

31 May 2017

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## Chairman's Address

### Annual General Meeting of Shareholders

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It is six months since our previous Annual General Meeting, a result of a change of the Company's year-end accounting from June 30 to December 31. It has been a momentous 6 months in which the Image team has worked very hard to complete a feasibility study to bankable standard (BFS) for the development and production of the Boonanarring and Atlas high grade and zircon-rich projects in the North Perth Basin. The very strong results of that study were released to the market yesterday and mark an exciting transition for Image from evaluation stage to project finance and development.

Highlights of the financial results of the BFS include a project pre-tax NPV of \$135m, an internal rate of return of 64%, capital payback in 1.8 years, and project start-up capital cost of \$52m.

In addition to the very positive financial results, the BFS also highlighted many other positive aspects of the project;

- Only 6 months construction and plant already owned
- Fully developed infrastructure in place
- One of the lowest development capital mineral sand projects globally
- Development at a low point in the product price cycle into a rising market
- High sensitivity to rising zircon and titanium mineral prices, e.g. a 20% increase in mineral sand prices on the base case increases the project NPV to over \$250m
- Offtake arrangement for 100% of the product on favourable terms
- Potential for long life project with other high-grade deposits along a 100km trend.

What this adds up to is a low cost, low risk project for rapid development.

The upside potential of the project is substantial through improving product prices and optimising a number of value-add opportunities. The greatest upside potential value lies within the additional deposits and mineralised zones identified along the 60-kilometre long corridor of the North Perth Basin that has been Image's exploration focus. A number of these are very high grade. They are capable of adding substantial profitability and supporting long-term production.

Patrick Mutz and his team at Image are to be congratulated on achieving such a high standard of design and analysis for the project development that completed the Bankable Feasibility Study in a short time and within budget. This team has the experience and capability to successfully bring the Boonanarring-Atlas Project through development and into production within tight schedules and budgets.

On behalf of the Board, I would like to thank all our shareholders for their support and look forward to sharing with you our success over the coming year towards the rapid transition of Image to a low-cost mineral sands producer.

**For further information, please contact:**

**Bob Besley**  
*Chairman*  
+61 8 9485 2410  
[info@imageres.com.au](mailto:info@imageres.com.au)