

## Quarterly Report – for the quarter ended 31 March 2016

Image Resources NL  
ABN 57 063 977 579

ASX Code  
IMA

### Contact Details

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### Issued Capital

Shares – Quoted  
216,400,129  
*Options – Unquoted*  
2,600,000 (expire 21/12/16)

**Cash at end of quarter**  
\$675,000

### Board & Management

John Jones  
(Non-Executive Chairman)  
Peter Thomas  
(Non-Executive Director)  
George Sakalidis  
(Exploration Director)  
Collis Thorp  
(Chief Executive Officer)  
Aaron Chong Veoy Soo  
(Non-Executive Director)

### Corporate

Activities during the quarter have been focused on completion of the agreements with Murray Zircon Pty Ltd (Murray Zircon) and Guangdong Orient Zirconic Ind Sci & Tech Co Limited (Orient Zirconic). On 9 February 2016, the Company announced that, following the completion of extensive due diligence, it had executed a binding agreement with Murray Zircon Pty Ltd (Murray Zircon) and its parent, Guangdong Orient Zirconic Ind Sci & Tech Co Ltd (Orient Zirconic), in relation to a series of transactions directed towards fast-tracking the development of Image's flagship, 100%-owned, high-grade Boonanarring mineral sands project in Western Australia (Boonanarring). The notice of meeting was despatched to shareholders in early April, with a unanimous recommendation from the directors for shareholders to approve the transaction. The shareholder meeting is to be held on 12th May and, if the transaction receives shareholder approval, the deal is expected to complete in by 26 May 2016. The details of the transaction can be found on Image Resources NL website.

The acquisition of a wet concentration plant and associated assets from Murray Zircon; combined with a \$4 million loan, zircon offtake agreement and US\$8 million prepayment facility; represents a significant step forward for the Company in plans to develop the Boonanarring and Atlas deposits.

The Company is looking forward to the support of Murray Zircon and Orient Zirconic in moving our project towards production. Post-merger activity will likely focus on the key elements of the previous feasibility that require updating, and that are most likely to have a significant impact on project economics, including geotechnical work, resources/reserves update, mining costs and commodity price (and foreign exchange) expectations.

On 1 February 2016 the Company announced the retirement of Mr Jeff Williams as a non-executive director to take up executive roles in other resource companies.

On 1 March 2016 the Company issued 16 million shares at 5 cents to raise \$800,000 before costs for working capital primarily directed towards completion of the transaction with Murray Zircon and Orient Zirconic.

### Exploration activities

#### Boonanarring, Blue Lake and Quinns Hill Projects

A 17 hole programme was completed in January 2016 on Blue Lake and Boonanarring testing both ground magnetic targets and an area just west of the existing Boonanarring Resource. Assays from this programme are expected to be analysed soon. A 10 km infill ground magnetic survey has been completed over the Quinns Hill area. Recent interpretation of this ground magnetic survey has shown further drilling is warranted to test further magnetic targets, which are subject to access.

	<p>A 21 hole programme due to start late April is initially contemplated to test two separate areas at Boonanarring West and Blue Lake. The close proximity of these new targets to the Boonanarring deposit augers well for the potential to add significant extra mine life.</p> <p><b>Boonanarring South and Gingin</b></p> <p>An 8 hole programme was completed in January 2016 on the Gingin tenement testing southern extensions of the previously mined Iluka “Gingin” mine; showing a promising 1.5km+ stretch of anomalous area based on visual logging. These samples will be assayed by the laboratory soon. A further 5 holes are included in the upcoming drill programme.</p> <p>In addition 36 AC holes for both infill and extension drilling over a 6.4km distance is being planned directly south of the 9.5km long Boonanarring Deposit (Fig.2). The infill drilling is designed to look for higher grades in the vicinity of some drill intersections including 5m@7.2% HM from 39m in hole GG1019 Easting 389983mE Northing 6542860mN and 11m @ 4.5% HM from 31m in hole GG977 Easting 389452mE Northing 6544040mN. Whilst the extension drilling is within new areas where sparse historical drilling has been completed along the scarp, where laterite noise is common. All the drilling costs for the above AC holes have been pre-paid by a placement to a major WA drilling company. This drilling agreement is now expiring on 31<sup>st</sup> December 2016 with 9,276 m available for future drilling programmes.</p> <p>The drilling programmes at Boonanarring and Boonanarring South are designed to assist Image to build a 10 year mine life for the Boonanarring Deposit.</p> <p><b>Regans Ford West (E70/3966)</b></p> <p>A small 7km ground magnetic program was conducted on the tenement to test for targets amidst surficial noise from agricultural infrastructure.</p> <p><b>King Project (Gold)</b></p> <p>Silver Lake Ltd has withdrawn from the Erayinia Joint Venture covering E28/1895 and E28/2071. Image is reviewing the gold results over this project and will report back when completed.</p>
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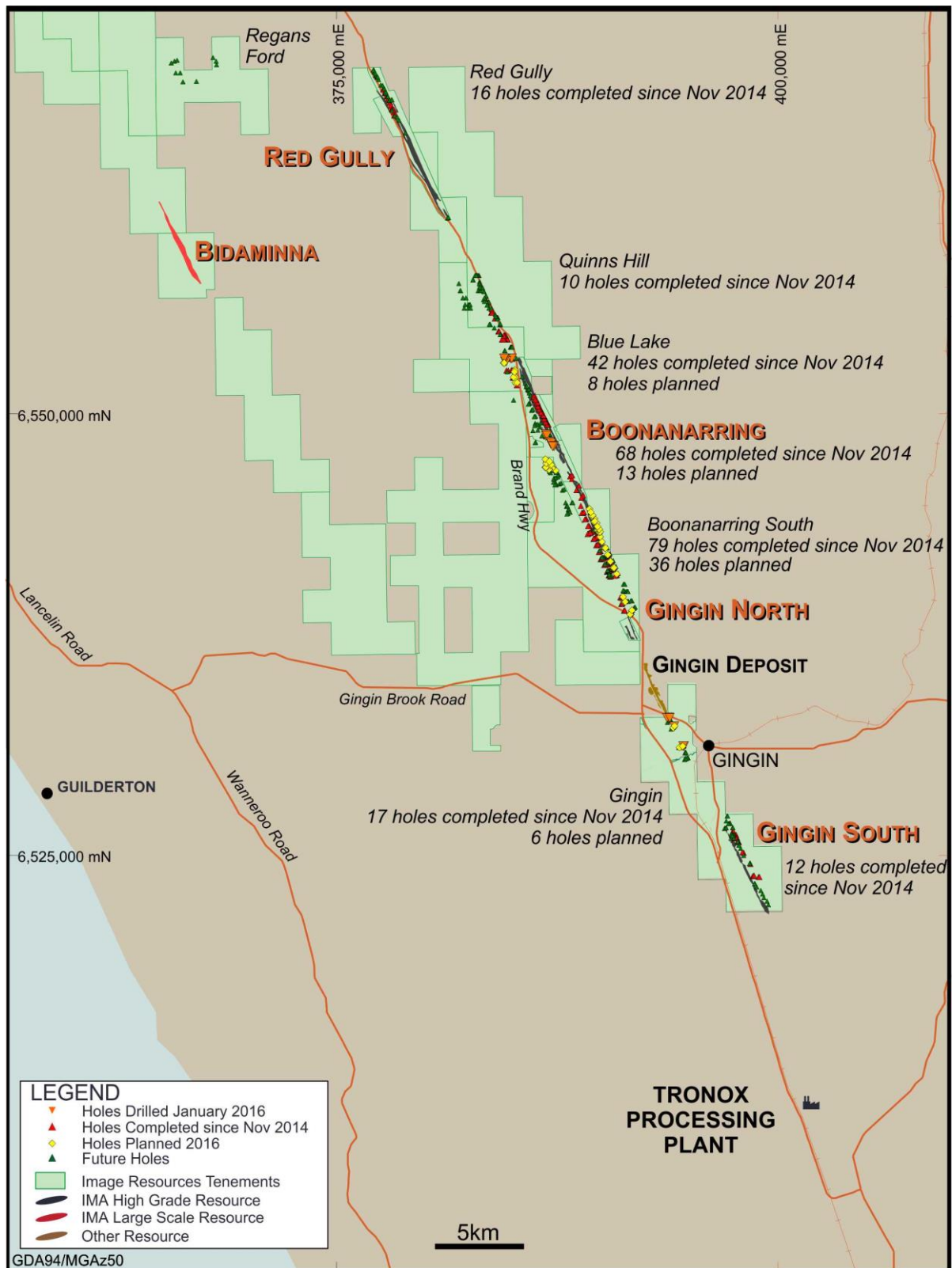


Figure 1 Drilling programmes completed and planned on Image Resources Gingin to Red Gully region in the North Perth Basin

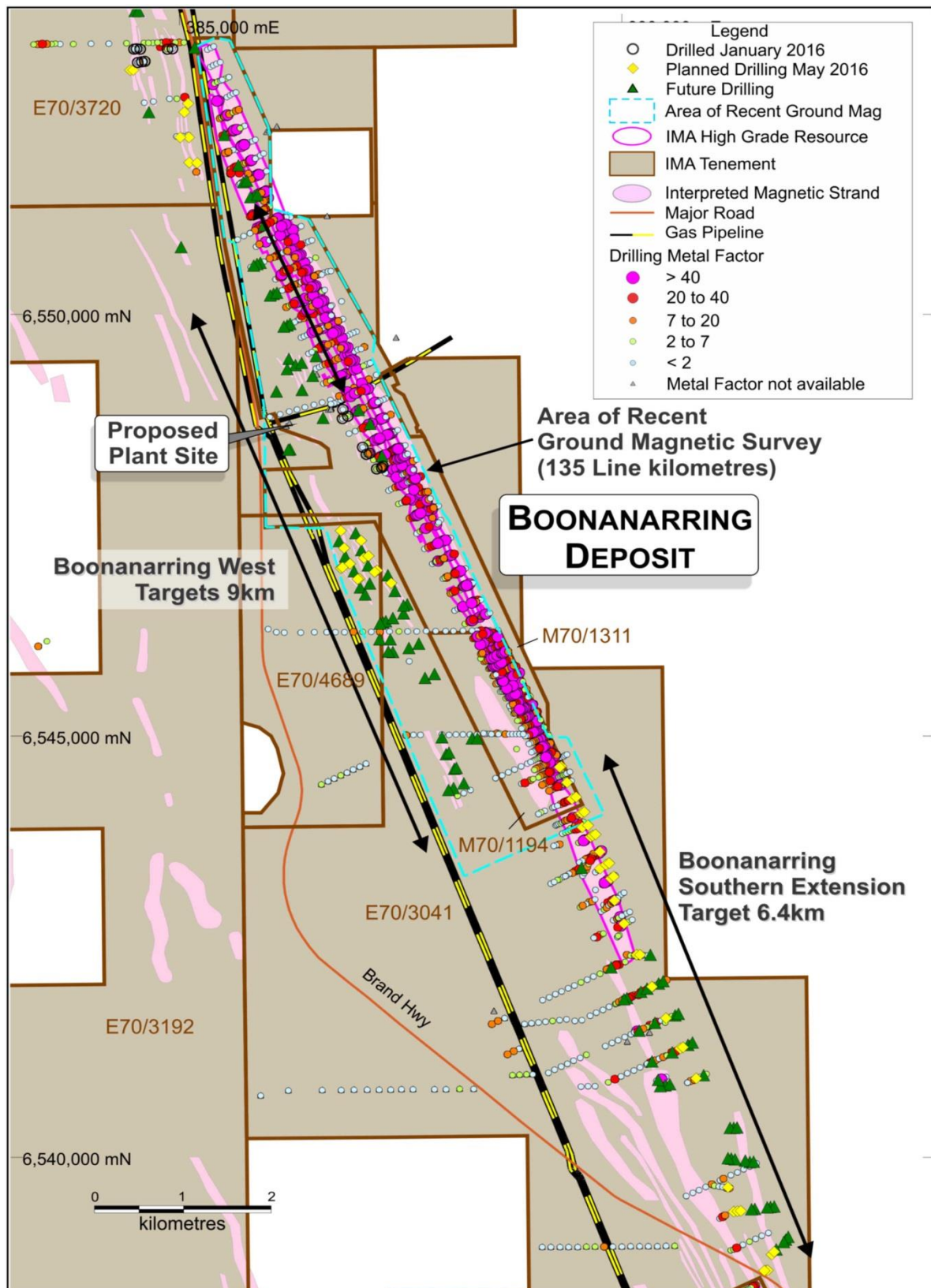


Figure 2 Boonanarring West planned drilling (highlighted yellow)



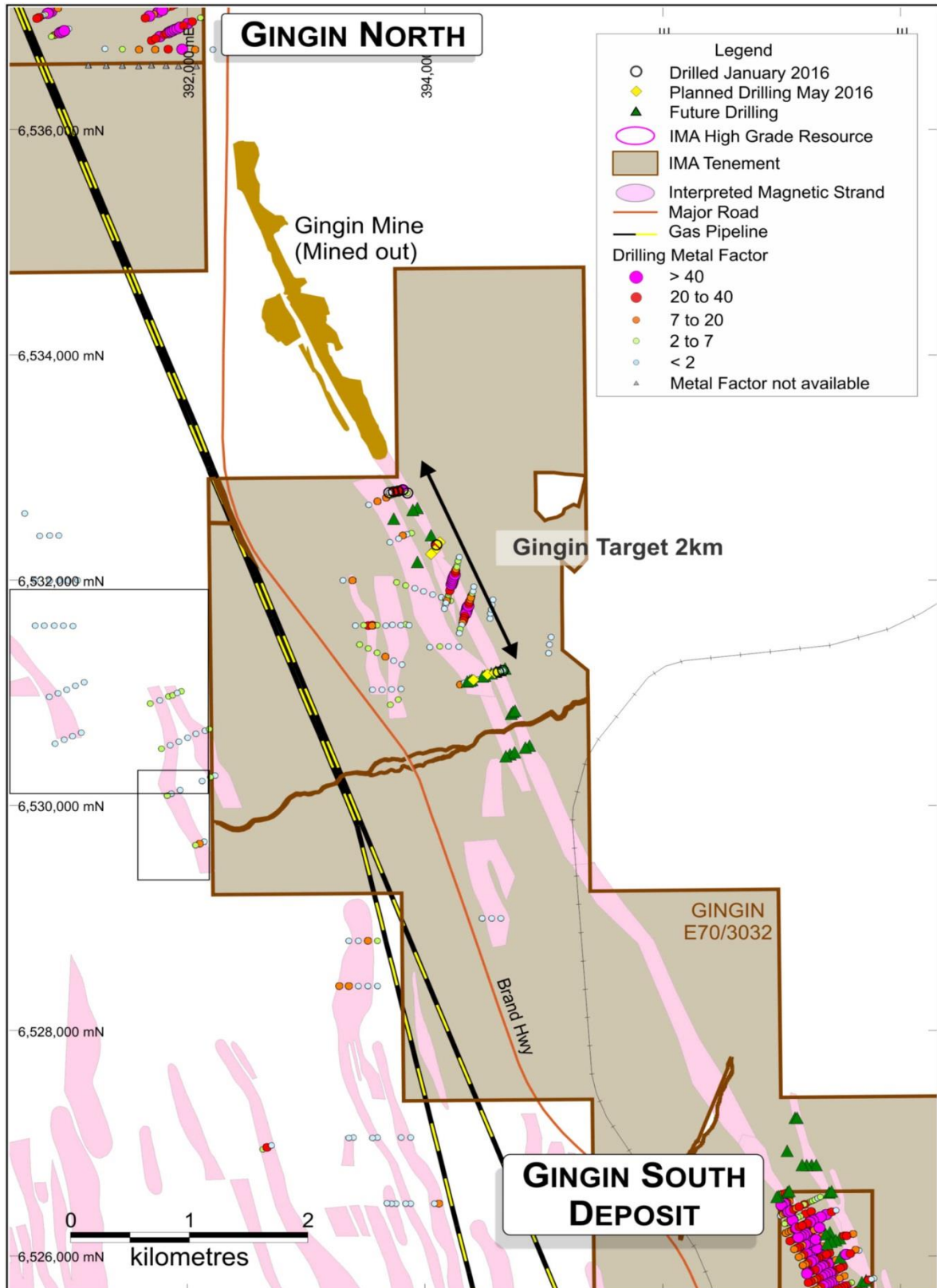


Figure 3 Gingen Project with planned drilling (highlighted in yellow)

**Table 1 Planned Drilling May 2016**

Project Title	Tenement ID	DH's	Metres
Gingin	E70/3032	5	150
Regans Ford South & Boonanarring	E70/3041 & M70/1194	36	1,956
Boonanarring West	E70/4689	13	390
Blue Lake	E70/3720	8	408
		62	2,904

For more information visit [imageres.com.au](http://imageres.com.au)

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

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

#### **COMPETENT PERSON'S STATEMENT – RESOURCE ESTIMATES**

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

#### **FORWARD LOOKING STATEMENTS**

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

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

## Tenement Schedule in accordance with ASX Listing Rule 5.3.3

Tenements held at the end of the Quarter

Location	Tenement	Nature of Interest	Project	Equity (%) held at start of Quarter	Equity (%) held at end of Quarter
WA	E28/1895	Granted	ERAYINIA	16.1% diluting	16.1% diluting
WA	E28/2071	Granted	TALC LAKE	16.1% diluting	16.1% diluting
WA	E70/2636	Granted	COOLJARLOO	100%	100%
WA	E70/2844	Granted	BIDAMINNA NTH	100%	100%
WA	E70/2898	Granted	COOLJARLOO	100%	100%
WA	E70/3032	Granted	GINGIN	100%	100%
WA	E70/3041	Granted	REGANS FORD SOUTH	100%	100%
WA	E70/3100	Granted	QUINNS HILL	100%	100%
WA	E70/3192	Granted	BOOTINE	100%	100%
WA	E70/3298	Granted	BIDAMINNA -PARK	90%	90%
WA	E70/3411	Granted	REGANS FORD	100%	100%
WA	E70/3418	Granted	BELL	100%	100%
WA	E70/3494	Granted	BRYALANA	100%	100%
WA	E70/3720	Granted	BLUE LAKE	100%	100%
WA	E70/3892	Granted	CHAPMAN HILL	100%	100%
WA	E70/3966	Granted	REGANS FORD WEST	100%	100%
WA	E70/3997	Granted	MUNBINIA	100%	100%
WA	E70/4077	Granted	DARLING RANGE	100%	100%
WA	E70/4244	Granted	WOOLKA	100%	100%
WA	E70/4245	Granted	WINOOKA	100%	100%
WA	M70/0448	Granted	GINGIN SOUTH	100%	100%
WA	M70/1192	Granted	RED GULLY	100%	100%
WA	M70/1193	Granted	GINGIN NORTH	100%	100%
WA	M70/1194	Granted	BOONANARRING	100%	100%
WA	P70/1516	Granted	COOLJARLOO	100%	100%
WA	M70/1311	Granted	BOONANARRING	100%	100%
WA	G70/0250	Granted	BOONANARRING	100%	100%
WA	R70/0051	Granted	COOLJARLOO NORTH	100%	100%
WA	M70/1305	Application	ATLAS	100% pending grant	100% pending grant
WA	P70/1520	Application	COOLJARLOO	100% pending grant	100% pending grant
WA	E70/4631	Granted	MUNBINIA WEST	100%	100%
WA	E70/4656	Granted	WINOOKA NORTH	100%	100%
WA	E70/4663	Granted	BIBBY SPRINGS	100%	100%
WA	E70/4689	Granted	BOONANARRING	100%	100%
WA	E70/4779	Application	MIMEGARRA	100%	100% pending grant
WA	E70/4794	Application	REGANS FORD NORTH	100%	100% pending grant
WA	E70/4795	Application	BIDAMINNA SOUTH	100%	100% pending grant
WA	E70/4796	Application	CALADENIA	100%	100% pending grant

Mining Tenements acquired during the Quarter

NIL					
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Mining Tenements disposed during the Quarter

NIL					
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Table 6 – North Perth Basin Resources and Reserves

Reserve Summary											
Project Area	Category	Volume	Tonnes	% HM	% SLIMES	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring	Probable	7,160,000	14,420,000	8.3%	17.0%	1,190,000	80.3%	46.9%	5.5%	3.3%	24.5%
Atlas	Probable	4,760,000	9,600,000	8.1%	15.5%	780,000	74.1%	55.0%	1.0%	7.0%	11.0%
<b>Total NPB Reserve</b>		<b>11,920,000</b>	<b>24,020,000</b>	<b>8.2%</b>	<b>16.4%</b>	<b>1,970,000</b>	<b>77.8%</b>	<b>50.1%</b>	<b>3.7%</b>	<b>4.8%</b>	<b>19.1%</b>
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
<b>Atlas Total</b>		<b>5,330,000</b>	<b>10,780,000</b>	<b>7.9</b>	<b>15.7</b>	<b>854,000</b>	<b>76</b>	<b>52</b>	<b>5</b>	<b>8</b>	<b>10</b>
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
<b>Boonanarring Total</b>		<b>10,780,000</b>	<b>21,500,000</b>	<b>8.3</b>	<b>16.2</b>	<b>1,770,000</b>	<b>79</b>	<b>49</b>	<b>6</b>	<b>4</b>	<b>21</b>
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
<b>Gingin Nth Total</b>		<b>1,260,000</b>	<b>2,410,000</b>	<b>5.5</b>	<b>15</b>	<b>140,000</b>	<b>77</b>	<b>57</b>	<b>10</b>	<b>3</b>	<b>6</b>
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
<b>Gingin Sth Total</b>		<b>4,510,000</b>	<b>8,080,000</b>	<b>6.1</b>	<b>7.3</b>	<b>495,000</b>	<b>89</b>	<b>65</b>	<b>10</b>	<b>5</b>	<b>8</b>
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
<b>Cooljarloo Nth Total</b>		<b>7,400,000</b>	<b>15,200,000</b>	<b>5.3</b>	<b>18.7</b>	<b>810,000</b>	<b>79</b>	<b>64</b>	<b>0</b>	<b>4</b>	<b>9</b>
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
<b>Red Gully Total</b>		<b>3,385,000</b>	<b>5,980,000</b>	<b>7.7</b>	<b>11.2</b>	<b>460,000</b>	<b>90</b>	<b>66</b>	<b>8</b>	<b>3</b>	<b>12</b>
<b>Grand Total</b>		<b>32,665,000</b>	<b>63,950,000</b>	<b>7.1%</b>	<b>13.9%</b>	<b>4,529,000</b>	<b>80</b>	<b>57</b>	<b>6</b>	<b>5</b>	<b>13</b>

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
<b>Titan</b>	<b>Total</b>	<b>68,800,000</b>	<b>136,600,000</b>	<b>1.9</b>	<b>19.4</b>	<b>2,590,000</b>	<b>84.4</b>	<b>71.9</b>	<b>2.0</b>	<b>1.0</b>	<b>9.5</b>	<b>1,862,000</b>	<b>52,000</b>	<b>27,000</b>	<b>246,000</b>	<b>2,187,000</b>
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
<b>Sub Total</b>	<b>Indicated</b>	<b>12,000,000</b>	<b>24,700,000</b>	<b>2.1</b>	<b>21.6</b>	<b>510,000</b>	<b>86.1</b>	<b>72.5</b>	<b>2.4</b>	<b>1.6</b>	<b>9.6</b>	<b>370,000</b>	<b>12,000</b>	<b>8,000</b>	<b>49,000</b>	<b>439,000</b>
<b>Sub Total</b>	<b>Inferred</b>	<b>85,600,000</b>	<b>166,900,000</b>	<b>1.8</b>	<b>17.3</b>	<b>3,060,000</b>	<b>84.6</b>	<b>71.1</b>	<b>2.5</b>	<b>1.2</b>	<b>9.8</b>	<b>2,177,000</b>	<b>75,000</b>	<b>36,000</b>	<b>300,000</b>	<b>2,588,000</b>
<b>Cooljarloo Total</b>		<b>97,600,000</b>	<b>191,600,000</b>	<b>1.9</b>	<b>17.8</b>	<b>3,570,000</b>	<b>84.8</b>	<b>71.3</b>	<b>2.4</b>	<b>1.2</b>	<b>9.8</b>	<b>2,547,000</b>	<b>87,000</b>	<b>44,000</b>	<b>349,000</b>	<b>3,027,000</b>
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
<b>Total Dredge</b>		<b>123,900,000</b>	<b>236,200,000</b>	<b>2.1</b>	<b>15.1</b>	<b>4,920,000</b>	<b>84.3</b>	<b>65.6</b>	<b>4.6</b>	<b>2.9</b>	<b>11.3</b>	<b>3,660,000</b>	<b>184,000</b>	<b>57,000</b>	<b>422,000</b>	<b>4,323,000</b>

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