice. The employee may terminate the contract by the provision of two months' notice.

Collis Thorp - Chief Development Officer

- Base Salary - $272,760 per annum inclusive of superannuation.
- On 1 July 2016 Mr Thorp was made redundant. The redundancy payment was $49,500.

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.

Non Executives

Clause 91 (1) of the Company's Constitution provides that Directors are entitled to receive Directors' fees within the limits approved by shareholders in general meeting. Shareholders approved the aggregate fees to be paid to Directors to be $300,000 per annum on 30 November 2009.

Each Non-Executive Director's actual remuneration for the years ended 30 June 2016 and 30 June 2015 is shown above. Each Non-Exectuvie Director has an unspecified term of appointment, which is subject to the Company's Constitution. Conditions are reviewed at least annually by the Remuneration Committee. There are no termination benefits for any Non-Executive Director.

Base fees for each non-executive director during their period in office were as follows:

	Base Fees $	Audit Committee Fee $	Remuneration Committee Fee $	Superannuation %
Robert Besley [1]	40,000	-	5,000	9.5
Peter Thomas [1]	30,000	-	5,000	9.5
Aaron Soo	30,000	-	-	-
Fei (Eddy) Wu [1]	30,000	-	5,000	9.5
Chaodian Chen	30,000	-	-	-
John Jones	40,000	-	-	9.5
Jeff Williams	30,000	-	-	9.5

Note 1 The Remuneration Committee fee commenced from 8 June 2016.

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 and Rights Granted as Remuneration

KMP	Balance at Beginning of Year	Grant Details		Exercised		Lapsed	Balance at End of Year
	No.	No.	Value $	No.	Value $	No.	No.
Directors							
Peter Thomas	650,000	-	-	-	-	-	650,000
George Sakalidis	800,000	-	-	-	-	-	800,000
Totals	**1,450,000**	**-**	**-**	**-**	**-**	**-**	**1,450,000**

KMP	Balance at End of Year	Vested			Unvested
	No.	Exercisable No.	Unexercisable No.	Total at End of Year No.	Total at End of Year No
Directors					
Peter Thomas	650,000	650,000	-	650,000	-
George Sakalidis	800,000	800,000	-	800,000	-
Totals	**1,450,000**	**1,450,000**	**-**	**1,450,000**	**-**

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:

Name	Balance at Beginning of Year or Date of Appointment	Other Changes during the Year	Balance at End of Year or Date of Retirement
Directors			
Robert Besley	-	-	-
Peter Thomas	2,100,306	-	2,100,306
Aaron Soo [1]	9,988,861	-	9,988,861
Fei Wu	-	-	-
Chaodian Chen	-	-	-
George Sakalidis	3,128,489	750,000	3,878,489
John Jones	-	120,000	120,000
Jeff Williams	-	375,000	375,000
Patrick Mutz	-	-	-
Executive Officer			
Collis Thorp	-	1,151,000	1,151,000
Totals	**15,217,656**	**2,396,0001**	**17,613,656**

Note 1 Mr Soo was appointed on 27 July 2015 and at that time held an indirect interest in 9,988,861 shares.

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Company and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

End of remuneration report audited.

OPTIONS

At the date of this report, the unissued ordinary shares of the Company under options are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
29 November 2011	27 December 2016	$0.3908	2,600,000

Option holders do not have any rights to participate in any issues of shares of the Company during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2016 no ordinary shares were issued on the exercise of options granted. No further shares have been issued since year-end. No amounts are unpaid on any of the shares.

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 $9,173 (2015: $10,250) was incurred in insurance premiums for this purpose.

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: ROBERT BESLEY
CHAIRMAN
Perth
20 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

Greenwich & Co

Greenwich & Co Audit Pty Ltd | ABN 51 609 542 458
Level 2, 35 Outram Street, West Perth WA 6005
PO Box 983, West Perth WA 6872
T 08 6555 9500 | F 08 6555 9555
www.greenwichco.com

Auditor's Independence Declaration

To those charged with governance of Image Resources NL

As auditor for the audit of Image Resources NL for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

II) no contraventions of any applicable code of professional conduct in relation to the audit.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Andrew May
Audit Director

Perth

20 September 2016

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 2016 Corporate Governance Statement is dated at 30 June 2016 and reflects the corporate governance practices in place throughout the 2016 financial year. The 2016 Corporate Governance Statement was approved by the Board on 15 September 2016. 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 2016

image resources

	Notes	2016 ($)	2015 ($)
Revenue:			
Interest and dividends income		**13,388**	25,477
Other revenue	4	**99,541**	497,900
Expenses:			
Depreciation expense	12	**(18,884)**	(22,223)
Exploration and evaluation expenses		**(1,824,399)**	(2,328,834)
Other expenses	4	**(2,541,478)**	(1,629,980)
Finance costs		**(12,055)**	-
(Loss) before income tax expense		**(4,283,887)**	(3,457,660)
Income tax benefit	5	**118,379**	179,675
(Loss) from continuing operations		**(4,165,508)**	(3,277,985)
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)
Other comprehensive income for the year, net of tax		**-**	(7,340)
Total profit or (loss) and other comprehensive income for the year		**(4,165,508)**	(3,285,325)
Total profit or (loss) and other comprehensive income for year attributable to members of the Company		**(4,165,508)**	(3,285,325)
Basic (loss) per share (cents per share)	8	**(1.98)**	(1.92)
Diluted (loss) per share (cents per share)	8	**(1.98)**	(1.92)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	2016 ($)	2015 ($)
Current Assets			
Cash and cash equivalents	9	**3,036,134**	965,131
Trade and other receivables	10	**1,325,979**	8,981
Other assets	11	**1,041,857**	328,515
Total Current Assets		**5,403,970**	1,302,627
Non-Current Assets			
Property, plant and equipment	12	**12,702,544**	57,641
Other financial assets	13	**7,534**	54,302
Inventory	14	**756,084**	-
Total Non-Current Assets		**13,466,162**	111,943
TOTAL ASSETS		**18,870,132**	1,414,570
Current Liabilities			
Trade and other payables	15	**1,692,284**	341,147
Provisions	16	**115,186**	24,061
Total Current Liabilities		**1,807,470**	365,208
Non-Current Liabilities			
Borrowings	17	**3,960,000**	-
Total Non-Current Liabilities		**3,960,000**	-
TOTAL LIABILITIES		**5,767,470**	365,208
NET ASSETS		**13,102,662**	1,049,362
Equity			
Contributed equity	18	**56,283,014**	40,064,206
Reserves	18	**391,060**	391,060
Accumulated (losses)		**(43,571,412)**	(39,405,904)
TOTAL EQUITY		**13,102,662**	1,049,362

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

image resources

	Contributed Equity (Net of Costs) ($)	Available for Sale Financial Asset Reserve ($)	Employee Benefit Reserve ($)	Accumulated Losses ($)	Total ($)
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)
Total comprehensive income for the year	-	(7,340)	-	(3,277,985)	(3,285,325)
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
Balance at 1.7.2015	**40,064,206**	**(2,580)**	**393,640**	**(39,405,904)**	**1,049,362**
Operating (loss) for the year	**-**	**-**	**-**	**(4,165,508)**	**(4,165,508)**
Total comprehensive income for the year	**-**	**-**	**-**	**(4,165,508)**	**(4,165,508)**
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	**16,346,536**	**-**	**-**	**-**	**16,346,536**
Share issue costs	**(127,728)**	**-**	**-**	**-**	**(127,728)**
Balance at 30.6.2016	**56,283,014**	**(2,580)**	**393,640**	**(43,571,412)**	**13,102,662**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2016

	Notes	2016 ($)	2015 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**34,124**	-
Cash payments to suppliers and contractors		**(2,419,016)**	(1,510,982)
Research and development tax incentives received		**119,993**	179,675
Interest received		**12,828**	29,145
Dividends received		**-**	3,058
Net cash (used in) operating activities	19	**(2,252,071)**	(1,299,104)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		**(87,336)**	(4,376)
Payments for exploration and evaluation		**(1,879,766)**	(2,038,866)
Purchase of new prospects		**-**	(6,720)
Payments for security deposits		**-**	(45,171)
Proceeds from security deposits		**50,798**	-
Payments for restricted cash – term deposit for bank guarantee		**(34,667)**	-
Release of restricted cash – term deposits for bank guarantees		**20,000**	48,000
Payments for deposits at call	11	**(750,000)**	-
Proceeds from sale of investments		**137,038**	60,073
Proceeds from sale of plant and equipment		**-**	53,003
Proceeds from disposal of tenements		**-**	484,261
Net cash (used in) investing activities		**(2,543,933)**	(1,449,796)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new issues of shares	18	**3,022,400**	2,602,303
Share issue costs		**(115,393)**	(176,733)
Proceeds from interest bearing loan	17	**4,000,000**	-
Payment for interest bearing loan transaction costs		**(40,000)**	-
Net cash provided by financing activities		**6,867,007**	2,425,570
Net increase / (decrease) in cash held		**2,071,003**	(323,330)
Cash and cash equivalents at the beginning of the financial year		**965,131**	1,288,461
Cash and cash equivalents at the end of the financial year	9	**3,036,134**	965,131

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 20 September 2016.

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 recognise that the ability of the Company to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability of the Company to secure additional funding through either the issue of further shares and / or options.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will achieve the matters set out above. As such, the directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

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 the Statement of Profit or 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 or 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) Asset Acquisitions

On 8 June 2016 the Company settled completion of the transaction between the Company and Murray Zircon Pty Ltd (Murray Zircon) and its parent Guangdong Orient Zirconic Sci Tech Co Ltd (Orient Zirconic), which included the acquisition of a wet concentration plant and ancillary mining and processing equipment from Murray Zircon valued at $11,935,028, wet plant spare parts valued at $324,993 and other inventory valued at $756,084, and the issue of 156,703,542 ordinary Image shares to Murray Zircon (Note 2). As the transaction is not deemed a business combination, the transaction must be accounted for as a share based payment for the net assets acquired.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

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 or 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 or 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. Depreciation of plant and equipment commences when plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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 or 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 closing market 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.

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) Comparative Figures

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

p) 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.

q) 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 made from time to time, 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.

Treatment of acquisitions

As outlined at Note 2, on 8 June 2016, the Company settled a group of transactions and agreements, which included the acquisition of a wet concentration plant and ancillary mining and processing equipment. The Company has determined that the acquisitions have taken the form of asset acquisitions and are not a business combination under AASB 3. In making this decision, the Company has judged that the integrated set of activities and assets acquired as listed in Note 2, were not, on their own, capable of being conducted and managed for the purpose of proving a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. In particular, the integrated set of activities and assets acquired did not include a proved or probable reserve, this already being held by the Company. Furthermore, the Company has judged that the acquired set of assets and processes listed in Note 2 were not capable at the time of acquisition of producing the intended output, namely the production of mineral sands. It was judged that inputs and processes necessary to produce mineral sands that are missing from the integrated set of activities and assets acquired are not minor.

Valuation of wet concentration plant and ancillary mining and processing equipment acquired

As outlined at Note 1d, the share based payment (Note 18) for the acquisition of wet concentration plant and ancillary mining and processing equipment has been measured at the fair value of assets acquired. The deemed fair value was agreed with Murray Zircon with consideration to an independent professional valuation obtained in November 2015, which incorporated various estimates and assumptions.

r) 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 MURRAY ZIRCON PTY LTD INVESTMENT IN IMAGE RESOURCES NL

On 8 June 2016 the Company settled completion of the transaction between the Company and Murray Zircon Pty Ltd (Murray Zircon) and its parent Guangdong Orient Zirconic Sci Tech Co Ltd (Orient Zirconic) in relation to a series of transactions directed towards fast tracking the Company's 100% owned, high grade Boonanarring and Atlas mineral sands projects (Completion). The key elements of the transactions include:

- Acquisition of a wet concentration plant and ancillary mining and processing equipment from Murray Zircon valued at $11,935,028, wet plant spare parts valued at $324,993 and other inventory valued at $756,084.
- Provision of a $4 million short term loan that was fully drawn down. Further details of this loan are detailed below.
- Orient Zirconic to purchase 90% of all zircon products produced by the Company at Boonanarring and subsequent deposits. Further details of this offtake agreement are detailed below.
- Provision of a US$8 million prepayment loan facility by Orient Zirconic to Image available for drawdown following first production of 20,000 wet tonnes of heavy mineral concentrates. Further details of this facility are detailed below.
- The Company has an option to Purchase Murray Zircon's mineral separation plant for $A12 million. Further details of this option are detailed below.
- The Company issued 156,703,542 ordinary shares to Murray Zircon for a 42% interest in the expanded capital of the Company. If a decision to mine is reached (including financing being secured) within 2 years of Completion the Company will issue to Murray Zircon further shares representing an additional 5% of the expanded share capital of the Company.
- Murray Zircon is required (at the Company's election) to participate pro-rata in any new equity raisings undertaken by the Company within the 12 month period immediately following Completion, subject to obtaining the necessary regulatory approvals.
- For the 2 year period after Completion (or until a decision to mine is reached, if this occurs earlier) Murray Zircon is subject to various restrictions including restrictions on the sale or transfer of its shareholding in the Company, not increasing its percentage shareholding in the Company without the Company Board approval and not taking steps to influence or control the composition of the Board or the management or policies of the Company (in each case subject to certain agreed exceptions, including allowing Murray Zircon, as part of its financing arrangement, to grant security over its shareholding in the Company to, and for that security to be enforced by, the Bank of China).

<u>Short Term Loan</u>

A $4 million loan was fully drawn down at Completion. The key terms of the loan include an interest rate of 5% per annum accruing daily, payment of interest half-yearly in arrears, amounts outstanding repayable upon first production of 20,000 wet tonnes of heavy mineral concentrates (First Production) and allows for repayment to be made using funds under the Prepayment Facility once available (early payment is allowed at any time, with no ability to redraw) and customary default provisions. The loan is secured against all present and after-acquired property of the Company, and a mining mortgage in respect of certain core tenements held by the Company.

The Company is required to use best endeavours to remove all obstacles to production from the core tenements of the Boonanarring and Atlas projects within 3 years of Completion. The loan may be forgiven in certain circumstances if First Production has not been achieved within that time. There is no fixed repayment date.

<u>Zircon Products Offtake</u>

Under the Zircon Products Offtake, Orient Zirconic undertakes to purchase 90% of the zircon products produced by the Company over life of mine from certain core tenements held by the Company at prices referable to market prices.

The Company retains the right to provide offtake to any alternative third party for part or all of the zircon products, subject to an effective matching right from Orient Zirconic over 90% of the zircon products.

<u>Prepayment Facility</u>

Following First Production, a secured Prepayment Facility for up to US$8 million will be made available to the Company by Orient Zirconic.

The key terms of the facility include an interest rate of 9% per annum accruing daily, payment of interest quarterly in arrears, funds drawable in tranches of US$100,000 and following satisfaction of customary conditions, amounts outstanding repayable within 5 years of First Production (early repayment is allowed at any time, though with no ability to redraw) and customary default provisions. The facility will have the same security as that provided for the Short Term Loan above.

Repayment may occur earlier under the Prepayment Facility via direct cash payment or via the issue of a credit invoice for zircon products shipped and delivered to Orient Zirconic pursuant to the Zircon Products Offtake.

<u>Dry Plant Option</u>

In connection with the Asset Purchase, Murray Zircon has granted the Company an option to acquire Murray Zircon's Dry Plant, which is also currently located in Mindarie, South Australia, for A$12 million in cash or an equivalent amount of the Company shares or a combination of both (at the Company's election). The exercise of this option is subject to approval of the Company shareholders other than Murray Zircon and certain related parties and associates.

NOTE 3 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 or ongoing services.

Financial information

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

NOTE 4 REVENUE AND EXPENDITURE

	2016 ($)	2015 ($)
REVENUE		
Other Income		
Profit on sale of tenements	-	483,144
Profit on sale of plant and equipment	-	14,756
Profit on sale of available for sale financial assets	90,270	-
Rendering of Services	9,271	-
	99,541	497,900
EXPENDITURE		
Other Expenses		
Occupancy costs	(140,813)	(61,925)
Filing and ASX Fees	(63,045)	(36,711)
Corporate and management	(1,812,496)	(981,173)
Other expenses from continuing operations	(525,124)	(550,171)
	(2,541,478)	(1,629,980)

NOTE 5 INCOME TAX

	2016	2015
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:	2016 ($)	2015 ($)
Loss from continuing operations before income tax	**4,165,508**	3,457,660
Prima facie tax benefit attributable to loss from continuing operations before income tax at 30%	**1,249,652**	1,037,298
Tax effect of Non-allowable and additional deductible items		
• Profit / (impairment) from available-for-sale financial assets	**27,081**	23,603
• Capital (profit) / loss on disposal of available for sale financial assets	**45,239**	(11,692)
• Capital raising costs	**(52,327)**	(47,968)
Effect of tax losses and temporary differences not brought to account	**(1,269,645)**	(1,001,241)
Under provision for prior year arising from R and D tax refund	**(118,379)**	(179,675)
Income tax offset attributable to the Company	**(118,379)**	(179,675)

Unrecognised temporary differences

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

	2016 ($)	2015 ($)
Prepayments	**(168)**	2,018
Provisions	**95,317**	105,929
Capital raising costs	**26,888**	4,117
Unrecognised deferred tax assets relating to the above temporary differences	**122,037**	112,064

Unrecognised deferred tax assets

The Company has accumulated tax losses of $33,765,238 (2015: $29,285,024).

The potential deferred tax benefit of these losses of $10,129,571 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 6 KEY MANAGEMENT PERSONNEL COMPENSATION

	2016	2015
Short-term employee benefits	**598,389**	621,063
Post-employment benefits	**59,986**	46,456
Equity-settled share based payments	**-**	-
	658,375	667,519

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 24.

NOTE 7 AUDITORS REMUNERATION

	2016 ($)	2015 ($)
Amounts received or due and receivable by the auditors of the Company for:		
Auditing and reviewing the financial reports – Somes Cooke	**12,000**	22,000
Auditing and reviewing the financial reports – Greenwich & Co Audit Pty Ltd	**16,000**	-
Other	**-**	200
	28,000	22,200

NOTE 8 LOSS PER SHARE

The following reflects the earnings and share data used in the calculation of basic and diluted loss per share

	2016	2015
Loss for the year	**(4,165,508)**	(3,277,985)
Loss used in calculating basic and diluted loss per share	**(4,165,508)**	(3,277,985)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares used in calculating basic loss per share	**210,802,107**	170,639,117

The Company had 2,600,000 (2014: 2,695,000) 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 9 CASH AND CASH EQUIVALENTS

	2016 ($)	2015 ($)
Cash at bank	**2,495,684**	233,353
Deposits at call	**540,450**	731,778
	3,036,134	965,131

NOTE 10 TRADE AND OTHER RECEIVABLES

	2016 ($)	2015 ($)
Trade receivables	**1,630**	8,981
GST and tax refundable (i)	**1,324,349**	-
	1,325,979	8,981

(i) Includes GST receivable on capital purchases (Notes 12 & 15).

NOTE 11 OTHER ASSETS - CURRENT

	2016 ($)	2015 ($)
Restricted cash – security for guarantees	**34,667**	20,000
Rental bonds	**-**	61,302
Prepayments	**257,190**	247,213
Deposits at call	**750,000**	-
	1,041,857	328,515

Restricted cash represents a term deposit held by the Company's bank as security for a bank guarantee in favour of the property manager in relation to operating lease commitments for the office premises. During the 2015 financial year the Company's bank also held a bank guarantee as security for the Department of Mines and Petroleum in respect of potential rehabilitation on certain of the Company's tenement holdings, and also cash deposits were held by the property manager in relation to operating lease commitments for the office premises.

Deposits at call consist of term deposits with maturity dates greater than three months.

NOTE 12 PROPERTY PLANT AND EQUIPMENT

	2016 ($)	2015 ($)
Plant, equipment and motor vehicles	**12,849,963**	186,176
Less: Accumulated depreciation	**(147,419)**	(128,535)
	12,702,544	57,641

Reconciliations of the carrying amount of plant, equipment and motor vehicles from the beginning to the end of the financial year.

	2016 ($)	2015 ($)
Plant, equipment and motor vehicles		
Carrying amount at beginning of year	**57,641**	113,735
Additions	**12,663,787**	4,376
Disposals	**-**	(38,247)
Depreciation expense	**(18,884)**	(22,223)
Total plant, equipment and motor vehicles at end of year	**12,702,544**	57,641

Property, plant and equipment additions include the purchase of a wet concentration mineral sands processing plant and ancillary mining and processing equipment from Murray Zircon on 8 June 2016 for $11,935,028, the allocation of major wet plant spare parts inventory items that it is expected will not be used in the first year of mineral sands production of $324,093 and an allocation of transaction completion fees of $372,664 incurred in relation to the purchase of the equipment from Murray Zircon. Refer Note 2 Murray Zircon Pty Ltd investment in Image Resources NL for further details. The wet concentration mineral sands processing plant and ancillary mining and processing equipment from Murray Zircon is yet to be depreciated because it is not yet in the location and condition necessary for it to be capable of operating in the manner intended by management.

As at 30 June 2016 the carrying value of motor vehicles was $91,142 (2015: $37,869)

NOTE 13 OTHER FINANCIAL ASSETS

Non-Current

	2016 ($)	2015 ($)
Available-for-sale financial assets – shares in listed corporations	**7,534**	54,302

Investments in related parties

Available-for-sale financial assets includes the following investments held in director-related party entities:

	2016 ($)	2015 ($)
Magnetic Resources NL – partly-paid shares	**14**	14
Meteoric Resources NL – fully paid shares	**-**	46,768
Meteoric Resources NL – partly-paid shares	**20**	20
	34	46,802

NOTE 14 INVENTORY

Non-Current

	2016 ($)	2015 ($)
Inventory	**756,084**	-

Inventory of $1,080,177 including wet plant spares and other inventory items that were purchased from Murray Zircon on 8 Jun 2016. Of this $324,093 was allocated to property, plant and equipment as it was considered that the items relating to this amount will not be used in the first year of mineral sands production.

NOTE 15 TRADE AND OTHER PAYABLES

	2016 ($)	2015 ($)
Trade creditors and accruals (i)	**1,692,284**	331,822
GST and tax payable	**-**	9,325
	1,692,284	341,147

(i) Includes $1,301,521 payable to Murray Zircon in relation to GST on the wet concentration mineral sands processing plant and ancillary mining and processing equipment (Note 12).

NOTE 16 CURRENT PROVISIONS

	2016 ($)	2015 ($)
Employee leave benefits	**115,186**	24,061

NOTE 17 BORROWINGS

	Interest Rate	2016 ($)	2015 ($)
Non-Current			
Interest bearing loan	5%	**4,000,000**	-
Fees associated with draw-down on 8 June 2016		**(40,000)**	-
		3,960,000	-

The loan is with Murray Zircon Pty Ltd and was fully drawn down on 8 June 2016 on completion of the transaction with Murray Zircon and Orient Zirconic.

The key terms of the loan include an interest rate of 5% per annum accruing daily, payment of interest half-yearly in arrears, amounts outstanding repayable upon first production of 20,000 wet tonnes of heavy mineral concentrates (First Production) and allows for repayment to be made using funds under the Prepayment Facility once available (early payment is allowed at any time, with no ability to redraw) and customary default provisions. The loan is secured against all present and after-acquired property of the Company and a mining mortgage in respect of certain core tenements held by Image. Refer Note 2 Murray Zircon Pty Ltd investment in Image Resources NL for further details.

NOTE 18 ISSUED CAPITAL

	2016		2015	
	No.	$	No.	$
Contributed Equity – Ordinary Shares				
At the beginning of the year	**175,120,129**	**40,064,206**	143,925,423	37,218,636
Issue of shares as satisfaction for the purchase of a wet concentration mineral sands processing plant and ancillary mining and processing equipment from Murray Zircon on 8 June 2016	**156,703,542**	**13,015,205**	-	-
Issue of shares as satisfaction for part payment of corporate advisory fees in connection with the completion of the Murray zircon transaction	**3,550,926**	**308,931**	-	-
Placement issue of shares at $0.08	**25,280,000**	**2,022,400**	17,530,000	1,402,400
Placement issue of shares at $0.05	**16,000,000**	**800,000**	-	-
Placement issue of shares at $0.07	**2,857,143**	**200,000**	-	-
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
Share issue costs		**(127,728)**		(176,733)
Closing balance:	**379,511,740**	**56,283,014**	175,120,129	40,064,206

Reserves	2016 ($)	2015 ($)
Available-for-sale financial assets reserve	**(2,580)**	(2,580)
Employee benefits reserve (i)	**393,640**	393,640
Closing balance	**391,060**	391,060

(i) The employee benefits reserve is used to recognise the fair value of options issued.

	2016	2015
	No.	No.
Options		
The Company had the following options over un-issued fully paid ordinary shares at the end of the year:		
Options exercisable at $0.6995 on or before 21.12.2015	**-**	95,000
Options exercisable at $0.3908 on or before 27.12.2016	**2,600,000**	2,600,000
Total Options	**2,600,000**	2,695,000

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 19 CASH FLOW INFORMATION

	2016 ($)	2015 ($)
Reconciliation of operating loss after income tax with funds used in operating activities:		
Operating loss after income tax	**(4,165,508)**	(3,277,985)
Depreciation	**18,884**	22,223
Exploration and evaluation expenditure	**1,824,399**	2,328,834
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	**(90,270)**	(8,151)
Loss on write down of value of available-for-sale financial assets	**-**	86,829
Finance costs	**12,055**	-
Changes in operating assets and liabilities:		
(Increase) / Decrease in trade and other receivables relating to operating activities	**(1,314,405)**	6,726
(Increase) / Decrease in prepayments	**(72,656)**	9,061
Increase in trade and other payables relating to operating activities	**1,444,306**	16,038
Increase in provisions	**91,124**	15,222
Cash flow from operations	**(2,252,071)**	(1,299,104)

Non-cash investing activities are outlined at Notes 2 and 17.

NOTE 20 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 $1,337,667. Of this amount, $30,000 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 2016/17 year is $67,944 including outgoings and car parking.

NOTE 21 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 a 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 North Perth Basin (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 22 SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

There have been no material significant events subsequent to the reporting date.

NOTE 23 EQUITY-SETTLED SHARE BASED PAYMENTS

No share options were granted during the financial year (2015: nil).

The share based payments expense (assessed by reference to "fair value") shown in the financial report amounted to $0 (2015: $0).

NOTE 24 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:

	2016 ($)	2015 ($)
Leeman Pty Ltd, a George Sakalidis related party, hire of specialised equipment	(7562)	(1,950)
Magnetic Resources NL, a George Sakalidis related party, purchase of stationary	(991)	-
Meteoric Resources NL, a George Sakalidis related party, tenement rates refund	(195)	-
	(7,562)	(1,950)

Total amounts owing to directors and/or director-related parties at 30 June 2016 were $0 (2015: $0).

As outlined in Note 2, the Company issued 156,703,542 ordinary shares to Murray Zircon for a 42% interest in the expanded capital of the Company. On completion of the transaction, Murray Zircon became a related party of the Company. As outlined at Note 15, Trade and Other Payable as at 30 June 2016 includes $1,301,521 payable to Murray Zircon in relation to GST on the wet concentration mineral sands processing plant and ancillary mining and processing equipment (Note 12).

NOTE 25 CONTINGENT LIABILITIES

As disclosed in Note 2, On 8 June 2016 the Company settled completion of a transaction between the Company and Murray Zircon Pty Ltd (Murray Zircon) and its parent Guangdong Orient Zirconic Sci Tech Co Ltd (Orient Zirconic), which included the Company issuing 156,703,542 ordinary shares to Murray Zircon for a 42% interest in the expanded capital of the Company. If a decision to mine is reached (including financing being secured) within 2 years of completion (or 3 years if a Directors who is not a nominee of Murray Zircon unreasonably frustrates such a decision being made in the first 2 years) the Company will be required to issue to Murray Zircon further shares representing an additional 5% of the expanded share capital of the Company.

As disclosed in Note 2 Murray Zircon Pty Ltd investment in Image Resources NL, following First Production, a secured Prepayment Facility for up to US$8 million will be made available to the Company by Orient Zirconic, which will assist in ensuring the Company is adequately funded for the ramp-up of production at Boonanarring. In the event that drawdown is made on this facility, Image is obliged to pay a fee of US$80,000 to a third party.

NOTE 26 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 2016 and 30 June 2015 was as follows:

	2016 ($)	2015 ($)
Cash and cash equivalents	**3,036,134**	965,131
Deposits at call	**750,000**	-
Restricted cash	**34,667**	81,302
Trade and other receivables	**1,325,979**	8,981
Trade and other payables and provisions	**(1,692,284)**	(341,147)
Working capital position	**3,454,496**	714,267

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 $34,667 (2015: $81,302) 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, term deposits and restricted cash based on credit ratings:

AAA rated	**-**	-
AA rated	**-**	-
A rated	**3,820,801**	1,046,433

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.

2016	Weighted Average Effective Interest Rate %	Fixed Interest Rate ($)	Floating Interest Rate ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets:					
Cash and cash equivalents		-	3,036,134	1,846	3,036,134
Restricted cash		-	34,667	-	34,667
Deposits at call		-	750,000	-	750,000
Trade and other receivables		-	-	1,325,979	1,325,979
Available-for-sale financial assets		-	-	7,534	7,534
Total Financial Assets	1.54%	-	3,818,955	1,335,359	5,154,314
Financial Liabilities:					
Trade and other payables and provisions		-	-	(1,692,284)	(1,692,284)
Borrowings		(4,000,000)	-	-	(4,000,000)
Total Financial Liabilities	5.0%	(4,000,000)	-	(1,692,284)	(5,692,284)
Net Financial Assets		(4,000,000)	3,818,955	(356,925)	(537,970)

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

The table below summarises the maturity profile of the Company's' financial liabilities according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. As a result, these balances may not agree with the amounts disclosed in the statement of financial position:

2016	Less than 3 months	3 to 12 months	1 to 5 years	Total
Trade and other payables	1,692,284	-	-	1,692,284
Borrowings	12,055	100,822	800,000	912,877
	1,704,339	100,822	800,000	2,605,161

The borrowings have no fixed maturity date. Please refer to Note 2 Murray Zircon Pty Ltd investment in Image Resources NL for further details.

2015	Less than 3 months	3 to 12 months	1 to 5 years	Total
Trade and other payables	365,208	-	-	365,208

(b) **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).

2016	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	7,534	-	-	7,534
	7,534	-	-	7,534

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

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 on financial assets, with all other variables remaining constant would be as follows:

	2016 ($)	2016 ($)
Change in loss – increase/(decrease):		
- Increase in interest rate by 2%	**(76,416)**	(19,703)
- Decrease in interest rate by 2%	**76,416**	19,703
Change in equity – increase/(decrease):		
- Increase in interest rate by 2%	**76,416**	19,703
- Decrease in interest rate by 2%	**(76,416)**	(19,703)

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 2016 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 2016 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 ROBERT BESLEY
CHAIRMAN

PERTH
Dated this 20 day of September 2016

Greenwich & Co

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Independent Auditor's Report

To the members of Image Resources NL

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 2016, statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 of Image Resources NL.

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 gives a true and fair view and 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 about 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 company'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 company'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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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 financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 1, which outlines that the going concern basis is dependent upon on the ability of the Image Resources NL to secure additional funding through either the issue of further shares and / or options.

As a result, there is material uncertainty related to events or conditions that may cast significant doubt on Image Resources NL's ability to continue as a going concern, and therefore whether it will realise its asset and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 22 of the directors' report for the year ended 30 June 2016. The directors of the Image Resources NL 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Image Resources NL for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Andrew May
Director

20 September 2016

Perth