

Quarterly Report – for the quarter ended 31 March 2017

Image Resources NL
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ASX Code
IMA

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Issued Capital
Shares – Quoted
537,641,631
As at 31 March 2017

Cash at end of quarter
\$5,535,000

Board Members
Robert Besley
(NED Chairman)
Patrick Mutz
(Managing Director)
Peter Thomas
(Non-Executive Director)
George Sakalidis
(Exploration Director)
Chaodian Chen
(Non-Executive Director)
Eddy Wu
(Non-Executive Director)
Aaron Chong Veoy Soo
(Non-Executive Director)

Boonanarring/Atlas Feasibility Study

The Company's primary focus during this past quarter continued to be advancing work on the feasibility study (FS) on its 100%-owned, high-grade Boonanarring and Atlas mineral sands projects in the North Perth Basin in WA. Boonanarring is located 80 kilometres north-northwest of Perth.

The FS is being conducted to a bankable standard. The vast majority of the work on the FS was completed by the end of March and compilation of the final report is underway. Reporting of results has been delayed into May due to finalisation of the details for an opportunity to secure 100% of project revenue under off-take agreements.

The basis of design for production is an ore throughput rate of 500 dry tonnes per hour (DTPH), compared to the 2013 feasibility study which was based on a rate of 350DTPH. The FS is key to facilitating the Company's principal objective of transitioning from advanced exploration to production on an accelerated timeline, with first production currently targeted for early 2018.

- Detailed mine planning work has been completed;
- All metallurgical testing, and process design and engineering has been completed;
- Capital and operating cost updates for Boonanarring are complete and being reviewed for optimisation;
- The pre-qualification process for selection of a mining contract has been completed;
- An independent third party has provided forecast mineral sands pricing for Boonanarring products;
- Detailed financial modelling has advanced to final optimisation phase;
- Preliminary discussions with debt providers is underway; and
- The FS report is currently being compiled.

In addition, the mineral resources at Atlas are being updated to comply with the JORC Code (2012) with an announcement on the update expected in early May, followed shortly thereafter by an announcement on the update of the ore reserves. The advancement of Atlas to reserve status, combined with the potential for an extension to the Boonanarring mine life and the improving outlook from mineral sands commodity prices generally, and zircon in particular, is expected to significantly improve the bankability of the project.

Exercise of Land Purchase Option

On 10 January 2017, the Company announced the decision to exercise a land purchase option over a 550-hectare section of land at Boonanarring that will encompass the initial box-cut for open pit mining operations and will provide ore for two and a half years of processing operations. The wet concentration plant, offices, warehouse and all associated services including mining contractor operations centre will also be situated on this block. Completion of the purchase was finalised on 21 April 2017.

Boonanarring Mineral Resources and Ore Reserves

On 13 January 2017, the Company announced the update of Mineral Resources for Boonanarring in accordance with the JORC Code (2012) which resulted in a doubling of total tonnes of resources, albeit at lower heavy mineral grade and mineral assemblage. Updated mineral resources reported were 43.7M tonnes at 5.6% heavy mineral (HM) content and 18.1%

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| | <p>zircon in the HM.</p> <p>On 10 April 2017, the Company announced an update of the Ore Reserves for Boonanarring in accordance with the JORC Code (2012), which resulted in a 39% increase in the total tonnes of ore. Updated ore reserves reported were 20M tonnes at 7.2% HM and 22.4% zircon in the HM.</p> <p>Potential Boonanarring Extension</p> <p>On 13 March 2017, the Company announced some outstanding drill results which confirm the potential for a 5.6km northern extension of high-grade Boonanarring mineralisation that will be within pumping distance of the planned location of the wet concentration plant.</p> <p>New High-Grade Deposit</p> <p>On 20 February 2017, the Company announced the application for a new exploration licence (ELA70/4946) that will include 100% of the existing Regans Ford high-grade heavy mineral deposit which contains 9.9M tonnes of mineral resources at 9.7% HM per JORC Code (2004). Once granted, the Regans Ford deposit will become the highest grade deposit in Image's portfolio and has significant upside potential as indicated by magnetic surveys with an additional 14km of interpreted targets.</p> <p>Fund Raising During the Quarter</p> <p>On 14 December 2016, the Company announced plans to conduct a non-renounceable, fully underwritten rights issue to offer 5 new shares for every 12 shares held on 19 December 2016 (record date). The shares were offered at \$0.04 per share to raise a total of \$6.325M before costs. The offer was scheduled to close on 12 January 2017 but was subsequently extended and closed on 19 January 2017.</p> <p>Results of the successful offer were announced to the ASX on 24 January 2017, with an uptake of 84% of total new shares on offer from existing shareholder entitlements including top-up requests. The balance of new shares was placed with the underwriter (existing shareholder Million Up Ltd) and sub-underwriters.</p> <p>Corporate</p> <ul style="list-style-type: none"> • An application to ASIC to change the Company's reporting period for accounting and reporting purposes from a fiscal year to a calendar year was approved by ASIC in December 2016. The Company has also aligned its tax reporting period; • The Annual Report for the 6 month period ended 31 December 2016 was filed on 28 March 2017; • the company's next Annual General Meeting of Shareholders is scheduled to be held on 31 May 2017; • the Company has been advised that its major shareholder, Murray Zircon, does not intend to distribute its currently held shares in Image received as part of completion of the Asset Sale and Purchase Agreement on 8 June 2016. However, Murray Zircon retains the right to do so in the future. These Completion Shares remain escrowed until the earlier of 8 June 2018 or the Company reaching a decision to mine. |
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Boonanarring and Boonanarring Extensions

Quinns Hill (E70/3100)

Image Resources announced the results of a recent drill programme confirming a **5.6km extension of high-grade mineralisation associated with the Boonanarring mineral sands deposit**. Assay results from this drilling programme are outstanding.

Boonanarring is arguably the highest grade, high-zircon undeveloped mineral sand deposit in Australia. In addition, the Company is in the final stages of completing a bankable feasibility study and is planning to develop the project

with a goal of first production in early 2018. The indication of a significant extension of high-grade mineralisation for this deposit adds to the upside potential of the project.

The Boonanarring deposit has estimated mineral resources of **43.8M tonnes at 5.6% heavy minerals (HM) with 18.1% of the HM as high value zircon and with 72% of the HM as valuable heavy minerals (VHM)** (ASX release 13/01/2017). The area containing the current mineral resources at Boonanarring stretches 13.2km to the south on the east side of Brand highway. The new drilling results confirm the high-grade mineralisation extends to the north on the west side of the Brand highway for an additional 5.6km.

The recent drill program was located within a road reserve on the Quinns Hill tenement (E70/3100). Ten drill holes for a total of 468m were completed in a programme designed to test the extension of the high-grade eastern strand of the Boonanarring mineral sand deposit, adjacent to and to the west of the Brand Highway. The design of the programme was based on an extrapolation of previous drilling by Image and limited historic drilling by Iluka.

Previous reported drilling by Image (ASX release 13/07/2015) on the southwest side of the Brand highway included results of **8m @ 21.6% HM from 38m in drill hole IM0083 and 14m @ 17.9% HM from 40m in drill hole IX00103**. The new drilling results (Table 1 and 4) represent a continuation of the high-grade eastern strand for another 3.5km northwards beyond the location of drill holes IM0083 and IX00103.

Hole IX00250 of the current programme starts on the eastern edge of the Brand Highway and **contains 8m @ 16.3% HM and moving north, the high-grade mineralisation is present on the western edge of the Brand Highway and drill hole IX00244 contains 8m @ 21.1% HM from 23m and IX00245 contains 8m @ 23.8% HM from 27m** (Figures 1 and 2). Whereas the northernmost intersection of mineralisation was intersected by an historic drill hole RG45 by Iluka which contains 6m @ 6.7% HM from 31m and is open at depth as some of the holes drilled by Iluka did not reach the bottom of mineralisation.

Even though this limited 10-hole drilling programme has demonstrated that the high-grade eastern strand is present over 5.6km, further drilling is required to outline a resource as in some cases only 1 to 2 holes were drilled every 200–400m. Land access is currently being sought and further infill and extension drilling will be included in future drilling budgets.

It is not possible to decide at this time regarding the methodology or potential economics of mining in this extended area due to the location of the Brand highway and gas pipelines. However, there is precedent regarding approvals to allow mining in areas near transportation and other infrastructure.

The Company has also shown that the Boonanarring deposit is significant in size, as this drilling shows potential to be larger than 18.8km in length, with further upside potential both to the north and south. The additional high-grade mineralisation is within pumping distance of the planned location of the wet concentrator plant at Boonanarring, which could add significant value to the project.



Figure 1. Drill sample containing 60% HM from drill hole IX00251 from 49-50m

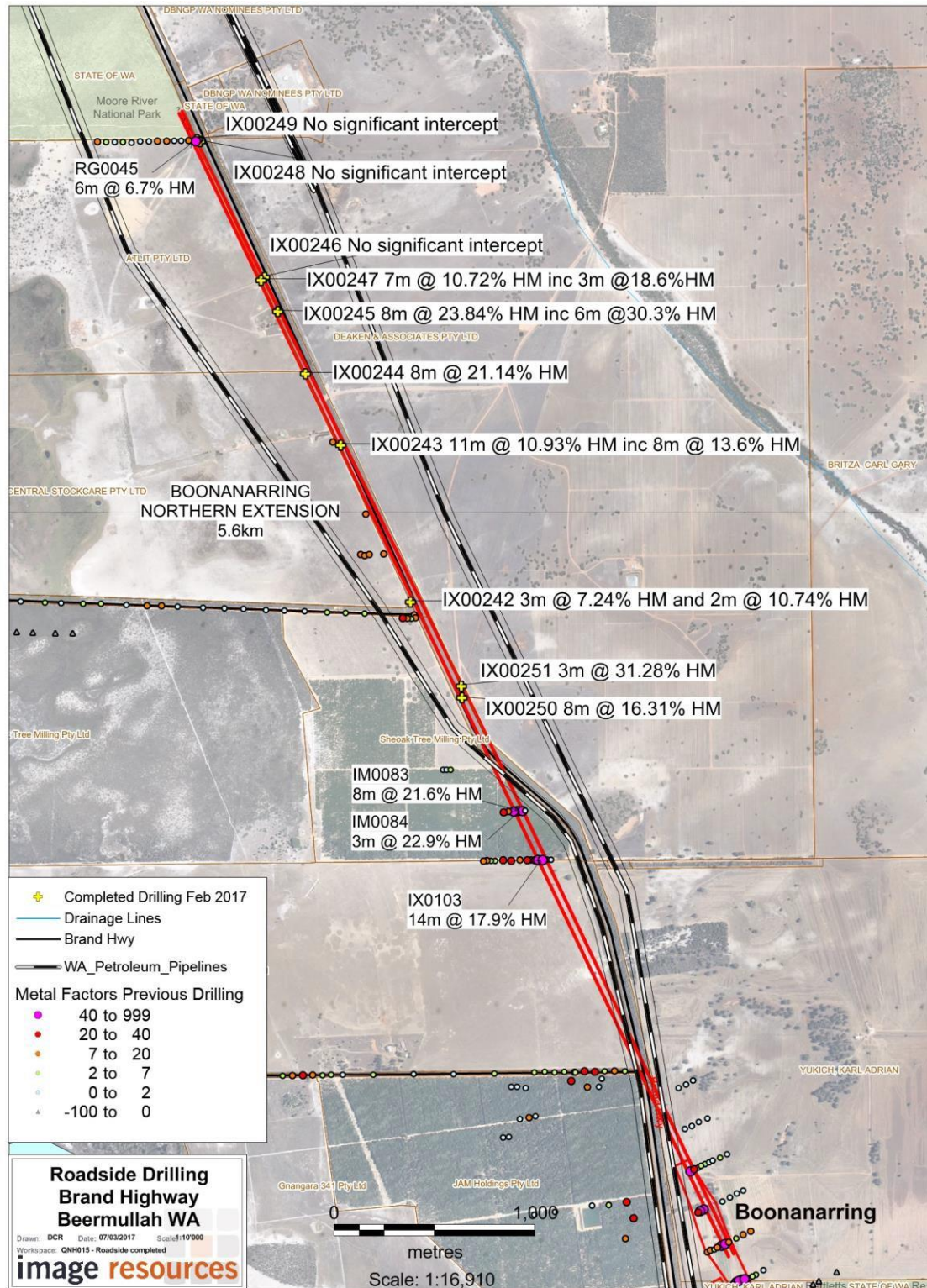


Figure 2 Boonanarring northern extension February 2017 drilling intercepts.

Table 1 Drilling Summary with Significant HM Intercepts

| HoleID | East (MGA) | North (MGA) | RL (m) | Dip | HM Intercept (Lab Assay %) | From (m) | To (m) |
|---------|---------------|----------------|-----------|----------|--------------------------------------------|-------------|-----------|
| IX00242 | 383988 | 6555562 | 106 | Vertical | 3m @ 7.24% HM, and 2m @ 10.74% HM | 32 39 | 35 41 |
| IX00243 | 383641 | 6556341 | 99 | Vertical | 11m @ 10.93% HM including 8m @ 13.6% HM | 24 25 | 35 33 |
| IX00244 | 383467 | 6556697 | 97 | Vertical | 8m @ 21.14% HM | 23 | 31 |
| IX00245 | 383328 | 6557005 | 98 | Vertical | 8m @ 23.84% HM including 6m @ 30.3% HM | 27 27 | 35 33 |
| IX00246 | 383261 | 6557174 | 97 | Vertical | No significant intercept | | |
| IX00247 | 383246 | 6557161 | 96 | Vertical | 7m @ 10.72% HM including 3m @ 18.6% HM | 21 25 | 28 28 |
| IX00248 | 382943 | 6557850 | 99 | Vertical | No significant intercept | | |
| IX00249 | 382926 | 6557859 | 99 | Vertical | No significant intercept | | |
| IX00250 | 384241 | 6555088 | 118 | Vertical | 8m @ 16.31% HM | 45 | 53 |
| IX00251 | 384239 | 6555143 | 119 | Vertical | 3m @ 31.28% HM | 49 | 52 |

Regans Ford Deposit (ELA70/4946)

A new tenement application over ELA70/4946 (83 sq. km) was made which includes the **Regans Ford** heavy mineral sands deposit. It contains **Mineral Resources of 9.9Mt @ 9.7% HM in accordance with the JORC Code (2004)**. This deposit is at the northern end of a 60km strip of the Gingin Scarp held by Image that includes five significant HM deposits; Regans Ford, Red Gully, Boonanarring, Gingin North and Gingin South (Figures 3 and 4).

Comparatively, the Regans Ford Strand is a significant deposit and has 894,397 tonnes of contained HM which is slightly larger than Image's Atlas deposit which contains 854,000 tonnes of contained HM (Tables 1, 2 and 3). Once granted, Regans Ford will be the highest grade of the eight high grade deposits held by Image within the North Perth Basin.

Regans Ford is 6km north of the Red Gully deposit and 24km north of the Boonanarring deposit. It is relatively shallow and is split into 3 separate strands totalling 8.5km in length. The base of the western strand is at 45m RL and starts between 10-15m from surface. The bases of the middle and eastern strands are at the 65-70m RL and both start from 10-15m from surface.

A review of previous drilling indicates that many drill holes within the three strands at Regans Ford need to be deepened and infill drilling needs to be completed to adequately define the extent of the mineralisation. Also, and more significantly, there are 14km of accessible parallel strands and extensions interpreted from aeromagnetic surveys. The grant of the EL over the Regans Ford Deposit will add a significant high grade deposit to Image's already substantial portfolio of high grade mineral sand deposits in the North Perth Basin. Future drilling and ground magnetic surveys will be considered for implementation after grant of the exploration licence and securing successful land access.

For information on the HM grade distribution, zircon grade distribution and TiO₂ distribution throughout the Regans Ford deposit, refer to Figures 5, 6 and 7. The resource information and mineral assemblages are summarised in the Resource Tables 2 and 3. The relevant references are from Iluka Reports Iluka Resources Limited, 2007, Annual Report on Group C107/2002 Tenements for the period 1/3/2006 to 28/2/2007, South Gingin, Boonanarring, Red Gully, Regans Ford and Cataby; Iluka Technical Report ILUKA-TR-T15138: Geological Survey of Western Australia, WAMEX Report A74900 and Iluka Resources Limited, 2006, 2005 Regans Ford Resource Model Estimation; Iluka Technical Report ILUKA-TR-T15039.

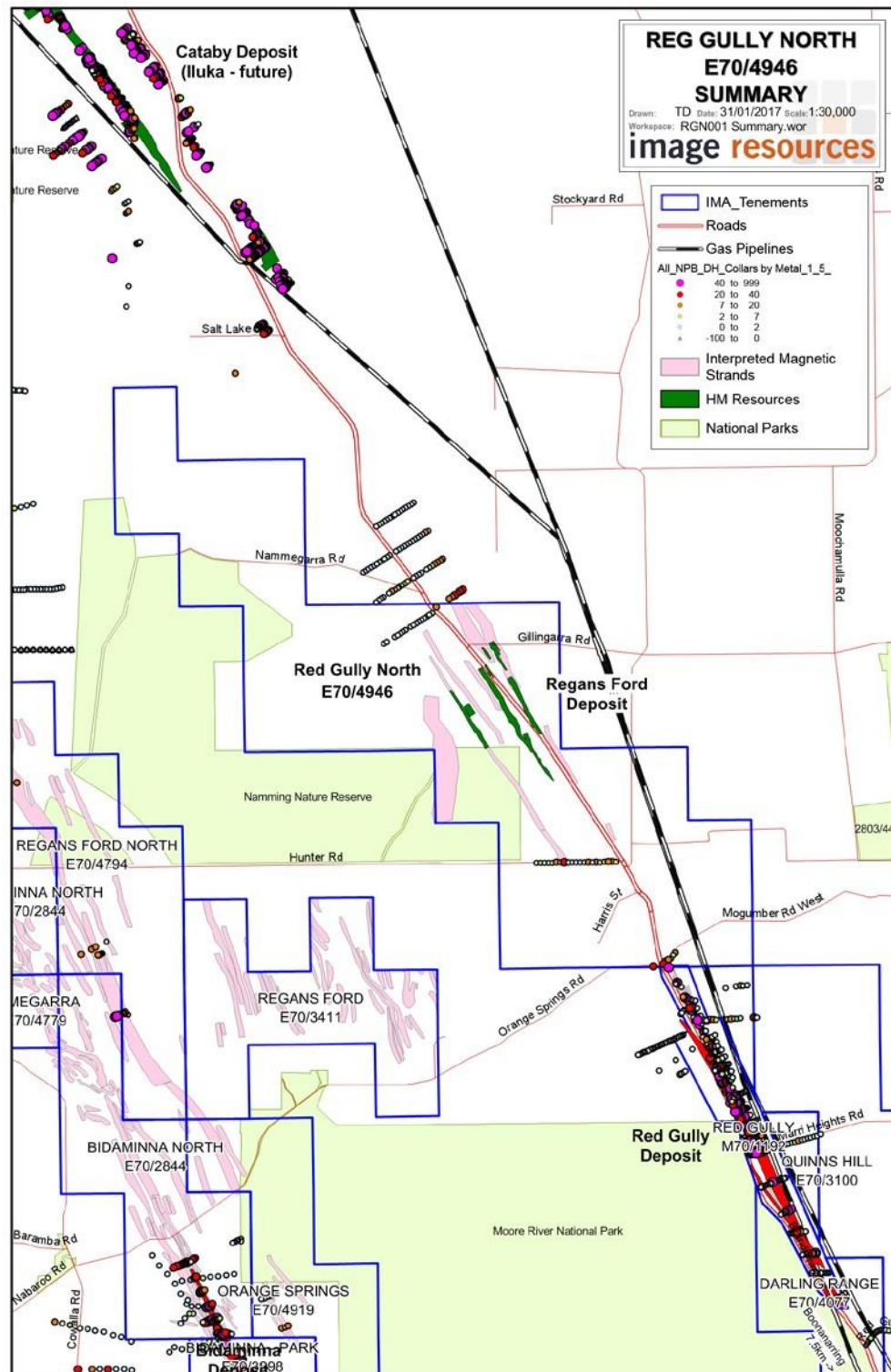


Figure 3. Regans Ford Deposit Location

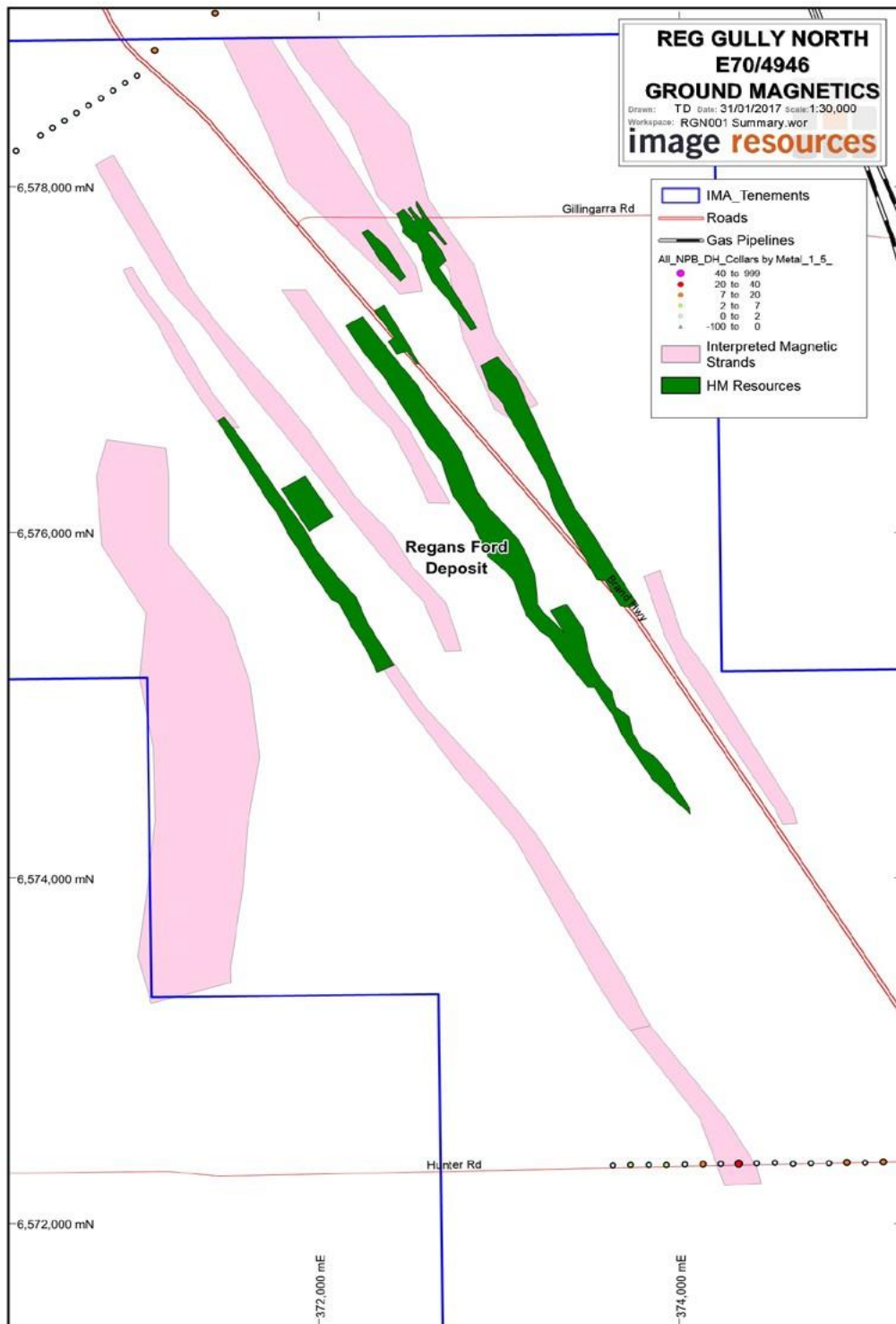


Figure 4. Regans Ford Deposit Interpreted Magnetic Strands

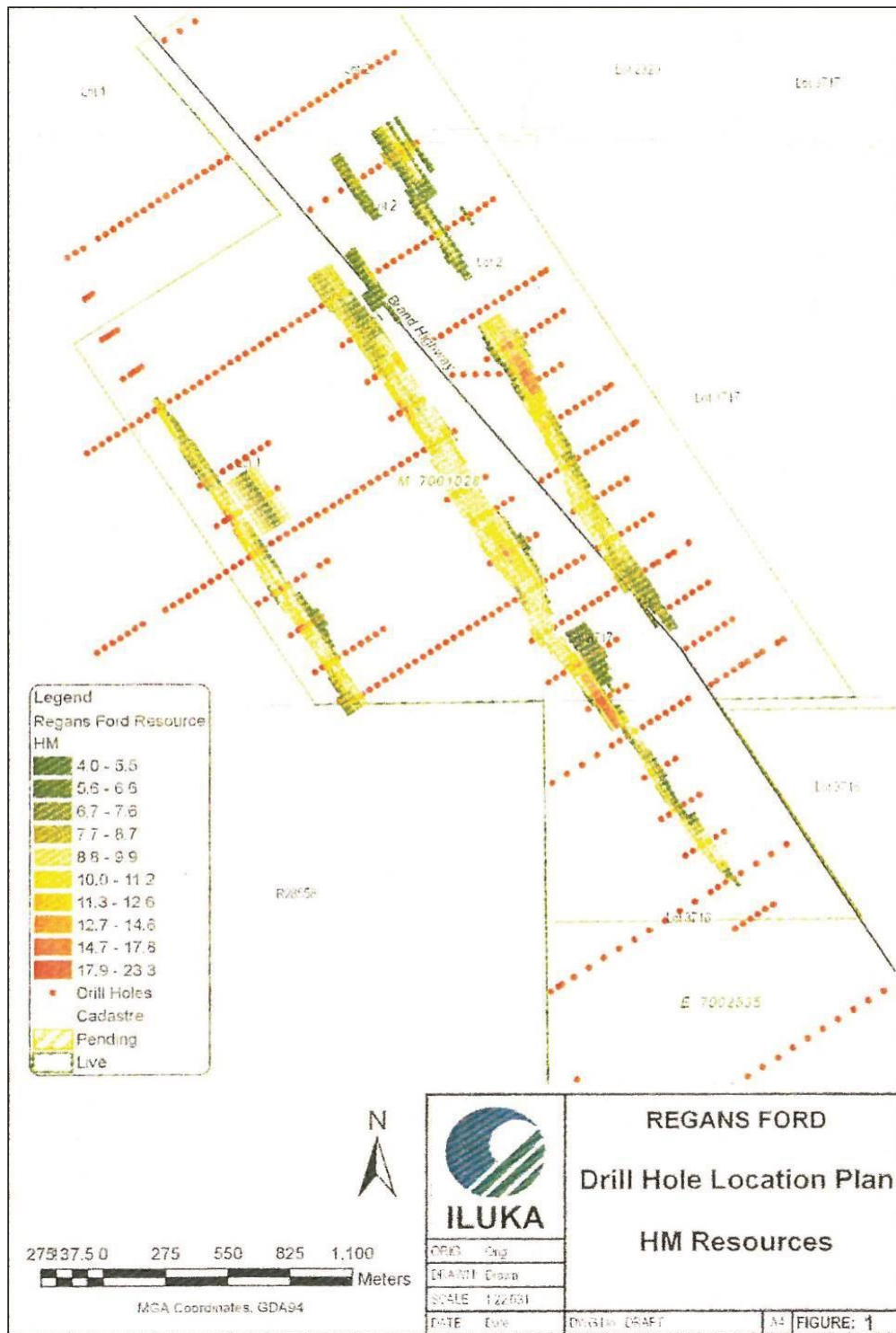


Figure 5. Plan of HM Grade Distribution for Regans Ford

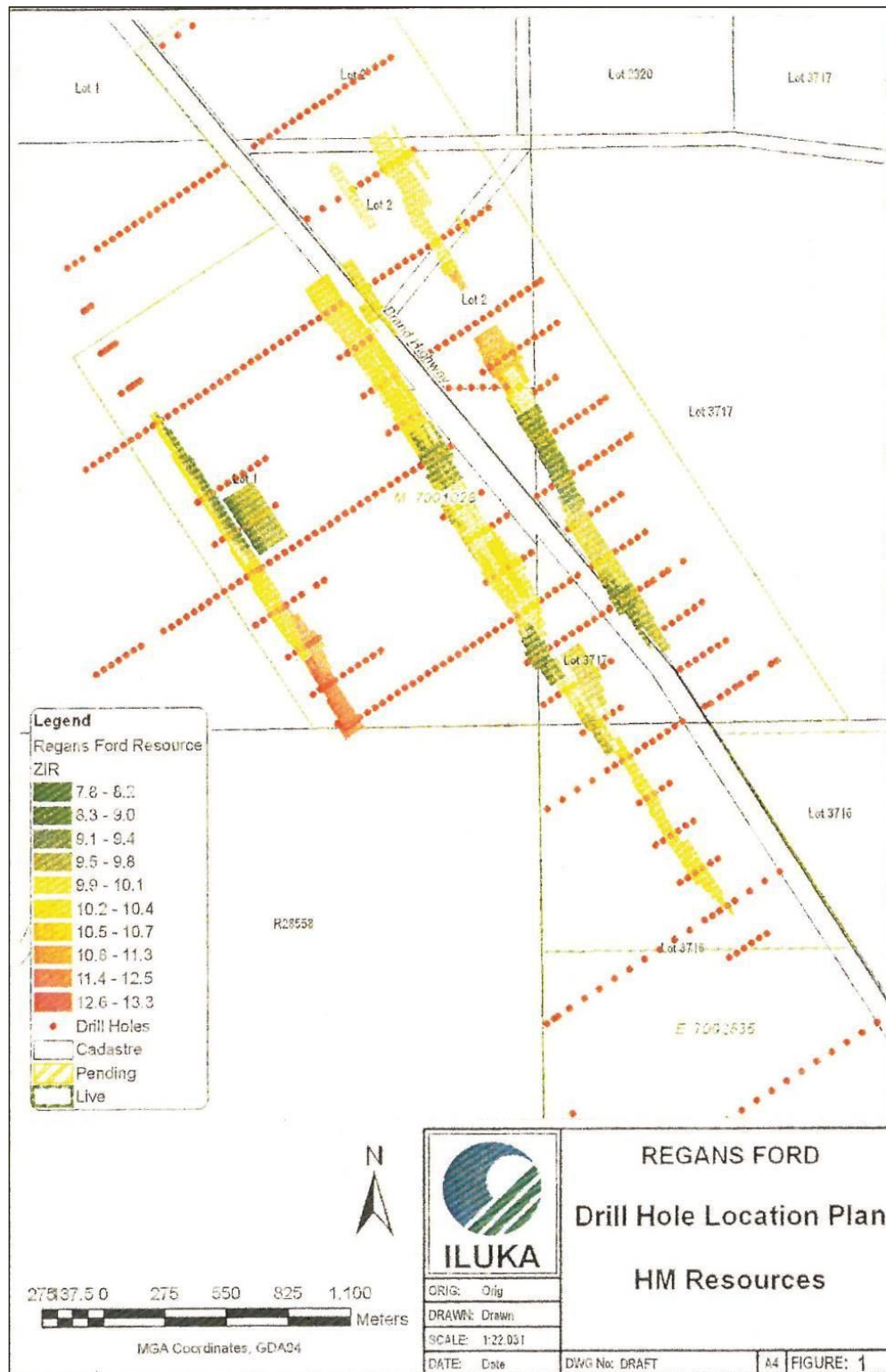


Figure 6. Plan of Zircon Grade Distribution for Regans Ford

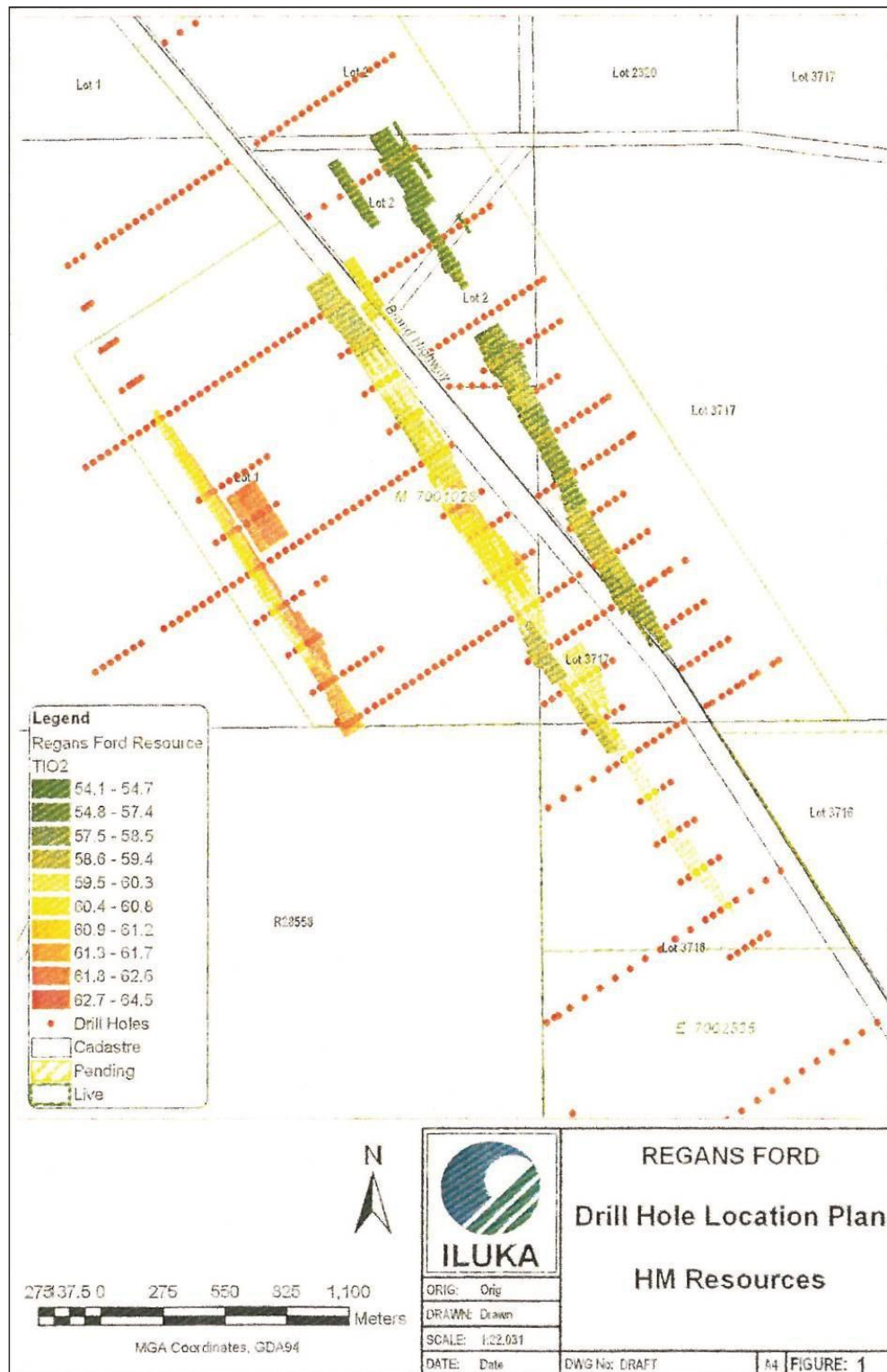


Figure 7. Plan of TiO₂ Grade Distribution for Regans Ford

Table 2. Regans Ford 2006 estimated Mineral Resources (tonnes and HM grade)M*

| Rescat | ZONE | VOL | TONNES | HMTON | BD | HM | SLIMES |
|-----------|-----------------|------------------|------------------|----------------|-------------|------------|-------------|
| Indicated | 3 | 2,209,248 | 4,456,282 | 457,290 | 2.02 | 10.3 | 17.2 |
| Indicated | 4 | 269,397 | 548,583 | 36,813 | 2.04 | 6.7 | 19.2 |
| Indicated | 6 | 345,840 | 653,723 | 49,135 | 1.89 | 7.5 | 12.9 |
| Indicated | 8 | 212,807 | 429,056 | 34,098 | 2.02 | 7.9 | 18.1 |
| Indicated | 9 | 436,566 | 836,047 | 92,621 | 1.92 | 11.1 | 12.7 |
| Indicated | 10 | 1,031,428 | 2,100,536 | 224,440 | 2.04 | 10.7 | 17.8 |
| | Subtotal | 4,505,285 | 9,024,226 | 894,397 | 2.00 | 9.9 | 16.8 |
| Rescat | ZONE | VOL | TONNES | HMTON | BD | HM | SLIMES |
| Inferred | 1 | 372,914 | 751,860 | 46,771 | 2.02 | 6.2 | 18.7 |
| Inferred | 6 | 39,637 | 80,103 | 4,246 | 2.02 | 5.3 | 19.2 |
| Inferred | 9 | 43,382 | 86,573 | 8,913 | 2.00 | 10.3 | 16.3 |
| | Subtotal | 455,933 | 918,536 | 59,930 | 2.01 | 6.5 | 18.5 |
| | Total | 4,961,218 | 9,942,762 | 954,327 | 2.00 | 9.7 | 16.9 |

Table 3. Regans Ford 2006 estimated Mineral Resources (mineral assemblage in HM)*

| Rescat | ZONE | ILM | ZIR | RUT | ML | NML | MON | OTH | MAG |
|-----------|-----------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| Indicated | 3 | 70.3 | 10.0 | | 3.7 | 6.6 | 0.3 | 9.0 | 0.2 |
| Indicated | 4 | 69.4 | 10.7 | | 3.5 | 7.6 | 0.3 | 8.5 | 0.0 |
| Indicated | 6 | 66.6 | 10.1 | | 4.1 | 8.6 | 0.6 | 10.0 | |
| Indicated | 8 | 66.4 | 8.8 | | 3.8 | 8.6 | 0.4 | 12.0 | |
| Indicated | 9 | 69.1 | 11.1 | | 3.8 | 8.1 | 0.7 | 7.2 | |
| Indicated | 10 | 70.9 | 9.7 | 4.3 | 4.0 | 3.6 | 0.6 | 8.2 | 0.0 |
| | Subtotal | 70.0 | 10.0 | 4.3 | 3.8 | 6.2 | 0.4 | 8.8 | 0.1 |
| Rescat | ZONE | ILM | ZIR | RUT | ML | NML | MON | OTH | MAG |
| Inferred | 1 | 68.1 | 10.2 | 4.4 | 3.9 | 2.6 | 0.8 | 10.1 | 0.5 |
| Inferred | 6 | 67.7 | 7.8 | | 4.0 | 8.1 | 0.5 | 11.9 | |
| Inferred | 9 | 69.5 | 10.5 | | 3.8 | 8.2 | 0.6 | 7.4 | |
| | Subtotal | 68.3 | 10.1 | 4.4 | 3.9 | 3.8 | 0.7 | 9.8 | 0.5 |
| | Total | 69.8 | 10.0 | 4.3 | 3.8 | 6.1 | 0.5 | 8.8 | 0.1 |

* From Iluka Reports Iluka Resources Limited, 2007, Annual Report on Group C107/2002 Tenements for the period 1/3/2006 to 28/2/2007, South Gingin, Boonanarring, Red Gully, Regans Ford and Cataby; Iluka Technical Report ILUKA-TR-T15138: Geological Survey of Western Australia, WAMEX Report A74900 and Iluka Resources Limited, 2006, 2005 Regans Ford Resource Model Estimation; Iluka Technical Report ILUKA-TR-T15039.

Bidaminna (E70/3298), Bidaminna North (E70/2844), Mimegarra (E70/4779), Regans Ford (E70/3411)

The Bidaminna Region (Figure 8) was signalled as an unusually high leucoxene province after composites were taken across the Bidaminna Resource (refer to the 24th November 2015 ASX release). The accessible part of the Bidaminna Project is significant in size being 30km in length. This is comparable to the Gingin Scarp, which now contains the Regans Ford, Red Gully, Boonanarring, Gingin North and Gingin South Resources.

The leucoxene concentration range of 28 to 69% of the HM from the seven composites, within the Bidaminna Mineral Resource area, 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 potentially valuable as the leucoxene price is often 2-3 times the ilmenite price.

A 27-hole programme was completed and results are awaited. A 33-hole programme will take place in April-May 2017 (Table 4). This 60-hole programme will more importantly test the veracity of the wireframes used for an Exploration Target of 100-110Mt ranging between 3-4% HM. Also, an important aspect of the drilling is to test the northern parts of the Exploration Target, north of the existing historic Mineral Resource, as this is where the total leucoxene grade of

both High Ti and Low Ti are around 69% versus 28% at the southern end of the Resource. The drilling programme will provide enough sample to complete a mini bulk test by AML. The aim of this work is to determine what sort of wet plant recoveries are possible and final leucoxene products.

The mineral assemblage values for the leucoxene-rich Bidaminna Mineral Resource and Exploration Target will be compared with other leucoxene-rich deposits and nearby dredging operations.

The Bidaminna Mineral Resource and Exploration Target, differs from the Boonanarring deposit in that they are amenable to large-scale dredge mining with a very low slime content of around 3-4%, the mineralised horizon is below the water table and has two zones of mineralisation up to 35 metres in combined thickness.

Given the potential significance of the Bidaminna Project, a new more detailed 100m spaced ground magnetic survey was interpreted and numerous strands were defined. Most strands trend NNW and appear to extend the Bidaminna Resources northwards. There are some unusual NW strands, which will be investigated in the 60-hole drilling programme (Figure 8) as well. The drilling will help outline the shallow and lower mineralised layers with a low strip ratio of 0.5-1.0, assisting the wireframing of the new Exploration Target.

A small 13-hole drilling programme has tested several strands within the Regans Ford area and results are being compiled (Figure 8).

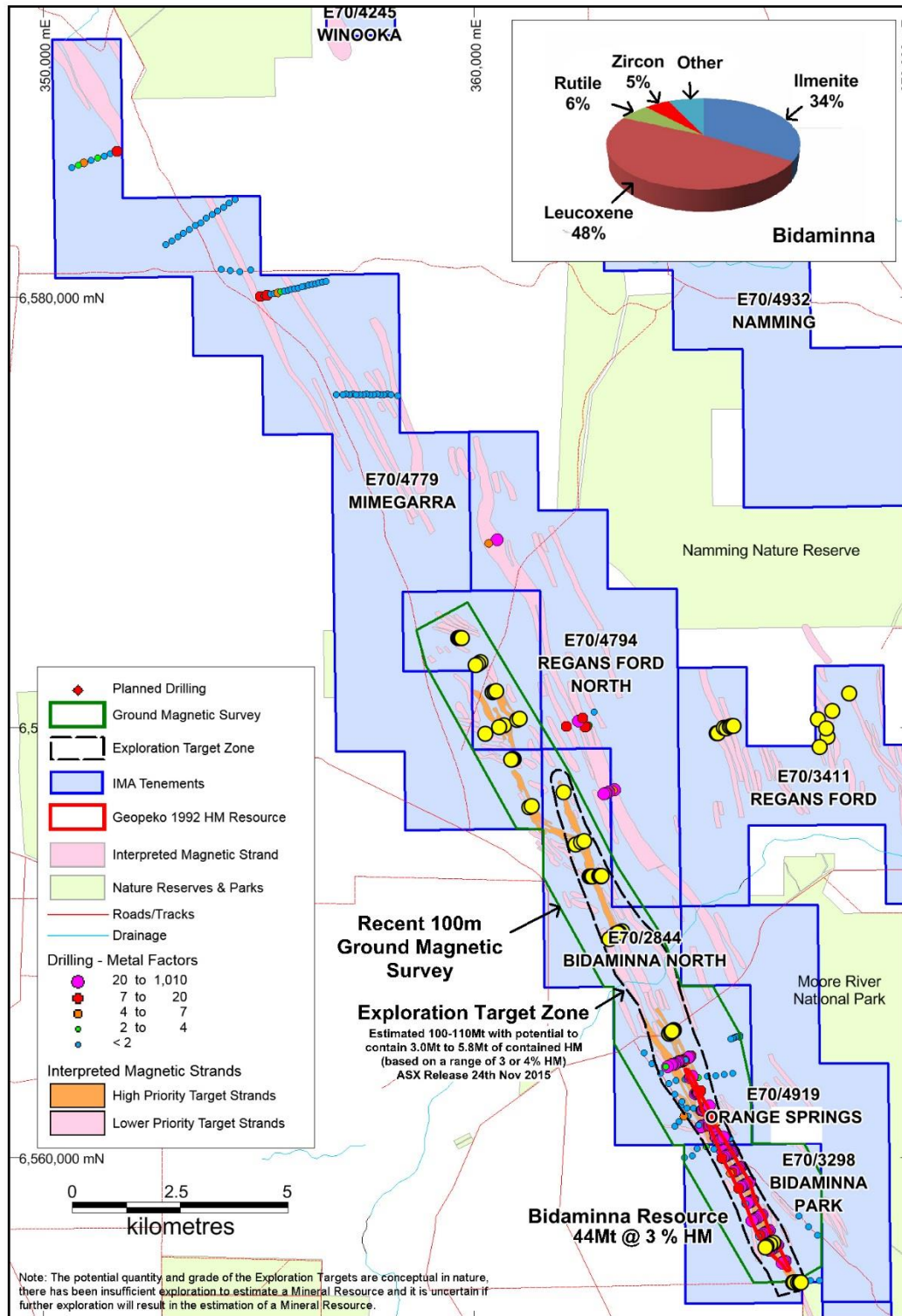


Figure 8 Bidaminna Park, Bidaminna North, Mimegarra 60-hole programme and 13 holes completed in Regans Ford

Table 4. Drilling programmes completed and future drilling.
Drilling programme Completed February 2017

| Prospect | No. Holes | Total Metres |
|------------------------------|-----------|--------------|
| Bidaminna | 27 | 1604 |
| Regans Ford (Baker & Reinke) | 13 | 515 |
| Quinns Hill (Roadside) | 10 | 468 |
| | | |
| Woolka heritage survey | | |

Drilling programme Completed March 2017

| Prospect | No. Holes | Total Metres |
|----------------------------------|-----------|--------------|
| Boonanarring Resource Definition | 108 | 4572 |

Drilling Programme April 2017

| Prospect | No. Holes | Total Metres |
|-------------------|-----------|--------------|
| Bidaminna | 33 | 1650 |
| Woolka | 13 | 550 |
| Winooka | 8 | 300 |
| Bibby Springs | 5 | 150 |
| Boonanarring West | 13 | 400 |
| Bryalana | 3 | 100 |
| Bootine | 15 | 540 |

For more information visit our website at www.imageres.com.au.

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Patrick Mutz

Managing Director

+61 8 9485 2410

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

Information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves (other than Boonanarring 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 Ore Reserves were compiled, George Sakalidis was a director of Image Resources NL. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

The information in this report that relates to the estimation of Mineral Resources for the Boonanarring Project is based on information compiled by Mrs Christine Standing, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). Mrs Standing is a full-time employee of Optiro Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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'. Mrs Standing consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

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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.

Table 5 - 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 | 100% | 100% |
| WA | E28/2071 | Granted | TALC LAKE | 100% | 100% |
| 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 | E70/3494 | Granted | BRYALANA | 100% | 100% |
| WA | E70/3720 | Granted | BLUE LAKE | 100% | 100% |
| WA | E70/3892 | Granted | CHAPMAN HILL | 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 | Granted | MIMEGARRA | 100% | 100% |
| WA | E70/4794 | Granted | REGANS FORD NORTH | 100% | 100% |
| WA | E70/4795 | Application | BIDAMINNA SOUTH | 100% pending grant | 100% pending grant |
| WA | E70/4919 | Application | ORANGE SPRINGS | 100% pending grant | 100% pending grant |
| WA | E70/4946 | Application | REGANS FORD | - | 100% pending grant |
| WA | E70/4949 | Application | GINGIN | - | 100% pending grant |

Mining Tenements acquired during the Quarter

| | | | | | |
|----|----------|-------------|-------------|---|--------------------|
| WA | E70/4946 | Application | REGANS FORD | - | 100% pending grant |
| WA | E70/4949 | Application | GINGIN | - | 100% pending grant |

Mining Tenements disposed during the Quarter

| | | | | | |
|----|----------|-------------|-----------------|--------------------|---|
| WA | E70/4796 | Surrendered | CALADENIA | 100% | - |
| WA | E70/4921 | Withdrawn | RED GULLY NORTH | 100% pending grant | - |
| WA | E70/4932 | Withdrawn | NAMMING | 100% pending grant | - |

Table 6 – North Perth Basin Resources and Reserves as at 31 March 2017

| High Grade Resources @ 2.5% HM Cut-off | | | | | | *Atlas Reserve as at 30/06/2013 | | | | | |
|----------------------------------------|----------|-------------------|-------------------|-------------|--------------|---------------------------------|--------------|--------------|---------------|-------------|--------------|
| Reserve | Category | Volume | Tonnes | % HM | % SLIMES | HM Tonnes | VHM (%) | Ilmenite (%) | Leucoxene (%) | Rutile (%) | Zircon (%) |
| Boonanarring ¹ | 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 | | | | | | * Boonanarring 2.0% Cut-off (Optiro Report 13/01/2017) | | | | | |
|----------------------------------------|-----------|-------------------|-------------------|------------|-------------|--------------------------------------------------------|-------------|--------------|---------------|------------|-------------|
| Resource | Category | Volume | Tonnes | % HM | % SLIMES | HM Tonnes | VHM (%) | Ilmenite (%) | Leucoxene (%) | Rutile (%) | Zircon (%) |
| Atlas | Measured | 4,810,000 | 9,700,000 | 8.5 | 15.3 | 820,000 | 76.0 | 52.0 | 5.0 | 8.0 | 11.0 |
| Atlas | Indicated | 520,000 | 1,080,000 | 3.2 | 19.2 | 34,000 | 74.0 | 53.0 | 8.0 | 7.0 | 6.0 |
| Atlas Total | | 5,330,000 | 10,780,000 | 7.9 | 15.7 | 854,000 | 76.0 | 52.0 | 5.0 | 8.0 | 10.0 |
| Boonanarring* | Measured | 4,105,263 | 7,800,000 | 8.2 | 14 | 639,600 | 71.5 | 47.3 | 1.9 | 2.2 | 20.1 |
| Boonanarring* | Indicated | 13,736,842 | 26,100,000 | 5.3 | 18 | 1,383,300 | 73.3 | 49.6 | 2.0 | 2.5 | 19.2 |
| Boonanarring* | Inferred | 5,210,526 | 9,900,000 | 4.5 | 21 | 445,500 | 69.2 | 50.3 | 3.5 | 3.5 | 11.9 |
| Boonanarring Total* | | 23,052,632 | 43,800,000 | 5.6 | 18 | 2,468,400 | 72.0 | 49.1 | 2.2 | 2.6 | 18.1 |
| Gingin Nth | Indicated | 680,000 | 1,320,000 | 5.7 | 15.7 | 80,000 | 75.0 | 57.0 | 9.0 | 3.0 | 5.0 |
| Gingin Nth | Inferred | 580,000 | 1,090,000 | 5.2 | 14 | 60,000 | 78.0 | 57.0 | 11.0 | 4.0 | 6.0 |
| Gingin Nth Total | | 1,260,000 | 2,410,000 | 5.5 | 15 | 140,000 | 77.0 | 57.0 | 10.0 | 3.0 | 6.0 |
| Gingin Sth | Measured | 870,000 | 1,530,000 | 4.4 | 7.2 | 67,000 | 79.0 | 51.0 | 15.0 | 6.0 | 8.0 |
| Gingin Sth | Indicated | 3,240,000 | 5,820,000 | 6.5 | 7.1 | 380,000 | 91.0 | 68.0 | 10.0 | 5.0 | 8.0 |
| Gingin Sth | Inferred | 400,000 | 730,000 | 6.5 | 8.4 | 48,000 | 92.0 | 67.0 | 8.0 | 6.0 | 11.0 |
| Gingin Sth Total | | 4,510,000 | 8,080,000 | 6.1 | 7.3 | 495,000 | 89.0 | 65.0 | 10.0 | 5.0 | 8.0 |
| Helene | Indicated | 5,600,000 | 11,500,000 | 4.6 | 18.6 | 520,000 | 84.0 | 70.0 | 1.0 | 3.0 | 11.0 |
| Hyperion | Indicated | 1,800,000 | 3,700,000 | 7.8 | 19.3 | 290,000 | 71.0 | 56.0 | 0.0 | 6.0 | 9.0 |
| Cooljarloo Nth Total | | 7,400,000 | 15,200,000 | 5.3 | 18.7 | 810,000 | 78.5 | 64.2 | 0.5 | 4.4 | 9.4 |
| Red Gully | Indicated | 1,930,000 | 3,410,000 | 7.8 | 11.5 | 270,000 | 90.0 | 66.0 | 8.0 | 3.0 | 12.0 |
| Red Gully | Inferred | 1,455,000 | 2,570,000 | 7.5 | 10.7 | 190,000 | 90.0 | 66.0 | 8.0 | 3.0 | 12.0 |
| Red Gully Total | | 3,385,000 | 5,980,000 | 7.7 | 11.2 | 460,000 | 90.0 | 66.0 | 8.0 | 3.0 | 12.0 |
| Grand Total | | 44,937,632 | 86,250,000 | 6.0 | 16.3 | 5,227,400 | 77.0 | 55.1 | 3.9 | 4.0 | 13.6 |

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

| Dredge Resources at 1.0% HM cut-off | | | | | | | | | | | | | | | | |
|-------------------------------------|-------------------|-------------|-------------|-----|-------|-----------|------|------------|-------------|--------|--------|-----------|-----------|--------|---------|------------|
| Project Area | Resource Category | Volume | TONNES | % | % | HM | VHM | Ilmenite % | Leucoxene % | Rutile | Zircon | Ilmenite | Leucoxene | Rutile | Zircon | VHM Tonnes |
| | | | | HM | Slime | 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 |

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

IMAGE RESOURCES NL

ABN

57 063 977 579

Quarter ended ("current quarter")

31/03/2017

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---------------------------------------------------|------------------------------------------------------------|----------------------------|---------------------------------------|
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (924) | (924) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (429) | (429) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 5 | 5 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid/R&D refund received | - | - |
| 1.7 | Other (provide details if material) | - | - |
| | Net operating cash flows | (1,348) | (1,348) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: | | |
| | (a) prospects | - | - |
| | (b) equity investments | - | - |
| | (c) other fixed assets | (93) | (93) |
| 1.9 | Proceeds from sale of: | | |
| | (a) prospects | - | - |
| | (b) equity investments | - | - |
| | (c) other fixed assets | - | - |
| 1.10 | Loans to other entities | | |
| 1.11 | Loans repaid by other entities | | |
| 1.12 | Other – deposit at call proceeds | - | - |
| | Other – security deposit payments | - | - |
| | Net investing cash flows | (93) | (93) |
| 1.13 | Total operating and investing cash flows (carried forward) | (1,441) | (1,441) |

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

| | | | |
|---------------------------------------------------|------------------------------------------------------------|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,441) | (1,441) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 6,325 | 6,325 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) – share issue expenses | (457) | (457) |
| 1.20 | Other – borrowings transaction expenses | - | - |
| | Net financing cash flows | 5,868 | 5,868 |
| | Net increase (decrease) in cash held | 4,427 | 4,427 |
| 1.20 | Cash at beginning of quarter/year to date | 1,108 | 1,108 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 5,535 | 5,535 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | |
|------|------------------------------------------------------------------|----------------------------|
| | | Current quarter \$A'000 |
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 143 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |
| 1.25 | Explanation necessary for an understanding of the transactions | |
| | - | |

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

| |
|--|
| |
|--|

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

| |
|--|
| |
|--|

Financing facilities available

Add notes as necessary for an understanding of the position.

| | | |
|-----|-----------------------------------------------|------------------------|
| | Amount available \$A'000 | Amount used \$A'000 |
| 3.1 | Loan facilities | 4,000 |
| 3.2 | Credit standby arrangements – bank guarantees | 55 |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 2,320 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 520 |
| Total | 2,840 |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 4,263 | 590 |
| 5.2 Deposits at call | 1,272 | 518 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 5,535 | 1,108 |

Changes in interests in mining tenements

| | Tenement reference and location | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-------------------------------------------------------------------|---------------------------------|-------------------------------|----------------------------------|----------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | Refer Quarterly Report | | | |
| 6.2 Interests in mining tenements acquired or increased | Refer Quarterly Report | | | |

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

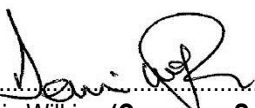
| | Total number | Number quoted | Issue price per security (see note 3) | Amount paid up per security (see note 3) |
|------------------------------------------------------------------|--------------|---------------|------------------------------------------|---------------------------------------------|
| 7.1 Preference *securities (description) | N/A | | | |
| 7.2 Changes during quarter: | | | | |
| (a) Increases through issues | | | | |
| (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 *Ordinary securities | | | | |
| Fully paid | 537,641,631 | 537,641,631 | | |
| 7.4 Changes during quarter: | | | | |
| (a) Increases through issues - Placement | 158,129,891 | 158,129,891 | 4 cents | 4 cents |
| (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 *Convertible debt securities (description) | N/A | | | |
| 7.6 Changes during quarter: | | | | |
| (a) Increases through issues | | | | |
| (b) Decreases through securities matured, converted | | | | |
| 7.7 Options (description and conversion factor) | | | Exercise price | Expiry date |
| Over fully paid shares | 1,500,000 | Not quoted | 8.5 cents | 4/12/2018 |
| Over fully paid shares | 1,500,000 | Not quoted | 10.0 cents | 4/12/2018 |
| Over fully paid shares | | | | |
| Over fully paid shares | | | | |
| Over fully paid shares | | | | |
| Over fully paid shares | | | | |
| 7.8 Issued during quarter | N/A | | | |
| 7.9 Exercised during quarter | N/A | | | |
| 7.10 Expired during quarter | N/A | | | |
| 7.11 Debentures (totals only) | N/A | | | |
| 7.12 Unsecured notes (totals only) | N/A | | | |

+ See chapter 19 for defined terms.

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
2. This statement does give a true and fair view of the matters disclosed.

Sign here:
Print name:

.....
Dennis Wilkins (**Company Secretary**)

Date: 28 April 2017

Notes:

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities**
The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
5. **Accounting Standards**
ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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