



IMAGE RESOURCES NL

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# HALF-YEAR FINANCIAL REPORT

30 JUNE 2017

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ABN 57 063 977 579

**This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2016 and any public announcements made by Image Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.**

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Your directors submit the financial report of the Company for the half-year ended 30 June 2017.

**DIRECTORS**

The following persons, unless otherwise stated, were directors of Image Resources NL ("Image") during the whole of the half-year and up to the date of this report:

Mr Robert Besley  
Mr Patrick Mutz  
Mr Aaron Chong Veoy Soo  
Mr Chaodian Chen  
Mr Fei Wu  
Mr Peter Thomas  
Mr George Sakalidis

**REVIEW AND RESULTS OF OPERATIONS**

The total loss from continuing operations for the half-year ended 30 June 2017 was \$3,870,237 (2016: \$2,008,034).

The Company's activities during the six month period are summarised in this report which, unless otherwise stated, should be read as if dated 30 June 2017.

Activities during the six months have been primarily focused on the completion of a bankable feasibility study focused on the development of the Company's 100%-owned high-grade Boonanarring/Atlas Project in the North Perth Basin while continuing to expand the resources and reserves base. Achievements during this period include:

**Fund Raising**

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. 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. Total amount raised was \$6.325M before costs.

**Update of Mineral Resources for Boonanarring**

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 (HM) grade and mineral assemblage. Updated mineral resources reported were 43.7M tonnes at 5.6% HM content and 18.1% zircon in the HM.

**Potential Boonanarring Extension**

On 8 March 2017, the Company announced drilling results confirming a 5.6km northern extension of the Boonanarring high-grade mineralisation. Outstanding high-grade intersections included 8m @ 23.8% HM in IX00245, 8m @ 21.1% HM in IX00244 and 8m @ 16.3% HM in IX00250. Even though this limited 10-hole drilling programme demonstrated that the high-grade eastern strand is present over 5.6km, further drilling is required to outline additional Mineral Resources, as in some cases only 1 to 2 holes were drilled every 200-400m. Land access for additional drilling is currently being negotiated.

**Update of Boonanarring Ore Reserves**

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.

**Completion of Land Purchase**

On 21 April 2017, the Company completed the purchase of a 550-hectare section of land at Boonanarring that will encompass the initial box-cut for open pit mining operations, the location of the ore processing plant and a supply of ore for up to two and a half years of processing.

**Update of Atlas Mineral Resources and Ore Reserves**

On 8 May 2017, the Company announced an update of the Mineral Resources for Atlas in accordance with the JORC Code (2012), which resulted in a 68% increase in the total tonnes of Mineral Resources from that previously reported in 2013 to 18.1M tonnes at 6.0% HM. On 30 May 2017, the Company announced the updated Ore Reserves for Atlas were 9.5M tonnes of ore at 8.1% HM in the 'probable' category.

**Bankable Feasibility Study Results - Boonanarring and Atlas Projects**

During the period, the Company completed a Bankable Feasibility Study (BFS) on its 100%-owned, High-Grade Boonanarring and Atlas Mineral Sands Projects located in the North Perth Basin in WA. Highlights from the BFS announced 30 May 2017 are as follows:

- Low project capital cost estimate of A\$52M inclusive of ~\$8M for resalable land;
- Project Pre-Tax NPV of A\$135M at 8% discount rate;
- Project Pre-Tax IRR of 64%; Payback period of 22 months;
- Off-Take Agreement for 100% of products/revenue in place;
- Relocatable capital equipment to produce HMC already acquired; and
- First production targeted for March 2018.

**Commencement of Project Financing.**

On 31 May 2017, the Board of Directors approved the recommendation in the BFS to seek project financing and continue with the development of the Boonanarring/Atlas Project.

**SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE**

Other than the following matters there have been no material significant events subsequent to the reporting date:

- On 12 July 2017, the Company announced that it had received commitments to subscribe for a placement of 33,648,356 new shares at a price of 9 cents each, to raise \$3,028,352 (before costs). The funds are intended to be used to continue to fast-track development of the Boonanarring project in advance of full project capital funding.

**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.

**INDEPENDENCE DECLARATION BY AUDITOR**

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 for the half-year ended 30 June 2017.

This report has been signed in accordance with a resolution of directors.

For and on behalf of the Directors



**SIGNED: Robert Besley**

Chairman

Perth

5<sup>th</sup> September 2017



Greenwich & Co

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### Auditor's Independence Declaration

To those charged with the governance of Image Resources NL

As auditor for the review of Image Resources NL for the half-year ended 30 June 2017, 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 review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

*Greenwich & Co Audit Pty Ltd*  
**Greenwich & Co Audit Pty Ltd**

**Andrew May**  
Audit Director

5 September 2017  
Perth

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2017**



|   | Notes | Half Year<br>Ended<br>30 Jun 2017<br>(\$) | Half Year<br>Ended<br>30 Jun 2016<br>(\$) |
|---|-------|---|---|
| <b>Continuing Operations</b>  |       |   |   |
| <b>REVENUE</b>  |       |   |   |
| Interest and dividends income   |       | 12,810                                    | 3,494                                     |
| Other revenue   | 3     | 1,848                                     | 91,739                                    |
| <b>EXPENSES</b>   |       |   |   |
| Depreciation expense  |       | (27,298)                                  | (9,450)                                   |
| Loss on disposal of property, plant and equipment                                     |       | (2,286)                                   | -   |
| Changes in the fair value of available for sale financial assets                      |       | (1,957)                                   | -   |
| Exploration and tenement expenses   |       | (2,723,401)                               | (881,174)                                 |
| Other expenses  | 3     | (1,018,775)                               | (1,200,588)                               |
| Finance Costs   |       | (111,178)                                 | (12,055)                                  |
| <b>Loss before income tax expense</b>   |       | <b>(3,870,237)</b>                        | <b>(2,008,034)</b>                        |
| Income tax expense  |       | -   | -   |
| <b>Loss from continuing operations</b>  |       | <b>(3,870,237)</b>                        | <b>(2,008,034)</b>                        |
| <b>Other Comprehensive Income</b>   |       |   |   |
| Changes in the fair value of available-for-sale financial assets                      |       | -   | (77,573)                                  |
| <b>Other comprehensive loss for the period, net of tax</b>                            |       | <b>-</b>                                  | <b>(77,573)</b>                           |
| <b>Total comprehensive loss for the period attributable to members of the Company</b> |       | <b>(3,870,237)</b>                        | <b>(2,085,607)</b>                        |
| <b>Earnings per share</b>   |       |   |   |
| Basic loss per share (cents per share)  |       | (0.75)                                    | (0.87)                                    |
| Diluted loss per share (cents per share)  |       | (0.75)                                    | (0.90)                                    |

*The accompanying notes form part of these financial statements.*

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**



|                                      | Notes | 30 Jun 2017<br>(\$) | 31 Dec 2016<br>(\$) |
|--------------------------------------|-------|---------------------|---------------------|
| <b>Current Assets</b>                |       |                     |                     |
| Cash and cash equivalents            |       | 1,361,186           | 1,107,723           |
| Trade and other receivables          |       | 36,728              | 15,142              |
| Other assets                         |       | 78,449              | 117,886             |
| <b>Total Current Assets</b>          |       | <u>1,476,363</u>    | <u>1,240,751</u>    |
| <b>Non-Current Assets</b>            |       |                     |                     |
| Property, plant and equipment        | 4     | 14,696,002          | 12,753,476          |
| Inventory                            |       | 756,084             | 756,084             |
| Other financial assets               | 5     | 5,557               | 7,514               |
| <b>Total Non-Current Assets</b>      |       | <u>15,457,643</u>   | <u>13,517,074</u>   |
| <b>TOTAL ASSETS</b>                  |       | <u>16,934,006</u>   | <u>14,757,825</u>   |
| <b>Current Liabilities</b>           |       |                     |                     |
| Trade and other payables             |       | 512,811             | 416,284             |
| Provisions                           |       | 158,526             | 127,614             |
| <b>Total Current Liabilities</b>     |       | <u>671,337</u>      | <u>543,898</u>      |
| <b>Non-Current Liabilities</b>       |       |                     |                     |
| Borrowings                           | 6     | 3,984,000           | 3,972,000           |
| <b>Total Non-Current Liabilities</b> |       | <u>3,984,000</u>    | <u>3,972,000</u>    |
| <b>TOTAL LIABILITIES</b>             |       | <u>4,655,337</u>    | <u>4,515,898</u>    |
| <b>NET ASSETS</b>                    |       | <u>12,278,669</u>   | <u>10,241,927</u>   |
| <b>Equity</b>                        |       |                     |                     |
| Contributed equity                   | 7     | 62,140,233          | 56,251,135          |
| Reserves                             | 7     | 39,400              | 21,519              |
| Accumulated losses                   |       | (49,900,964)        | (46,030,727)        |
| <b>TOTAL EQUITY</b>                  |       | <u>12,278,669</u>   | <u>10,241,927</u>   |

*The accompanying notes form part of these financial statements.*



**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 JUNE 2017**



|   | Contributed Equity<br>(Net of Costs)<br>(\$) | Available for Sale<br>Financial Asset<br>Reserve<br>(\$) | Employee<br>Benefits<br>Reserve<br>(\$) | Accumulated<br>Losses<br>(\$) | Total<br>(\$) |
|---|--|--|---|-------------------------------|---------------|
| <b>Balance at 1 January 2016</b>                            | 42,018,708                                   | 74,993   | 393,640                                 | (41,563,378)                  | 923,963       |
| Operating loss for the period                               | -  | -  | -                                       | (2,008,034)                   | (2,008,034)   |
| Other comprehensive loss                                    | -  | (77,573)   | -                                       | -                             | (77,573)      |
| Total comprehensive loss for the period                     | -  | (77,573)   | -                                       | (2,008,034)                   | (2,085,607)   |
| <i>Transactions with owners in their capacity as owners</i> |  |  |   |                               |               |
| Issue of shares   | 14,324,136                                   | -  | -                                       | -                             | 14,324,136    |
| Cost of share issue   | (59,830)                                     | -  | -                                       | -                             | (59,830)      |
| Total transactions with owners in their capacity as owners  | 14,264,306                                   | -  | -                                       | -                             | 14,264,306    |
| <b>Balance at 30 June 2016</b>                              | 56,283,014                                   | (2,580)  | 393,640                                 | (43,571,412)                  | 13,102,662    |
| <b>Balance at 1 January 2017</b>                            | 56,251,135                                   | (2,600)  | 24,119                                  | (46,030,727)                  | 10,241,927    |
| Operating loss for the period                               | -  | -  | -                                       | (3,870,237)                   | (3,870,237)   |
| Total comprehensive loss for the period                     | -  | -  | -                                       | (3,870,237)                   | (3,870,237)   |
| <i>Transactions with owners in their capacity as owners</i> |  |  |   |                               |               |
| Issue of shares   | 6,325,196                                    | -  | -                                       | -                             | 6,325,196     |
| Cost of share issue   | (436,098)                                    | -  | -                                       | -                             | (436,098)     |
| Options expense for the period                              | -  | -  | 17,881                                  | -                             | 17,881        |
| Total transactions with owners in their capacity as owners  | 5,889,098                                    | -  | 17,881                                  | -                             | 5,906,979     |
| <b>Balance at 30 June 2017</b>                              | 62,140,233                                   | (2,600)  | 42,000                                  | (49,900,964)                  | 12,278,669    |

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2017**



|   | Half Year<br>Ended<br>30 Jun 2017<br>(\$) | Half Year<br>Ended<br>30 Jun 2016<br>(\$) |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES</b>                       |   |   |
| Receipts from customers   | 3,848                                     | 5,180                                     |
| Payments to suppliers and contractors                                 | (933,091)                                 | (1,151,160)                               |
| Research and development tax incentive<br>related expense             | -   | (16,143)                                  |
| Interest received   | 10,318                                    | 4,249                                     |
| Interest paid   | (99,178)                                  | -   |
| <b>Net cash used in operating activities</b>                          | <b>(1,018,103)</b>                        | <b>(1,157,874)</b>                        |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES</b>                       |   |   |
| Purchase of property, plant and equipment                             | (1,944,041)                               | (81,501)                                  |
| Payments for exploration and evaluation                               | (2,643,833)                               | (921,637)                                 |
| Release of restricted cash – term deposits for<br>bank guarantees     | -   | 20,000                                    |
| Payments for deposit at call  | -   | (750,000)                                 |
| Proceeds from sale of investments                                     | -   | 137,038                                   |
| <b>Net cash used in investing activities</b>                          | <b>(4,587,874)</b>                        | <b>(1,596,100)</b>                        |
| <b>CASH FLOWS FROM FINANCING<br/>ACTIVITIES</b>                       |   |   |
| Proceeds from issue of shares   | 6,325,196                                 | 1,000,000                                 |
| Share issue expenses  | (465,756)                                 | (47,495)                                  |
| Proceeds from interest bearing loan                                   | -   | 4,000,000                                 |
| Payment for interest bearing loan transaction<br>costs                | -   | (40,000)                                  |
| <b>Net cash provided by financing activities</b>                      | <b>5,859,440</b>                          | <b>4,912,505</b>                          |
| Net Increase in cash held   | 253,463                                   | 2,158,531                                 |
| Cash and cash equivalents at the beginning of<br>the financial period | 1,107,723                                 | 877,603                                   |
| Cash and cash equivalents at the end of the<br>financial period       | 1,361,186                                 | 3,036,134                                 |

*The accompanying notes form part of these financial statements.*

## **NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

### **Basis of Preparation**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2017 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard 134: *Interim Financial Reporting*.

These financial statements were approved by the Board of Directors on the date of the Directors Declaration.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 31 December 2016, together with any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

### *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, options and / or project financing.

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**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Any new, revised or amending Accounting Standards of Interpretations that are not yet mandatory have not been adopted early.

## **NOTE 2 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 an emerging Mineral Sands producer focused on the development of its high-grade Boonanarring Project in the North Perth Basin while continuing to expand its resources and reserves base. Currently all the Company's mineral sands tenements, reserves and resources are located in Western Australia.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2017**



**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 current operations, the Company does not provide products and services.

|  | Half Year<br>Ended<br>30 Jun 2017<br>(\$) | Half Year<br>Ended<br>30 Jun 2016<br>(\$) |
|--|---|---|
|--|---|---|

**NOTE 3 REVENUE AND EXPENSES**

**OTHER INCOME:**

|   |              |               |
|---|--------------|---------------|
| Rendering of services (net)                           | 1,848        | 1,469         |
| Profit on sale of available for sale financial assets | -            | 90,270        |
|   | <u>1,848</u> | <u>91,739</u> |

**OTHER EXPENSES:**

|   |                  |                  |
|---|------------------|------------------|
| Occupancy costs                           | 78,878           | 78,835           |
| Filing and ASX Fees                       | 2,911            | 25,755           |
| Corporate, staff and management           | 650,125          | 804,832          |
| Other expenses from continuing operations | <u>286,861</u>   | <u>291,166</u>   |
|   | <u>1,018,775</u> | <u>1,200,588</u> |

**NOTE 4 PROPERTY PLANT AND EQUIPMENT**

|                                |                   |
|--------------------------------|-------------------|
| At the beginning of the period | 12,753,476        |
| Additions                      | 1,972,292         |
| Disposals                      | (2,468)           |
| Depreciation expense           | <u>(27,298)</u>   |
| At the end of the period       | <u>14,696,002</u> |

**NOTE 5 OTHER FINANCIAL ASSETS**

**Available-for-sale financial assets**

|  |                |
|--|----------------|
| At the beginning of the period   | 7,514          |
| Changes in the fair value during the period – allocated to profit and loss | <u>(1,957)</u> |
| At the end of the period   | <u>5,557</u>   |

**NOTE 6 BORROWINGS**

**Non-Current**

|   |                  |                  |
|---|------------------|------------------|
| Interest bearing loan                         | 4,000,000        | 4,000,000        |
| Fees associated with draw-down on 8 June 2016 | <u>(16,000)</u>  | <u>(40,000)</u>  |
|   | <u>3,984,000</u> | <u>3,960,000</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2017**



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. Murray Zircon is a related party due to it holding a 42% interest in the shares of the Company.

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.

|  | 30 Jun 2017<br>Number | 30 Jun 2017<br>(\$) |
|--|-----------------------|---------------------|
| <b>NOTE 7 CONTRIBUTED EQUITY</b>   |                       |                     |
| <b>Contributed Equity – Ordinary Shares:</b>   |                       |                     |
| At the beginning of the period   | 379,511,740           | 56,251,135          |
| Issued during the period:  |                       |                     |
| - Placement issue of shares at \$0.04  | 158,129,891           | 6,325,196           |
| Share issue costs  | -                     | (436,098)           |
| At the end of the period   | <u>537,641,631</u>    | <u>62,140,233</u>   |
| <b>Reserves</b>  |                       |                     |
| Available-for-sale financial assets reserve  |                       | (2,600)             |
| Share based payment reserve  |                       | <u>42,000</u>       |
|  |                       | <u>39,400</u>       |
| <b>Options</b>   |                       |                     |
| The Company had the following options over un-issued fully paid ordinary shares at the end of the period |                       |                     |
| Exercisable at \$0.085 on or before 4 December 2018  | 1,500,000             |                     |
| Exercisable at \$0.10 on or before 4 December 2018   | <u>1,500,000</u>      |                     |
|  | <u>3,000,000</u>      |                     |

**NOTE 8 TENEMENT EXPENDITURES COMMITMENTS**

The Company has entered into certain obligations to perform minimum exploration work on tenements held. These obligations vary from time to time in accordance with contracts signed. Tenement rentals and minimum expenditure obligations that may be varied or deferred on application, are expected to be met in the normal course of business.

The minimum statutory expenditure requirement on the granted tenements for the next twelve months amounts to \$1,273,500. The company no longer has any joint ventures over any of its tenements.

The tenements are subject to legislative requirements with respect to the processes for application, grant, conversion and renewal. Tenements are also subject to the payment of annual rent and the meeting of minimum annual expenditure commitments. There is no guarantee that any applications, conversions or renewals for the Company's tenements will be granted.

**NOTE 9     SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE**

Other than the following matters:

- On 12 July 2017, the Company announced that it had received commitments to subscribe for a placement of 33,648,356 new shares at a price of 9 cents each, to raise \$3,028,352 (before costs). The funds are intended to be used to continue to fast-track development of the Boonanarring project in advance of full project capital funding.

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

## DIRECTORS' DECLARATION



The directors of the Company declare that:

1. the accompanying financial statements and notes:
  - (a) comply with Accounting Standard AASB 134 : *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the financial position of the Company as at 30 June 2017 and its performance for the half-year ended on that date.
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink, appearing to read 'R Besley', written in a cursive style.

**ORIGINAL SIGNED BY ROBERT BESLEY**  
Chairman

Perth  
Dated this 5<sup>th</sup> day of September 2017

## Independent Auditor's Review Report

To the members of Image Resources NL

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Image Resources NL, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Image Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

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



### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Image Resources NL is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Image Resources NL's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

### *Material Uncertainty Related to Going Concern*

Without modifying our conclusion, we draw attention to Note 1 to the financial report which outlines that the ability of Image Resources NL to continue as a going concern is dependent on its ability to secure additional funding through either the issue of further shares, options and / or project financing.

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

*Greenwich & Co Audit Pty Ltd*  
**Greenwich & Co Audit Pty Ltd**



**Andrew May**  
Audit Director

5 September 2017  
Perth