IMAGE RESOURCES

ANNUAL REPORT 2019

IMAGE RESOURCES

FOCUSED ON HIGH-VALUE ZIRCON

IN PURSUIT OF

KNOWLEDGE

INNOVATION

EXCELLENCE

ABOUT US

Image Resources NL (ASX: IMA) is Australia's newest mineral sands mining company focused on operating open-cut mining and ore processing operations at its 100%-owned, high-grade and zircon rich Boonanarring Project located 80km north of Perth in the infrastructure-rich North Perth Basin in Western Australia.

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CHAIRMAN'S REPORT

IN PURSUIT OF KNOWLEDGE

Our path of developing the Boonanarring Project and transitioning into production has been a short, but very successful one.

Dear Shareholders,

On behalf of your Board of Directors, I am proud to report that in 2019 your Company has completed a very successful transition from exploration company to a profitable mining company, has performed beyond our original expectations and has a very bright future.

Across the past two years, your Company has gone from strength to strength. Our path of developing the Boonanarring Project and transitioning into production has been a short, but very successful one. The project was constructed on time and on budget in 2018, and it was then catapulted into full production in an extraordinarily short ramp-up period of just two months. This type of performance is very rare and it added tremendous value to the Company's bottom line.

Your Company has now successfully completed its inaugural full year (CY2019) of operating as an active mining company, and the results were better than expected.

Key highlights:

- Profitability achieved in March quarter;
- Positive cashflow achieved in June quarter;
- Total revenue of A$146m;
- Project EBITDA of A$73m;
- Net Profit after Tax of A$21m

We finished the year in very strong fashion with A$50m cash in the bank and completed the 1st quarterly debt repayment in the November to end the year with a total debt of A$56m.

We are already assessing options for the early retirement of our high yield debt and the opportunities this may allow, including consideration of a dividend payment and/or investment into a potential second operating centre.

On behalf of your Board, I would like to thank and congratulate all our employees, (operations, exploration and corporate) as well as our contractors and consultants on a very productive 2019. I would also like to acknowledge the senior executive team of our COO, Mr Todd Colton, CFO, Mr John McEvoy, Exploration Director, Mr George Sakalidis, and our Managing Director Mr Patrick Mutz who led the Company through these very exciting times.

I also want to thank my fellow Directors for their leadership and guidance to direct the Company through the many decisions required to pave the way for the development and operation of the Boonanarring Project.

And finally, on behalf of the Board and employees of your Company, I want to say thank you to all our shareholders for your continuing support. Your Board believes that while we have had a very productive year, the journey for Image Resources has only just begun, and we look forward to continuing success through 2020 and beyond.

Robert Besley
Non-Executive Chairman
28 February 2020

STRIVING FOR EXCELLENCE

MANAGING DIRECTOR'S REPORT

We are proud that our operational achievements occurred in conjunction with strong local community support and with very credible performance under our health, safety and environmental programs.

Dear Shareholders,

During the 2019 calendar year your Company successfully completed its inaugural full year as an active mining company and proactively met or exceeded market guidance which was increased twice during the year.

The launch into active ore processing and heavy mineral concentrate (HMC) production at Boonanarring in December 2018, following the strong performance of completing construction on-time and on-budget, set your Company on a firm path to transition into a profitable mining company. During CY2019 our Team (which includes all our employees, contractors and consultants) capitalised on that successful launch and delivered a banner performance operationally and financially.

Your Team hit the ground running in January by demonstrating how a great ore deposit, married with the right plant and equipment and operated by a very competent and experienced team can achieve very positive and rare results; that being the ramp-up to exceed full production levels in only the second month of operation. The Team went on to exceed production expectations for the full year.

In Q1 2019 it became evident that the ore grade in the 2017 Ore Reserve had been underestimated. We determined that a very high-grade core within the eastern strand of the deposit had not been adequately delineated with the standard 20m drilling spacing. In Q2 we embarked on a close-spaced drilling program to reassess the Mineral Resources and Ore Reserve.

As a result of the higher than expected ore grade and strong operational performance, your Company became profitable in Q1, and cashflow positive in Q2. This allowed the start of an accelerated exploration program in Q3 to identify additional mineralisation for conversion to Mineral Resources and Ore Reserves to extend the mine life at Boonanarring.

Our Team went on to complete the year with total production of 270k tonnes of HMC; significantly higher than originally forecast. They also did so at slightly below forecast operating costs, and significantly below forecast HMC unit costs. And, as importantly as the operating results, the Team maintained very credible performance in the area of health, safety and environment, as well as proactive community engagement, while we continue to pursue the installation of a solar farm; all to ensure your Company maintains its social licence to operate.

Your Team also successfully marketed the Company's high quality HMC through our off-take partners. We completed the sale of 12 bulk shipments of HMC during the year, for total revenue of A$146m. We also ended the year with a very healthy HMC inventory of 57k tonnes with an estimated market value of over A$30m.

In December, we published our updated Ore Reserve, which resulted in a very positive 24% higher heavy mineral ore grade and 50% higher in-situ zircon grade. The updated Ore Reserve also resulted in a decrease in total ore tonnes in the reserve, which was an unexpected and disappointing result. However, as demonstrated by the identification of new mineralisation in the 50mRL Strandline in December, drilling in this area will almost certainly provide the basis for additional Mineral Resources and Ore Reserves. To that end we have sharpened our focus and elevated the priority to add new Ore Reserves as rapidly as practicable and extend the mine life at Boonanarring under a formal project codenamed Project 'MORE', which has the full support of the Board and executive management.

By almost every measure, the performance of your Company can be considered stellar for a start-up mining company, which rapidly transitioned to a profitable enterprise in its inaugural year of production, and growing its cash reserves to within striking distance of being able to retire its debt. We closed the year with A$50m of cash in the bank and total debt of A$56m.

This provides a very solid base on which to continue to grow your Company in 2020 and beyond, with forecast higher production and improved economics.

I would like to thank all our employees, contractors, consultants, offtake partners and local landowners and community members for all the amazing work and support that has made the results of this past year possible.

Finally, thank you to our Board of Directors and shareholders for your continuing support over the past year. We look forward to reporting on what we believe will be another very positive year of operations for Image Resources.

Patrick Mutz
Managing Director
28 February 2020

REVIEW OF OPERATIONS

Image Resources NL ("**Image**" or "the **Company**") successfully completed its first full year (CY2019) as an active mining company operating at the Company's 100%-owned, high-grade, zircon-rich Boonanarring Mineral Sands Project (Boonanarring) in the North Perth Basin located 80 Kilometres north of Perth. During the year the Company achieved profitability in Q1, positive cashflow in Q2 and met market guidance for the full year, which was raised twice during the year.

2019 in Review

Safety

- Image experienced zero reported lost-time injuries (LTI) throughout the construction; and commissioning period of 2018, and ramp-up and active mining and processing through September 2019 (total 18 months). However, in October 2019 the Company recorded its first LTI associated with the rapidly evolving and very important area of mental health. And in November, a second LTI was recorded as a result of a minor shoulder injury which occurred in June 2019, but which did not improve with restricted duties and eventually required corrective surgery and was assessed as an LTI.
- Image maintains its proactive promotion of a positive safety culture which includes safety programs and procedures that encourage job safety analysis and planning as well as active incident reporting for the purpose of continuous improvement of the health, safety and well-being of all employees, contractors, visitors and members of the community as well as protection of the environment. The success of these programs is monitored through the use of regular internal Health, Safety and Environment audits and monthly Positive Performance Indicator (PPI) scoring. PPI scoring improved quarter on quarter in CY2019.

Community

- Image continues to proudly contribute to the local community, including through local employment. At year end 59% of the workforce at Boonanarring lived locally to the operation or within regional shires. In addition, the Company has an active and varied community support and engagement program.
- In September 2019 the Company hosted a formal event at Boonanarring to commemorate the opening of the mine. The event was attended by over 250 invited guests including local landowners, local community representatives, Shire representatives, government officials, Image shareholders (domestic and international), plus Image contractors and consultants as well as Image employees and directors.

Operations

- In CY2019, the Company successfully completed its inaugural full year as an active mining company. The year was highlighted by a number of unexpected, but positive developments.
- In January 2019, in only the second month of operations following the start of ore processing operations at Boonanarring in December 2018, heavy mineral concentrate (HMC) production ramped up to exceed the forecast long-term average monthly HMC production of 20kt.
- In the March quarter, it was determined that the Boonanarring eastern strand of the deposit contained a very high-grade core of ore that had not been adequately delineated by the drilling used to determine Mineral Resources and Ore Reserves. This led to a detailed, close-space drilling program commencing in April 2019, to delineate the eastern strand and culminated with updated Mineral Resources and Ore Reserves estimates published in December 2019. The updated Ore Reserves outlined 24% higher heavy mineral ore grade and 50% higher in-situ zircon grade. The downside to the updated Ore Reserves was a loss of ore tonnes due to the identification, during active mining and ore processing, of the presence of iron-rich laterite within the ore zones, which assays as heavy mineral.
- In May 2019, an unexpected ore horizon located just below the modelled base of the mine was discovered and found to contain 'ultra' high-grade (UHG) ore or direct shipping ore, as it contained up to 95% heavy minerals (HM) and up to 75% zircon in the HM. The zircon has been determined to be all premium grade, with low iron content. A total of approximately 3kt of UHG ore was mined and added to the HMC storage pad. This material is being stockpiled for the addition of additional UHG that may be mined in the future, before determining the best market outlet for this high-grade and high-quality material.

Image maintains proactive health, safety and environmental protection programs

ZIRCON

PRODUCTS & APPLICATIONS

Zircon sand is processed into zirconium compounds and intermediate products for a variety of applications including ceramics (tiles and sanitary ware), foundry sands (metal castings), refractories (furnace linings), as well as zirconium metal and many other uses.

Operations (continued)

- In July 2019, following the achievement of positive cashflow in the June quarter, an expanded exploration budget was approved to allow drilling to commence with the purpose of identifying additional mineralisation for conversion to Mineral Resources and Ore Reserves with the goal of increasing mine-life at Boonanarring. As a result of this drilling, in December 2019, the Company announced the identification of a new mineralised strandline located to the west of the current Boonanarring deposit, with the potential to extend for up to 40km from Image's Gingin South tenement to the northern part of the Boonanarring Northern Extension Area (NEA) identified in 2017. If mineralisation in this new area can be converted to Mineral Resources and Ore Reserves, the norther half of this area could be within economic pumping distance of the current location of the Boonanarring wet concentration plant.
- In August 2019, Image successfully completed a replacement of the trommel unit associated with the ore feed preparation plant (FPP) so as to increase ore throughput during times of higher clay content of the ore. This low-cost modification proved to be effective in increasing the ore processing rate to meet and exceed the design rate of 500 dry tonnes per hour. In November 2019, very low-cost modifications were also made to the HMC cleaning and dewatering circuits to allow increased HMC processing capacity.
- In August 2019, Image also executed a purchase option agreement to acquire a block of land with a 1.3km long section of mineralised strike-length in the Boonanarring NEA with immediate access for drilling. Additional access for drilling is being sought from surrounding landowners.
- In November 2019, the Boonanarring operations team completed the successful relocation of the FPP from Block 'C' to Block 'B'. With higher grades encountered in Block B production for December 2019 was a new monthly record high at 31.4kt of HMC produced. This new production record demonstrated that the new trommel added to the FPP and modifications made to the HMC cleaning and dewatering circuits achieved their objective.
- As a result of the higher than expected HM ore grades and zircon grades in the HM, HMC production for CY2019 exceeded expectations such that market guidance was raised twice during the year. The Company met that higher guidance with the production of 270kt of HMC.
- HMC sales to the Company's off-take partners averaged one shipment per month, in line with expectations, for total sales of 237.5kt for the year. The higher HMC production level compared to sales resulted in HMC stocks of 57kt at the end of December.
- The average HMC realised price for the full year was $616 per tonne, compared to C1 cash costs (which include mining, processing, general and administration and concentrate transport costs) of $327 per tonne. The Boonanarring project reported EBITDA of $72.5 million for the full calendar year, which was 4% above the upper limit of guidance.
- Guidance for calendar years 2020 and 2021 has been increased and set at 300-330kt of HMC production and sales, due mainly to the higher HM ore grades forecast in Blocks A and B.

Mineral Sands Prices and FX

- Boonanarring HMC prices are based on the underlying content of zircon (as ZrO_2+HfO_2) and titanium dioxide (as TiO_2) and benchmark prices for the various products (zircon, rutile, ilmenite and leucoxene) at appropriate quality specifications. The majority of the value of Boonanarring HMC is derived from the zircon content, with underlying zircon prices remaining strong and broadly flat for calendar year 2019, but with some price softening during the December quarter, which was largely offset by increasing prices for ilmenite, leucoxene and rutile.
- Overall HMC prices increased from an average $517 per tonne in Q1 to an average $661 per tonne in Q4, for an overall average $616 per tonne for the year. The increasing HMC unit prices during the year were primarily due to increasing zircon grades in the HMC.
- AUD/USD foreign exchange rate remained below 0.70 for much of the year whilst, having opened and closed the year at 0.70.

Corporate

Sales revenue for the year was $146.2 million with project operating and selling costs of $73.7 million and with full year project EBITDA of $72.5 million.

During 2019 the Company generated a Net Profit After Tax of $20.8 million (2018: $3.3 million).

As at 31 December 2019 Image had a cash position of A$49.9 million and debt of A$56.4 million. The Company generated net cash flow from operating activities of A$62.9 million.

In November 2019 the Company completed its first scheduled loan note repayment, including interest, totalling US$8.15 million (A$12.17 million). The remaining debt is scheduled to be repaid in six further quarterly instalments with the next repayment due in February 2020. A loan associated with the June 2016 Asset Sale and Purchase Agreement from Murray Zircon Pty Ltd of A$4 million was fully repaid in July 2019.

Updated Ore Reserves and Mineral Resources Estimates

Updated Ore Reserves and Mineral Resources estimates were announced to the ASX on 20 December 2019.

Estimated Ore Reserves as at 1 October 2019, comprises 10.7Mt of ore, grading 8.9% total heavy mineral (THM), with an assemblage of 27.5% zircon, for total contained zircon of 0.26Mt. This represents a 24% increase in THM grade, a 21% increase in zircon assemblage and a 50% increase in the in-situ zircon grade. Excluding depletion from production, there was a 33% reduction in ore tonnes due primarily to the identification of iron-rich laterite material which assayed as heavy mineral, and a 3% increase in total tonnes of contained zircon.

Exploration

During 2019 significant effort was directed at work associated with a close-spaced (5m) drilling program designed to adequately delineate the high grade core in the Eastern Strand, which was used to update the Mineral Resources and Ore Reserves Estimates at Boonanarring.

In addition, a new mineralised area was identified in the north western portion of the Boonanarring Northern Extension Area (NEA). A drilling programme was completed late in 2019. Initial results are very promising outlining two shallow high-grade strands of 1.2km in length which will be followed up promptly in 2020 with additional work expected to include composites for evaluation of the assemblages to be used in a new Mineral Resources estimate of this area.

An initial programme was also completed over a 1.3km length of the NEA. This programme has shown that the high-grade core within the eastern strand of the current Ore Reserves extends under the Brand Highway (Brand). Additional drilling is being planned to determine the exact position of the deposit relative to the Brand and will require drilling along the Brand and to the east. Additional drilling is expected to add significantly to the delineation of mineralization in the NEA and its possible linkage with the Red Gully Deposit 5km to the north.

Other drilling aimed at extending the mine-life at Boonanarring identified a new mineralized shoreline trend to the west of and parallel to the Boonanarring Ore Reserves area and may potentially extend for up to 40 km on the 48-55m RL. This includes previously identified mineralisation in the western sections of Image's Gingin South and Gingin North projects and has now been found to include the recently identified Boonanarring West mineralisation and the Boonanarring Northwest Extension. In December 2019, the identification of this new mineralised area, dubbed the 510mRL Strandline, was announced, and additional promising, shallow, high-grade results were announced in January 2020.

Drilling results in the NEA were sufficiently positive that the Board approved the exercise of a land purchase option over a 1.3km section of the NEA target area. Subsequent to the end of the year the purchase option was exercised and the purchase was finalised in February 2020.

TITANIUM DIOXIDE

PRODUCTS & APPLICATIONS

Titanium dioxide (TiO_2) from rutile and ilmenite is processed into titanium-based products, primarily as an ultra-white pigment for use in paint, paper and plastics, but also in welding rods (flux coating), as well as titanium metal for a variety of applications including in aircraft, spacecraft, motor vehicles and medical implants.

MINERAL RESOURCES & ORE RESERVES STATEMENT

Ore Reserves – Material Mining Projects

In December 2019, the Company provided an update of the estimated Ore Reserves at Boonanarring (refer to the Company's ASX release dated 20 December 2019 and Table 1).

Table 1 – Ore Reserve Summary – JORC Code 2012 – as at 1 October 2019

High Grade Ore Reserves - Strand Deposits; in accordance with the JORC Code (2012)

Project / Deposit	Category	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring[1]	Proved	3.5	13.9	16.0	0.5	82.7	44	4.6	2.2	31.9
Boonanarring[1]	Probable	7.1	6.4	16.0	0.5	76.6	49	1.7	2.8	23.1
Total Boonanarring		**10.7**	**8.9**	**16.0**	**0.9**	**79.6**	**46**	**3.2**	**2.5**	**27.5**
Atlas[2]	Probable	9.5	8.1	15.5	0.8	73.3	50.7	4.5	7.5	10.6
Total Atlas		**9.5**	**8.1**	**15.5**	**0.8**	**73.3**	**50.7**	**4.5**	**7.5**	**10.6**
Total Ore Reserves		**20.2**	**8.5**	**15.8**	**1.7**	**76.8**	**48.3**	**3.8**	**4.7**	**19.9**

1. Refer to Boonanarring Ore Reserves release 20 December 2019
2. Atlas Reserves refer to the 30 May 2017 release "Ore Reserves Update for 100% Owned Atlas Project"

The Company's Ore Reserves at Boonanarring show changes from the Ore Reserves as at 1 October 2018 (Table 2). The material changes arise from mining depletion as well as changes in the Mineral Resources resulting from the elimination of low grade, low-zircon ore in the overlying layer found to contain a significant proportion of iron-rich laterite which assays as heavy mineral, and the elimination of laterite-rich zones in the main ore strands. Refer to the Company's ASX release dated 20 December 2019 for further information. For the period between 1 October 2019 and 31 December 2019 the Company is not aware of any new information or data that materially affects the Ore Reserve at Boonanarring other than changes due to normal mining depletion.

As shown in Table 2the Company's Ore Reserves at Atlas are unchanged from 1 October 2018 and the Company is not aware of any new information or data that materially affects the information for the three months ended 31 December 2019.

Table 2 – Comparative Ore Reserves Summary – JORC Code 2012

High Grade Ore Reserves – Strand Deposits

Project / Deposit	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
As at 1 October 2018									
Boonanarring	19.86	7.2	16.1	1.43	77.2	50.4	1.8	2.4	22.7
Atlas	9.5	8.1	15.5	0.8	73.3	50.7	4.5	7.5	10.6
Total Ore Reserves	**29.3**	**7.5**	**15.9**	**2.19**	**75.8**	**50.5**	**2.7**	**4.2**	**18.4**
As at 1 October 2019									
Boonanarring	10.7	8.9	16.0	0.9	79.6	46	3.2	2.5	27.5
Atlas	9.5	8.1	15.5	0.8	73.3	50.7	4.5	7.5	10.6
Total Ore Reserves	**20.2**	**8.5**	**15.8**	**1.7**	**76.8**	**48.3**	**3.8**	**4.7**	**19.9**

The updated Ore Reserve in 2019 included a 24% increase in total heavy mineral (HM) ore grade and a 50% increase in the in-situ zircon grade of the ore, and 9.2Mt less ore tonnes (post depletion for production) due to the removal of iron-rich laterite assaying as heavy mineral in the previous Ore Reserve.

Mineral Resources – Material Mining Project

In December 2019, the Company provided an update of the Mineral Resources at Boonanarring (refer to the Company's ASX release dated 20 December 2019 and Table 3).

Table 3 – Mineral Resource Summary – JORC Code 2012 – as at 1 October 2019

High Grade Mineral Resources - Strand Deposits; in accordance with the JORC Code (2012) @ 2.0% HM Cut-off

Project / Deposit	Category	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring	Measured	8.8	10.3	14	0.9	78.1	46	3.8	2.3	26.0
Boonanarring	Indicated	14.6	4.6	17	0.7	71.2	48	2.6	2.7	17.9
Boonanarring	Inferred	6.9	3.5	20	0.2	59.4	45	4.9	3.9	5.6
Boonanarring Total		**30.3**	**6.0**	**17.0**	**1.8**	**72.7**	**46**	**3.6**	**2.7**	**20.4**
Atlas	Measured	9.9	7.9	16.1	0.8	71.0	49.1	4.2	7.2	10.5
Atlas	Indicated	6.4	3.7	17.3	0.2	56.5	41.6	3.4	4.7	6.8
Atlas	Inferred	1.8	4.0	19.9	0.1	41.5	29.0	3.3	4.4	4.8
Total Atlas		**18.1**	**6.0**	**16.9**	**1.1**	**65.9**	**46.1**	**4.0**	**6.5**	**9.3**
Sub-Total Atlas/Boonanarring		**48.4**	**6.0**	**17.0**	**2.9**	**70.1**	**46.1**	**3.7**	**4.1**	**16.2**

The Company's Mineral Resources at Boonanarring show changes from the Mineral Resources as at 1 October 2018 (Table 4). The material changes arise from mining depletion as well as changes resulting from the elimination of low grade, low-zircon ore in the overlying layer found to contain a significant proportion of iron-rich laterite which assays as heavy mineral, and the elimination of laterite-rich zones in the main ore strands. Refer to the Company's ASX release dated 20 December 2019 for further information. For the period between 1 October 2019 and 31 December 2019 the Company is not aware of any new information or data that materially affects the Mineral Resource Estimate at Boonanarring other than changes due to normal mining depletion.

The Company's Mineral Resources at Atlas are unchanged from 1 October 2018 (Table 4) and the Company is not aware of any new information or data that materially affects the information for the three months ended 31 December 2019.

Table 4 – Comparative Mineral Resources Summary – JORC Code 2012

High Grade Mineral Resources – Strand Deposits @ 2.0% HM Cut-off

Project / Deposit	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
As at 31 December 2018									
Boonanarring	43.49	5.6	18	2.45	72.2	49.0	2.2	2.6	18.4
Atlas	18.1	6.0	16.9	1.09	65.9	46.1	4.0	6.5	9.3
Total Ore Reserves	**61.6**	**5.7**	**17.7**	**3.54**	**70.3**	**48.1**	**2.8**	**3.8**	**15.6**
As at 31 December 2019									
Boonanarring	30.3	6.0	17.0	1.8	72.7	46	3.6	2.7	20.4
Atlas	18.1	6.0	16.9	1.09	65.9	46.1	4.0	6.5	9.3
Total Ore Reserves	**48.4**	**6.0**	**17.0**	**2.9**	**70.1**	**46.1**	**3.7**	**4.1**	**16.2**

Governance Controls

Mineral Resources and Ore Reserves are compiled by qualified Image Resources personnel and / or independent consultants following industry standard methodology and techniques. The underlying data, methodology, techniques and assumptions on which estimates are prepared are subject to internal peer review by senior Company personnel, as is JORC compliance. Where deemed necessary or appropriate, estimates are reviewed by independent consultants. Competent Persons named by the Company are members of the Australasian Institute of Mining and Metallurgy and / or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code 2012.

Mineral Resources – Non-Material Projects

The Mineral Resources for the Company's non-material mining projects as at 31 December 2019 are show in the tables below. There has been no change in these Mineral Resources from 31 December 2018. There are no Ore Reserves reported in relation to these non-material projects.

Mineral Resources - Strand Deposits; in accordance with JORC Code (2012) @ 2.0% HM Cut-off

Project / Deposit	Category	Volume (million)	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Helene	Indicated	6.4	13.2	4.3	18.6	0.57	88.7	74.6	0.0	3.6	10.5
Hyperion	Indicated	2.4	5.0	6.3	19.0	0.32	69.4	55.8	0.0	6.3	7.3
Cooljarloo Nth Total		**8.8**	**18.2**	**4.8**	**18.7**	**0.88**	**81.8**	**67.9**	**0.0**	**4.6**	**9.4**

Previously Reported Mineral Resources - Strand Deposits; in accordance with JORC Code (2004) @ 2.5% HM Cut-off

Project / Deposit	Category	Volume (million)	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Gingin Nth	Indicated	0.7	1.3	5.7	15.7	0.1	75.4	57.4	9.3	3.2	5.5
Gingin Nth	Inferred	0.6	1.1	5.2	14.0	0.1	78.4	57.3	11.3	3.7	6.0
Gingin Nth[4] Total		**1.3**	**2.4**	**5.5**	**15.0**	**0.1**	**76.7**	**57.3**	**10.2**	**3.4**	**5.7**
Gingin Sth	Measured	0.9	1.5	4.4	7.2	0.1	79.4	50.7	15.3	5.6	7.8
Gingin Sth	Indicated	3.2	5.8	6.5	7.1	0.4	90.6	67.6	9.8	5.1	8.1
Gingin Sth	Inferred	0.4	0.7	6.5	8.4	0.0	91.6	67.4	7.5	5.8	10.9
Gingin Sth Total		**4.5**	**8.1**	**6.1**	**7.3**	**0.5**	**89.2**	**65.3**	**10.3**	**5.2**	**8.3**
Red Gully	Indicated	1.9	3.4	7.8	11.5	0.3	89.7	66.0	8.3	3.1	12.4
Red Gully	Inferred	1.5	2.6	7.5	10.7	0.2	89.0	65.4	8.2	3.0	12.3
Red Gully Total		**3.4**	**6.0**	**7.7**	**11.2**	**0.5**	**89.4**	**65.7**	**8.2**	**3.1**	**12.4**
Sub-Total Gingin & Red Gully		**9.2**	**16.5**	**6.6**	**9.8**	**1.1**	**87.8**	**64.5**	**9.4**	**4.1**	**9.7**

Historic Deposit Mineral Resources - Strand deposit; in accordance with JORC Code (2004) @ 2.5% HM Cut-off

Project / Deposit	Category	Volume (million)	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Regans Ford	Indicated	4.5	9.0	9.9	16.8	0.9	94.3	70.0	10.0	4.3	10.0
Regans Ford	Inferred	0.5	0.9	6.5	18.5	0.1	90.5	68.3	7.7	4.4	10.1
Regans Ford Total		**5.0**	**9.9**	**9.6**	**17.0**	**1.0**	**94.1**	**69.9**	**9.9**	**4.3**	**10.0**
Grand Totals		**49.1**	**93.0**	**6.3**	**16.0**	**5.8**	**79.1**	**56.7**	**5.2**	**4.2**	**13.0**

Mineral Resources - Dredge deposits; in accordance with JORC Code (2012) @ 1.0% HM Cut-off

Project / Deposit	Category	Volume BCM (million)	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Titan	Indicated	10.3	21.2	1.8	22.1	0.38	86.0	71.9	1.5	3.1	9.5
Titan	Inferred	58.5	115.4	1.9	18.9	2.2	85.9	71.8	1.5	3.1	9.5
Total Titan		**68.8**	**136.6**	**1.9**	**19.4**	**2.6**	**85.9**	**71.8**	**1.5**	**3.1**	**9.5**
Telesto	Indicated	1.7	3.5	3.8	18.4	0.13	83.3	67.5	0.7	5.6	9.5
Calypso	Inferred	27.1	51.5	1.7	13.7	0.85	85.6	68.1	1.6	5.1	10.8

Mineral Resources - Dredge deposits; in accordance with JORC Code (2004) @ 1.0% HM Cut-off

Project / Deposit	Category	Volume BCM (million)	Tonnes (million)	HM (%)	Slimes (%)	HM Tonnes (million)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Bidaminna	Inferred	26.3	44.6	3.0	3.6	1.3	96.8	83.1	7.2	1.0	5.5
Total Dredge		**123.9**	**236.2**	**2.1**	**15.2**	**4.9**	**87.8**	**73.1**	**2.6**	**3.2**	**9.0**

Competent Person Statement And Previously Reported Information

This **Mineral Resources and Ore Reserves Statement as a whole** has been approved by George Sakalidis who is the Exploration Director of Image Resources NL. George Sakalidis is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and 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 has given his prior written consent to the inclusion in this report of the Mineral Resources and Ore Reserves statement in the form and context in which it appears.

The information in this report that relates to the **Boonanarring Ore Reserves estimate** is based on and fairly represents, information which has been prepared by Mr Per Scrimshaw, Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Scrimshaw is a full-time employee of Entech 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 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'.

The information in this report that relates to the **Atlas Ore Reserves estimate** is based on and fairly represents, information which has been prepared by Mr Jarrod Pye, Mining Engineer and then full-time employee of Image Resources, under the direction of Andrew Law, then of Optiro, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Law 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'.

The information in this report that relates to the **Boonanarring and Atlas Mineral Resource estimates** is based on and fairly represents, information which has been prepared 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'.

The information in this report that relates to the **Helene, Hyperion, Titan, Telesto and Calypso Mineral Resource estimates** is based on and fairly represents, information which has been prepared by Mr 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to the **Gingin North, Gingin South and Red Gully Mineral Resource estimates** (not part of the Company's material mining projects) is based on and fairly represents, information which has been prepared by Mr 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. *This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

The information in this report that relates to the **Bidaminna Mineral Resource estimate** (not part of the Company's material mining projects) is based on and fairly represents, information which has been prepared by Mr 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. *This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

The information in this table that relates to tonnes, grades and mineral assemblage for **Regans Ford Deposit** (not part of the Company's material mining projects) is based on historic information published by Iluka Resources Limited and indicating the mineral resources were compiled in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. *This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

This report includes information that relates to Ore Reserves and Mineral Resources which were prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

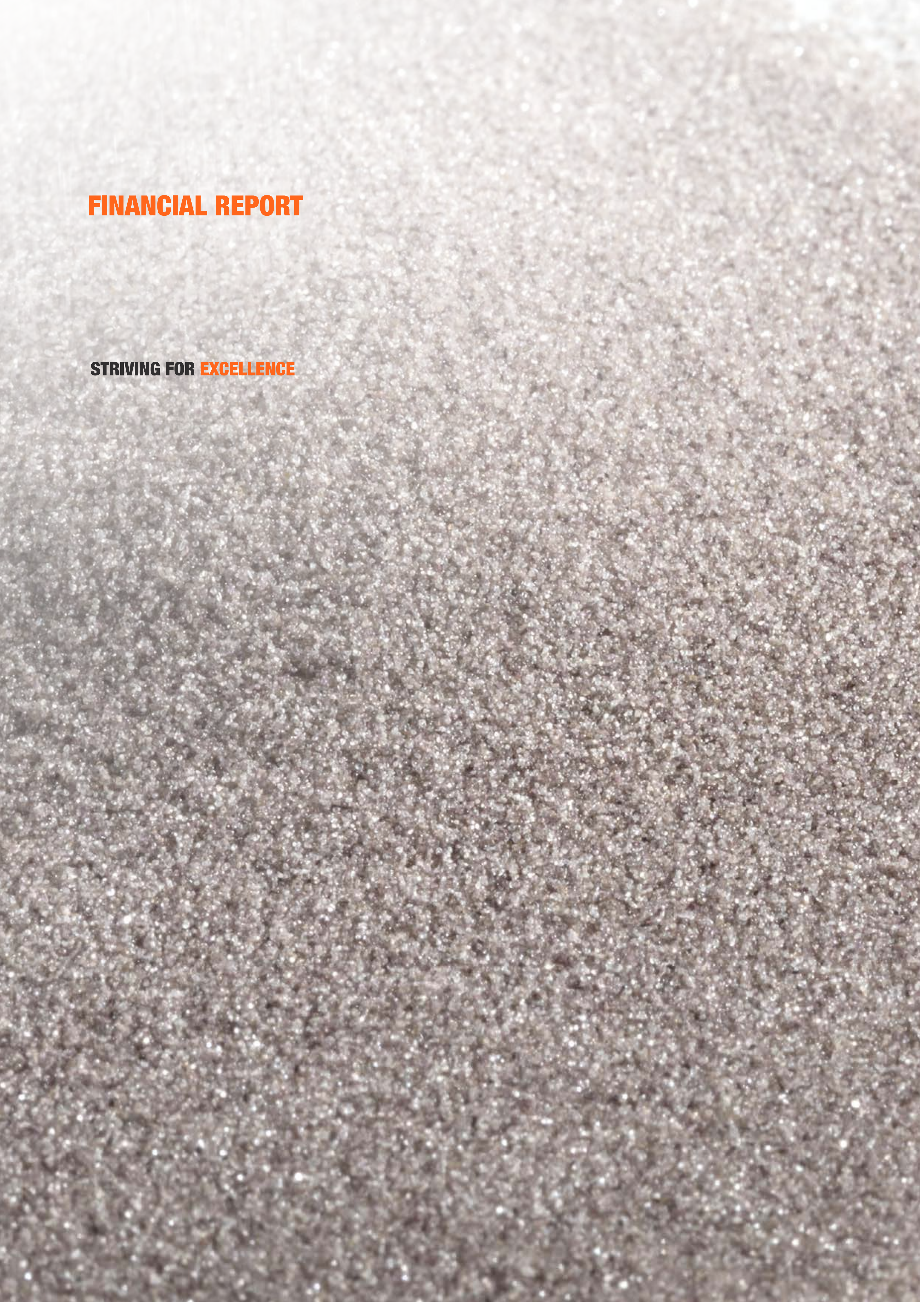
- Boonanarring Mineral Resources and Ore Reserves: 20 December 2019
- Atlas Ore Reserves: 30 May 2017
- Atlas Mineral Resources: 8 May 2017
- Helene Mineral Resources: 31 Oct 2019
- Hyperion Mineral Resources: 31 Oct 2019
- Titan Mineral Resources: 31 Oct 2019
- Telesto South Mineral Resources: 31 Oct 2019
- Calypso Mineral Resources: 31 Oct 2019

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

This report includes information that relates to Ore Reserves and Mineral Resources for non-material mining projects of the Company which were prepared and first disclosed under JORC Code 2004. The information was extracted from the Company's previous ASX announcements as follows:

- Gingin North Mineral Resources: 31 Mar 2011
- Gingin South Mineral Resources: 21 Jul 2011
- Red Gully Mineral Resources: 9 Mar 2011
- Bidaminna Mineral Resources: 23 Jun 2008

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of reporting of Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement. *This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*



FINANCIAL REPORT

STRIVING FOR EXCELLENCE

Directors' Report

Your directors present their report on the Company for the year ended 31 December 2019.

DIRECTORS

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

Robert Besley
Patrick Mutz
Chaodian Chen
Aaron Chong Veoy Soo
Huangcheng Li (Alternate: Dennis Lee appointed 5 February 2020)
Peter Thomas
George Sakalidis
Fei Wu

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was the operation of the 100%-owned, high-grade, zircon-rich Boonanarring mineral sands project located 80km north of Perth in WA and exploration of tenements in the North Perth basin.

RESULTS FROM OPERATIONS

During the year the Company recorded an operating profit of $20,832,000 (for the year to 31 December 2018: profit of $3,311,000). Basic profit per share for the year was 2.14 cents (year to 31 December 2018: Profit of 0.39 cents). Diluted profit / loss per share for the year was 2.10 cents (year to 31 December 2018: Profit of 0.39 cents).

DIVIDENDS

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial year and the directors do not recommend the payment of any dividend.

Dividend Policy

The Company has a very basic dividend policy that provides for the Board of Directors, as soon as practicable after the end of a Company financial year, and to the extent permitted by law, to distribute to Shareholders as a dividend, all Excess Cash held at the end of that Financial Year; with Excess Cash defined as cash held by the Company, other than cash that the Board considers is necessary or desirable to be retained by the Company for the Company's existing liabilities and future activities.

REVIEW OF OPERATIONS

A review of operations is covered elsewhere in this Annual Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

All significant changes in the state of affairs of the Company during the year are discussed in detail above.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following matters:

- On 30 January 2020, The Company's thirteenth shipment of 20,475 Dry Metric Tonnes of HMC finished loading backed by a letter of credit. Subsequently, on 6 February 2020, full payment for the shipment was received by Image, in USD.
- On 10 February 2020, The Company completed its second scheduled loan note repayment including interest of US$7,871,238 for the Senior Secured Loan Notes facility.

There were no other material significant events subsequent to the reporting date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Review of Operations and Mineral Resources and Ore Reserves Statement sections set out on pages **3** to **15** of this Annual Financial Report, provide an indication of the company's likely development and expected results. In the opinion of the Directors, disclosure of any further information about these matters and the impact on Image Resources operations could result in unreasonable prejudice to the Company and has not been included in this report.

ENVIRONMENTAL ISSUES

The Company carries out operations in Australia which are subject to environmental regulations under both Commonwealth and State legislation in relation to those activities. The Company's MD, Exploration Director, COO and Operations Manager are responsible for monitoring and reporting on compliance with all environmental regulations. During or since the financial year there have been no known significant breaches of these regulations.

INFORMATION ON DIRECTORS AND COMPANY SECRETARIES

Robert Besley
Chairman

Appointed as Director and Chair on 8 June 2016 Robert Besley and has more than 40 years' experience in the mining industry. Mr Besley has served in a number of Government and industry advisory roles including several years as Deputy Chairman of the NSW Minerals Council. He holds a BSc (Hons) in Economic Geology from the University of Adelaide and is a Member of the Australian Institute of Geoscientists. He managed the creation, listing and operation of two successful mining companies; CBH Resources Limited which he led as Managing Director from a small exploration company to Australia's 4th largest zinc producer; and Australmin Holdings Limited (acquired by Newcrest) which brought into production a gold mine in WA and mineral sands mine in NSW. More recently he was a founding Director of KBL Mining Limited which operated the Mineral Hill copper-gold mine in NSW and was Chairman of Silver City Minerals Limited, which explored for silver-lead-zinc in the Broken Hill District. He was a Non-Executive and independent Director of Murray Zircon from commencement of development and production of the Mindarie Mineral Sands Project until June 2016. He also serves on the Company's audit and remuneration committees. During the past three years he has served as a director of the following other listed companies:

- Silver City Minerals Limited - appointed 5 March 2010, resigned effective 28 February 2019.

Patrick Mutz
Managing Director

Patrick Mutz has more than 30 years of international mining industry experience in technical (metallurgist), managerial, consulting and executive roles in all aspects of the industry from exploration through project development, mining and mine rehabilitation. He has operational experience in open cut, underground, and in-situ mining and related processing, on projects in the USA, Germany, Africa and Australia. Since his arrival in Australia from the USA in 1998, he has served as CEO / Managing Director of a number of publicly listed and private mining companies based in South Australia, Victoria and Western Australia, primarily involved with project development and company transitioning from exploration to production. Mr Mutz is a Fellow of the AusIMM. He holds a Bachelor of Science (Honours) and an MBA from the University of Phoenix in the US. Prior to joining Image Patrick was CEO of Murray Zircon Pty Ltd focusing on the development and mining and processing operations of its 100%-owned Mindarie Mineral Sands Project in South Australia, where he led the company on its goal of becoming South Australia's newest mineral sands mining company at that time. Mr Mutz has not been a director of any other listed public companies in the past 3 years.

Peter Thomas
Non-Executive Director

Mr Thomas, having served on ASX listed company boards for over 30 years, has been a non-executive director of Image Resources NL since 10 April 2002. For over 30 years until June 2011, he ran a legal practise on his own account specialising in the delivery of wide ranging legal, corporate and commercial advice to listed explorers and miners. He serves on the Company's remuneration committee. During the past three years he has served as a director of the following other listed companies:

- Emu NL – appointed August 2007, continuing.
- Middle Island Resources Limited – continuing.

George Sakalidis
Executive Director - Exploration

Mr Sakalidis is an exploration geophysicist with over 35 years' industry experience. His career has included extensive gold, diamond, base metals and mineral sands exploration. Mr Sakalidis has been involved in a number of significant mineral discoveries in Western Australia, including the Three Rivers and Rose gold deposits, the Dongara Mineral Sands Deposits, the Boonanarring-Gingin South-Hyperion Mineral Sands Deposits and he was involved in the tenement applications over the Silver Swan nickel deposit. He was also involved with the tenement application for the recently discovered Monty Copper mineralisation adjacent to the Degrussa Copper deposit. He was the founding Director of Magnetic Minerals Limited, which was taken over in March 2003 after he was instrumental in the discovery of the Dongara mineral sand deposits north of Eneabba. He is a founding Director and is currently an Executive Director of this Company (since listing on 4 July 2002) and is Managing Director of Magnetic Resources NL (which listed on 5 April 2007). Mr Sakalidis is also a founding director of ASX listed companies Meteoric Resources NL, Emu NL, and Potash West NL. During the past three years he has also served as a director of the following other listed companies:

- Meteoric Resources NL - appointed February 2004, resigned November 2017.
- Magnetic Resources NL - appointed August 2006, resigned October 2014, reappointed 29 January 2016.

Aaron Chong Veoy Soo
Non-Executive Director

Mr Soo has been a long term supporter and shareholder in Image Resources. Mr Soo is an advocate & solicitor practising in West Malaysia with 20 years of experience in legal practice and currently a partner in Stanley Ponniah, Ng & Soo, Advocates & Solicitors. He also serves on the Company's audit committee. Mr Soo has not been a director of any other listed public companies in the past 3 years.

Chaodian Chen
Non-Executive Director

Mr Chen founded Orient Zirconic in 1995 and has built the company into a leading company in the zirconium industry. He served as President and Chairman of the company until mid-2013 when China National Nuclear Corporation (CNNC) became the largest shareholder in Orient Zirconic. He became the Chairman of Murray Zircon when the company was founded in 2011 as a result of Orient Zirconic's first investment in mining in Australia. Mr Chen is the Vice President of China non-ferrous metals industry association titanium zirconium & Hafnium Branch. He holds an EMBA degree and is a Certified Engineer. He also owns a number of patents involving the processing of zircon. Mr Chen has not been a director of any other listed public companies in the past 3 years.

- Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd, resigned 9 November 2016. Reappointed 11 January 2020.

Fei (Eddy) Wu
Non-Executive Director

Mr Wu has solid operational experience in the Australian resource and mining industry. He specialises in combining the strengths of Australian upstream mining with Chinese downstream processing and end use to optimise the strategy for resource development and maximise the resource value. As the first CEO of Murray Zircon, he built and led the team to complete the development and start-up at the Mindarie mineral sands project in late 2012. Mr Wu was appointed as a Non-Executive Director of Murray Zircon in early 2013. He was the CEO of Queensland Mining Corporation Limited (QMC) from August 2013 until January 2018. He is currently a Non-Executive Director of QMC and the CEO of WIM Resources Pty Ltd. Eddy graduated from the University of Science and Technology, Beijing. He holds a Master's Degree in Commerce (Finance) from the Australian National University and a Master's Degree in Science from Cass Business School, City University London. He also serves on the Company's audit and remuneration committees as Chair of both. During the past three years he has also served as a director of the following other listed company:

- Queensland Mining Corporation Limited. Appointed 9 August 2013, resigned 31 January 2018.

Huangcheng Li
Non-Executive Director

Mr Li is an investor from Taiwan, with more than 30 years of experience investing in various industries ranging from the general merchandising, precious stones and certification businesses. Mr Li graduated from Tamkang University and in 1981 founded Leecotex International Limited in Taiwan and Capital 88 International Limited in Hong Kong in 1993 where he served as the Managing Director. In 2015 Mr Li acquired a 49% ownership interest in Giochi Preziosi Group ("GP Group") and served as the Vice President until July 2017. GP Group is a leading global toy company and has undergone a process of diversification and has expanded into new sectors and markets where it has successfully operated. Currently, Mr Li is the co-founder of Lee & Wu Company Limited, a company focusing support towards high-tech industries in the development of new material applications. Mr Li has not been a director of any other listed public companies in the past 3 years.

Dennis Wilkins
Company Secretary (Appointed 25 September 2012)

Mr Wilkins is the founder and principal of DW Corporate Pty Ltd, a leading privately held corporate advisory firm servicing the natural resources industry. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006. Since July 2001 Mr Wilkins has been running DW Corporate Pty Ltd, where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

AUDIT COMMITTEE

At the date of this report the members of the Company's audit committee comprise Messrs Besley, Soo and Wu (with Mr Wu undertaking the role of the Chair of that committee). During the year, the committee held one meeting. All members attended this meeting.

REMUNERATION COMMITTEE
At the date of this report the Remuneration Committee ("committee") comprises Messrs Besley, Thomas and Wu (with Mr Wu undertaking the role of the Chair of that committee). During the year, the committee held one meeting. All members attended this meeting.

MEETINGS OF DIRECTORS
During the financial year ended 31 December 2019, there were seven meetings of directors held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Besley	7	7	1	1	1	1
Patrick Mutz	7	7	-	-	-	-
Peter Thomas	7	7	-	-	1	-
Aaron Soo	7	7	1	1	-	-
George Sakalidis	7	7	-	-	-	-
Fei (Eddy) Wu	7	7	1	1	1	1
Chaodian Chen	7	7	-	-	-	-
Huangcheng Li	7	6	-	-	-	-

OPTIONS
At the date of this report, there were no options held over ordinary paid shares. No options were issued to directors or executives as remuneration during the year ended 31 December 2019.

CORPORATE STRUCTURE
Image is a no liability company incorporated and domiciled in Australia.

ACCESS TO INDEPENDENT ADVICE
Each director has the right, so long as he is acting reasonably in the interests of the Company and in the discharge of his duties as a director, to seek independent professional advice and recover the reasonable costs thereof from the Company. The advice shall only be sought after consultation about the matter with the chairman (where it is reasonable that the chairman be consulted) or, if it is the chairman that wishes to seek the advice or it is unreasonable that he be consulted, another director (if that be reasonable). The advice is to be made immediately available to all Board members other than to a director against whom privilege is claimed.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS
The Company has entered into agreements indemnifying, to the extent permitted by law, all the directors and officers of the Company against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company. During the year an amount of $70,902 (the year to 31 December 2018: $46,426) was incurred in insurance premiums for this purpose.

PROCEEDINGS ON BEHALF OF THE COMPANY
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in this annual report.

Names and positions held of key management personnel (defined by the Australian Accounting Standards as being *"those people having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly. This includes an entity's directors")* in office at any time during the financial year were:

Key Management Personnel	Position
Robert Besley	Non-Executive Chairman
Patrick Mutz	Managing Director
Peter Thomas	Non-Executive Director
Aaron Soo	Non-Executive Director
George Sakalidis	Executive Director – Exploration
Fei (Eddy) Wu	Non-Executive Director
Chaodian Chen	Non-Executive Director
Huangcheng Li	Non-Executive Director
John McEvoy	Chief Financial Officer
Todd Colton	Chief Operating Officer

The Company's policy for determining the nature and amount of emoluments of key management personnel is set out below:

Key Management Personnel Remuneration and Incentive Policies
The Remuneration committee's mandate is to make recommendations to the Board with respect to appropriate and competitive remuneration and incentive policies (including basis for paying and the quantum of any bonuses), for key management personnel and others as considered appropriate to be singled out for special attention, which:

- motivates them to contribute to the growth and success of the Company within an appropriate control framework;
- aligns the interests of key leadership with the interests of the Company's shareholders;
- are paid within any limits imposed by the Constitution and make recommendations to the Board with respect to the need for increases to any such amount at the Company's annual general meeting; and
- in the case of directors, only permits participation in equity-based remuneration schemes after appropriate disclosure to, due consideration by and with the approval of the Company's shareholders.

Non-Executive Directors

- The committee is to ensure that non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements.
- To the extent that the Company adopts a remuneration structure for its non-executive directors other than in the form of cash and superannuation, the disclosure thereof shall be made to stakeholders and approvals obtained as required by law and the ASX listing rules.

Incentive Plans and Benefits Programs
The committee is to:

- review and make recommendations concerning long-term incentive compensation plans, including the use of equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans;
- ensure that, where practicable, incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide remuneration when they are achieved; and
- review and, if necessary, improve any existing benefit programmes established for employees.

Employee Share Plan
The Image Employee Share Plan (ESP) was implemented after shareholder approval at the Shareholder General Meeting held on 13 February 2018.

The purpose of the ESP is to give an additional incentive to employees of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its employees for their efforts. It is considered to be an effective way to align the objectives of management with the interests of shareholders.

The plan rewards share price growth. The plan shares are of value to the holder of the shares only to the extent to which the share price exceeds the share price after the offer is made to the employee. Furthermore, the plan does not give rise to a tax liability on issue (unlike some options) therefore encouraging long term holdings.

Issue of Plan Shares to Directors of the Company requires prior approval of Shareholder in accordance with Listing Rule 10.14.

During the 31 December 2019 year 10,257,301 ESP shares were issued. Of these 1,303,813 shares were issued to Directors.

The principal provisions of the plan include:

- The Plan is available to all executive Directors and employees of the Company;
- The Company may at any time, in its absolute discretion, make an offer to an Eligible Employee;
- The number of Plan Shares issued to an Eligible Employee is determined by the Directors of the Company;
- The issue price is the volume weighted average price of shares in the 5 trading days prior to the Issue Date;
- The person accepting the offer ("Participant") is deemed to have agreed to borrow from the Company on the terms of the loan agreement referred to below an amount to fund the purchase of the Plan Shares;
- The Plan Shares rank pari passu with all issued fully paid shares in respect of voting rights, dividends and entitlement to participate in any bonus or rights issues;
- Plan participants may not dispose of any ESP Shares within 12 months of the issue date;
- Until the loan to the Participant is fully repaid the Company has control over the disposal of the Plan Shares; and
- Application will be made as soon as practicable after the allotment of the Plan Shares for listing for quotation on ASX.

The principal provisions of the loan agreement include:

- The amount lent will be an advance equal to the issue price of the Plan Shares multiplied by the number of Plan Shares issued:
- The repayment date is the date falling 3 years after the Issue Date.
- The loan can be repaid at any time but the Participant must pay any amount outstanding on the date the employee ceases to be an employee of Image (or such late date as determined by Image at its discretion. All dividends declared and paid on the Plan Shares will be applied towards the repayment of the advance and there is no interest on the advance.
- A holding lock will be placed on the Plan Shares until the loan is fully repaid.

Retirement and Superannuation Payments

Prescribed benefits were provided by the Company to directors by way of superannuation contributions to externally managed complying superannuation funds during the year. These benefits were paid as superannuation contributions to satisfy (at least) the requirements of the Superannuation Contribution Guarantee Act and in satisfaction of any salary sacrifice requests. All contributions were made to accumulation type funds selected by the director and accordingly actuarial assessments were not required.

Relationship between Company Performance and Remuneration

There is no relationship between the financial performance of the Company for the current or previous financial year and the remuneration of the key management personnel. Remuneration is set having regard to market conditions and to encourage the continued services of key management personnel.

Use of Remuneration Consultants

The Company did not employ the services of a remuneration consultant during the financial year ended 31 December 2019 to make a remuneration recommendation in relation to any Key Management Personnel.

Current Board Remuneration Structure

The current remuneration structure for the board is as follows:

Director		Annual Directors Fees	Committee Fees
Mr R Besley	(Non-Executive Chairman)	$60,000 + statutory super	$5,000 + statutory super
Mr P Mutz	(Managing Director)	$479,000 inclusive of super	-
Mr P Thomas	(Non-Executive Director)	$43,526 inclusive of super	$5,000 + statutory super
Mr A Soo	(Non-Executive Director)	$43,526 [1]	-
Mr F Wu	(Non-Executive Director)	$43,526 inclusive of super	$5,000 + statutory super
Mr C Chen	(Non-Executive Director)	$43,526 [1]	-
Mr H Li	(Non-Executive Director)	$43,526 [1]	-
Mr G Sakalidis	(Executive Technical Director)	$225,000 inclusive of super	-

Note 1: No super is required to be paid as the Directors are permanent foreign residents.

Key Management Personnel Remuneration

Table 1: Remuneration for the year ended 31 December 2019

	Short-term benefits			Post-employment	Share-based payments	
	Directors Fees/Salary ($)	Other Fees & contractual payments ($)	Non-monetary benefits ($)	Statutory superannuation ($)	Equity-settled share based payments ($)	Total ($)
Non-Executive Directors						
Robert Besley	53,333	-	-	5,067	-	58,400
Peter Thomas	36,625	-	-	3,479	-	40,104
Aaron Soo	32,254	-	-	-	-	32,254
Fei (Eddy) Wu	36,625	-	-	3,479	-	40,104
Chaodian Chen	32,254	-	-	-	-	32,254
Huang Cheng Li	32,254	-	-	-	-	32,254
Executive Directors						
Patrick Mutz	426,133	202,500	-	23,867	-	652,500
George Sakalidis	193,074	17,138	-	18,342	-	228,554
Executive Officers						
John McEvoy	327,159	122,216	-	22,840	-	472,215
Todd Colton	325,000	141,909	-	25,000	-	491,909
Total	**1,494,711**	**483,763**	**-**	**102,074**	**-**	**2,080,548**

Table 1: Remuneration for the year ended 31 December 2018

	Short-term benefits			Post-employment	Share-based payments	
	Directors Fees/Salary ($)	Other Fees & contractual payments ($)	Non-monetary benefits ($)	Statutory superannuation ($)	Equity-settled share based payments ($)	Total ($)
Non-Executive Directors						
Robert Besley	45,000	-	-	4,275	-	49,275
Peter Thomas	35,000	-	-	3,325	-	38,325
Aaron Soo	30,000	-	-	-	-	30,000
Fei (Eddy) Wu	35,000	-	-	3,325	-	38,325
Chaodian Chen	30,000	-	-	-	-	30,000
Huang Cheng Li	22,151	-	-	-	-	22,151
Executive Directors						
Patrick Mutz	319,821	110,663	-	20,167	-	450,651
George Sakalidis	147,821	-	-	14,043	-	161,864
Executive Officers						
John McEvoy	274,062	40,000	-	21,420	-	335,482
Todd Colton [1]	27,084	-	-	2,083	-	29,167
Total	**965,939**	**150,663**	**-**	**68,638**	**-**	**1,185,240**

Note 1 Mr Colton became a KMP on 1 December 2018.

Compensation Options as at 31 December 2019

Nil

Key Management Personnel Contracts

Remuneration arrangements for Key Management Personnel are formalised in employment agreements. The following outlines the details of contracts:

Executives

Patrick Mutz – Managing Director

- Base Salary - $479,000 per annum (from 1 January 2020) inclusive of superannuation
- Performance bonus – participates in a Company-wide executive performance incentive scheme.
- Allowances – from 1 January 2019, the Company will contribute up to $40,000 per 12 month period or proportion thereof for accommodation whilst located in Perth and towards airfares for travel between Adelaide and Perth. The Company provides a Company vehicle for use on Company business and commuting between his place of residence in the Perth area and the corporate office and the Company's various mining and exploration sites as and when necessary.
- The agreement may be terminated by the Company by the provision of three months written notice. The employee may terminate the contract by the provision of two months' notice.

George Sakalidis – Executive Director – Exploration

- Base Salary - $225,000 per annum (from 1 December 2018) inclusive of superannuation based on a 70% commitment of time being an average of 28 hours work per week. Salary is paid monthly based on a rate of $155 per hour inclusive of 9.5% superannuation.
- Performance bonus – participates in a Company-wide executive performance incentive scheme.
- The agreement may be terminated by the provision of one month's written notice by either the Company or Mr Sakalidis.

John McEvoy – Chief Financial Officer

- Base Salary - $350,000 per annum (from 1 December 2018) inclusive of superannuation.
- Performance bonus – participates in a Company-wide executive performance incentive scheme.
- The agreement may be terminated by the provision of three month's written notice by either the Company or Mr McEvoy.

Todd Colton – Chief Operating Officer

- Base Salary - $350,000 per annum (from 1 December 2018) inclusive of superannuation.
- Performance bonus – participates in a Company-wide executive performance incentive scheme.
- The agreement may be terminated by the provision of three month's written notice by either the Company or Mr Colton.

Non-Executives

Clause 91 (1) of the Company's Constitution provides that Directors are entitled to receive Directors' fees within the limits approved by shareholders in general meeting. Shareholders approved the aggregate fees to be paid to Directors to be $300,000 per annum on 30 November 2009.

Each Non-Executive Director's actual remuneration for the year ended 31 December 2019 and the year to 31 December 2018 is shown above. Each Non-Executive Director has an unspecified term of appointment, which is subject to the Company's Constitution. Conditions are reviewed at least annually by the Remuneration Committee. There are no termination benefits for any Non-Executive Director.

Base fees for each non-executive director during their period in office were as follows:

	Base Fees per annum $	Audit Committee Fee $	Remuneration Committee Fee $	Superannuation %
Robert Besley	48,333	-	5,000	9.5
Peter Thomas	31,625	-	5,000	9.5
Aaron Soo	32,254	-	-	-
Fei (Eddy) Wu	31,625	-	5,000	9.5
Chaodian Chen	32,254	-	-	-
Huang Cheng Li	32,254	-	-	-

Consultant Agreements

DW Corporate Services Pty Ltd: provides the services of Dennis Wilkins as Company Secretary. These services are provided under a services agreement for a fixed monthly retainer fee of $2,000 plus additional services charged at specified hourly rates. Four months' written notice of termination is required from either party.

Guaranteed Rate Increases

There are no guaranteed rate increases fixed in the contracts of any of the key management personnel.

Options and Rights Granted as Remuneration

During the financial year no options were issued to key management personnel to acquire fully paid ordinary shares.

Options held by Key Management Personnel

No Key Management Person or their related entities held options in the Company during the financial year.

Shares held by Key Management Personnel

The number of shares in the company held at the beginning and end of the year and net movements during the financial year by key management personnel and/or their related entities are set out below:

Name	Balance at Beginning of Year or Date of Appointment	Purchased during the Year	Award under Employee Share Plan	Other Changes during the Year	Balance at End of Year or Date of Retirement
Directors					
Robert Besley	566,667	-	-	-	566,667
Peter Thomas	2,104,306	-	-	-	2,104,306
Aaron Soo	12,473,000	1,857,000	-	-	14,330,000
Fei Wu	-	-	-	-	-
Chaodian Chen	-	-	-	-	-
Huang Cheng Li	136,445,311	-	-	-	136,445,311
George Sakalidis	4,378,489	25,024	744,352	-	5,147,865
Patrick Mutz	1,000,000		1,641,343	-	2,641,343
Executive Officers					
John McEvoy	2,425,887		609,999	-	3,035,885
Todd Colton	716,860	-	605,569	-	1,312,429
Totals	160,110,520	1,882,024	3,601,263	-	165,583,806

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments, apart from those described in the tables above, relating to options, rights and shareholdings.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Company and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This Report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the directors

ROBERT BESLEY
CHAIRMAN
Perth, 28 February 2020

ELDERTON
AUDIT PTY LTD

Auditor's Independence Declaration

As auditor for the audit of Image Resources NL for the period ended 31 December 2019, 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 audit; and

II) no contraventions of any applicable code of professional conduct in relation to the audit.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

28 February 2020
Perth

Corporate governance statement

Image Resources NL and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Image Resources NL has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 Corporate Governance Statement is dated at 25 February 2020 and reflects the corporate governance practices in place throughout the period ended 31 December 2019. The 2019 Corporate Governance Statement was approved by the Board on 25 February 2020. A description of the Company's current corporate governance practices is set out in the Company's Corporate Governance Statement which can be viewed at www.imageres.com.au.

Statement of profit or loss and other comprehensive income

For the Year Ended 31 December 2019

	Notes	Year to 31 Dec 2019 ($000)	Year to 31 Dec 2018 ($000)
Continuing operations			
Operating sales revenue	3	146,196	-
Cost of sales	3	(82,211)	-
Gross profit		63,985	-
Other income		-	15
Government royalties		(6,932)	-
Shipping and other selling costs		(7,500)	-
Corporate expenses		(4,627)	(3,211)
Exploration and evaluation expenses		(3,345)	(1,371)
Other expenses		(1,009)	(733)
Realised foreign currency gain / (loss)		(1,797)	706
Unrealised foreign currency gain / (loss)		439	(4,015)
Operating profit / (loss)		39,214	(8,609)
Finance income	3	48	426
Financing costs	3	(10,045)	(1,250)
Profit / (loss) before tax		29,217	(9,433)
Income tax (expense) / benefit	6	(8,385)	12,743
Net profit after tax		20,832	3,310
Other comprehensive income			
Changes in the fair value of available-for-sale financial assets		-	10
Total comprehensive income for the period, net of tax		20,832	3,320
		Cents	**Cents**
Earnings per share			
Basic earnings per share	5	2.14	0.39
Diluted earnings per share	5	2.10	0.39

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 December 2019

	Notes	31 Dec 2019 ($000)	31 Dec 2018 ($000)
Current assets			
Cash and cash equivalents	7	49,935	11,886
Trade and other receivables	8	593	1,463
Inventory	12	16,789	9,247
Other assets	9	468	536
Total current assets		67,785	23,132
Non-current assets			
Property, plant and equipment	10	95,582	101,062
Deferred Tax Assets	6	4,358	12,743
Other financial assets	11	2,885	447
Total non-current assets		102,825	114,252
Total assets		170,610	137,384
Current liabilities			
Trade and other payables	13	16,210	11,667
Provisions	14	692	454
Borrowings	15	37,679	12,565
Total current liabilities		54,581	24,686
Non-Current Liabilities			
Provisions	14	15,380	4,508
Borrowings	15	18,858	51,388
Total non-current liabilities		34,238	55,896
Total liabilities		88,819	80,582
Net assets		81,791	56,802
Equity			
Issued capital	16	108,553	103,170
Reserves	17	3,098	4,324
Accumulated losses	17	(29,860)	(50,692)
Total equity		81,791	56,802

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the Year Ended 31 December 2019

	Issued Capital ($000)	Financial Assets at FVOCI ($000)	Warrants Reserve ($000)	Employee Benefit Reserve ($000)	Accumulated Losses ($000)	Total ($000)
Balance at 1 January 2018	**68,917**	**-**	**-**	**42**	**(54,044)**	**14,915**
Comprehensive Profit						
Operating profit for the year	-	-	-	-	3,310	3,310
Other comprehensive income	-	10	-	-	-	10
Total comprehensive loss for the year	-	10	-	-	3,310	3,320
Transactions with owners in their capacity as owners						
Shares issued during the year	35,735	-	-	-	-	35,735
Cost of share issue	(1,482)	-	-	-	-	(1,482)
Warrants issued during the year	-	-	4,314	-	-	4,314
Options expired during the year	-	-	-	(42)	42	-
Total transactions with owners in their capacity as owners	34,253	-	4,314	(42)	42	38,567
Balance at 31 December 2018	**103,170**	**10**	**4,314**	**-**	**(50,692)**	**56,802**
Balance at 1 January 2019	**103,170**	**10**	**4,314**	**-**	**(50,692)**	**56,802**
Comprehensive profit						
Operating profit for the year	-	-	-	-	20,832	20,832
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-		-	-	20,832	20,832
Transactions with owners in their capacity as owners						
Shares issued during the year	4,179	-	-	-	-	4,179
Cost of share issue	(22)	-	-	-	-	(22)
Warrants exercised during the year	1,226	-	(1,226)	-	-	-
Options expired during the year	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	5,383	-	(1,226)	-	-	4,157
Balance at 31 December 2019	**108,553**	**10**	**3,088**	**-**	**(29,860)**	**81,791**

The accompanying notes form part of these financial statements.

Statement of cash flows

For the Year Ended 31 December 2019

	Notes	Year to 31 Dec 2019 ($000)	Year to 31 Dec 2018 ($000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		145,409	7
Payments to suppliers and contractors		(79,479)	(2,630)
Interest received		50	425
Interest paid		(3,061)	(201)
Net cash from / (used in) operating activities	7	62,919	(2,399)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		76	2
Purchase of property, plant and equipment		(9,794)	(64,144)
Payments for exploration and evaluation		(3,164)	(1,435)
Proceeds from sale of investments		-	15
Net cash (used in) investing activities		(12,882)	(65,562)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new issues of shares	16	1,534	25,085
Payments for share issue costs		(39)	(1,484)
Proceeds from employee loan repayments		109	-
Proceeds from interest bearing loan	15	566	51,386
Repayment of borrowings	15	(14,186)	(47)
Net cash inflows (used in) / from financing activities		(12,016)	74,940
Net increase in cash held		38,021	6,979
Cash at beginning of the year		11,886	4,423
Effect of exchange fluctuations on cash held		28	484
Cash at the end of the year	7	49,935	11,886

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the Year Ended 31 December 2019

This financial report includes the financial statements and notes of the Company.

Note 1 Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements were authorised for issue on 6 February 2020, subject to minor typographical amendments.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The Directors consider the going concern basis of preparation to be appropriate based on forecast future cash flows.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New or Amended Accounting Standards and Interpretations Adopted

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 16 Leases

The AASB issued a new standard which, amongst other things, has the impact of requiring the Company to account for material operating leases in a similar manner to which it already accounts for finance leases. The Company adopted AASB 16 on the required effective date 1 January 2019.

The adoption of the AASB resulted in equipment that was previously being classified as operating lease now recognised on the balance sheet. This resulted in recognition of a right-of-use asset and a corresponding liability being the present value of future lease payments. Over the life of the lease, the lease liability will incur interest expense and is reduced as lease payments are made. The right-of-use asset is amortised on a straight-line basis over its lease term. The pattern of expense recognition changes with a higher expense at lease commencement due to a higher lease liability at the time.

Image Resources adopted AASB 16 using the modified retrospective approach. There is no restatement of comparative periods and the lease liability has been set to the same value as the right-of-use asset. Image Resources has elected to apply practical expedients allowed under the modified retrospective approach and not recognise short-term or low-value leases on its balance sheet but to account for the lease expense on a straight line basis over the remaining lease term.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 8%. The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases. This resulted in recognition a right-of-use asset $195,791 and a lease liability of $195,791. It also resulted in recognition of additional expense for the year ended 31 December 2019 of $5,000.

Refer to notes 15 and 18 for the Company's lease commitments.

ACCOUNTING POLICIES

a) Revenue Recognition

The Company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

b) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by non-casual employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

c) Foreign Currency Translation

Functional and Presentation Currency
Both the functional and presentation currency of Image is Australian Dollars.

Foreign Currency Translation
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at balance date.

Notes to the financial statements (cont.)
For the Year Ended 31 December 2019

All translation differences relating to transactions and balances denominated in foreign currency are taken to the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

d) Exploration and Evaluation Expenditure

All exploration and evaluation expenditure is expensed to the Statement of Profit or Loss and other Comprehensive Income as incurred. The effect of this write-off is to decrease the profit incurred from continuing operations as disclosed in the Statement of Profit or Loss and other Comprehensive Income and to decrease the carrying values in the Statement of Financial Position. That the carrying value of mineral assets, as a result of the operation of this policy, is zero does not necessarily reflect the board's view as to the market value of that asset.

e) Asset Acquisitions

The cost method is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure or mine properties based on the stage of development reached at the date of acquisition.

f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

g) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the Statement of Profit or Loss and Other Comprehensive Income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities and assets are therefore measured at the amounts expected to be paid to or recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses, if any in fact are brought to account.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

i) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. This policy has no application where paragraph (d) Exploration and Evaluation Expenditure applies.

j) Earnings per Share

(i) *Basic Earnings per Share* – Basic earnings per share (EPS) is determined by dividing the loss from continuing operations after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted Earnings per Share* – Options that are considered to be dilutive are taken into consideration when calculating the diluted earnings per share.

k) Inventory

Inventories of heavy mineral concentrate are valued at the lower of an average weighted cost and net realisable value (NRV). Cost comprises direct costs and an appropriate proportion of fixed and variable expenditure including depreciation and amortisation.

Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost.

NRV is the estimated selling price in the ordinary course of business less the estimated costs of production and to complete the sale.

l) Property, plant, and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item flow to the Company and the cost of the item can be measured reliably.

Mine development costs are capitalised to property, plant and equipment only once a decision to mine is made and the development is fully funded. Mine development expenditure represents the cost incurred in preparing mines for commissioning and production, and also includes other attributable costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining project. Once production commences, these costs are amortised over the estimated economic life of the mine on a units of production basis. Mine development costs are written off if the mine property is abandoned. Development costs incurred to maintain production are expensed as incurred against the related production.

At each reporting date, the entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the entity makes a formal assessment of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs of disposal and value in use.

Depreciation

Depreciation is provided on a straight-line or units of production basis on all plant and equipment commencing from the time the asset is held ready for use. Major depreciation periods are:

- Plant and equipment – 1 to 5 years
- Motor vehicles – 3 to 5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting period and adjusted prospectively, if appropriate.

m) Borrowings

Recognition and Measurement

Borrowings are initially recognised at fair value and revalued where the borrowings are denominated in a foreign currency.

Transaction costs paid on the establishment of loan facilities are capitalised to property, plant and equipment to the extent that it is probable that some or all of the facility will be drawn down and that the borrowings are directly related to the purchase of property, plant and equipment. Where there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed to profit and loss. Borrowing costs incurred after the property, plant and equipment is installed and operating are expensed to the profit and loss statement directly.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The fair value of financial liabilities carried at amortised cost approximates their carrying values.

n) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Fair Value
Fair value is determined based on closing market prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. The expression "fair value" – and derivatives thereof – wherever used in this report bears the meaning ascribed to that expression by the Australian Accounting Standards Board.

Impairment
At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

Financial Guarantees
Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.
The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.
The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

De-recognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

o) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

p) Leases

The Company adopted AASB 16 on the required effective date 1 January 2019.

The adoption of the AASB resulted in equipment that was previously being classified as operating lease now recognised on the balance sheet. This resulted in recognition of a right-of-use asset and a corresponding liability being the present value of future lease payments. Over the life of the lease, the lease liability will incur interest expense and is reduced as lease payments are made. The right-of-use asset is amortised on a straight-line basis over its lease term. The pattern of expense recognition changes with a higher expense at lease commencement due to a higher lease liability at the time.

Image Resources adopted AASB 16 using the modified retrospective approach. There is no restatement of comparative periods and the lease liability has been set to the same value as the right-of-use asset. Image Resources has elected to apply practical expedients allowed under the modified retrospective approach and not recognise short-term or low-value leases on its balance sheet but to account for the lease expense on a straight-line basis over the remaining lease term.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 8%. The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases. This resulted in recognition a right-of-use asset $195,791 and a lease liability of $195,791. It also resulted in recognition of additional expense for the year ended 31 December 2019 of $5,000.

q) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

s) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Company as the Managing Director and other members of the Board of directors.

t) Critical Accounting Estimates, Assumptions and Judgements

The Company makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and future periods affected.

Impairment of Property, Plant and Equipment and Mine Development Expenditure
Non-current assets are assessed for impairment when there is an indication that their carrying amount may not be recoverable. The recoverable amount of each Cash Generating Unit (CGU) is determined as the higher of value-in-use and fair value less costs of disposal estimated on the basis of discounted present value of the future cash flows (a level 3 fair value estimation method).
The estimates of discounted future cash flows for each CGU are based on significant assumptions including:

- estimates of the quantities of mineral reserves and ore resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and ore resources:
- future production levels and the ability to sell that production
- future product prices based on the Company's assessment of forecast short and long term prices for each of the key products
- future exchange rates for the Australian dollar compared to the US dollar using external forecasts by recognised economic forecasters
- future cash costs of production, sustaining capital expenditure, rehabilitation and mine closure
- the asset specific discount rate applicable to the CGU

Determination of Mineral Resources and Ore Reserves
The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, and provision for decommissioning and restoration. The information in this report as it relates to ore reserves, mineral resources or mineralisation is reported in accordance with the AusIMM "Australian Code for Reporting of Identified Mineral Resources and Ore Reserves 2012". The information has been prepared by or under supervision of competent persons as identified by the Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

Rehabilitation and Site Restoration Provision

Significant estimates and assumptions are made in determining the provision for rehabilitation of the mine as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from amounts currently provided.

Recovery of Deferred Tax Assets

Judgement is required in determining whether deferred tax assets are recognised in the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise net deferred tax assets could be impacted. Additionally, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

The Company has unrecognised deferred tax assets arising from tax losses and other temporary differences. The ability of the Company to utilise its tax losses is subject to meeting the relevant statutory tests.

The income tax expense has been estimated and calculated based on management's best knowledge of current income tax legislation. There may be differences with the treatment of individual jurisdiction provisions but these are not expected to have any material impact on the amounts as reported.

u) New Accounting Standards for Application in Future Years

There are a number of new Accounting standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Company and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early.

These standards are not expected to have a material impact on the Company in the current or future period until mandatory adoption.

v) Rounding

Rounding of amounts All amounts in the financial statements have been rounded to the nearest thousand dollars, except as indicated, in accordance with the ASIC Corporations Instrument 2016/191.

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 a minerals sands production and exploration company. Currently all the Company's mineral sands tenements and resources are located in Western Australia.

Revenue and assets by geographical region

The Company's revenue is derived from sources and assets located wholly within Australia.

Major customers

The Company currently provides products to two off-takers.

Financial information

Reportable items required to be disclosed in this note are consistent with the information disclosed in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position and are not duplicated here.

	Year to 31 Dec 2019 ($000)	Year to 31 Dec 2018 ($000)
Note 3 Revenue and Expenses		
Sales Revenue		
Concentrate sales	146,196	-
Operating Expenses		
Mine operating costs	(66,359)	(4,302)
Depreciation and amortisation	(17,678)	(974)
Amortisation of capitalised borrowing costs	(5,263)	-
Inventory movement	7,089	5,276
Cost of sales	(82,211)	-
Gross Profit	63,985	-
Other Expenses		
Realised foreign currency (loss) / gain	(1,797)	706
Finance Income		
Interest income	48	426
Finance Costs		
Interest expense	(9,655)	(917)
Amortisation of capitalised borrowing costs	-	(4)
Other financing costs	(390)	(329)
	(10,045)	(1,250)

Note 4 Auditors Remuneration

Amounts received or due and receivable by the auditors of the Company for:		
- Auditing and reviewing the financial reports – Eldertons Audit Pty Ltd (formerly Greenwich & Co Audit Pty Ltd)	54	40

Note 5 Earnings Per Share

	(Cents)	(Cents)
Basic earnings per share	2.14	0.39
Diluted earnings per share	2.10	0.39
	($000)	**($000)**
Reconciliation of earnings used in calculating earnings per share		
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	20,832	3,311
	Number of shares	**Number of shares**
Weighted average number of ordinary shares used in the calculation of basic earnings per share at 31 December 2019	971,794,723	859,218,824
Weighted average number of ordinary shares used in the calculation of diluted earnings per share		
Weighted average number of ordinary shares (basic)	971,794,723	859,218,824
Effect of warrants on issue	18,208,229	-
Weighted average number of ordinary shares (diluted) at 31 December 2019	990,003,952	859,218,824

The Company had Nil (2018: Nil) options over fully paid ordinary shares on issue at balance date.

Note 6 Income Tax

Reconciliation of income tax expense to prima facie tax payable

	Year to 31 Dec 2019 ($000)	Year to 31 Dec 2018 ($000)
The prima facie tax payable on profit / (loss) from ordinary activities before tax is reconciled to the income tax (expense) / benefit as follows:		
Accounting profit / (loss) before tax	29,217	(8,609)
Prima facie tax on operating profit / (loss) at statutory rate of 30% (2018: 27.5%)	(8,765)	2,583
Non-deductible expenses	(89)	(1,286)
Tax effect on temporary differences brought to account	-	2,030
Non-assessable income	-	4
Capital raising costs charged to equity	7	-
Tax losses brought to account as a deferred tax asset	-	9,412
Under provision in prior year	462	-
Income tax (expense) / benefit	(8,385)	12,743

The Corporate tax rate payable by the Company if the Company was required to pay income tax in the year ended 31 December 2019 was 30% (31 December 2018 It was 27.5% as it was a Base Rate Entity for taxation purposes). Company budgets indicate that the company will not be a Base Rate Entity in future years and will be required to pay income tax at the standard income tax rate of 30%. The deferred tax asset held on the balance sheet is calculated at the 30% income tax rate

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2019 ($000)	2018 ($000)	2019 ($000)	2018 ($000)	2019 ($000)	2018 ($000)
Tax losses	(7,350)	(16,131)	-	-	(7,350)	(16,131)
Property, plant and equipment	-	-	1,988	521	1,988	521
Unrealised foreign exchange gains	(1,374)	(1,204)	-	-	(1,374)	(1,204)
Provisions and accruals	(258)	(181)	-	-	(258)	(181)
Capital raising costs	(362)	(503)	-	-	(362)	(503)
Mine rehabilitation	(1,164)	-	-	-	(1,164)	-
Borrowing costs	-	-	3,799	4,750	3,799	4,750
Receivables	-	-	4	1	4	1
Inventories	-	-	355	-	355	-
Investments	-	-	4	4	4	4
Net tax (assets) / liabilities	(10,508)	(18,019)	6,150	5,276	(4,358)	(12,743)

Deferred tax assets of $12,742,798 at 31 December 2018 were recognised in relation to unused tax losses at 30%, due to taxable income being forecast from the Boonanarring project.

Notes to the financial statements (cont.)
For the Year Ended 31 December 2019

	31 Dec 2019 ($000)	31 Dec 2018 ($000)
Note 7 Cash and Cash Equivalents		
Cash at bank	49,920	11,871
Deposits at call	15	15
	49,935	11,886
Cash flows from operating activities reconciliation		
Operating profit after income tax	20,832	3,311
Income tax expense / (benefit)	8,385	(12,743)
Depreciation and amortisation expense	22,948	355
Exploration and evaluation expense	3,345	1,371
(Profit) / loss on sale of property, plant and equipment	1,011	(1)
Impairment of property, plant and equipment	-	734
Realised foreign currency (gain) / loss	1,094	(684)
Unrealised foreign currency (gain) / loss	(439)	4015
Profit on sale of available for sale financial assets	-	(15)
Interest expense	5,394	693
Share based payments expense	98	-
Borrowing costs	246	4
Changes in operating assets and liabilities:		
Increase in trade and other receivables relating to operating activities	(105)	(2)
(Increase) in prepayments	70	(7)
Increase in inventory	(7,542)	(4,301)
Increase in trade and other payables relating to operating activities	7,366	4,466
Increase in current borrowings	6	-
Increase in provisions	210	405
Cash flow from operations	62,919	(2,399)
Note 8 Trade and Other Receivables		
GST and tax refundable	592	487
Other receivables	1	976
	593	1,463

Other receivables (At 31 December 2018) represented an amount expected to be recovered for expenses incurred dismantling the wet concentrator plant at Mindarie, South Australia offset by additional equipment purchased from Murray Zircon Pty Ltd.

	31 Dec 2019 ($000)	31 Dec 2018 ($000)
Note 9 Other Assets – Current		
Restricted cash – security for guarantees	54	54
Prepayments	414	482
	468	536

Restricted cash represents term deposits held by the Company's bank as security for a bank guarantee ($34,667) in favour of the property manager in relation to operating lease commitments for the office premises and security for the Company credit card ($20,000).

Deposits at call consist of term deposits with maturity dates greater than three months.

Note 10 Property, Plant and Equipment

	Plant and Equipment ($000)	Land and Buildings ($000)	Mine Development ($000)	Borrowing Costs ($000)	Total ($000)
Year ended 31 December 2018					
Balance at 1 January 2018	12,701	1,941	-	-	14,642
Additions	37,892	9,453	15,074	21,961	84,380
Mine closure and rehabilitation asset	-	-	4,398	-	4,398
Disposals	(1)	-	-	-	(1)
Impairments	(734)	-	-	-	(734)
Transfer to inventory	(293)	-	-	-	(293)
Depreciation	(660)	-	(341)	(329)	(1,330)
Closing Net Book Value	48,905	11,394	19,131	21,632	101,062
At 31 December 2018					
Cost	49,767	11,394	19,472	21,961	102,594
Accumulated Depreciation	(862)	-	(341)	(329)	(1,532)
Net Book Value	48,905	11,394	19,131	21,632	101,062
Year ended 31 December 2019					
Balance at 1 January 2019	48,905	11,394	19,131	21,632	101,062
Additions	4,331	75	3,374	7	7,787
Mine closure and rehabilitation asset	-	-	10,655	-	10,655
Disposals	(901)	-	-	-	(901)
Transfers	523	-	(523)	-	-
Depreciation	(13,256)	-	(4,502)	(5,263)	(23,021)
Closing Net Book Value	39,602	11,469	28,135	16,376	95,582
At 31 December 2019					
Cost	53,720	11,469	32,978	21,968	120,135
Accumulated Depreciation	(14,118)	-	(4,843)	(5,592)	(24,553)
Net Book Value	39,602	11,469	28,135	16,376	95,582

Property, plant and equipment includes the purchase of a wet concentration mineral sands processing plant and ancillary mining and processing equipment from Murray Zircon on 8 June 2016 for $11,935,028 and construction costs incurred building the Boonanarring Mine. Mine development expenditure represents the cost incurred in preparing mines for commissioning and production, other attributable costs incurred before production commences and mine closure and rehabilitation costs.

Land represents farm lots at Boonanarring which the company has acquired.

Impairments of plant and equipment represent the write down in the value of plant and equipment purchased from Murray Zircon Pty Ltd and not used in the construction of the Boonanarring mine.

Borrowing costs incurred financing the senior debt facility were fully capitalised to property, plant and equipment. Depreciation on plant and equipment, mine development and borrowing costs is charged to the inventory cost base.

Leases

The Company has lease contracts for motor vehicles and office equipment used in its operations. The leases have lease terms between 3 and 5 years. The company's obligations under its leases are secured by the lessor's title to the leased assets. The right of use assets is included in Plant and Equipment above as their values are too immaterial to state separately.

Set out below are the carrying amounts recognised and the movements during the period.

Year ended 31 December 2019	Motor Vehicles ($000)	Office Equipment ($000)	Total ($000)
Balance at 1 January 2019	-	-	-
Additions	178	18	196
Depreciation	(67)	(7)	(74)
Closing Net Book	111	11	122

Set out below are the carrying amounts of lease liabilities (included under borrowings, Note 15)

As at 1 January 2019	31 Dec 2019 ($000)	31 Dec 2018 ($000)
Additions	196	-
Accretion of interest	12	-
Payments	(81)	-
As at 31 December 2019	127	-
Current	72	-
Non-Current	55	-

Note 11 Other Financial Assets

Non-Current		
Loans to Employees – (Employee Share Plan)	1,909	241
Loans to Key Management Personnel (Employee Share Plan)	949	179
Available-for-sale financial assets – shares in listed corporations	27	27
	2,885	447

Note 12 Inventory

Current		
Ore stockpiles	466	1,254
Heavy mineral concentrate and other intermediate stockpiles	15,139	7,262
Stores and consumables	1,184	731
	16,789	9,247

Inventories of heavy mineral concentrate are valued at the lower of an average weighted cost and net realisable value (NRV). Cost comprises direct costs and an appropriate proportion of fixed and variable expenditure including depreciation and amortisation.

Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost.

NRV is the estimated selling price in the ordinary course of business less the estimated costs of production and to complete the sale.

Note 13 Trade and Other Payables	31 Dec 2019 ($000)	31 Dec 2018 ($000)
Trade creditors	8,150	7,527
Accruals	7,759	3,899
GST and tax payable	190	186
Other payables	111	55
	16,210	11,667

Trade creditors, accruals, GST and tax payables and other payables are normally settled on 30 Day terms.

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

Note 14 Provisions

Current		
Employee leave benefits	692	454
Non-Current		
Employee leave benefits	82	110
Mine closure and rehabilitation	15,298	4,398
	15,380	4,508

Mine closure and rehabilitation obligations

The calculation of the mine closure and rehabilitation provision requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering costs and inflation and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine closure and rehabilitation obligations.

The mine closure and rehabilitation provision is recorded as a liability at fair value, assuming a risk-free discount rate equivalent to the 5 year Australian US Government bond rate of 0.99% as at 31 December 2019 (31 December 2018: N/A) and an inflation factor of 2.1% (31 December 2018: 2.25%). Although the ultimate amount to be incurred is uncertain, management has, at 31 December 2019, estimated the asset retirement cost of work completed to date using an expected remaining mine life of 3 years and a total undiscounted estimated cash flow of $14,724,787 (31 December 2018: $4,517,185). Management's estimate of the underlying asset retirement costs are independently reviewed by an external consultant on a regular basis for completeness.

Recognition and measurement of provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

A mine closure and rehabilitation provision is recognised at the commencement of a mining project and/or construction based on the estimated costs necessary to meet legislative requirements by estimating future costs and discounting these to a present value. The provision is recognised as a liability, separated into current (estimated costs arising within twelve months) and non-current components based on the expected timing of these cash flows. A corresponding asset is included property, plant and equipment (mine development assets section), only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, and is amortised over the life of the mine.

At each reporting date the mine closure and rehabilitation provision is re-measured in line with changes in discount rates and timing or amounts of the costs to be incurred. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved and are dealt with on a prospective basis as they arise.

Changes in the liability relating to mine closure and rehabilitation obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the entity), other than the unwinding of the discount which is recognised as a financing expense in the Statement of Profit and Loss and Other Comprehensive Income. Changes in the asset value have a corresponding adjustment to future amortisation charges.

The mine closure and rehabilitation provision does not include any amounts related to remediation costs associated with unforeseen circumstances.

Note 15 Borrowings	Interest Rate	31 Dec 2019 ($000)	31 Dec 2018 ($000)
Current			
Lease liabilities	(8%)	73	-
Interest bearing loan – Murray Zircon Pty Ltd	(5%)	-	4,000
Interest bearing loan – Senior Secured Loan Notes	(13%)	37,606	8,565
		37,679	12,565
Non-Current			
Lease liabilities	(8%)	55	-
Interest bearing loan – Senior Secured Loan Notes	(13%)	18,803	51,388
		18,858	51,388

a) Loan – Murray Zircon Pty Ltd

The loan was 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 19.56% interest in the shares of the Company. The loan was repaid on 1 July 2019.

b) Senior Secured Debt Facility.

A senior secured debt facility which raised A$50,000,000 from the issue of senior secured loan notes. The senior loan notes amount to US$38,865,000 plus capitalised interest of US$7,257,672. US$6,586,810 was repaid on 12 November 2019. US$37,606,681 is the current portion of the loan at 31 December 2019 (31 December 2018: US$6,117,808).

The key terms of the loan include a loan period of three years from draw down, an interest rate of 14% for the first fifteen months following draw down and 13% thereafter for the balance of the loan. Interest for the first fifteen months was added to the loan amount and thereafter paid quarterly in arrears. The principal is being repaid in seven equal instalments starting in the 18th month following drawdown. Drawdown occurred on 25 May 2018.

Note 16 Issued Capital	Year to 31 Dec 2019 No.	Year to 31 Dec 2019 ($000)	Year to 31 Dec 2018 No.	Year to 31 Dec 2018 ($000)
Contributed Equity – Ordinary Shares				
At the beginning of the period	957,247,598	103,170	611,289,987	68,917
Underwritten issue of shares at $0.10			250,000,000	25,000
Loan note holder bonus shares valued at $0.1111			56,255,000	6,252
Shares issued for decision to mine valued at $0.1130			35,198,459	3,977
Employee share plan shares issued at $0.12			3,504,152	421
Shares issued on exercise of options at $0.085			1,000,000	85
Shares issued on exercise of warrants at $0.11385	13,475,000	2,760		
Employee share plan shares issued at $0.195	1,303,813	254		
Employee share plan shares issued at $0.267	8,953,488	2,391		
Share issue costs	-	(22)	-	(1,482)
Balance at the end of the period	980,979,899	108,653	957,247,598	103,170

Terms and Conditions of Contributed Equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held, regardless of the amount paid up thereon.

At a general meeting every shareholder present in person or by proxy, representative or attorney has: a) on a show of hands, one vote; and b) on a poll, one vote for each fully paid share held.

	31 Dec 2019 ($000)	31 Dec 2018 ($000)
Note 17 Reserves and Accumulated Losses		
Reserves		
Available-for-sale financial assets reserve	10	10
Share based payments reserve	-	-
Warrants reserve	3,088	4,314
Closing balance	3,098	4,324
Reserve – Available for Sale Financial Assets		
Balance at the beginning of the period	10	-
Changes in the fair value of available for sale financial assets	-	10
Balance at the end of the period	10	10
Reserve – Share Based Payments		
Balance at the beginning of the period	-	42
Options expired	-	(29)
Exercise of options	-	(13)
Balance at the end of the period	-	-
Reserve – Warrants		
Balance at the beginning of the period	4,314	-
Issue of warrants	-	4,314
Exercise of warrants	(1,226)	-
Balance at the end of the period	3,088	4,314

a) The employee benefits reserve is used to recognise the fair value of options issued. During the year to 31 December 2018, the value previously ascribed to options that lapsed and exercised during the year was transferred to retained losses.

b) The warrants reserve is used to recognise the fair value of warrants issued. During the year to 31 December 2019, the value previously ascribed to warrants that were exercised during the year was transferred to retained losses.

	31 Dec 2019 No.	31 Dec 2018 No.
Warrants		
The Company had the following warrants over un-issued fully paid ordinary shares at the end of the year:		
Exercisable at $0.1365 on or before 20 May 2023	14,285,714	14,285,714
Exercisable at $0.11385 on or before 24 May 2023	21,525,000	35,000,000
	35,810,714	49,285,714

	($000)	($000)
Accumulated Losses		
Opening balance	(50,692)	(54,045)
Profit / (loss) for the year	20,832	3,311
Transfer from share-based payments	-	42
	(29,860)	(50,692)

a) Summaries of warrants granted

The following table details the number and weighted average exercise prices (WAEP) and movements in warrants issued during the year.

	Number 2019	WAEP 2019	Number 2018	WAEP 2018
Outstanding at 1 January	49,285,714	0.1204	-	-
Issued during the year	-	-	49,285,714	0.1204
Exercised during the year	(13,475,000)	-	-	-
Outstanding at 31 December	35,810,714	0.1204	49,285,714	0.1204
Exercisable at 31 December	35,810,714	0.1204	49,285,714	0.1204

b) Weighted average remaining contractual life

The weighted average remaining contractual life for the warrants outstanding as at 31 December 2019 is between 3 and 4 years (31 December 2018: Between 4 and 5 years).

c) Range of exercise price

The range of exercise prices for warrants outstanding at the end of the year was $0.11385 to $0.1365 (31 December 2018: $0.11385 to $0.1365).

d) Weighted average fair value

The weighted average fair value of warrants granted during the year was Nil (31 December 2018: $0.0875).

e) Warrants pricing model

The fair value of the warrants granted during the year ending 31 December 2018 was estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the warrants were granted.

The following table lists the inputs to the model used for the year ended 31 December 2018.

	31 Dec 2018 Tranche A	31 Dec 2018 Tranche B
Dividend yield (%)	Nil	Nil
Expected volatility (%)	85%	85%
Risk-free interest rate (%)	2.50%	2.47%
Expected life of warrants (years)	5.02	4.95
Warrant exercise prices ($)	$0.091	$0.79
Weighted average share price at grant	$0.13	$0.12

The minimum life of the Warrants is the length of any vesting period. The maximum life is based on the expiry date. For the purposes of these warrants the exercise date is estimated as the expiry date. The expected volatility reflects the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome. No other features of warrants granted were incorporated into the measurement of fair value.

Note 18 Tenement Expenditure and Leasing Commitments

The Company has certain obligations to perform minimum exploration work on the tenements in which it has an interest. These obligations vary from time to time. The aggregate of the prescribed expenditure conditions applicable to the granted tenements for the next twelve months amounts to $1,578,300.

Application for exemption from all or some of the prescribed expenditure conditions will be made but no assurance is given that any such application will be granted. Nevertheless, the Company is optimistic, given its level of expenditure in the North Perth Basin, that it would likely be granted exemptions, on a project basis, in respect of the prescribed expenditure conditions applicable to many of its North Perth Basin tenements.

If the prescribed expenditure conditions are not met with respect to a tenement, that tenement is liable to forfeiture.

The Company has the ability to diminish its exposure under these conditions through the application of a variety of techniques including applying for exemptions (from the regulatory expenditure obligations), surrendering tenements, relinquishing portions of tenements or entering into farm-out agreements whereby third parties bear the burdens of such obligation in whole or in part.

The Company has leased office premises at 23 Ventnor Avenue, West Perth, WA. The lease expired on 31 January 2020 and was renewed for six months to 31 July 2020. The commitment for the 2020 financial year is $97,908 including all outgoings and car parking.

Note 19 Tenement Access

The interests of holders of freehold land encroached by the Tenements are given special recognition by the Mining Act (WA). As a general proposition, a tenement holder must obtain the consent of the owner of freehold before conducting operations on such freehold land. Unless it already has secured such rights, there can be no assurance that the Company will secure rights to access those portions of the Tenements encroaching freehold land.

The Company has commenced negotiations with the Traditional Owners and their representatives in regard to the Native Title claim affecting part of the Atlas deposit and being the subject of a registered (but undetermined) claim. This is the only deposit forming part of the high grade dry mining targets within the North Perth Basin (NPB) Project which has, insofar as the Company is aware, any potential to be subject to Native Title. However, heritage aspects of the remaining areas of the project still have to be taken into consideration.

Outside of the NPB Project the Company's other tenements may contain dredge mining targets which could be subject to Native Title claim.

The Company is not in a position at this time to assess the likely effect of any Native Title claim impacting the Company.

The Company is in advanced negotiations with a number of landholders with a view to signing purchase agreements on properties required to expand reserves at the Boonanarring project to the north.

Note 20 Significant Events Subsequent to Reporting Date

Other than the following matter:

- On 30 January 2020, The Company's thirteenth shipment of 20,475 Dry Metric Tonnes of HMC finished loading backed by a letter of credit. Subsequently, on 6 February 2020, full payment for the shipment was received by Image, in USD.
- On 10 February 2020, The Company completed its second scheduled loan note repayment including interest of US$7,871,238 for the Senior Secured Loan Notes facility.

There were no other material significant events subsequent to the reporting date.

Note 21 Employee Benefits

Employee Share Plan

Under the terms of the Image Share Plan ("ESP"), as approved by shareholders, Image may, in its absolute discretion, make an offer of ordinary fully paid shares in Image to any Eligible Employee, to be funded by a limited recourse interest free loan granted by the Company.

The issue price is determined by the Directors and is not to be less than the volume weighted average price of shares in the 5 trading days prior to the Issue Date. Eligible Employees use the abovementioned loan to acquire the plan shares. The loan amount per share may in certain circumstances be more than the issue price where shareholder approval is required for the issue and the share price is more than the issue price. The shares may be sold 12 months after their issue date generally only if the employee is currently employed.

The following table illustrates the number, weighted average share loan prices (WASLP) and weighted average share issue price (WASIP), and movements in plan shares during the year.

	Number 2019	WASIP 2019	WASLP 2019	Number 2018	WASIP 2018	WASLP 2018
Outstanding at 1 January	3,504,152	0.12	0.12	-	-	-
Granted during the year	10,257,301	0.26	0.25	3,504,152	0.12	0.12
Sold during the year	(907,349)	0.12	0.12	-	-	-
Outstanding at 31 December	12,854,104	0.23	0.22	3,504,152	0.12	0.12
Exercisable at 31 December	3,900,616	0.15	0.12	3,504,152	0.12	0.12

Equity-Settled Share Based Payments

The Directors may, in their absolute discretion, grant options to Directors and full or part time employees of the Company for nil consideration in accordance with guidelines established by the Directors. The exercise price of the option is set by the Board of Directors. Unvested options may terminate upon cessation of employment in accordance with the terms on which the options were granted.

The share-based payments expense for the year ending 31 December 2019 and year to 31 December 2018 was Nil.

a) Summaries of options granted

The following table details the number and weighted average exercise prices (WAEP) and movements in employee share options issued during the year.

	Number 2019	WAEP 2019	Number 2018	WAEP 2018
Outstanding at 1 January	-	-	3,000,000	0.09250
Granted during the year	-	-	-	-
Converted to shares during the year	-	-	(1,000,000)	0.08500
Expired during the year	-	-	(2,000,000)	0.09625
Outstanding at 31 December	-	-	-	-
Exercisable at 31 December	-	-	-	-

b) Weighted average remaining contractual life

Not applicable.

c) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0 as no employee options were outstanding (31 December 2018: $0).

d) Weighted average fair value

The weighted average fair value of options granted during the year was Nil (the year to 31 December 2017: Nil).

e) Option pricing model

There were no share options granted during the year ending 31 December 2019 or 31 December 2018.

f) Details of options

31 December 2018	Balance at Beginning of Year No.	Exercised No.	Lapsed No.	Balance at End of Year No.
Managing Director	3,000,000	(1,000,000)	(2,000,000)	-
Total	3,000,000	(1,000,000)	(2,000,000)	-

i) Details of Managing Director Options

Number	1,500,000	1,500,000
Grant Date	30 November 2016	30 November 2016
Expiry	4 December 2018	4 December 2018
Vesting Date	30 November 2016	30 April 2017
Exercise Price	$0.085	$0.10

The options can be exercised at any time after the vesting date and prior to the expiry date.

NOTE 22 RELATED PARTY AND RELATED ENTITY TRANSACTIONS

Transactions with directors, director-related parties and related entities **other than those disclosed elsewhere in this financial report** are as follows:

	Year to 31 Dec 2019 ($)	Year to 31 Dec 2018 ($)
Orient Zirconic Resources (Australia) Pty Ltd – Chaodian Chen	-	-
Leeman Pty Ltd, a George Sakalidis related party, hire of specialised equipment	-	(3,150)
Magnetic Resources NL, a George Sakalidis related party, purchase of stationary	(238)	(1,996)
Murray Zircon Pty Ltd – Interest on $4,000,000 loan (Note 17)	(88,697)	(200,000)
Murray Zircon Pty Ltd – Vehicle repairs, flights & camp meals, car hire	-	(5,955)
Murray Zircon Pty Ltd – Loan Repayment	(4,000,000)	-
Murray Zircon Pty Ltd – Additional equipment – poly pipe	(417,500)	-
Murray Zircon Pty Ltd – Purchase of Image Resources Equipment	75,230	-
Murray Zircon Pty Ltd – Refund of Wet Concentrator Plant dismantling costs incurred by Image Resources	1,116,368	-
Spouse of Patrick Mutz – The Company purchases travel expenses from a national travel agency of which his spouse is an agent and receives a commission. The amount disclosed is an estimate of the fees and commissions which is shared between the agency and the spouse of Patrick Mutz	(3,583)	(3,730)
	(3,318,420)	(214,831)

Total amounts owing to directors and/or director-related parties and related entities at 31 December 2019 were Nil (31 December 2018: $Nil). All transactions were incurred on normal commercial terms and were arm's length transactions.

Murray Zircon Pty Ltd is a related party due to it holding a 19.56% interest in the shares of the Company.

	31 Dec 2019 ($000)	31 Dec 2018 ($000)
Compensation of key management personnel of the Company		
Short-term employee benefits	1,978,474	1,116,602
Post-employment benefits	102,074	68,638
Equity-settled share-based payments	-	-
	2,080,548	1,185,240

Short-term employee benefits

These amounts include fees and benefits paid to non-executive Chair and non-executive directors as well as all salary and paid leave benefits awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the costs of superannuation contributions payable for the period.

Equity-settled share-based payments

This amount is calculated as the fair value of the options and represents the value of the services received during the period the options are held over the financial period. This value was calculated using the Black-Scholes option pricing model. Further information on the share-based payment transaction is disclosed in Note 21.

Further key management personnel remuneration information has been included in the Remuneration Report section of the Directors Report.

NOTE 23 CONTINGENT LIABILITIES

Other than those matters disclosed in Notes 18 and 19, there are no contingent liabilities or commitments.

NOTE 24 FINANCIAL INSTRUMENTS DISCLOSURE

a) Financial Risk Management Policies

The Company's financial instruments consist of deposits with banks, receivables, available-for-sale financial assets, payables and borrowings.

Risk management policies are approved and reviewed by the board. The use of hedging derivative instruments is not contemplated at this stage of the Company's development.

Specific Financial Risk Exposure and Management

The main risks the Company is exposed to through its financial instruments, are commodity price, interest rate and liquidity risks.

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows, cash reserves, liquid investments, receivables, financial liabilities and commitments.

Capital Risk

Management controls the capital of the Company in order to maintain the appropriate working capital position to ensure that the Company can fund its operation, continue as a going concern and continue to provide returns for shareholders and benefits for other stakeholders. Capital is managed by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

The working capital position of the Company at 31 December 2019 and 31 December 2018 was as follows:

	31 Dec 2019 ($000)	31 Dec 2018 ($000)
Cash and cash equivalents	49,935	11,886
Restricted cash	55	55
Trade and other receivables	593	1,463
Inventory	16,789	9,247
Trade and other payables and provisions	(16,902)	(12,232)
Borrowings	(37,679)	(12,565)
Working capital position	12,791	(2,146)

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and deposits with financial institutions as well as credit exposures to outstanding receivables.

The Company is not exposed to credit risk through sales of mineral sands product due to a letter of credit being in place prior to a mineral sands shipment leaving port. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Company has lodged cash deposits (designated as restricted cash above) totalling $54,667 (2018: $54,667) with the bank as collateral security for office lease property managers for rental guarantees and also security for company credit cards.

The following table provides information regarding the credit risk relating to cash and cash equivalents, term deposits and restricted cash based on credit ratings:

	31 Dec 2019 ($000)	31 Dec 2018 ($000)
A rated	49,990	11,941

Financial Instruments

The Company holds no derivative instruments, forward exchange contracts or interest rate swaps.

Financial Instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments.

31 December 2019	Weighted Average Effective Interest Rate %	Fixed Interest Rate ($000)	Floating Interest Rate ($000)	Non-Interest Bearing ($000)	Total ($000)
Financial Assets:					
Cash and cash equivalents		-	49,935	-	49,935
Restricted cash		-	55	-	55
Trade and other receivables		-	-	593	593
Available-for-sale financial assets		-	-	27	27
Total Financial Assets	0.02%	-	49,990	620	50,610
Financial Liabilities:					
Trade and other payables and provisions		-	-	16,983	16,983
Borrowings		56,537	-	-	56,537
Total Financial Liabilities	13%	56,537	-	16,983	73,520
Net Financial Assets		(56,537)	49,990	(16,363)	(22,910)

31 December 2018	Weighted Average Effective Interest Rate %	Fixed Interest Rate ($000)	Floating Interest Rate ($000)	Non-Interest Bearing ($000)	Total ($000)
Financial Assets:					
Cash and cash equivalents		-	11,886	-	11,886
Restricted cash		-	55	-	55
Trade and other receivables		-	-	1,463	1,463
Available-for-sale financial assets		-	-	27	27
Total Financial Assets	0.57%	-	11,941	1,490	13,431
Financial Liabilities:					
Trade and other payables and provisions		-	-	12,232	12,232
Borrowings		63,953	-	-	63,953
Total Financial Liabilities	12.5%	63,953	-	12,232	76,185
Net Financial Assets		(63,953)	11,941	(10,742)	(62,754)

The table below summarises the maturity profile of the Company's' financial liabilities according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. As a result, these balances may not agree with the amounts disclosed in the statement of financial position:

31 December 2019	Less than 3 months ($000)	3 to 12 Months ($000)	1 to 5 years ($000)	Total ($000)
Trade and other payables and provisions	16,902	-	-	16,902
Borrowings	9,402	28,205	18,803	56,410
	26,304	28,205	18,803	73,312

31 December 2018	Less than 3 months ($000)	3 to 12 Months ($000)	1 to 5 years ($000)	Total ($000)
Trade and other payables and provisions	12,232	-	-	12,232
Borrowings	4,000	8,565	51,388	63,953
	16,232	8,565	51,388	76,185

Please refer to Note 15 for further details of the Senior Secured Debt Facility.

b) Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

31 December 2019	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)	Total ($000)
Financial Assets:				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets:				
- Listed investments	27	-	-	27
	27	-	-	27

31 December 2018	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)	Total ($000)
Financial Assets:				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets:				
- Listed investments	27	-	-	27
	27	-	-	27

Notes to the financial statements (cont.)

For the Year Ended 31 December 2019

Sensitivity Analysis – Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the financial period results and equity which could result from a change in this risk.

As at balance date, the effect on loss and equity as a result of changes in the interest rate on financial assets, with all other variables remaining constant would be as follows:

	31 Dec 2019 ($000)	**31 Dec 2018 ($000)**
Change in loss – increase/(decrease):		
- Increase in interest rate by 2%	(500)	(119)
- Decrease in interest rate by 2%	500	119
Change in equity – increase/(decrease):		
- Increase in interest rate by 2%	500	119
- Decrease in interest rate by 2%	(500)	(119)

Directors' Declaration

The directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Act 2001;

   (b) give a true and fair view of the financial position as at 31 December 2019 and performance for the year ended on that date of the Company; and

   (c) the audited remuneration disclosures set out in the Remuneration Report section of the Directors' Report for the year ended 31 December 2019 complies with section 300A of the Corporations Act 2001;

2. the Chief Financial Officer has declared pursuant to section 295A(2) of the Corporations Act 2001 that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and the notes for the financial year comply with Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view;

3. 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;

4. the directors have included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

ROBERT BESLEY
CHAIRMAN

PERTH
Dated this 28 February 2020

ELDERTON
AUDIT PTY LTD

Independent Audit Report to the members of Image Resources NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Image Resources NL (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be a key audit matter to be communicated in our report.

Provision for Rehabilitation
Refer to Note 14, Provisions and accounting policy Notes 1o and 1t

Key Audit Matter	How our audit addressed the key audit matter
As at 31 December 2019, the company has a liability of $15,298,000 relating to the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during operation in Boonanarring but not yet rehabilitated. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements and technology. At each reporting date the rehabilitation liability is reviewed and re-measured in line with changes in observable assumptions, timing and the latest estimates of the costs to be incurred based on area of disturbance at reporting date. This area is a key audit matter as the determination of the restoration liability involves a level of complex calculations and significant management judgement.	Our audit work included, but was not restricted to, the following: • Obtaining an Independent expert valuation report and external underlying documentation for their determination of future required activities, their timing and associated cost estimations. We also determined the nature and quantum of costs contained in the provision estimate. • Testing the accuracy of historical restoration and rehabilitation provisions by comparing to actual expenditure. • Assessing the planned timing of environmental restoration and demobilisation provisions through comparison to mine plans and reserves. • Assessing the competence, scope and objectivity of the company's external experts used in determination of the provisions estimate. • Analysed inflation rate and discount assumptions in the provision calculation to current market data and economic forecasts. • Evaluating the completeness of the provisions estimate to the company's analysis of each operating location to identify where disturbance requires rehabilitation or demobilisation and our understanding of the company's operations.

Revenue Recognition
Refer to Note 3, Operating sale revenue and accounting policy Notes 1a

Key Audit Matter	How our audit addressed the key audit matter
The entity has reported revenue of AUD146 million from sales of minerals. The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates. There is also a risk around the timing of revenue recognition, particularly focused on the contractual terms of delivery and location of the customers. In addition, the entity has first time recognized revenue in its financial statements. Based on these factors, we have identified revenue recognition as a key risk for our audit	Our audit work included, but was not restricted to, the following: • considering the appropriateness of the revenue recognition accounting policies. • understanding the significant revenue processes including performance of an end to end walkthrough of the revenue assurance process and identifying the relevant controls. • testing the design and operating effectiveness of the relevant controls • performing cut off procedures • assessing the transfer of control to the customer by reviewing contracts and shipping documentation. • verifying a sample of transactions with supporting documents • ensuring adequate disclosure in the financial statements

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 26 of the directors' report for the year ended 31 December 2019. The directors of Image Resources NL are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Image Resources NL for the year ended 31 December 2019 complies with section 300A of the *Corporations Act 2001*.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

28 February 2020
Perth

Image Resources NL (ASX: IMA) provides the following information as required by the ASX Listing Rules. The information is current as at 14 February 2020.

Distribution of Equity Securities

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	285	151,942
1,001	-	5,000	518	1,571,123
5,001	-	10,000	318	2,615,312
10,001	-	100,000	856	35,173,576
100,001		and over	398	941,467,946
			2,375	980,979,899
The number of shareholders holding less than a marketable parcel of shares are:			481	489,006

Twenty Largest Shareholders:

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Murray Zircon Pty Ltd	191,902,001	19.56%
2	Vestpro International	131,936,921	13.45%
3	HSBC Custody Nominees (Australia) Limited	62,305,125	6.35%
4	Orient Zirconic Resources (Australia) Pty Ltd	51,761,950	5.28%
5	Million Up Ltd	40,624,754	4.14%
6	National Nominees Limited	26,370,821	2.69%
7	Citicorp Nominees Pty Limited	22,971,964	2.34%
8	Perfect Well Industrial Limited	22,420,082	2.29%
9	Ava Cartel Sdn Bhd	18,000,000	1.83%
9	TQ International	18,000,000	1.83%
10	Miss Choy Fuan Ku	14,330,000	1.46%
11	Pontian Orico Plantations Sdn Bhd	11,539,728	1.18%
12	Mrs Shumei Chen	11,050,000	1.13%
13	Delphi Unternehmensberatung Aktiengesellschaft	11,049,332	1.13%
14	Brazil Farming Pty Ltd	10,500,000	1.07%
15	Ribton Superannuation Fund Pty Ltd	10,100,000	1.03%
16	Mr Lim Pang Soo	10,000,000	1.02%
17	UBS Nominees Pty Ltd	9,350,147	0.95%
18	J P Morgan Nominees Australia Pty Limited	8,418,936	0.86%
19	Miss Chong Yuen Soo	8,122,043	0.83%
20	Target Range Pty Ltd	7,300,000	0.74%
		698,053,804	71.16%

Substantial shareholders:

The names of substantial shareholders who have notified the Company in accordance with section 617B of the *Corporations Act 2001* are:

	Number of Ordinary Shares
Murray Zircon Pty Ltd together with Orient Zirconic Resources (Australia) Pty Ltd, Guangdong Orient Zirconic Ind. Sci. Tech. Co. Ltd. And XQ (HK) Enterprises Limited	266,084,033
Li Huang Cheng and Vestpro International Limited	172,770,065

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a Member or representative of a member shall have one vote, and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each fully paid ordinary share held. None of the options have any voting rights.

Unquoted Securities

			Holders of 20% or more of the class	
Class	Number of Securities	Number of Holders	Holder Name	Number of Securities
Warrants exercisable at $0.1365 expiring 20/05/2023	14,285,714	2	Jett Capital Advisors LLC	12,035,714
Warrants exercisable at $0.11385 expiring 24/05/2023	21,525,000	1	UBS Nominees Pty Ltd	21,525,000

Schedule of Tenements

Location	Tenement	Status	Project	Equity (%)	Other Holder/Manager
WA	E28/1895	Granted	ERAYINIA	100%	
WA	E70/2636	Granted	COOLJARLOO	100%	
WA	E70/2844	Granted	BIDAMINNA NTH	100%	
WA	E70/2898	Granted	COOLJARLOO	100%	
WA	E70/3032	Granted	GINGIN	100%	
WA	E70/3041	Granted	REGANS FORD SOUTH	100%	
WA	E70/3100	Granted	QUINNS HILL	100%	
WA	E70/3192	Granted	BOOTINE	100%	
WA	E70/3298	Granted	BIDAMINNA -PARK	90%	ARF Maslin 10%
WA	E70/3494	Granted	BRYALANA	100%	
WA	E70/3720	Granted	BLUE LAKE	100%	
WA	E70/3892	Granted	CHAPMAN HILL	100%	DORAL JV
WA	E70/3997	Granted	MUNBINIA	100%	
WA	E70/4077	Granted	DARLING RANGE	100%	
WA	E70/4244	Granted	WOOLKA	100%	
WA	E70/4245	Granted	WINOOKA	100%	
WA	M70/0448	Granted	GINGIN SOUTH	100%	
WA	M70/1192	Granted	RED GULLY	100%	
WA	M70/1194	Granted	BOONANARRING	100%	
WA	P70/1516	Granted	COOLJARLOO	100%	
WA	M70/1311	Granted	BOONANARRING NORTH	100%	
WA	G70/0250	Granted	BOONANARRING	100%	
WA	R70/0051	Granted	COOLJARLOO NORTH	100%	
WA	M70/1305	Application	ATLAS	100% pending grant	
WA	P70/1520	Application	COOLJARLOO	100% pending grant	
WA	E70/4631	Granted	MUNBINIA WEST	100%	
WA	E70/4656	Granted	WINOOKA NORTH	100%	
WA	E70/4663	Granted	BIBBY SPRINGS	100%	
WA	E70/4689	Granted	BOONANARRING WEST	100%	
WA	E70/4779	Granted	MIMEGARRA	100%	
WA	E70/4794	Granted	REGANS FORD NORTH	100%	
WA	E70/4795	Application	BIDAMINNA SOUTH	100% pending grant	
WA	E70/4919	Granted	ORANGE SPRINGS	100%	
WA	E70/4946	Granted	RED GULLY NORTH	100%	
WA	E70/4949	Granted	NAMMEGARRA	100%	
WA	E28/2742	Granted	MADOONIA DOWNS	100%	
WA	E70/5192	Application	WINOOKA SOUTH	100% pending grant	
WA	E70/5193	Granted	CHAPMAN HILL NORTH	100%	
WA	E70/5213	Application	GINGINUP HILL	100% pending grant	
WA	E70/5268	Granted	WOOLKA SOUTH	100%	
WA	E70/5306	Application	BOONANARRING HILL	100% pending grant	

CORPORATE DIRECTORY

Directors

Mr Robert Besley	Non-Executive Chairman
Mr Patrick Mutz	Managing Director
Mr Chaodian Chen	Non-Executive Director
Mr Aaron Chong Veoy Soo	Non-Executive Director
Mr Huancheng Li	Non-Executive Director (Alternate: Dennis Lee appointed 5 February 2020)
Mr Peter Thomas	Non-Executive Director
Mr George Sakalidis	Executive Director - Exploration
Mr Fei Wu	Non-Executive Director

Company Secretary

Mr Dennis Wilkins (DW Corporate)

Principal Place of Business & Registered Office

Ground Floor
23 Ventnor Avenue
West Perth WA 6005

Contact Details

T: +61 8 9485 2410
E: info@imageres.com.au
W: www.imageres.com.au

Australian Business Number

ABN: 57 063 977 579

Share Registry

Automic Pty Ltd
Level 5
126 Phillip Street,
Sydney NSW 2000

T: 1300 288 664 (within Australia)
T: +61 (0) 2 9698 5414 (International)
E: hello@automic.com.au
W: www.automicgroup.com.au

Auditors

Elderton Audit Pty Ltd
(Formerly Greenwich & Co Audit Pty Ltd)

Level 2
267 St Georges Terrace
Perth WA 6000
T: +61 8 6324 2900

Stock Exchange

Australian Securities Exchange (ASX)
ASX Code · IMA (Fully paid shares)

Issued Capital

980,979,899 fully paid ordinary shares

IMAGE RESOURCES

Insight Communication & Design