

## QUARTERLY ACTIVITIES REPORT – for quarter ended 30 September 2017

Image Resources NL  
 ABN 57 063 977 579

ASX Code  
 IMA

### Contact Details

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### Issued Capital

Shares – Quoted  
 571,289,987  
 As at 30 Sep 2017

Cash at end of quarter  
 \$2,852,000

### Board Members

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

## HIGHLIGHTS

### Boonanarring Project Capital Financing

The Company's primary focus during the quarter was investigating and actively seeking project finance to support the development of its 100%-owned, high-grade Boonanarring mineral sands project in the North Perth Basin in WA, in accordance with the bankable feasibility study (BFS) announced 30 May 2017.

Highlights from the BFS include:

- 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; and
- Relocatable capital equipment to produce HMC already acquired.

**Debt Financing** - With the assistance of the Company's finance consultant, PCF Capital, a data room was established in July 2017 to provide information to potential debt providers for the Boonanarring project. The initial focus was on Tier-1 financial institutions. In September 2017 the focus was expanded to Tier-2 non-bank debt providers in an effort to attract a wider range of funding options.

By the end of September, discussions were continuing with two tier-1 financial institutions and October roadshows were being planned with a number of Tier-2 non-bank debt providers. Debt term sheets, likely to be subject to further due diligence, are anticipated by mid-November 2017.

**Equity Financing** – The Company continued with its marketing efforts through attendance at industry conferences and with road-shows arranged by select brokers, to seek interest from sophisticated and institutional investors in providing equity capital for Boonanarring.

Image commissioned Breakaway Research to conduct independent research on the Company. This research report was published in August 2017 and can be accessed through the Company's website. The Company has also been advised by two Australian-based brokers that they are conducting independent research on Image and these reports will likely be published during the 4<sup>th</sup> Quarter 2017.

### Boonanarring Project Development Progress

The mining contractor tendering process was advanced during the quarter, resulting in the selection of Piacentini and Son (Piacentini) as the preferred contractor. Discussions and negotiations will continue with Piacentini with the aim of advancing a mining contract that is ready for execution following a Decision to Mine currently scheduled to occur before the end of December 2017.

Three additional approvals required for the development of the Boonanarring project were received in August 2017. This leaves only one remaining approval being the 'Works Approval' which is anticipated to be received in the coming weeks.

### **Rising Zircon Prices**

On 12 October 2017, the Company announced that effective 1 October, the market price for zircon increased US\$130 to US\$1,230 per tonne for Iluka premium grade zircon and the zircon reference price in China that is to be used to determine the price for Image's heavy mineral concentrate, also increased by US\$130 to US\$1,295 per tonne. This increase in the price of zircon serves to increase the NPV of the Boonanarring 'Spot Price' Case by 47% from AU\$58M to AU\$85M, and may serve to increase the debt carrying capacity for the Boonanarring project.

### **Increase in Boonanarring 'Proved' Ore Reserves**

On 21 August 2017, the Company announced a 60% increase in ore tonnes in the 'Proved' category of Ore Reserves at Boonanarring, further increasing the confidence level of the overall BFS results.

### **Completion of Interim Fund Raising During the Quarter**

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 being used to continue to fast-track development of the Boonanarring project in advance of full project capital funding.

### **Corporate**

The Half-Year Financial Report ending 30 June 2017 was filed on 6 September 2017.

## **ACTIVITIES REPORT**

### **Boonanarring Project Capital Financing**

During the Quarter ending 30 September 2017, Image Resources NL ("Image" or "the Company") was primarily focused on developing its options to secure project capital financing to support the development of its 100%-owned, high-grade Boonanarring mineral sands project located 80 km north of Perth in the North Perth Basin in Western Australia. Development of Boonanarring is being fast-tracked in accordance with the bankable feasibility study (BFS) announced 30 May 2017.

Highlights from the BFS include:

- 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; and
- Relocatable capital equipment to produce HMC already acquired.

**Debt Financing** – In July 2017, the Company's finance consultant PCF Capital established and is managing access to a data room of pertinent information related to the Boonanarring/Atlas BFS, to support due diligence requirements of potential debt providers as part of the overall Boonanarring Project capital funding exercise. The initial focus, for attracting potential debt providers, was on Tier-1 financial institutions. Introductory and due diligence meetings were conducted with various institutions during the quarter. At the end of September due diligence discussions were continuing with two Tier-1 institutions.

In September 2017, the focus to attract debt providers was expanded to include Tier-2 non-bank debt providers in an effort to attract a wider range of funding options, including shorter timelines. By the end of September, a roadshow

was being planned and during October meetings were held with a number of potential Tier-2 debt providers. Feedback from the providers was very positive and several signed confidentiality agreements and secured access to the data room. Debt term sheets are anticipated by mid-November and will likely be subject to final due diligence.

**Equity Financing** – Concurrent with the focus on potential debt providers, efforts continued to actively market the Company to potential new sophisticated and institutional investors for the purposes of securing the necessary equity capital required for the development of Boonanarring. This included attendance at industry conferences and broker arranged road-show presentations in Australia, as well as in London and New York during the quarter.

The Company also commissioned Breakaway Research to conduct an independent research report on the investment proposition of the Boonanarring and Atlas projects. This report was published in August 2017. The Company is also working with select brokers to encourage them to conduct and publish independent research on the Image investment opportunity. Two brokers have advised that such research is currently being conducted and is expected to be published in the near future.

### **Boonanarring Project Development Progress**

The mining contractor tendering process was advanced during the quarter, resulting in the selection of Piacentini as the preferred contractor. Discussions and negotiations will continue with Piacentini with the aim of advancing a mining contract that is ready for execution following a Decision to Mine.

Three additional approvals required for the development of the Boonanarring project were received in August 2017. The Project Management Plan was approved by the Department of Mines, Industry Regulation and Safety (DMIRS) on 1 August 2017 and the Radiation Management Plan was approved by DMIRS on 23 August 2017. The Mining Proposal with a Mine Closure Plan was also approved by DMIRS on 31 August 2017. This leaves only one remaining approval, being the 'Works Approval' which is to be approved by the Department of Water and Environmental Regulation (DWER), and which is anticipated to be approved in the coming weeks.

### **Rising Zircon Prices**

On 12 October 2017 the Company announced that effective 1 October the market price for Iluka premium grade zircon increased US\$130 to US\$1,230 per tonne. In addition, the 'zircon reference price in China', that is the benchmark price stipulated in the heavy mineral concentrate (HMC) off-take agreement to be used in the determination of the price for Image's HMC, also increased by US\$130 to US\$1,295 per tonne. This increase in the price of zircon serves to increase the NPV of the Boonanarring 'Spot Price' financial model case by 47% from AU\$58M to AU\$85M, and may serve to support a higher debt carrying capacity for the Boonanarring project.

### **Increase in Boonanarring 'Proved' Ore Reserves**

On 21 August, the Company announced a 60% increase in ore tonnes in the 'Proved' category of Ore Reserves at Boonanarring. This change was based on grade control drilling completed in March 2017 and designed to increase the confidence level of the Boonanarring Mineral Resources and Ore Reserves. The re-estimation of Ore Reserves was conducted by Optiro Pty Ltd (Optiro) in accordance with the guidelines of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code - 2012 edition).

When compared to the previously estimated Ore Reserves for Boonanarring (as announced on 10 April 2017), the total tonnes of Proved Ore Reserves increased by 60% from 5.8 million to 9.3 million tonnes, albeit at a lower heavy mineral (HM) grade, but importantly at a higher concentration of zircon in the HM as shown in Tables 1 and 2 below.

The significance of the updated Ore Reserves is that Proved Ore Reserves now represents nearly half (47%) of the total Ore Reserves at Boonanarring.

The updated Ore Reserves (August 2017) for Boonanarring are presented in Table 1. For comparison purposes, the estimated Ore Reserves as at March 2017 are presented in Table 2. Both are reported on Mineral Resources at a cut-off grade of 2.0% total heavy minerals (THM).

**Table 1. August 2017 Boonanarring Ore Reserves Summary<sup>1-5</sup>**

Classification	Million tonnes	THM %	Slimes %	Oversize %	% of total heavy mineral			
					Zircon	Rutile	Leucoxene	Ilmenite
<b>Strandline mineralisation</b>								
Proved	9.3	8.6	14.3	6.7	23.2	2.2	1.8	48.9
Probable	8.3	6.7	17.1	7.8	23.5	2.5	1.7	51.1
Sub-total	17.6	7.7	15.6	7.2	23.3	2.3	1.7	49.8
<b>Overlying mineralisation</b>								
Probable	2.2	3.0	19.6	6.9	8.9	4.1	2.7	61.8
Sub-total	2.2	3.0	19.6	6.9	8.9	4.1	2.7	61.8
<b>Total</b>								
Proved	9.3	8.6	14.3	6.7	23.2	2.2	1.8	48.9
Probable	10.5	5.9	17.6	7.6	21.9	2.7	1.8	52.3
<b>Total</b>	<b>19.9</b>	<b>7.2</b>	<b>16.1</b>	<b>7.2</b>	<b>22.7</b>	<b>2.4</b>	<b>1.8</b>	<b>50.4</b>

**Table 2. March 2017 Boonanarring Ore Reserves Summary<sup>1-5</sup>**

Classification	Million tonnes	THM %	Slimes %	Oversize %	% of total heavy mineral			
					Zircon	Rutile	Leucoxene	Ilmenite
<b>Strandline mineralisation</b>								
Proved	5.8	9.1	14.2	6.6	21.6	2.2	1.9	48.5
Probable	11.9	7.0	16.8	7.8	24.0	2.5	1.6	51.4
Sub-total	17.8	7.7	16.0	7.4	23.0	2.4	1.7	50.3
<b>Overlying mineralisation</b>								
Probable	2.2	3.0	20.3	7.3	8.6	4.1	2.7	61.8
Sub-total	2.2	3.0	20.3	7.3	8.6	4.1	2.7	61.8
<b>Total</b>								
Proved	5.8	9.1	14.2	6.6	21.6	2.2	1.9	48.5
Probable	14.2	6.4	17.4	7.7	22.8	2.6	1.7	52.2
<b>Total</b>	<b>20.0</b>	<b>7.2</b>	<b>16.5</b>	<b>7.4</b>	<b>22.4</b>	<b>2.4</b>	<b>1.8</b>	<b>50.8</b>

Tables 1 & 2 notes:

- Ore Reserves are based upon a cut-off grade of 2% total heavy minerals (THM) and resource materials in domain 11 containing less than 6% zircon have been excluded from the Ore Reserve estimation.
- The Ore Reserves are based upon an FX rate US\$0.73:A\$1.00; and the following commodity prices: ilmenite - \$US144, leucoxene - \$US522, rutile - \$US936 and zircon - \$US1,126.
- Mineral Resources have been reported as inclusive of Ore Reserves.
- The mineral assemblage is reported as a percentage of in-situ THM content.
- Tonnes and grade data have been rounded to one significant figure. Discrepancies in summations may occur due to rounding.

### Completion of Interim Fund Raising During the Quarter

On 12 July 2017, the Company announced the outcome of an interim fund-raising programme to supplement cash reserves in advance of the full project capital funding for the Boonanarring Project, and the Company 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). Committed funds were received in two tranches prior to the end of July 2017.

The funds are being used to continue to advance the development of the Boonanarring project including:

- securing certain long-lead equipment (e.g. slimes thickener, HV electrical transformer and switch gear, classifier);
- preparation of detailed engineering (electrical, civil and mechanical);
- undertaking miscellaneous site preparation surveys and geotechnical work;
- EPCM planning; and
- advancing land purchase agreements and other key contracts, including the mining contract.

### **Potential Boonanarring Extension**

Landowners are being contacted to arrange access agreements for delineation drilling over the 5.6km northern extension of the high-grade Boonanarring deposit announced on 13 March 2017. This extension area is deemed to be within economic pumping distance of the planned location of the Boonanarring wet concentration plant.

The Company confirmed that the Boonanarring high grade extension included zircon grades range from 16.4% to 22.2% of the HM content which included outstanding high-grade intersections of 8m @ 23.8% HM in drill hole IX00245, 8m @ 21.1% HM in IX00244 and 8m @ 16.3% HM in IX00250 (ASX release 26/06/2017).

The location of drill holes from two separate drill programmes (ASX release 13/6/2015 and 13/05/2017) are shown in Figure 1.

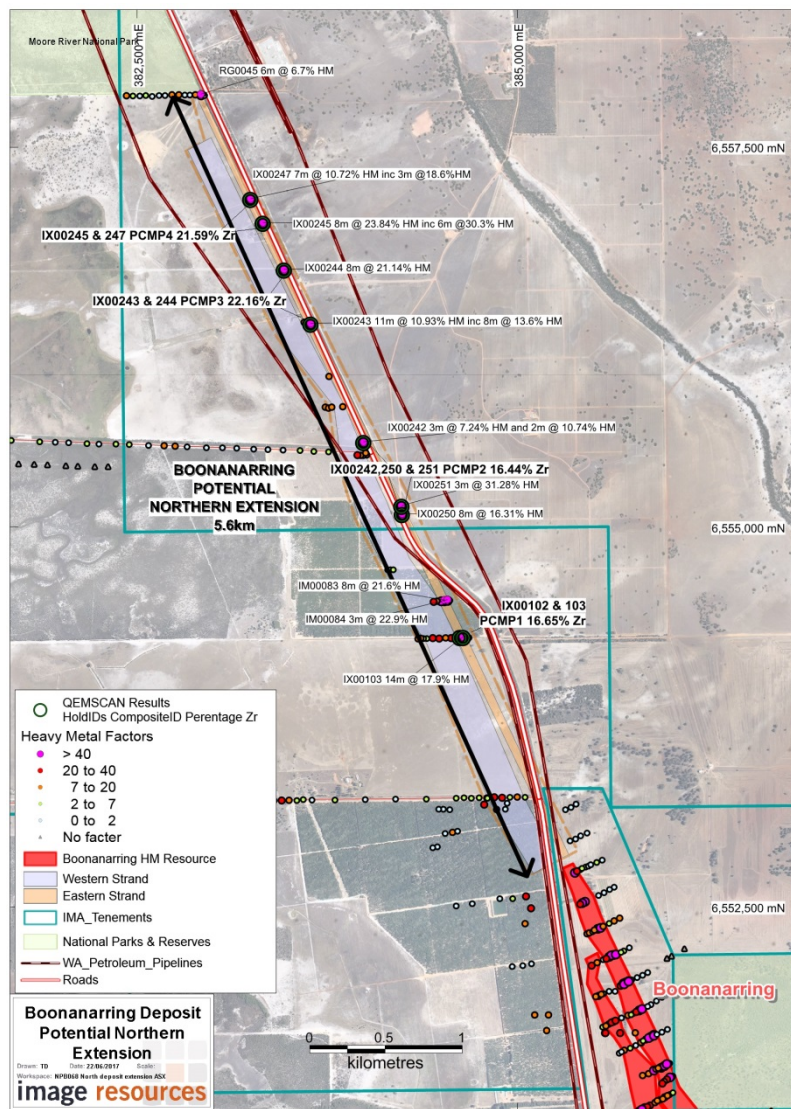


Figure 1. Location of Drill Holes and Composite Samples in Boonanarring Northern Extension

### Planned Exploration Drilling

Planned drilling at Bidamina, Woolka, Winooka, Bibby Springs, Boonanarring West, Bryalana and Bootine have been delayed due to the wet conditions of the ground and are planned for 4thQuarter 2017 (Table 3). A three-week drill programme is scheduled to begin early November. An access agreement has been signed with the landowner at Gingin North which is interpreted to be the southernmost extension of the Boonanarring deposit. Drilling is also planned at Gingin North in the current drilling programme.

Table 3. Planned Drilling Programme November 2017

Prospect	No. Holes	Total Metres
Bidamina	33	1,650
Woolka	13	550

Winooka	8	300
Bibby Springs	5	150
Boonanarring West	13	400
Bryalana	3	100
Bootine	15	540
Gingin North	15	450

For more information visit our website at [www.imageres.com.au](http://www.imageres.com.au).

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

Information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves (other than Boonanarring and Atlas Mineral Resources and Ore Reserves) 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 and Atlas Projects 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.

The information in this report that relates to the estimation of Ore Reserves for the Boonanarring and Atlas Projects has been compiled in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition). The Ore Reserves have been compiled by Jarrod Pye, Mining Engineer and full-time employee of Image Resources, under the direction of Andrew Law of Optiro, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Law has sufficient experience in Ore Reserves estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Law consents to the inclusion in the report of the matters compiled by him in the form and context in which it appears."

## 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.

Attachments:      Table 4. Tenement Schedule in accordance with ASX Listing Rule 5.3.3  
                         Table 5. Mineral Resources and Ore Reserves as at 3 August 2017



**Table 4. 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	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	M70/1194	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	Granted	ORANGE SPRINGS	100% pending grant	100%
WA	E70/4946	Granted	REGANS FORD	100% pending grant	100%
WA	E70/4949	Application	GINGIN	100% pending grant	100% pending grant

**Mining Tenements acquired during the Quarter**

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**Mining Tenements disposed during the Quarter**

WA	M70/1193	Granted	GINGIN NORTH	100%	Tenement Surrendered
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Table 5 – Mineral Resources and Ore Reserves as at 3 August 2017

High Grade Ore Reserves - Strand Deposits; in accordance with the JORC Code (2012)											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring <sup>2</sup>	Proved	5,008,000	9,344,000	8.6	14.3	803,771	76.081	48.9	1.8	2.2	23.2
Boonanarring <sup>2</sup>	Probable	5,565,000	10,514,000	5.9	17.6	622,429	78.653	52.3	1.8	2.7	21.9
<b>Total Boonanarring</b>		<b>10,573,000</b>	<b>19,858,000</b>	<b>7.2</b>	<b>16.1</b>	<b>1,426,200</b>	<b>77.203</b>	<b>50.4</b>	<b>1.8</b>	<b>2.4</b>	<b>22.7</b>
Atlas <sup>2</sup>	Probable	5,000,000	9,477,000	8.1	15.5	767,637	73.3	50.7	4.5	7.5	10.6
<b>Total Atlas</b>		<b>5,000,000</b>	<b>9,477,000</b>	<b>8.1</b>	<b>15.5</b>	<b>767,637</b>	<b>73.3</b>	<b>50.7</b>	<b>4.5</b>	<b>7.5</b>	<b>10.6</b>
<b>Total Ore Reserves</b>		<b>15,573,000</b>	<b>29,335,000</b>	<b>7.5</b>	<b>15.9</b>	<b>2,193,837</b>	<b>75.8</b>	<b>50.5</b>	<b>2.7</b>	<b>4.2</b>	<b>18.4</b>

High Grade Mineral Resources - Strand Deposits; in accordance with the JORC Code (2012) @ 2.0% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring <sup>1</sup>	Measured	6,359,359	11,799,213	8.0	14	942,167	74.3	48.3	1.7	2.2	22.0
Boonanarring <sup>1</sup>	Indicated	11,802,047	22,265,400	4.9	18.3	1,081,208	71.7	49.2	2.2	2.5	17.8
Boonanarring <sup>1</sup>	Inferred	4,987,703	9,420,449	4.5	21	422,507	68.8	50.0	3.5	3.4	11.9
<b>Boonanarring Total</b>		<b>22,886,875</b>	<b>43,485,062</b>	<b>5.6</b>	<b>18</b>	<b>2,445,882</b>	<b>72.2</b>	<b>49.0</b>	<b>2.2</b>	<b>2.6</b>	<b>18.4</b>
Atlas <sup>1</sup>	Measured	5,210,526	9,900,000	7.9	16.1	782,000	71.0	49.1	4.2	7.2	10.5
Atlas <sup>1</sup>	Indicated	3,368,421	6,400,000	3.7	17.3	237,000	56.5	41.6	3.4	4.7	6.8
Atlas <sup>1</sup>	Inferred	947,368	1,800,000	4.0	19.9	72,000	41.5	29.0	3.3	4.4	4.8
<b>Atlas Total</b>		<b>9,526,316</b>	<b>18,100,000</b>	<b>6.0</b>	<b>16.9</b>	<b>1,091,000</b>	<b>65.9</b>	<b>46.1</b>	<b>4.0</b>	<b>6.5</b>	<b>9.3</b>
<b>Sub-Total Atlas/Boonanarring</b>		<b>32,413,191</b>	<b>61,585,062</b>	<b>5.7</b>	<b>17.7</b>	<b>3,536,882</b>	<b>70.3</b>	<b>48.1</b>	<b>2.8</b>	<b>3.8</b>	<b>15.6</b>

Previously Reported Mineral Resources - Strand Deposits; in accordance with JORC Code (2004) @ 2.5% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Gingin Nth <sup>3</sup>	Indicated	680,175	1,318,642	5.7	15.7	75,163	75.4	57.4	9.3	3.2	5.5
Gingin Nth <sup>3</sup>	Inferred	580,000	1,090,000	5.2	14.0	57,116	78.4	57.3	11.3	3.7	6.0
<b>Gingin Nth Total</b>		<b>1,260,175</b>	<b>2,408,642</b>	<b>5.5</b>	<b>15.0</b>	<b>132,279</b>	<b>76.7</b>	<b>57.3</b>	<b>10.2</b>	<b>3.4</b>	<b>5.7</b>
Gingin Sth <sup>3</sup>	Measured	872,830	1,526,122	4.4	7.2	67,149	79.4	50.7	15.3	5.6	7.8
Gingin Sth <sup>3</sup>	Indicated	3,241,835	5,820,480	6.5	7.1	377,167	90.6	67.6	9.8	5.1	8.1
Gingin Sth <sup>3</sup>	Inferred	398,573	732,912	6.5	8.4	47,566	91.6	67.4	7.5	5.8	10.9
<b>Gingin Sth Total</b>		<b>4,513,238</b>	<b>8,079,514</b>	<b>6.1</b>	<b>7.3</b>	<b>491,882</b>	<b>89.2</b>	<b>65.3</b>	<b>10.3</b>	<b>5.2</b>	<b>8.3</b>
Helene <sup>3</sup>	Indicated	5,568,110	11,466,106	4.6	18.6	522,854	88.7	74.6	0.0	3.6	10.5
Hyperion <sup>3</sup>	Indicated	1,786,781	3,742,471	7.7	19.3	286,673	69.4	55.8	0.0	6.3	7.3
<b>Cooljarloo Nth Total</b>		<b>7,354,891</b>	<b>15,208,577</b>	<b>5.3</b>	<b>18.8</b>	<b>809,528</b>	<b>81.9</b>	<b>67.9</b>	<b>0.0</b>	<b>4.6</b>	<b>9.4</b>
Red Gully <sup>3</sup>	Indicated	1,930,000	3,409,768	7.8	11.5	265,962	89.7	66.0	8.3	3.1	12.4
Red Gully <sup>3</sup>	Inferred	1,455,000	2,565,631	7.5	10.7	192,422	89.0	65.4	8.2	3.0	12.3
<b>Red Gully Total</b>		<b>3,385,000</b>	<b>5,975,399</b>	<b>7.7</b>	<b>11.2</b>	<b>458,384</b>	<b>89.4</b>	<b>65.7</b>	<b>8.2</b>	<b>3.1</b>	<b>12.4</b>
<b>Sub-Total Other</b>		<b>16,513,304</b>	<b>31,672,132</b>	<b>6.0</b>	<b>14.1</b>	<b>1,892,073</b>	<b>85.2</b>	<b>66.0</b>	<b>5.4</b>	<b>4.3</b>	<b>9.6</b>

Historic Deposit - Strand deposit (Under EL application)											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Regans Ford <sup>4</sup>	Indicated	4,505,285	9,024,226	9.9	16.8	893,398	94.3	70.0	10.0	4.3	10.0
Regans Ford <sup>4</sup>	Inferred	455,933	918,536	6.5	18.5	59,705	90.5	68.3	7.7	4.4	10.1
<b>Regans Ford Total</b>		<b>4,961,218</b>	<b>9,942,762</b>	<b>9.6</b>	<b>17.0</b>	<b>953,103</b>	<b>94.1</b>	<b>69.9</b>	<b>9.9</b>	<b>4.3</b>	<b>10.0</b>

Previously Reported Mineral Resources - Dredge deposits; in accordance with JORC Code (2004) @ 1.0% HM Cut-off											
Project/Deposit	Category	Volume	Tonnes	% HM	% Slimes	HM Tonnes	VHM (%)	Ilmenit (%)	Leucoxen (%)	Rutile (%)	Zircon (%)
Titan <sup>3</sup>	Indicated	10,335,053	21,163,741	1.8	22.1	378,831	86.0	71.9	1.5	3.1	9.5
Titan <sup>3</sup>	Inferred	58,517,775	115,445,391	1.9	18.9	2,205,007	85.9	71.8	1.5	3.1	9.5
<b>Total Titan</b>	<b>Total</b>	<b>68,852,828</b>	<b>136,609,132</b>	<b>1.9</b>	<b>19.4</b>	<b>2,583,838</b>	<b>85.9</b>	<b>71.8</b>	<b>1.5</b>	<b>3.1</b>	<b>9.5</b>
Telesto <sup>3</sup>	Indicated	1,716,328	3,512,204	3.8	18.4	134,499	83.3	67.5	0.7	5.6	9.5
Calypso <sup>3</sup>	Inferred	27,113,647	51,457,008	1.7	13.7	854,186	85.6	68.1	1.6	5.1	10.8
Bidaminna <sup>3</sup>	Inferred	26,260,000	44,642,000	3.0	3.6	1,339,260	96.8	83.11	7.2	1.0	5.5
<b>Total Dredge</b>		<b>123,942,803</b>	<b>236,220,344</b>	<b>2.1</b>	<b>15.2</b>	<b>4,911,783</b>	<b>88.7</b>	<b>74.1</b>	<b>3.1</b>	<b>2.9</b>	<b>8.6</b>

1. COMPLIANCE STATEMENT Boonanarring/Atlas Resource

The information in this report that relates to the estimation of Mineral Resources 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

2. COMPLIANCE STATEMENT Boonanarring/Atlas Reserve

The Ore Reserves statement has been compiled in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition). The Ore Reserves have been compiled by Jarrod Pye, Mining Engineer and full-time employee of Image Resources, under the direction of Andrew Law of Optiro, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Law has sufficient experience in Ore Reserves estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Law consents to the inclusion in the report of the matters compiled by him in the form and context in which it appears.

3. COMPETENT PERSON'S STATEMENT – MINERAL RESOURCE ESTIMATES

The information in this presentation that relates to Mineral Resources is based on information compiled by Lynn Widenbar BSc, MSc, DIC MAusIMM MAIG 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 2004 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

4. HISTORIC INFORMATION - REGANS FORD DEPOSIT

The information in this presentation that relates to tonnes, grades and mineral assemblage is based on historic information published by Iluka Resources Limited and indicating the mineral resources were compiled in accordance with the JORC Code (2004).

# 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")

30/09/2017

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	2	5
1.2 Payments for		
(a) exploration & evaluation	(538)	(3,181)
(b) development	-	-
(c) production	-	-
(d) administration	(842)	(1,775)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	19
1.5 Interest and other costs of finance paid	(4)	(103)
1.6 Income taxes paid/R&D refund received	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(1,373)</b>	<b>(5,035)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(231)	(2,175)
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	-	-
<b>Net investing cash flows</b>	<b>(231)</b>	<b>(2,175)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,604)</b>	<b>(7,210)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,604)	(7,210)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	3,029	9,354
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	112	112
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) – share issue expenses	(46)	(512)
1.20	Other – borrowings transaction expenses	-	-
<b>Net financing cash flows</b>		<b>3,095</b>	<b>8,954</b>
<b>Net increase (decrease) in cash held</b>		<b>1,491</b>	<b>1,744</b>
1.20	Cash at beginning of quarter/year to date	1,361	1,108
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>2,852</b>	<b>2,852</b>

**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	163
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

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- 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

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**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
3.3	Short term loan facility – Insurance premium funding	112

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	300
4.2	Development	-
4.3	Production	-
4.4	Administration	1,162
<b>Total</b>		<b>1,462</b>

### 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	2,338	592
5.2 Deposits at call	514	769
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,852</b>	<b>1,361</b>

### 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 <i>(description)</i>	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	571,289,987	571,289,987		
7.4 Changes during quarter:				
(a) Increases through issues - Placement	33,648,356	33,648,356	9.0 cents	9.0 cents
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	N/A			
7.6 Changes during quarter:				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
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 <i>(totals only)</i>	N/A			
7.12 Unsecured notes <i>(totals only)</i>	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: .....  ..... Date: 31<sup>st</sup> October 2017  
Print name: Dennis Wilkins (Company Secretary)

**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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