

Image Resources NL

ABN 57 063 977 579

ASX Code: IMA

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West Perth WA 6872

Issued Capital:
Shares - Quoted:

140,156,193 fully paid ordinary shares

Options - Unquoted:

8.8 Million total

Cash at end of quarter:

\$3.176M

Directors:
Peter Thomas

Non-executive Chairman

Peter Davies

Managing Director

George Sakalidis

 Executive Director –
Exploration

Investment Highlights

- Image is a 'pure play' mineral sands company with tenements only in WA
- Experienced mineral sands project team established
- Boonanarring and Atlas Feasibility Study completed which confirms robust project economics
- Production could start early 2015
- Projected production of 170kt per year high quality Ilmenite and over 30kt Zircon
- Low estimated capital cost of entry with 22 month payback.

HIGHLIGHTS

NORTH PERTH BASIN (NPB)

- Results of the Boonanarring and Atlas feasibility study (Feasibility Study) announced, showing robust project economics from a 3.3Mtpa multi-pit operation over ten years mine life
- Feasibility Study delivers a base case pre-tax NPV @ 8% of \$145million for operations at Boonanarring and Atlas
- Boonanarring and Atlas maiden JORC Code Probable Reserve of 24Mt @ 8.2%HM announced
- Follow up with interested off-take and project funding partners has commenced
- Public Environmental Review document submitted to OEPA on 12th July, commencing the project environmental approvals process
- Deep production water bore drilled and tested successfully near to the planned plant site at Boonanarring
- Rationalisation of tenements continued
- Plans in place to commence ground magnetic surveys and pilot drilling of priority targets elsewhere in NPB.

CORPORATE

- Cash position of \$3.176M at end June remains following completion of the Feasibility Study and environmental applications

OVERVIEW

1. All stated targets were met for the quarter. The Feasibility Study was completed and the PER was submitted to OEPA in July 2013.
2. The Company retained cash at bank of \$3.176M at 30.06.13; sufficient to cover corporate and administrative costs to beyond June 2014.
3. The Company's cash position was strengthened by the sale of some shares.
4. Staffing levels have been reduced as part of an overall strategy to conserve cash including non-core tenements being surrendered. The Company has the further potential to reduce costs and to raise additional funds through the rationalisation or divestment of tenements.

NORTH PERTH BASIN

Feasibility Study

The ASX Release on 17th July 2013 contains full details of the results of the Boonanarring and Atlas Feasibility study (refer to this announcement for full details).

The feasibility study was carried out by a very experienced team of recognised/leading industry experts managed by Peter Davies, managing director of Image. Details of the key team members are provided in the technical study team section later in this release.

HIGHLIGHTS

- DRY MINE : 10 years of dry mining yield a JORC Code Probable Reserve of 24 million tonnes grading 8.2% Heavy Mineral (HM at 2.5% HM cut-off grade containing 15% of HM as zircon)
- START UP : production to commence within 12 months of financing
- Pre-Tax NPV@ 8% : \$145 million assessed by an independent consultant based on first 10 years only
- Pre-tax IRR : 57.4% (based on first 10 years of operation only)

Other highlights include:

- net life of mine pre-tax cashflow after capital of \$245 million
- capital payback within first 22 months of production
- 3.3mtpa dry mining and wet processing operation over initial 10-year mine life
- in the lowest cost quartile of zircon producers
- ore body location contains adequate water supply and within excellent infrastructure and transport links
- low cost dry mill option shows high potential
- additional dry mining NPB resources (Hyperion, Helene, Red Gully Gingin North and Gingin South) represent a further net pit value of \$100 – \$110 million (Cooljarloo and Bidaminna excluded)
- granted Mining Leases over Boonanarring (starter operation) extending beyond the planned project life.

The Feasibility Study clearly demonstrated the attractiveness of the project. The next stage is to progress discussions with interested parties for project finance and off-take with the aim of progressing towards first production in early 2015.

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Work planned for the September Quarter

With the completion of the Feasibility Study and submission of the PER, activities will be focused on progressing discussions with potential providers of project finance.

Subject to securing initial project funding, activities later in the quarter are planned to include:

- Further process testwork to progress the Low Cost Dry Mill concept.
- Continuation of land access discussions at Boonanarring and Atlas

Ground magnetic surveys are planned to test remaining prospective areas and, incidentally, to assist further with tenement rationalisation. This technique has to date been extremely effective, at low costs, in covering large areas in order to identify key exploration targets.

DIVESTMENT OF NON-CORE ASSETS

During the quarter, the Company continued a comprehensive rationalisation of non-core assets, including surrender or reduction in area of some tenements and conversion of other tenements to retention licences.

Low cost ground magnetic surveys are planned to enable the Company further to reduce costs associate with existing tenements which are then demonstrated to have limited prospectivity.

CORPORATE

No equity funds were raised during the quarter. Image has 140,156,193 fully paid shares on issue.

The Board is looking for suitable NED candidates to broaden and strengthen the composition of the Board.

Expenditure remains under constant review and is being deferred to the maximum extent possible pending finance.

For more information on the company visit www.imageres.com.au

Please direct enquiries to:
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Managing Director
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George Sakalidis
Executive Director Exploration
Phone (08) 9485 2410
Mob: 0411 640 337

COMPETENT PERSON'S STATEMENT – EXPLORATION RESULTS

The information in this presentation is based on information compiled by Paul Leandri BAppSc who is a member of the Australasian Institute of Mining and Metallurgy. Paul Leandri is an employee 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 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Leandri consents to the inclusion of this information in the form and context in which it appears in this presentation.

COMPETENT PERSON'S STATEMENT – 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 which it appears in this presentation.

COMPETENT PERSON'S STATEMENT – TECHNICAL STUDIES

The information in this presentation that relates to technical studies is based on information compiled by Peter Davies BSc Eng (Hons) ARSM, C.Eng. MIMMM, FAusIMM, FRSA, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Peter Davies is Managing Director/Project Manager of Image Resources NL. Peter Davies 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Davies consents to the inclusion of this information in the form and context in which it appears in this report.

COMPETENT PERSON'S STATEMENT – PROJECT EVALUATION

The information in this presentation that relates to project evaluation and financial analysis is based on information compiled by Mr Ray Cary, BSc., who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Ray Cary is the Director and Principal of Northwind Resources Pty Ltd, a Perth, Western Australia based minerals industry consultancy. Ray Cary has sufficient experience in the technical and economic evaluation of minerals development projects and mining operations which is relevant 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. Ray Cary consents to the inclusion of this information in the form and context in which it appears in this presentation.

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.

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")

30/6/2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Full Year (12 months) \$A'000
1.1 Receipts from product sales and related debtors	38	349
1.2 Payments for		
(a) exploration & evaluation	(2,913)	(5,845)
(b) development		
(c) production		
(d) administration	(144)	(1,444)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	47	148
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid/R&D refund received	247	247
1.7 Other (provide details if material)		
Net operating cash flows	(2,725)	(6,545)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(18)
(b) equity investments		
(c) other fixed assets	(3)	(97)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	860	942
(c) other fixed assets	1	24
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) – bond security deposits	(264)	(264)
Net investing cash flows	594	587
1.13 Total operating and investing cash flows (carried forward)	(2,131)	(5,958)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,131)	(5,958)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	8,641
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	-	(410)
	Net financing cash flows	-	8,231
Net increase (decrease) in cash held		(2,131)	2,273
1.20	Cash at beginning of quarter/year to date	5,307	903
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,176	3,176

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	142
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	-	-
3.2	Credit standby arrangements – bank guarantees	264	264

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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	418
4.2	Development	-
4.3	Production	-
4.4	Administration	380
Total		798

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	868	238
5.2	Deposits at call	2,308	5,069
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		3,176	5,307

Changes in interests in mining tenements

		Tenement reference	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	E46/938	Relinquished	100%	0%
		E28/1926	Relinquished	100%	0%
		E70/3033	Relinquished	100%	0%
		E70/3068	Relinquished	100%	0%
		E70/3551	Relinquished	100%	0%
		E70/4135	Relinquished	100%	0%
		E70/4246	Relinquished	100%	0%
		E70/4310	Relinquished	100%	0%
6.2	Interests in mining tenements acquired or increased	N/A			

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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	140,156,193	140,156,193		
7.4 Changes during quarter:				
(a) Increases through issues	-	-		
(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)			<i>Exercise price</i>	<i>Expiry date</i>
Over fully paid shares	2,345,000	Not quoted	\$1.1162	18/12/2014
Over fully paid shares	95,000	Not quoted	\$0.6995	21/12/2015
Over fully paid shares	2,600,000	Not quoted	\$0.3908	27/12/2016
Over fully paid shares	1,250,000	Not quoted	\$0.50	1/6/2015
Over fully paid shares	1,250,000	Not quoted	\$0.70	1/6/2016
Over fully paid shares	1,250,000	Not quoted	\$1.00	1/6/2016
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			

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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:


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Dennis Wilkins (**Company Secretary**)

Date: 31 July 2013

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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