

31 October 2016

---

## FEASIBILITY STUDY UPDATE

---

Image Resources NL (ASX: IMA) (“Image” or “the Company”) is pleased to announce **work on the feasibility study** for the development of the Company’s **100%-owned, high-grade, Boonanarring and Atlas mineral sands deposits in the North Perth Basin** in WA is progressing **on-time and on-budget**.

Preliminary results continue to indicate **positive project economics** despite current weak mineral sands commodity prices. Accordingly, the Company has committed to **completing the feasibility study** as quickly as practicable, with a target of **March 2017**.

Assuming the outcome of the study is positive as anticipated, the Company intends to **fast-track development of the project with first production targeted for early 2018**.

### Additional Ore

A final determination of a new mineral resource estimate (JORC 2012), by Perth-based resources consulting and advisory group **Optiro Pty Ltd**, for the Boonanarring deposit is pending confirmatory mineral assemblage analysis. However, preliminary findings include **a substantial increase (>50%) in the total inventory of ore**, due in large part to the inclusion of additional drill results. Preliminary mine modelling indicates this additional ore will provide **for longer mine life and/or a higher production rate, which improves project economics**.

In addition, Optiro has identified a **significant layer of mineralisation overlying the high-grade mineralised strands at Boonanarring**. Inclusion of the higher-grade sections of this overlying layer in the mine design will **reduce the overall strip ratio and will also support longer mine life and/or a higher production rate**.

### Wet Concentration Plant Extra Capacity

The wet concentration plant (WCP), acquired from Murray Zircon under the Asset Sale and Purchase Agreement, has **60-70% extra processing capacity** beyond the processing rate recommended in the Company’s 2013 feasibility study. Consequently, given the flexibility afforded by the resource expansion, preliminary mine modelling is being conducted at a **higher processing rate** than assumed in the 2013 feasibility study, which has a **positive effect on project economics**.

### Mineral Sands Commodity Prices

Evidence has been emerging of a **strengthening of mineral sands commodity prices in recent months**. For example, the price for **Ilmenite increased 16% between June and October 2016** (Source: Ruidow) signalling the potential of a strong rebound off the bottom of a long price decline. During this same period, pricing for rutile and leucoxene remained steady.

Zircon pricing remained flat during this period, however effective 1 October, Guangdong Orient Zirconic (**OZC**) of China, one of China’s largest zircon processors, announced **price increases (approximately 10%) for its zirconium-based final products in response to strengthening**

**demand** (Source: OZC SZ announcement 30/9/2016). Strengthening demand for final products is generally viewed as a leading indicator of a **rise in commodity prices**.

**For further information, please contact:**

**Patrick Mutz**

*Managing Director*

+61 8 9485 2410

[info@imageres.com.au](mailto:info@imageres.com.au)

[www.imageres.com.au](http://www.imageres.com.au)