

ANNUAL REPORT 2021





ABOUT IMAGE RESOURCES

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

Boonanarring Project

A uniquely rich and valuable mineral sands project.

Social License

Integrated into the local community with an environmentally friendly ethos.

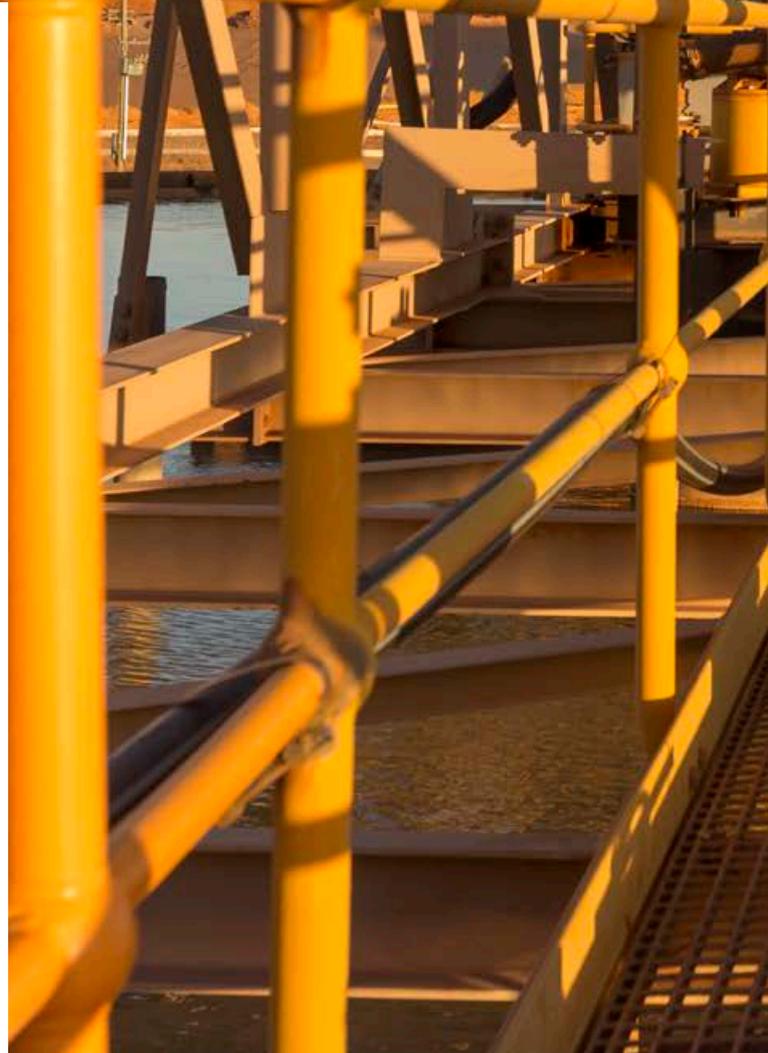
Operational Performance

Demonstrating a solid track record of operational performance.

Growth

Exciting exploration upside and an enviable portfolio of potential development projects.

**FOCUSED ON
HIGH-VALUE ZIRCON**





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2021 HIGHLIGHTS

A\$179m

CY2021 revenue

293,000t

HMC tonnes sold

A\$75m

Project EBITDA

A\$19m

Net profit after tax

OUR APPROACH

Your company has taken the bold step of successfully demonstrating concurrent mining and mine rehabilitation, by completing rapid rehabilitation of the first thirteen-hectare area of the Boonanarring mine, including re-establishment of the vegetation.

SOCIAL LICENSE AND COMMUNITY

Integrated into the local community with an environmentally friendly ethos.



REHABILITATION

Once mining is complete, overburden is returned (as required), topsoil is replaced and the land is re-seeded.



MINING

Classic dry, open-cut mining utilising standard truck and shovel fleet.



PROCESSING

3.7Mtpa conventional wet concentrate plant producing a high-quality HMC.



SOLAR FARM

On average 25% of electricity requirements generated from solar.



TRUCKING

HMC trucked to Bunbury port.



SHIPPING

Bulk shipments to China out of Bunbury WA under life-of-mine offtake contracts based on market prices.



GLOBAL MARKETS FOR MINERAL SANDS

Zircon and titanium contained in Image HMC is further processed into final products with a wide range of applications globally.

SOCIAL LICENSE AND COMMUNITY

Integrated into the local community with an environmentally friendly ethos.



THE VALUE OF MINERAL SANDS

ZrO₂

ZIRCON

CERAMICS

Zircon contributes to whiteness and abrasion and heat resistance.

FOUNDRY EQUIPMENT

Zircon is widely used in the foundry industry, mostly in the form of SAND and FLOUR (milled sand) for casting.

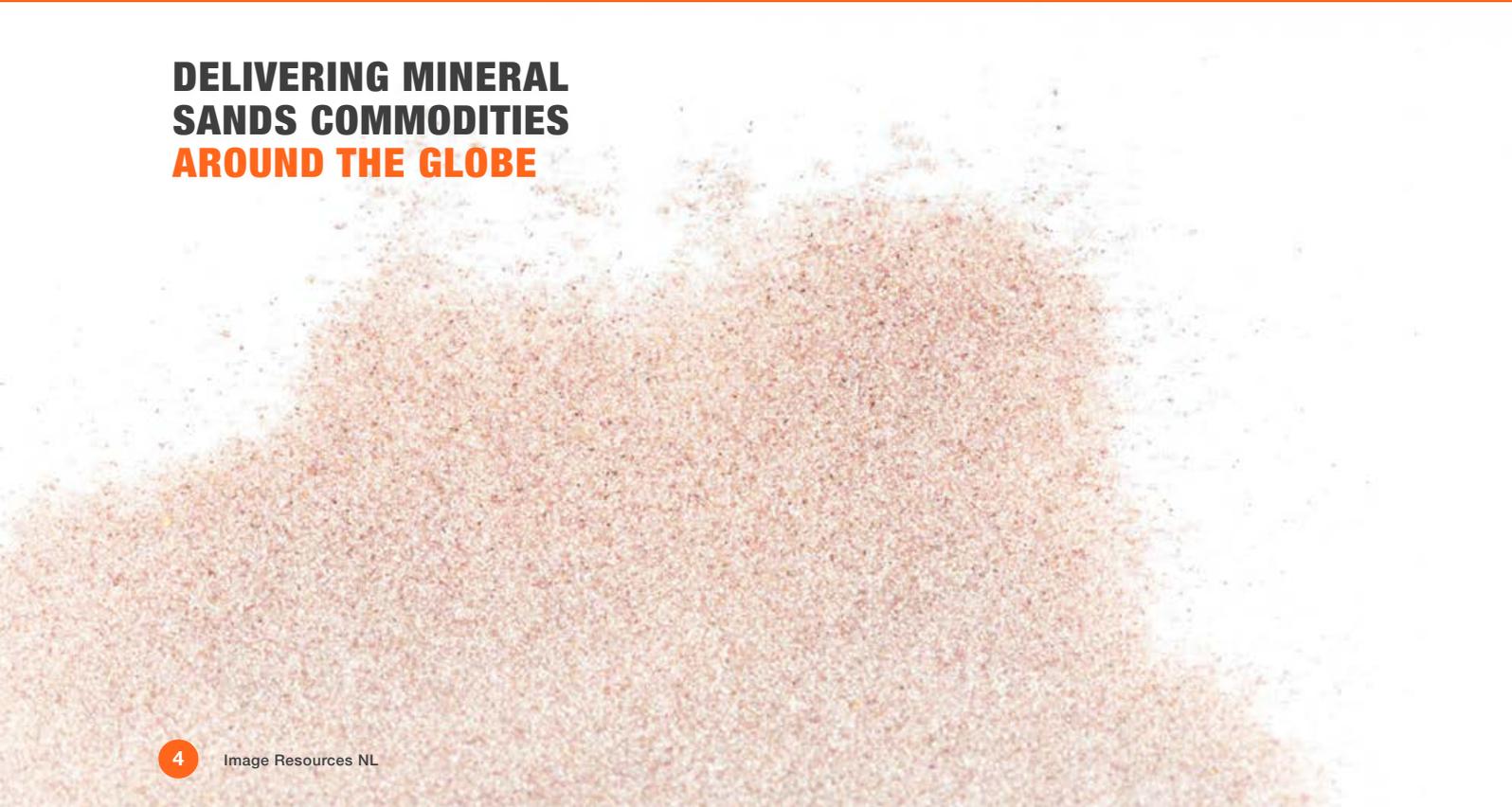
REFRACTORIES

Some refractory applications include refractory linings for glass and metal furnaces as well as fibres, nozzles, slide gates and valves.

OTHER

Other applications include: pigments in paints; cosmetics and catalysts; and it has an increasing role in biomedical implants.

DELIVERING MINERAL SANDS COMMODITIES AROUND THE GLOBE





TITANIUM DIOXIDE

PAINTS & COATINGS

Titanium dioxide provides opacity and durability, while helping to ensure the longevity of paint and protection of the painted surface.

NANOMATERIALS

Titanium dioxide nanoparticles are used in sunscreens, self-cleaning windows, light emitting diodes and solar cells.

PLASTICS & PAPER

Titanium dioxide can help minimise the brittleness, fading and cracking that can occur in plastics.

COSMETICS

Pigment-grade titanium dioxide is used in some cosmetics to aid in hiding blemishes and brightening skin.





CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of your Board of Directors, I am honoured to report your Company has completed another successful year of operation, which was buoyed by strong commodity prices and, despite the continuing challenges from COVID-19, we ended the year in a very strong, debt-free, cash position.

I am pleased to advise your Company has now successfully completed its third full year (CY2021) of mining operations and, as forecast, results were very positive albeit slightly lower than achieved in CY2020.

We finished CY2021 in a very strong financial position with A\$80m in the bank, and importantly, a debt-free balance sheet. Our financial strength comes even after we paid out A\$19 million in the form of an inaugural dividend of 2 cents per share in April 2021.

Your Board is committed to promoting continuous improvement in the areas of the health, safety and well-being of our employees, contractors, their families and members of the local community. I am pleased to report our operating team, including contractors and exploration crews, have reported zero lost-time injuries for CY2021. This is supported through the forward-looking practice of collating positive performance scoring from safety audits, as well as a 12-month rolling average total reportable incident frequency rate (TRIFR) at the end of December 2021 of 7.2 per million hours worked.

Image is also focused on being proactive in protecting the environment, actively engaging and supporting local communities and stakeholders and striving to improve corporate governance. We look forward to formalising a framework for reporting on your Company's environmental, social and governance (ESG) performance in CY2022.

Your Company proudly continues to source on average 25% of our electrical requirements at Boonanarring as CO₂-free, renewable energy from a solar farm constructed at Boonanarring in 2019 by Sunrise Energy. To our knowledge, Image remains the only mineral sands mining company in Australia utilising direct solar power to significantly reduce its carbon footprint.

Key Highlights

A\$179m

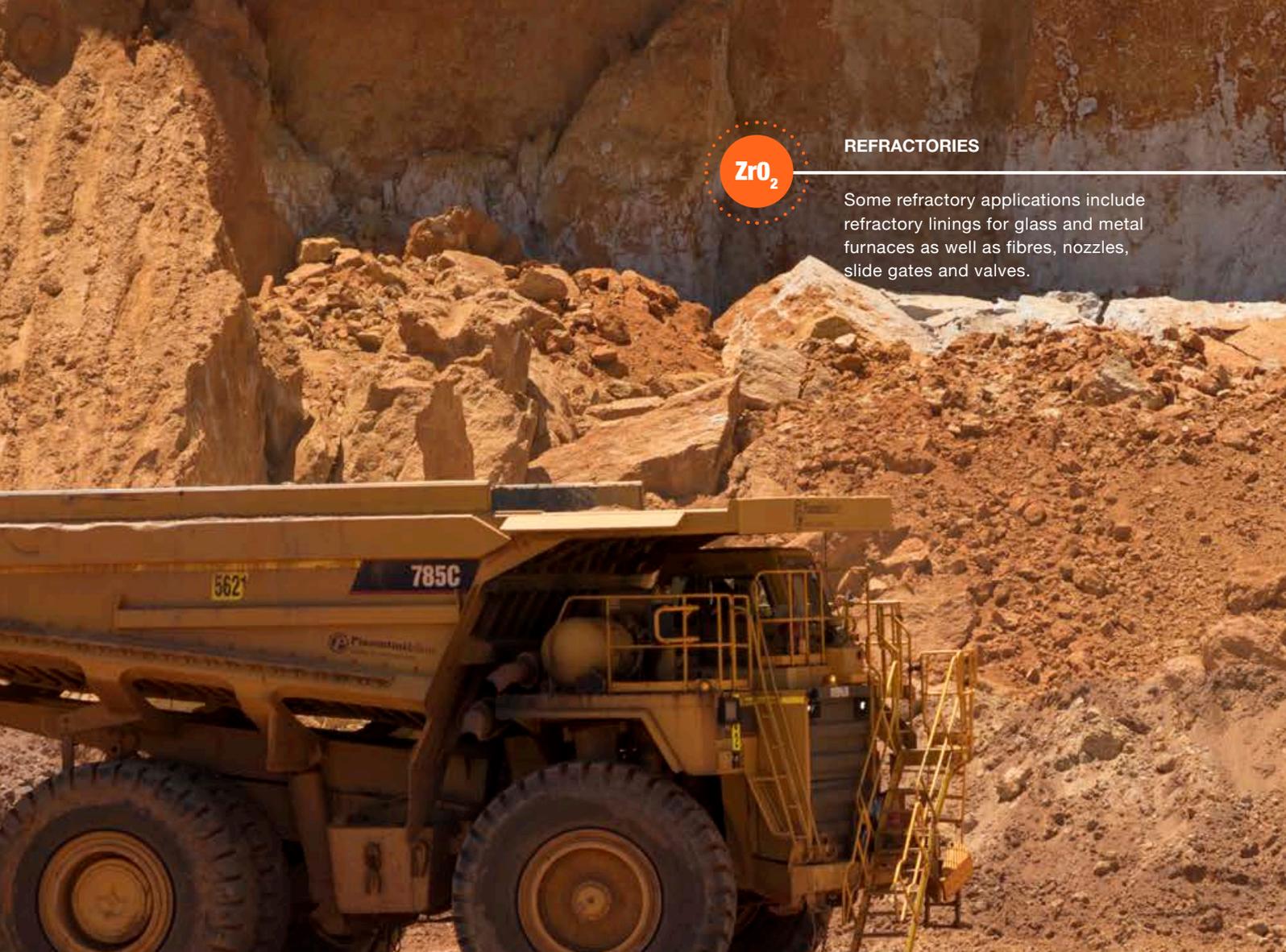
Total revenue

A\$75m

Project EBITDA

A\$19m

Net Profit after tax



ZrO₂

REFRACTORIES

Some refractory applications include refractory linings for glass and metal furnaces as well as fibres, nozzles, slide gates and valves.

Your Company is also supporting field trials in the Boonanarring area focused on improving topsoils for greatly enhanced carbon sequestration as well as higher crop yields. Image is also supporting efforts to establish a green hydrogen production facility at Boonanarring, which could serve as a hydrogen fuel generation and dispensing terminal for commercial vehicles following cessation of mining at Boonanarring.

It gives me great pleasure, on behalf of your Board, I would like to thank and congratulate all our employees, contractors and consultants on another very successful year of operation. I would also like to acknowledge the strong leadership of our senior executive Team under the direction of our Managing Director Mr Patrick Mutz. Collectively our operating Team has steered the Company into a solid position to be able to continue to benefit from the current buoyant commodity prices, and through the next phase of growth.

I also want to thank my fellow Directors for their leadership and guidance to direct the Company through these continuing challenging times.

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 is cognisant of the continuing challenges facing the Company and we are confident that with our proven operational Team and your Company's debt-free position, we are now firmly on a path of sustainable development and growth.

Despite the continuing challenges from the global COVID-19 pandemic, **Image achieved its production and sales targets, maintained its cost control initiatives and capitalised on a buoyant mineral sands commodities market to improve profitability**, complete early repayment of debt and pay shareholder a healthy, inaugural 2 cent dividend.

Robert Besley
Non-Executive Chairman



MANAGING DIRECTOR'S REPORT

Dear Shareholders,

Your Image Operational Team has delivered another year of very positive results. We met guidance on production and operating costs, positioning us to take full advantage of very buoyant commodity prices, and we developed and advanced progress on a multi-component growth strategy. The strong performance, combined with the previous year's positive results, allowed Image to achieve early repayment of its debt and payment of an inaugural dividend.

I am pleased to report your Operating Team, including exploration and development, has delivered another very positive set of results.

Operationally we achieved guidance on heavy mineral concentrate (HMC) production at 296kt, despite significantly restricted production in Q3 due to wet weather delays with the relocation of the ore slurry unit from Block 'A' to Block 'C'.

In addition, project operating costs were also within guidance at A\$97m, despite spending more than A\$10m extra for the year on HMC shipping due to record high shipping costs.

HMC sales were slightly below guidance at 293kt and was a reflection of the tight availability of ships as opposed to market demand. Demand for zircon, ilmenite and rutile, including Image's HMC remained strong and commodity prices continued to rise throughout the year.

While the HMC realised price and revenue in 1H 2021 were negatively impacted by lower zircon content in the HMC and a strengthening of the Australian dollar to the US Dollar, HMC realised prices in 2H 2021 were bolstered to record highs due to rising zircon content in the HMC, weakening Australian dollar, plus higher commodity prices and the elimination of the standard grade zircon penalty in September.

The net result of meeting production guidance and successfully controlling costs, was completing the year with a revenue to cost ratio of 1.8:1, and having \$80 million cash in the bank and zero debt. Substantially higher shipping costs than forecast was the reason the revenue to cost ratio was less than 2:1.

Continuing strong operational performance at Boonanarring was positively augmented with development planning for the next stage of mining at Atlas, **commencement of a feasibility study for a standalone dredge mining operation at Bidamina, the acquisition of a strategic package of tenements in the Eneabba area for future development and the earn-in and acquisition of 80% ownership of the King Gold Prospect**, along with outlining work programs for implementation of a formal ESG framework in CY2022.

PAINTS & COATINGS

Titanium dioxide provides opacity and durability, while helping to ensure the longevity of paint and protection of the painted surface.





In addition to solid operational results, the Company's overall performance was enhanced by the early elimination of Boonanarring construction debt in February and the payment of a two-cent dividend in April.

Overall positive results were achieved despite the continuing challenges of responding to the various travel and workplace restrictions and mandates implemented by the WA Government to control the spread of COVID-19. Among these was the mandate to ensure all employees and visitors to the Company's operating and exploration sites met COVID vaccination requirements. The Company complied with the Government mandates even at the expense of the loss of a few employees who chose not to be vaccinated.

Image strives to maintain its social licence to operate by focusing on protecting the health, safety and well-being of our employees, consultants, contractors, visitors and members of the local community; protecting the environment; providing local employment; cultivating positive landowner and community relations and providing support for local business and not-for-profit organisations.

In CY2022, these efforts are being consolidated into a formal framework under the banner of environmental, social and governance (ESG) for reporting on the Company's continuing improvement efforts.

On the environmental front, your company took a proactive approach to reduce its carbon footprint through the construction of a solar farm by Sunrise Energy Group, at Boonanarring back in 2020. This farm has been producing on average 25% of Boonanarring project electricity requirements as renewable solar energy September 2020. Your company may be the only mineral sands mining company in Australia with the green credentials of using solar power directly to offset a significant portion of its carbon emissions.

Image is also supporting field trials with local landowners to improve the soil matrix to enhance carbon sequestration into the soils while increasing crop yields. Subsequent to the end of CY2021, we are also supporting the efforts of the Sunrise Energy Consortium to secure grants to install a green hydrogen fuel production and dispensing facility at Boonanarring after mining is complete.



CERAMICS

Zircon contributes to whiteness and the abrasion and heat resistance that tiles provide.



CY2021 has also been a productive year for your Operating Team to develop and implement a 'growth' strategy which includes:

- continuing profitable operations and growing total ore reserves;
- feasibility study investigations on Bidamina, for its potential as a second profitable mining centre to be operated in parallel with current dry mining operations;
- evaluation of the Company's currently held gold tenements, including the King Gold Farm-in Prospect; and
- assessment of projects outside of our current portfolio for possible involvement with targets that have potential for long-life ore reserves.



Significant progress has been achieved on this growth strategy including development planning on Image's Atlas project; expanding Image's Bidamina Project Mineral Resources to 102mt at 2.2%HM as well as commencement of feasibility study; earn-in and acquisition of 80% ownership interest in the King Gold Farm-in Prospect; evaluation of numerous mineral sands project opportunities; and subsequent to the end of CY2021, the successful strategic acquisition of a package of mineral sands tenements in the historic Eneabba mining district containing 6.3mt in-situ heavy minerals.

Subsequent to the end of the year, Image secured 100% ownership of the King Gold Prospect with only a residual 2.0% net smelter royalty to the original owners, and the Company announced its intention to pay a fully franked two-cent dividend in 2022.

I want to thank our CFO Mr John McEvoy, our COO Mr Todd Colton and Executive Advisor Exploration, Mr George Sakalidis as key members of the senior executive team, for their unwavering support of Image's objectives over the last four years. I also want to thank all our valued employees, contractors and consultants that make up our Operating Team. This note of thanks extends to our offtake partners, our local landowners and community members. It is through everyone's ongoing diligent effort and support that we are able to achieve such positive results for CY2021.

Finally, I wish to thank our Board of Directors and all our shareholders for their continuing support during another challenging year. The Image Team and I look forward to continuing the journey in building a sustainable and growing mid-tier mining company.

Patrick Mutz
Managing Director



REVIEW OF OPERATIONS

Image Resources NL (“Image” or “the Company”) successfully completed its third full year (CY2021) of operations 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 either met or was reasonably close to achieving market guidance in all areas, despite the heavy rainfall impacts on mining and HMC production encountered at Boonanarring during Q3 2021 and the challenges posed by COVID-19, including the variety of related restrictive measures implemented by State and Commonwealth governments.

Zero LTIs

Solar power installed

supplying on average
25% OF MINE SITE POWER

A\$83m

Project net cashflow

296,000t

HMC produced



The average HMC realised price for the full year was **A\$611 per tonne (CY2020: A\$566/t)** reflecting slightly higher average zircon and ilmenite benchmark prices.

2021 in Review

Operations

CY2021 was another successful year for the Company, having completed its third full year as a profitable Australian mining company.

The March 2021 quarter was marked by two major milestones for the Company. In February 2021 the Company announced the early repayment of its debt, and on 17 March 2021 the Company announced an intention to pay an inaugural dividend of \$0.02 per share, on the back of a CY2020 net profit after tax of \$24.8 million, with the dividend being unfranked and subsequently paid on 27 April 2021.

The March quarter ended with the Company having a \$51 million cash balance, pre dividend payment, on strong sales despite lower heavy mineral concentrate (HMC) realised prices from lower zircon content and higher Australian dollar. The March quarter marked record high HMC production of 85.2kt.

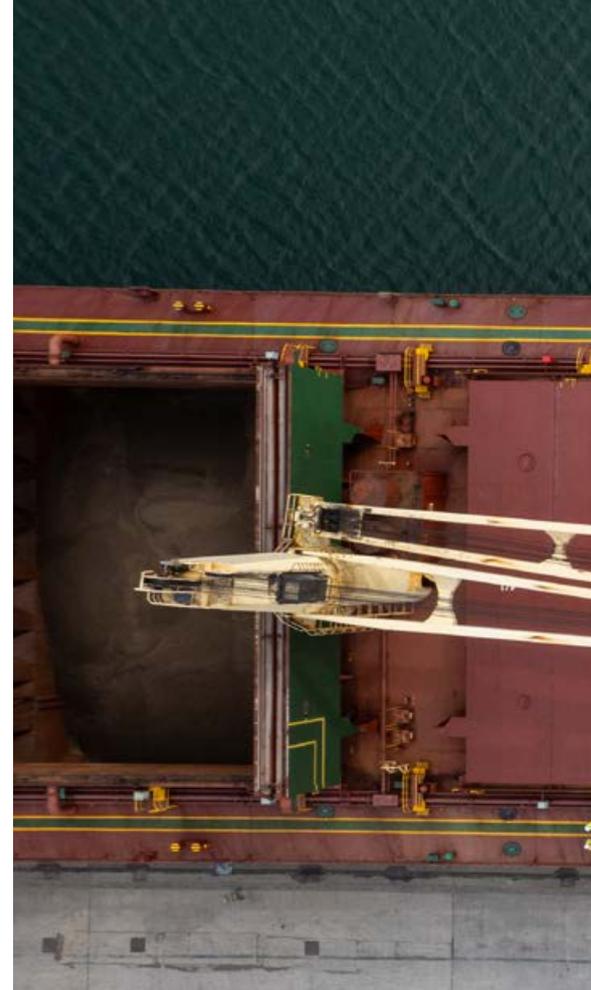
In the June 2021 quarter, the Company achieved record high Quarterly HMC production of 102.3kt. Record production was supported by Quarterly record high ore grade of 12.1% HM. Despite higher production and a small increase in average realised price per tonne HMC sold, margins per tonne of HMC sold fell slightly from A\$190/t in Q1 to A\$147/t in Q2 2021 due to lower sales volumes and lower zircon content in HMC sold.

In August 2021 the Company announced an after-tax profit of A\$2.9 million for the half year ended 30 June 2021 (2020: A\$14.2 million) with the fall in profit compared to the prior year due to lower zircon content in HMC and less favourable FX, combined with higher shipping costs.

In the September 2021 quarter, the zircon benchmark price increased 8.3% and the ilmenite benchmark price was up 7.3% quarter on quarter. As a result of rising commodity prices, higher zircon content in the HMC and lower Australian dollar, the quarterly average realised HMC price increased 26% to A\$631/t and the final shipment in the quarter achieved a record high price to date of A\$794/t.

C1 cash costs per tonne sold fell 13% in the September quarter, mainly due to higher sales volumes, and which combined with higher commodity prices, higher zircon and lower Australian dollar, increased margins from A\$147/t in Q2 to \$321/t in Q3.

The December quarter was highlighted by the average HMC realised price increasing a further \$273/t to A\$904/t, as a result of further increases in commodity prices, zircon content of the HMC and lower Australian dollar. In addition, due to substantially higher zircon spot pricing in China, Image negotiated higher than standard market-based benchmark pricing via the elimination of the standard grade zircon penalty and a further 5% premium to benchmark pricing as prescribed in the HMC offtake agreements. As a result, cash margins per tonne increased from A\$321/t in Q3 2021 to A\$500/t in Q4, a further 56% increase and representing a 117% increase from Q4 2020 at A\$230/t.



Full Year Results

Consistent HMC sales to the Company's off-take partners resulted in total HMC sales of 293kt for CY2021 (compared to 306kt in CY2020) on HMC production of 296kt. Total HMC stocks increased only marginally from the end of CY2020 to the end of CY2021 and remain near minimal working levels of approximately 50kt (including HMC storage pad bases).

The average HMC realised price for the full year was A\$611 per tonne (CY2019: A\$566/t) reflecting higher average zircon and ilmenite market benchmark prices compared to CY2020. The Boonanarring project generated EBITDA of approximately A\$75 million in CY2021 (CY2020: A\$86 million).

Lower guidance for CY2022 of 200-230kt HMC production and 220-250kt HMC sales, reflects the anticipated progression of mining to the southern end of Block C at Boonanarring and into the lower HM grade and lower zircon grades in Block D as we approach the end of Ore Reserves at Boonanarring before relocating mining and ore processing operations to Image's 100%-owned Atlas deposit which is currently under development planning and final permitting.



FOUNDRY EQUIPMENT

Zircon is widely used in the foundry industry, mostly in the form of SAND and FLOUR (milled sand) for casting.



Mineral Sands Commodity Prices and FX

Boonanarring HMC pricing is based on the underlying content of zircon (as % of ZrO₂+HfO₂) and titanium dioxide (as % of TiO₂) in the HMC and benchmark market prices for the various products (zircon, rutile, and ilmenite) at appropriate quality specifications, with the majority of the value of Boonanarring HMC derived from the zircon content.

Benchmark prices for zircon started to increase in Q2 2021 and continued to strengthen on a Quarterly basis for the remainder of the year and into 2022 (Figure 1), rising 26% from start to the end of CY2021, and then rising a further 12% on 1 Jan 2022. Benchmark prices for ilmenite rose steadily in Q1 and Q2 2021 and levelled off in Q3 (Figure 2), rising 54% from start to the end of CY2021.

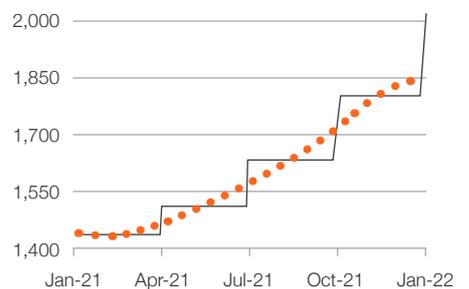
CY2021 saw significant variability in the zircon content of the ore mined, and therefore in the HMC sold. The content of zircon (as % of ZrO₂+HfO₂) averaged roughly 18% in the HMC for Q1 and Q2, declined to roughly 17% in Q3 and then rebounded sharply to over 21% in Q4 with the return of mining ore from Block 'C' at Boonanarring.

Higher benchmark prices for contained zircon and titanium in HMC sold, coupled with higher zircon content in the HMC in Q4 were the main reasons for a significant increase in average HMC realised prices in 2021. However, due to significantly higher zircon spot market prices in China, Image secured certain pricing concessions from its off-takers which pushed HMC realised prices higher than benchmark market pricing in Q4 2021. Concessions included elimination of the standard grade zircon penalty and a further 5% premium to benchmark pricing as a result of competitive demand for Image's HMC. In addition, the AUD: USD FX rate declined during CY2021 to more favourable levels in 2H 2021.

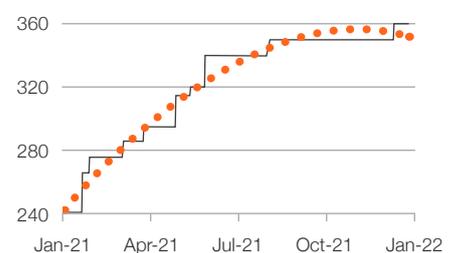
The net result of these positive changes saw HMC realised prices increase from an average A\$463 per tonne in Q1 2021 to an average A\$904 per tonne in Q4, for an overall average A\$611 per tonne for CY2021 (compared to A\$566 for CY2020).

With the further increase in the benchmark market price for zircon, effective 1 January 2022, and continuing high demand for mineral sands commodities in general, strong HMC realised prices are expected in 1H 2022, although zircon grades in the ore and HMC are forecast to decline in 2H 2022.

Zircon Benchmark Price (US\$/tonne)



Ilmenite Benchmark Price (US\$/tonne)





Corporate

Sales revenue for the year was A\$179 million (2020: A\$176 million) with project operating and selling costs of A\$97 million (2020: A\$91 million) and with full-year CY2021 project EBITDA of A\$75 million (2020: A\$86 million). During CY2021 the Company generated a Net Profit After Tax (NPAT) of A\$19.4 million (2020: A\$24.8 million) for a total NPAT of over A\$65 million for the first 3 full years of operations.

As at 31 December 2021 Image had a cash position of A\$79.8 million (2020: A\$50.8million), after fully repaying remaining debt of A\$17.2 million and dividend payments of A\$19.0 million. For CY2021, the Company generated net cash flow from mine operating activities of A\$82.8 million (2020: A\$75.8 million).

In February 2022, the Company announced it had received a Section 249D notice from Murray Zircon Pty Ltd (MZ) requesting the removal of three current Image directors and replacing them with three MZ nominees. The shareholder meeting to consider the resolutions is scheduled for 24 March 2022.

Social License

Safety

Image recorded zero lost-time injuries (LTI) during calendar year 2021 (2020: 1 LTI). During the year the Company also started reporting total recordable injury frequency rate (TRIFR) to further improve the transparency of the effectiveness of its safety programs. The 12-month rolling average TRIFR at the end of December 2021 was 7.2 per million hours worked.

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 was reasonably steady for the whole of CY2021.

PAINTS & COATINGS

Titanium dioxide provides opacity and durability, while helping to ensure the longevity of paint and protection of the painted surface.





Community

Image continues to proudly contribute to the local community, including through local employment. At year end approximately 45% of the workforce at Boonanarring lived locally to the operation or within local regional shires.

In addition, the Company has an active and varied community support and engagement program. Image provides access to land to a local community group to graze sheep and cattle, and during the year supported other local community and charitable groups such as Lions Institute, Vinnies (CEO Sleepout) and Happiness Co Foundation (mental health support programmes).

Image also elevated its focus on cultural engagement with the Yued Traditional Owners in Q4 2021 in connection with the Company's ongoing development plans for its Atlas and Bidaminna mineral sands projects in WA. This engagement is anticipated to be further expanded in CY2022.

Environment

Image is committed to minimising any potential long-term adverse impacts of its operations on the environment. The Company strives to maintain compliance with all of its licence requirements while it actively seeks to identify ways to ensure lasting improvements to certain aspects of the environment such as soil water retention, by using terracing and blending clayey materials into rehabilitated topsoils.

The Company has taken actions to minimise its carbon footprint by working with Sunrise Energy Group to construct and operate a 2.3MW solar farm at Boonanarring, even though the Boonanarring project could be fully and adequately supplied with all its electricity requirements from the WA State power grid. In CY2021 approximately 24% of electricity requirements for Boonanarring were supplied as renewable solar energy from the solar farm, at costs slightly below grid power prices.

The use of solar power at Boonanarring provides Image Resources with green credentials and positions the Company as one of the very few mining companies in Australia to directly utilise solar energy to offset a substantial portion of its grid-based energy supply, and thereby significantly reducing its carbon emissions.

The Company has also assisted local landowners in their efforts to establish carbon sequestration field trials in conjunction with CSIRO to identify optimum clay and compost soil mixtures to enhance the carbon capture potential of the soils. Subsequent to the end of CY2021, Image has also engaged with the Sunrise Energy Consortium to seek grants to establish a green hydrogen production and dispensing terminal at Boonanarring as a post-mining business enterprise.

For the full December quarter, the solar farm supplied approximately 30% of total electricity requirements at **Boonanarring at a slightly lower cost than grid power.**



Project Developments

The Atlas Project is 100%-owned and was included as part of Image's Bankable Feasibility Study (BFS) published in 2017. It is contemplated to be mined at the conclusion of mining at Boonanarring and is currently undergoing detailed development planning, heritage clearance and final permitting.

Atlas is located approximately 160km north of Perth (80km north of Boonanarring). The plan outlined in the BFS was for the wet concentration plant (WCP) and associated equipment, infrastructure and mining operations to be relocated from Boonanarring when mining and processing at Boonanarring is complete. The forecast for completion of mining and processing at Boonanarring is late CY2022 or early 2023.

Atlas is a high-grade deposit and has coarse grained minerals which favour high recoveries, very much like Boonanarring. However, the strip ratio is much lower at Atlas which translates to significantly lower mining costs. Offsetting this benefit the zircon content of the HM in the ore at Atlas is lower compared to Boonanarring.

Project development, planning and study costs for Atlas are being funded internally.

The 100%-owned Hyperion and Helene projects are located to the immediate north of Atlas, and are potentially within economic pumping distance from the planned location of the Atlas WCP. Both projects are being assessed as part of the overall plan to extend the mine life in the Atlas area.

The Bidamina Project is also 100%-owned and is currently under feasibility study as a potential stand-alone production centre, to be operated in parallel with operations in the Atlas area. Bidamina is located 100km north of Perth. Subsequent to the end of CY2021, additional drilling for upgrading of Mineral Resources and for the collection of geotechnical data to support feasibility study has commenced.

Ground magnetic surveys were completed late in CY2021 at a secondary target area at Bidamina Northwest and results suggest potential mineral sand signatures worthy of additional testing. Drilling programmes are planned in this area with the goal of adding significantly to Mineral Resources and potential Ore Reserves in the area.

As part of its published growth strategy, in CY2021 Image embarked on the review of opportunities to secure additional mineral sands tenements to expand the Company's overall portfolio of Mineral Resources for potential increased mine-life. In Q4 2021, Image participated in a tender process to acquire tenements. Subsequent to the end of CY2021, on 19 January 2022 the Company announced that it had completed the strategic acquisition of a package of mineral sands tenements in the historic Eneabba mining district located 275km north of Perth in Western Australia. The package of tenements was acquired from Sheffield Resources Limited under an asset sale and purchase agreement announced on 29 November 2021. The full package of tenements consists of 8 exploration licences ("ELs"), 3 mining leases ("MLs") and 1 retention licence ("RL") covering 8 project areas ("Eneabba Tenements") with transfer of the MLs subject to regulatory (FIRB) approval.



Mineralisation in all of the Eneabba Tenement project areas is accessible by dry mining methods and testing has demonstrated the mineralisation is amenable to typical heavy mineral processing technology such as the WCP currently used at Image's Boonanarring Project. Plans include fast-tracking the conversion of Eneabba Tenements contained Mineral Resources to Ore Reserves during the first half of 2022.

Exploration

The Company's exploration portfolio is predominantly focussed on mineral sands, with the exception of two, adjacent exploration licences (ELs) and affiliated smaller ELs associated with an earn-in and purchase arrangement completed with the owners under a farmin arrangement subsequent to the end of CY2021, with a focus on gold. All tenements are located in Western Australia and all mineral sands tenements are located in the North Perth Basin.

Early in 2021 the Company announced maiden Mineral Resources estimates for Boonanarring Northern Extension and Boonanarring North-western Extension area, and Mineral Resources updates for Gingin North, Hyperion and Helene, entitled "Project 'MORE' Update, Boonanarring and Atlas Project Areas" (ASX: 31 March 2021).

In addition, the Company announced a maiden dredge mining Mineral Resources estimate for the Bidaminna Project entitled "102 Million Tonnes Inaugural Dredge Mining Mineral Resources Estimate for Bidaminna Mineral Sands Project" (ASX: 31 March 2021). This announcement was closely followed by the grant of a number of new tenements covering potential extensions and parallel strand systems north and northwest of the Bidaminna Mineral Resources area.

An RC drill program for gold was completed at the Erayinia and King Prospect (refer to ASX release entitled "King Gold Prospect Delivers High Grade Intersection", (ASX: 26 July 2021)).

Activity in early 2022 focussed on mineral sand resource drilling at Bidaminna, Hyperion and Bidaminna West and gold drilling at Erayinia and King.

King Gold Farmin

Image met the initial expenditure requirements to earn an initial 40% interest in the King Gold Prospect under a Farm-in Agreement late in CY2021 and subsequently acquired a further 40% interest for a cash payment to the owners of A\$240k quartering Q1 2022. The owners then agreed to forego their remaining 20% interest by reverting to a 2% net smelter royalty. Therefore, subsequent to the end of CY2021, the King Gold Prospect is now 100% owned by Image, and subject to a 2% royalty. Additional drilling and Mineral Resources study work is planned on King and Image's adjacent gold tenements in CY2022.

**MINERAL RESOURCES &
ORE RESERVES STATEMENT**



Ore Reserves – Material Mining Projects

The estimated Ore Reserves at Boonanarring have been updated to include depletion from mining through 31 December 2021 and thereby represent remaining Ore Reserves as at 31 December 2021.

Table 1 – Ore Reserves – Strand Deposits; in accordance with the JORC Code (2012) – as at 31 December 2021

Project / Deposit	Ore Reserve Category	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
					Zircon	Rutile	Leuc.	Ilmenite		
Boonanarring ¹	Proved	2.8	0.21	7.4	20	2.9	1.8	49	12	4.5
	Probable	1.1	0.07	6.2	17	4.8	6.2	43	15	6.1
	Sub-Total	3.9	0.28	7.1	19	3.4	2.9	48	13	4.9
Atlas ²	Probable	9.5	0.80	8.1	11	7.5	4.5	51	16	5.7
	Sub-Total	9.5	0.80	8.1	11	7.5	4.5	51	16	5.7
Total Ore Reserves		13.4	1.08	7.8	13	6.4	4.1	50	15	5.5

¹ Refer to Boonanarring Ore Reserves release 11 March 2022 “Boonanarring Annual Ore Reserve Update”

² Atlas Ore 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 31 December 2020 (Table 2). The material changes arise from mining depletion from 31 December 2020 through 31 December 2021. Refer to the Company's ASX release dated 11 March 2022 for further information. For the period between 31 December 2020 and 31 December 2021 the Company is not aware of any new information or data that materially affects the Ore Reserve at Boonanarring other than the changes shown due to mining depletion.

As shown in Tables 1 & 2, the Company's Ore Reserves at Atlas are unchanged from 31 December 2020 and the Company is not aware of any new information or data that materially affects this information for the period ending 31 December 2021.

Table 2 – Comparative Ore Reserves – Strand Deposits; in accordance with JORC Code (2012)

Project / Deposit	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
				Zircon	Rutile	Leuc.	Ilmenite		
As at 31 Dec 2020									
Boonanarring	6.1	0.48	7.8	24	3.5	3.6	49	15	6.0
Atlas	9.5	0.8	8.1	11	7.5	4.5	51	16	5.7
Total Ore Reserves	15.6	1.28	8.0	16	6.0	4.2	50	16	5.8
As at 31 Dec 2021									
Boonanarring	3.9	0.28	7.1	19	3.4	2.9	48	13	4.9
Atlas	9.5	0.80	8.1	11	7.5	4.5	51	16	5.7
Total Ore Reserves	13.4	1.1	7.8	13	6.4	4.1	50	15	5.5

Drilling programs are also being conducted on several other project areas, including Bidaminna, Atlas, Hyperion and Helene to **advance the understanding of the mineralised system and enhance the size of existing Mineral Resources.**

Mineral Resources – Material Mining Project

The estimated Mineral Resources at Boonanarring have been updated to include depletion from mining through 31 December 2021 and thereby represent remaining Mineral Resources as at 31 December 2021.

**Table 3 – Mineral Resources – Dry Mining Strand Deposits; in accordance with the JORC Code (2012)
– as at 31 December 2021**

Deposit	Mineral Resource Category	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
						Zircon	Rutile	Leuc.	Ilmenite		
Boonanarring	Measured	2.0	3.9	0.28	7.2	18.1	2.9	2.8	48	12	4.5
	Indicated	2.0	5.4	0.26	4.8	12.3	4.6	9.8	49	17	4.8
	Inferred	2.0	0.9	0.03	3.3	11.5	4.4	5.5	53	15	6.4
	Sub-Total	2.0	10.2	0.57	5.6	15.1	3.7	6.1	49	15	4.8
Atlas	Measured	2.0	9.9	0.78	7.9	10.5	7.2	4.2	49	16	5.8
	Indicated	2.0	6.4	0.24	3.7	6.8	4.7	3.4	42	17	5.2
	Inferred	2.0	1.8	0.07	4.0	4.8	4.4	3.3	29	20	7.2
	Sub-Total	2.0	18.1	1.09	6.0	9.3	6.4	4.0	46	17	5.7
Total Measured			13.7	1.06	7.7	12.5	6.0	3.8	49	15	5.4
Total Indicated			11.8	0.50	4.2	9.7	4.6	6.8	45	17	5.0
Total Inferred			2.7	0.10	3.8	6.7	4.4	4.0	36	18	7.0
Grand Total			28.3	1.66	5.9	11.3	5.5	4.7	47	16	5.4

**Table 4 – Mineral Resources – Dredge Mining Strand Deposits; in accordance with the JORC Code (2012)
– as at 31 December 2021**

Deposit	Mineral Resource Category	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
						Zircon	Rutile	Leuc.	Ilmenite		
Bidaminna	Indicated	0.5	17	0.6	3.2	5.0	5.1	30	53	3.6	1.4
	Inferred	0.5	84	1.7	2.0	5.1	4.2	38	47	3.3	2.4
	Total	0.5	102	2.2	2.2	5.1	4.4	36	48	3.4	2.2

Table 5 – Mineral Resources – Combined Dredge and Dry Mining Strand Deposits; in accordance with the JORC Code (2012) – as at 31 December 2021

Deposit	Mineral Resource Category	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
						Zircon	Rutile	Leuc.	Ilmenite		
Material Mineral Resources	Total Measured		14	1.1	7.7	12.5	6.0	4	49	15.1	5.4
	Total Indicated		29	1.0	3.6	7.2	4.9	19	49	2.4	0.9
	Total Inferred		87	1.8	2.0	5.2	4.2	36	46	3.2	2.3
Grand Total			130	3.9	3.0	7.7	4.9	23	48	4.3	2.3

The Company's Mineral Resources at Boonanarring show changes from the Mineral Resources as at 31 December 2020 (Table 6). The material changes arise primarily from mining depletion from 31 December 2020 through 31 December 2021. For the period between 31 December 2020 and 31 December 2021 the Company is not aware of any new information or data that materially affects the Mineral Resource Estimate at Boonanarring other than the changes shown due primarily to normal mining depletion.

The Company's Mineral Resources at Atlas are unchanged from 31 December 2020 (Tables 3 & 6) and the Company is not aware of any new information or data that materially affects this information for the period ending 31 December 2021.

The Companies Mineral Resources at Bidaminna have been included in Material Mining Projects as at 31 December 2021 on the basis of the Mineral Resource estimate being re-estimated and reported in accordance with the JORC Code 2012 and additional studies and investigations being carried out to progress the deposit towards production.

Table 6 – Comparative Mineral Resources – Strand Deposits – JORC Code 2012

Project / Deposit	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
					Zircon	Rutile	Leuc.	Ilmenite		
As at 31 Dec 2020										
Boonanarring	2.0	15.9	1.0	6.1	19.0	3.8	6	50	15	4.8
Atlas	2.0	18.1	1.1	6.0	9.3	6.4	4	46	17	5.7
Total Material Resources		34.0	2.1	6.1	13.9	5.2	5	48	16	5.3
As at 31 Dec 2021										
Boonanarring	2.0	10.2	0.6	5.6	15.1	3.7	6	49	15	4.8
Atlas	2.0	18.1	1.1	6.0	9.3	6.4	4	46	17	5.7
Bidaminna	0.5	102	2.2	2.2	5.1	4.4	36	48	3	2.2
Total Material Resources		130	3.9	3.0	7.7	4.9	23	48	9	3.6

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 2021 are shown in the tables below. The Mineral Resources for Helene, Hyperion and Gingin North have been re-estimated and reported in accordance with the JORC Code 2012 during the year (Tables 7 & 8). New Mineral Resource estimates were completed and reported for Boonanarring North West and Boonanarring North Extension in accordance with the JORC Code 2012 during the year (Tables 7 & 8).

Table 7 – Mineral Resources – Dry Mining Strand Deposits; in accordance with JORC Code 2012 – as at 31 December 2021

Deposit	Mineral Resource Category	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
						Zircon	Rutile	Leuc.	Ilmenite		
Boonanarring North West	Indicated	2.0	3.1	0.16	5.1	9.6	6.8	30.4	35	11	1.2
	Inferred	2.0	1.2	0.06	5.0	8.3	7.4	36.2	27	10	0.8
	Sub Total	2.0	4.3	0.22	5.1	9.2	6.9	32.0	33	11	1.1
Boonanarring North Extension	Indicated	2.0	2.5	0.29	11.8	16.4	2.7	11.5	41	17	7.1
	Inferred	2.0	0.2	0.01	4.7	16.0	2.5	10.7	39	17	8.4
	Sub Total	2.0	2.7	0.30	11.2	16.4	2.7	11.5	41	17	7.2
Gingin North	Indicated	2.0	6.6	0.31	4.7	7.2	4.5	14.8	50	16	4.5
	Inferred	2.0	2.0	0.10	4.7	5.5	5.4	23.2	41	13	5.3
	Sub Total	2.0	8.7	0.41	4.7	6.8	4.7	16.8	48	15	4.7
Helene	Indicated	2.0	12.1	0.59	4.9	7.4	5.1	14.4	47	18	1.4
	Inferred	2.0	1.0	0.04	4.0	7.5	5.7	16.1	45	15	1.1
	Sub Total	2.0	13.1	0.63	4.8	7.4	5.2	14.5	47	18	1.4
Hyperion	Indicated	2.0	3.6	0.30	8.3	8.0	6.7	8.1	36	19	2.6
	Inferred	2.0	0.0	0.00	5.9	7.3	5.0	4.9	31	17	4.3
	Sub Total	2.0	3.6	0.30	8.3	8.0	6.7	8.1	36	19	2.6
Total Indicated			27.9	1.65	5.9	9.3	5.0	14.4	44	17	2.8
Total Inferred			4.4	0.20	4.6	7.2	5.9	24.8	38	13	3.3
Grand Total			32.3	1.86	5.7	9.1	5.1	15.5	43	16	2.9

Table 8 – Comparative Mineral Resources – Dry Mining Strand Deposits – JORC Code 2012 – as at 31 December 2021

Project / Deposit	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
					Zircon	Rutile	Leuc.	Ilmenite		
As at 31 Dec 2020										
Helene	2.0	13.2	0.57	4.3	10.5	3.6		75	19	
Hyperion	2.0	5.0	0.32	6.3	7.3	6.3		56	19	
Gingin North	2.5	2.4	0.10	5.5	5.7	3.4	10.2	57	15	
Total Non-Material Resources		20.6	0.99	4.9	9.0	4.5		67.0	18.5	
As at 31 Dec 2021										
Boonanarring NW*	2.0	4.3	0.22	5.1	9.2	6.9	32	33	11	1.1
Boonanarring N Ext*	2.0	2.7	0.30	11.2	16.4	2.7	11	41	17	7.2
Gingin North**	2.0	8.7	0.41	4.7	6.8	4.7	17	48	15	4.7
Helene**	2.0	13.1	0.63	4.8	7.4	5.2	14	47	18	1.4
Hyperion**	2.0	3.6	0.30	8.3	8.0	6.7	8	36	19	2.6
Total Non-Material Resources		32.3	1.86	5.7	9.1	5.1	16	43	16	2.9

* maiden resource estimate

** updated to JORC 2012

The Company's Mineral Resources at Titan, Telesto, Calypso, Gingin South, Regans Ford and Red Gully are unchanged from 31 December 2020 (Tables 9 & 10) and the Company is not aware of any new information or data that materially affects this information for the period ending 31 December 2021.

Table 9 – Mineral Resources – Dredge Mining Strand Deposits; in accordance with JORC Code 2012 – as at 31 December 2021

Deposit	Mineral Resource Category	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
						Zircon	Rutile	Leuc.	Ilmenite		
Titan	Indicated	1.0	21	0.38	1.8	9.5	3.1	1.5	72	22	
	Inferred	1.0	115	2.21	1.9	9.5	3.1	1.5	72	19	
	Sub Total	1.0	137	2.59	1.9	9.5	3.1	1.5	72	19	
Telesto	Indicated	1.0	4	0.13	3.8	9.5	5.6	0.7	67	17	
	Sub Total	1.0	4	0.13	3.8	9.5	5.6	0.7	67	17	
Calypso	Inferred	1.0	51	0.85	1.7	10.8	5.1	1.6	68	14	
	Sub Total	1.0	51	0.9	1.7	10.8	5.1	1.6	68	14	
Total Indicated			25	0.51	2.1	9.5	3.8	1.3	71	21	
Total Inferred			167	3.06	1.8	9.8	3.6	1.5	71	17	
Grand Total			192	3.57	1.9	9.8	3.7	1.5	71	18	

Table 10 – Mineral Resources – Historic; in accordance with JORC Code 2004 – as at 31 December 2021

Deposit	Mineral Resource Category	Cut-off (total HM%)	Tonnes (million)	In-situ HM Tonnes (millions)	Total HM grade (%)	HM Assemblage (% of total HM)				Slimes (%)	Oversize (%)
						Zircon	Rutile	Leuc.	Ilmenite		
Gingin South	Measured	2.5	1.5	0.07	4.4	7.8	5.6	15.3	51	7	0.0
	Indicated	2.5	5.8	0.38	6.5	8.1	5.1	9.8	68	7	11.0
	Inferred	2.5	0.7	0.05	6.5	10.9	5.8	7.5	67	8	8.7
	Sub Total	2.5	8.1	0.49	6.1	8.3	5.2	10.3	65	7	8.7
Regans Ford	Indicated	2.5	9.0	0.90	9.9	10.0	4.3	10.0	70	17	
	Inferred	2.5	0.9	0.10	6.5	10.1	4.4	7.7	68	19	
	Sub Total	2.5	9.9	1.00	9.6	10.0	4.3	9.8	70	17	
Red Gully	Indicated	2.5	3.4	0.27	7.8	12.4	3.1	8.3	66	12	
	Inferred	2.5	2.6	0.19	7.5	12.4	3.1	8.3	66	11	
	Sub Total	2.5	6.0	0.46	7.7	12.4	3.1	8.3	66	11	
Total Measured			1.5	0.07	4.4	7.8	5.6	15.3	51	7	
Total Indicated			18.2	1.54	8.4	10.0	4.3	9.7	69	13	
Total Inferred			4.2	0.34	7.1	11.5	3.8	8.0	67	12	
Grand Total			24.0	1.95	7.9	10.2	4.2	9.6	68	12	

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 Executive Advisor - Exploration 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, Bidamina, Boonanarring North West, Boonanarring North Extension, Hyperion, Helene, Gingin North 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 (Snowden Optiro) 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 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 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 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: 11 March 2022 "Boonanarring Annual Ore Reserve Update"
- Atlas Ore Reserves: 30 May 2017 "Ore Reserves Update for 100% Owned Atlas Project"
- Bidamina Mineral Resource: 31 March 2021 – "102 Million Tonnes Inaugural Dredge Mining Mineral Resource Estimate for Bidamina Mineral Sands Project"
- Gingin North Mineral Resource: 31 March 2021 – "Project MORE Update Boonanarring Atlas Projects"
- Boonanarring North Extension Mineral Resource: 31 March 2021 – "Project MORE Update Boonanarring Atlas Projects"
- Boonanarring North West Mineral Resource: 31 March 2021 – "Project MORE Update Boonanarring Atlas Projects"
- Helene Mineral Resources: 31 March 2021 – "Project MORE Update Boonanarring Atlas Projects"
- Hyperion Mineral Resources: 31 March 2021 – "Project MORE Update Boonanarring Atlas Projects"
- Titan Mineral Resources: 31 October 2019
- Telesto South Mineral Resources: 31 October 2019
- Calypso Mineral Resources: 31 October 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 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:

- Regans Ford Mineral Resources: 20 February 2017 (released 21 February 2017)
- Gingin South Mineral Resources: 21 July 2011
- Red Gully Mineral Resources: 9 March 2011

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**



Directors' Report

Your directors present their report, together with the financial statements of the Group, being the Company, Image Resources NL, and its controlled entities, for the financial year ended 31 December 2021 compared with the financial year ended 31 December 2020.

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)
Peter Thomas
Fei Wu (Resigned 18 May 2021)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year involved 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 Group recorded an operating profit of \$19,384,000 (for the year to 31 December 2020: operating profit of \$24,783,000). Basic profit per share for the year was 1.94 cents (year to 31 December 2020: profit of 2.53 cents). Diluted profit per share for the year was 1.81 cents (year to 31 December 2020: profit of 2.44 cents).

DIVIDENDS PAID OR RECOMMENDED

During the reporting period, Image paid an unfranked maiden dividend of 2.0 cents per share in April 2021. The financial impact of dividends paid during the reporting period totalled \$19.6m.

Since the end of the reporting period the Board announced the intention to pay a franked dividend of 2.0 cents per share. The dividend is expected to be paid towards the end of April 2022.

Dividend Policy

The Company's dividend policy provides for the Board of Directors, as soon as practicable after the end of a Group 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 Group, other than cash that the Board considers is necessary or desirable to be retained by the Group for the Group'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 Group during the year are discussed in detail above.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following matters:

- ▶ On 18 January 2022, the Group completed the strategic acquisition of a package of mineral sands tenements in the historic Eneabba mining district for \$23m in cash. Further information is provided in the ASX announcement lodged on 19 January 2022.
- ▶ On 21 January 2022 the Company announced that it had received a notice pursuant to section 249D of the Corporations Act 2001 (Cth) (Corporations Act) on behalf of Murray Zircon Pty Ltd (MZ), regarding the intention to move resolutions at a general meeting of the Company for the removal of three directors of the Company and appointment of three new directors that are associates/directors of MZ, and to requisition a meeting of the Company's shareholders to consider those resolutions (Notice). On 25 January, the Company announced that MZ had withdrawn the Notice on the basis that the Company formed the view the Notice was invalid as it sought to appoint an executive director. Then on 28 January, the Company announced it had received a further 249D notice (Further Notice) from MZ proposing the Company's shareholders consider resolutions to: (i) remove three directors of the Company, being Mr Robert Besley, Mr Patrick Mutz and Mr Chaodian Chen; and (ii) appoint Mr Chaohua Huang, Mr Graham Hewson and Ms Ran Xu as directors of the Company. The notice of general meeting of shareholders (Meeting) was announced on 14 February 2022 with the meeting to be held on 24 March 2022.

Directors' Report (cont.)

- ▶ On 10 February 2022, the Group announced the intention to pay a 2 cent fully franked dividend once the Calendar Year 2021 annual financial results have been finalised.
- ▶ On 14 March 2022, the Group announced the strategic acquisition of the McCalls Mineral Sands Project for \$12m in cash. Further information is provided in the ASX announcement lodged on 14 March 2022.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Review of Operations set out on pages 3 to 7 of this Annual Financial Report, provide an indication of the Group's likely development and expected results. In the opinion of the Directors, disclosure of any further information about these matters and the impact on Group operations could result in unreasonable prejudice to the Group and has not been included in this report.

ENVIRONMENTAL ISSUES

The Group carries out operations in Australia which are subject to environmental regulations under both Commonwealth and State legislation in relation to those activities. The Group's MD, Head of Exploration, 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, remuneration and hedging committees. As at 31 December 2021, 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 40 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 a successful new mining company in South Australia. He also serves on the Company's hedging committee. Mr Mutz has not been a director of any other listed public companies in the past 3 years.

Directors' Report (cont.)

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 19 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 audit and remuneration committees. 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 – appointed March 2010, continuing.

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 22 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 Guangdong Orient Zirconic Ind. Sci. Tech. Co., Ltd. (**OZC**) in 1995 and built that company into a leader in the zirconium industry. He served as President and Chairman of OZC until mid-2013 when China National Nuclear Corporation (CNNC) became the largest shareholder in OZC. He became the Chairman of Murray Zircon when that company was founded in 2011 as a result of OZC'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. During the past three years he has served as a director of the following other listed companies:

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

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. Mr Li has not been a director of any other listed public companies in the past 3 years.

Directors' Report (cont.)

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 Thomas (Chair), Besley and Soo. During the year, the committee held two meetings. All members attended these meetings.

REMUNERATION COMMITTEE

At the date of this report the Remuneration Committee ("committee") comprises Messrs Besley (Chair) and Thomas. During the year, the committee held one meeting. All members attended this meeting.

HEDGING COMMITTEE

At the date of this report the Hedging Committee ("committee") comprises Messrs Besley (Chair), Mutz and McEvoy. During the year, the committee held one meeting. All members attended this meeting.

MEETINGS OF DIRECTORS

During the financial year ended 31 December 2021, there were seven meetings of directors held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee		Hedging Committee	
	Number eligible to attend	Number attended						
Robert Besley	7	7	2	2	1	1	1	1
Patrick Mutz	7	7	-	-	-	-	1	1
Peter Thomas	7	7	1	1	1	1	-	-
Aaron Soo	7	7	2	2	-	-	-	-
Chaodian Chen	7	7	-	-	-	-	-	-
Huangcheng Li	7	7	-	-	-	-	-	-
Dennis Lee (Alternate for Huangcheng Li)	7	6	-	-	-	-	-	-
Fei (Eddy) Wu (Resigned 18 May 2021)	2	2	1	1	-	-	-	-

Directors' Report (cont.)

OPTIONS

At the date of this report, unissued ordinary shares of the Company under option or warrant are:

Type	Number	Exercise Price	Expiry Date
Options	10,000,000	\$0.32	27 May 2023
Warrants	11,250,000	\$0.1365	20 May 2023
Warrants	21,525,000	\$0.11385	24 May 2023

The options were issued during the financial year on 27 May 2021.

During the financial year 3,035,714 warrants were exercised at 0.1365 cents per share to acquire 3,035,714 fully paid ordinary shares and since the end of the financial year, as at the date of this report, no options or warrants were exercised to acquire fully paid ordinary shares.

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 Group and in the discharge of his duties as a director, to seek independent professional advice and recover the reasonable costs thereof from the Group. 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 \$168,049 (the year to 31 December 2020: \$121,704) was incurred in insurance premiums for this purpose.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group 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.

Remuneration Report - Audited

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:

Name	Position
Non-Executive Directors	
Robert Besley	Non-Executive Chairman
Peter Thomas	Non-Executive Director
Aaron Soo	Non-Executive Director
Chaodian Chen	Non-Executive Director
Huangcheng Li	Non-Executive Director
Fei Wu (Resigned 18 May 2021)	Non-Executive Director
Executive Directors	
Patrick Mutz	Managing Director
Executive Officers	
George Sakalidis	Head of Exploration
John McEvoy	Chief Financial Officer
Todd Colton	Chief Operating Officer

The Group’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 Group 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.

Remuneration Report - Audited (cont.)

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 - \$517,230 per annum (from 1 July 2021) inclusive of superannuation.
- Performance bonus – participates in a Group-wide executive performance incentive scheme.
- Allowances – from 1 January 2019, the Group 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 Group provides a Group vehicle for use on Group business and commuting between his place of residence in the Perth area and the corporate office and the Group's various mining and exploration sites as and when necessary.
- The agreement may be terminated by the Group by the provision of three months written notice. The employee may terminate the contract by the provision of two months' notice.

George Sakalidis – Head of Exploration (From 29 May 2020) and Executive Director – Exploration (Retired 29 May 2020)

- Base Salary - \$249,690 per annum (from 1 July 2021) 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 \$171.49 per hour inclusive of 10% superannuation.
- Performance bonus – participates in a Group-wide executive performance incentive scheme.
- The agreement may be terminated by the provision of one month's written notice by either the Group or Mr Sakalidis.

John McEvoy – Chief Financial Officer

- Base Salary - \$375,166 per annum (from 1 July 2021) inclusive of superannuation.
- Performance bonus – participates in a Group-wide executive performance incentive scheme.
- The agreement may be terminated by the provision of three month's written notice by either the Group or Mr McEvoy.

Todd Colton – Chief Operating Officer

- Base Salary - \$385,220 per annum (from 1 July 2021) inclusive of superannuation.
- Performance bonus – participates in a Group-wide executive performance incentive scheme.
- The agreement may be terminated by the provision of three month's written notice by either the Group 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 \$500,000 per annum on 29 May 2020.

Each Non-Executive Director's actual remuneration for the year ended 31 December 2021 and the year to 31 December 2020 is shown below. 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
	\$	\$	\$
Robert Besley	100,000	-	-
Peter Thomas	60,000	6,000	6,000
Aaron Soo	60,000	6,000	-
Chaodian Chen	60,000	-	-
Fei Wu	22,769	2,277	2,277
Huangcheng Li	60,000	-	-

Fees are inclusive of superannuation where required.

Remuneration Report - Audited (cont.)

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.

Non-Executive Director Options

Non-Executive Director (NED) options were issued after shareholder approval at the Shareholder General Meeting held on 27 May 2021.

The purpose of the grant of these options was to provide a mid-term incentive for each NED's continuing and future efforts as a Director of the Company. The Directors consider that the NED options are the most cost effective and efficient means to reward and align the interests of the Company's Directors with the interest of all shareholders. To that end, the NED Options have an exercise price with the objective of the Group's strategy, being to increase Shareholder value. Also, to that end, each unexercised NED option will lapse prior to the expiry date if a Directors ceases to be an officer or employee of the Company.

Issue of NED options to Directors of the Company requires prior approval of Shareholder in accordance with Listing Rule 10.11.

During the 31 December 2021 year 10,000,000 options were issued to NED's at an exercise price of \$0.32 per share and an expiry date of 27 May 2023.

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 Group to provide dedicated and ongoing commitment and effort to the Group, and for the Group 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 2021 year 16,353,949, ESP shares were issued. Of these 1,395,628 shares were issued to Directors.

The principal provisions of the plan include:

- The Plan is available to all executive Directors and employees of the Group;
- 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.

Remuneration Report - Audited (cont.)

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 Group Performance and Remuneration

There is no relationship between the financial performance of the Group 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 Group did not employ the services of a remuneration consultant during the financial year ended 31 December 2021 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)	\$100,000 inclusive of super	-
Mr P Mutz	(Managing Director)	\$501,000 inclusive of super	-
Mr P Thomas	(Non-Executive Director)	\$60,000 inclusive of super	\$12,000 inclusive of super
Mr A Soo	(Non-Executive Director)	\$60,000 ¹	\$6,000 ¹
Mr C Chen	(Non-Executive Director)	\$60,000 ¹	-
Mr H Li	(Non-Executive Director)	\$60,000 ¹	-

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

Remuneration Report - Audited (cont.)

Non-Executive Director remuneration for the years ended 31 December 2021 and 31 December 2020

	Financial year	Board fees	Committee fees	Super-annuation	Share-based payments	Total
Robert Besley	2021	100,000	-	8,676	13,456	122,132
	2020	75,662	2,500	7,425	-	85,587
Peter Thomas	2021	54,729	8,662	6,186	13,456	83,033
	2020	47,272	5,240	4,989	-	57,501
Aaron Soo	2021	60,000	6,000	-	13,456	79,456
	2020	51,763	3,000	-	-	54,763
Fei Wu	2021	20,794	4,159	2,370	-	27,323
	2020	47,272	7,980	5,249	-	60,501
Chaodian Chen	2021	60,000	-	-	13,456	73,456
	2020	51,763	-	-	-	51,763
Huangcheng Li	2021	60,000	-	-	13,456	73,456
	2020	51,763	-	-	-	51,763
	2021	355,523	18,821	17,232	67,280	458,856
	2020	325,495	18,720	17,663	-	361,878

Key Management Personnel Remuneration

Table 1: Remuneration for the years ended 31 December 2021 and 31 December 2020

Financial Year	Short-term benefits				Post Employment	Total (\$)	
	Salary (\$)	Cash Bonus (\$)	Non-monetary benefits ² (\$)	Other (\$)	Super-annuation (\$)		
Executive Directors							
Patrick Mutz	2021	482,895	148,775	44,134	29,182	26,219	731,205
	2020	464,691	97,789	34,642	-	25,309	622,431
George Sakalidis ¹	2020	196,372	19,160	-	-	20,442	235,974
Executive Officers							
John McEvoy	2021	344,879	80,133	-	-	24,824	449,836
	2020	334,279	36,000	-	-	22,841	393,120
Todd Colton	2021	353,568	82,280	-	-	26,042	461,890
	2020	337,000	70,500	-	30,202	25,000	462,702
George Sakalidis	2021	176,222	25,998	-	-	19,770	221,990
	2021	1,357,564	337,186	44,134	29,182	96,855	1,864,921
	2020	1,332,342	223,449	34,642	30,202	93,592	1,714,227

1. George Sakalidis retired as an Executive Director during the 2020 financial year.

2. Non-monetary benefits include allowances paid for travel and accommodation during the financial year.

3. Long term benefits relate to long term leave entitlements earned during the financial year.

Remuneration Report - Audited (cont.)

Options Granted as Remuneration

During the 2021 financial year 10,000,000 options were issued to Non-Executive Directors. Details of the options issued are as follows:

Name	Grant date	Exercise price per option	Expiry date	Fair value of options granted	Number of Options Issued	Balance at the end of the year
Robert Besley	27 May 2021	\$0.32	27 May 2023	13,456	2,000,000	2,000,000
Chaodian Chen	27 May 2021	\$0.32	27 May 2023	13,456	2,000,000	2,000,000
Aaron Chong Veoy Soo	27 May 2021	\$0.32	27 May 2023	13,456	2,000,000	2,000,000
Huangcheng Li	27 May 2021	\$0.32	27 May 2023	13,456	2,000,000	2,000,000
Peter Thomas	27 May 2021	\$0.32	27 May 2023	13,456	2,000,000	2,000,000

All options were granted for nil consideration. Options lapse if the Non-Executive Director ceases employment with the Company. The options vested on the grant date. The fair value of the options is calculated at the date of the grant using the Black Scholes option pricing model.

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	Sold during the Year	Balance at End of Year or Date of Retirement
Non-Executive Directors					
Robert Besley	666,667	-	-	-	666,667
Peter Thomas	2,104,306	-	-	-	2,104,306
Aaron Soo	14,330,000	470,000	-	-	14,800,000
Chaodian Chen	-	-	-	-	-
Huangcheng Li	136,445,311	9,070,183	-	-	145,515,494
Executive Directors					
Patrick Mutz	3,654,506	-	1,395,628	(900,671)	4,149,463
George Sakalidis	5,584,497	-	509,072	(2,528,038)	3,565,531
Executive Officers					
John McEvoy	3,785,096	-	917,542	(784,973)	3,917,665
Todd Colton	2,103,263	-	1,025,630	(706,860)	2,422,033
Total	168,673,646	9,540,183	3,847,872	(4,920,542)	177,141,159

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.

Remuneration Report - Audited (cont.)

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Group 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, 17 March 2022

Auditor's Independence Declaration

ELDERTON
AUDIT PTY LTD

Auditor's Independence Declaration

As auditor for the audit of Image Resources NL for the year ended 31 December 2021, 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.

This declaration is in respect of Image Resources NL and the entities it controlled during the period.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

17 March 2022
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 (4th edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement is dated at 6 April 2022 and reflects the corporate governance practices in place throughout the year ended 31 December 2021. The 2021 Corporate Governance Statement was approved by the Board on 6 April 2022. 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.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year to 31 Dec 2021 (\$000)	Year to 31 Dec 2020 (\$000)
Continuing operations			
Operating sales revenue	3	178,847	176,378
Cost of sales	3	(115,143)	(104,224)
Gross profit		63,704	72,154
Government royalties		(7,944)	(8,262)
Shipping and other selling costs		(20,253)	(10,248)
Corporate expenses		(4,986)	(4,684)
Exploration and evaluation expenses		(3,549)	(4,980)
Other income and expense		86	107
Foreign currency gain / (loss)	3	1,429	(3,783)
Operating profit		28,487	40,304
Finance income	3	27	36
Financing costs	3	(1,192)	(5,817)
Profit before income tax		27,322	34,523
Income tax expense	6	(7,938)	(9,740)
Profit for the year from continuing operations		19,384	24,783
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets		4	2
<i>Items that will not be reclassified to profit or loss</i>			
Hedging costs		(475)	-
Total other comprehensive income		(471)	2
Total comprehensive income for the year		18,913	24,785
	Notes	Cents	Cents
Earnings per share			
Basic earnings per share	5	1.94	2.53
Diluted earnings per share	5	1.81	2.44

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

	Notes	31 Dec 2021 (\$'000)	31 Dec 2020 (\$'000)
Current assets			
Cash and cash equivalents	7	79,840	50,761
Trade and other receivables	8	2,960	12,191
Inventory	12	21,739	20,441
Other assets	9	1,085	392
Derivatives		18	-
Total current assets		105,642	83,785
Non-current assets			
Property, plant and equipment	10	68,962	82,806
Other financial assets	11	4,629	4,951
Total non-current assets		73,591	87,757
Total assets		179,233	171,542
Current liabilities			
Trade and other payables	13	19,560	19,610
Provisions	14	1,004	903
Borrowings	15	148	17,199
Income tax payable	6	11,093	1,282
Total current liabilities		31,805	38,994
Non-current liabilities			
Provisions	14	35,611	19,807
Borrowings	15	172	10
Deferred tax liabilities	6	742	4,101
Total non-current liabilities		36,525	23,918
Total liabilities		68,330	62,912
Net assets		110,903	108,630
Equity			
Issued capital	16	113,999	110,607
Reserves	17	26,764	27,883
Accumulated losses	17	(29,860)	(29,860)
Total equity		110,903	108,630

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

	Issued Capital (\$000)	Profit Reserve Account (\$000)	Other Reserves (\$000)	Accum'd Losses (\$000)	Total (\$000)
Balance at 1 January 2020	108,553	-	3,098	(29,860)	81,791
<i>Comprehensive profit</i>					
Operating profit for the year	-	-	-	24,783	24,783
Other comprehensive income	-	-	2	-	2
Transfer to profit reserve – dividend	-	24,783	-	(24,783)	-
Total comprehensive profit for the year	-	24,783	2	-	24,785
<i>Transactions with owners in their capacity as owners</i>					
Shares issued during the year	2,511	-	-	-	2,511
Shares cancelled during the year	(447)	-	-	-	(447)
Cost of share issue	(10)	-	-	-	(10)
Total transactions with owners in their capacity as owners	2,054	-	-	-	2,054
Balance at 31 December 2020	110,607	24,783	3,100	(29,860)	108,630
	Issued Capital (\$000)	Profit Reserve Account (\$000)	Other Reserves (\$000)	Accum'd Losses (\$000)	Total (\$000)
Balance at 1 January 2021	110,607	24,783	3,100	(29,860)	108,630
<i>Comprehensive profit</i>					
Operating profit for the year	-	-	-	19,384	19,384
Other comprehensive income	-	-	(471)	-	(471)
Transfer to profit reserve – dividend	-	19,384	-	(19,384)	-
Total comprehensive profit for the year	-	19,384	(471)	-	18,913
Derivatives fair value movement	-	-	18	-	18
<i>Transactions with owners in their capacity as owners</i>					
Dividends paid	-	(19,877)	-	-	(19,877)
Share based payment	-	-	67	-	67
Warrants exercised during the year	-	-	(240)	-	(240)
Shares issued during the year	3,916	-	-	-	3,916
Shares cancelled during the year	(510)	-	-	-	(510)
Cost of share issue	(14)	-	-	-	(14)
Total transactions with owners in their capacity as owners	3,392	(19,877)	(173)	-	(16,640)
Balance at 31 December 2021	113,999	24,290	2,474	(29,860)	110,903

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year to 31 Dec 2021 (\$000)	Year to 31 Dec 2020 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		190,587	164,854
Payments to suppliers and contractors		(113,332)	(93,543)
Interest received		27	36
Interest paid		(1,147)	(6,560)
Other income		84	151
Income tax paid		(1,486)	-
Net cash from operating activities	7	74,733	64,938
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for security deposits		(85)	-
Proceeds from sale of property, plant and equipment		4	1
Purchase of property, plant and equipment		(7,630)	(16,362)
Payments for exploration and evaluation		(3,795)	(4,841)
Net cash used in investing activities		(11,506)	(21,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new issues of shares	16	414	-
Payments for share issue costs		(15)	(10)
Proceeds from employee loan repayments		512	-
Dividends paid	15	(19,025)	-
Repayment of borrowings	15	(17,169)	(38,313)
Net cash used in financing activities		(35,283)	(38,323)
Net increase in cash held		27,944	5,413
Cash at beginning of the year		50,761	49,935
Effect of exchange fluctuations on cash held		1,135	(4,587)
Cash at the end of the year	7	79,840	50,761

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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 consolidated financial statements of the Company, as at and for the year ended 31 December 2021, comprises the Company and its wholly owned subsidiaries (together referred as the Group). The financial statements were authorised for issue on 17 March 2022, subject to minor typographical amendments.

The following is a summary of the material accounting policies adopted by the Group 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 consolidated entity 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.

ACCOUNTING POLICIES

a) Revenue Recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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 Group'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.

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 associated with exploration and evaluation activity including direct costs and an appropriate portion of related overhead 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.

Exploration expenditure associated with the acquisition of tenement licences may be recognised as an exploration asset if it is considered that the expenditures incurred are expected to be recouped through successful development and exploitation of the area of interest. Additional exploration and evaluation expenditure incurred on these tenement licences acquired is also added to the value of the exploration asset.

Accounting for exploration and evaluation expenditure is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Once a development decision is made, all past exploration and expenditure in respect of an area of interest that has been capitalised is transferred to mine properties where it is amortised over the life of the area of interest to which it relates on a unit of production basis. No amortisation is charged during the exploration and evaluation phase.

The application of the above accounting policy requires to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available, which may require adjustments to the carrying value of assets. Capitalised exploration and evaluation expenditure is assessed for impairment when an indicator of impairment exists, and capitalised assets are written off where required.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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 Group 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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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 Group 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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 Group 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 Group 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, its 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 Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group 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 Group'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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

Impairment

At each reporting date, the Group 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.

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 Group 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

As a lessee, the Group recognises a right-of-use asset, representing its right to use the underlying asset and a corresponding lease liability, on the statement of financial position, for leases (other than short term and low value lease). The right-of-use asset is amortised on a straight-line basis over its lease term.

The Group recognises the right-of-use asset and the lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (at the present value of future lease payments), and subsequently at cost less accumulated depreciation, any impairment losses and adjustments for remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, then the Groups' incremental borrowing rate or, where not available, a market rate alternative. The lease liability is further remeasured if the estimated future lease payments change.

q) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Group. 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 Group as the Managing Director and other members of the Board of directors.

t) Critical Accounting Estimates, Assumptions and Judgements

The Group 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).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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 Group'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 Group 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 Group to realise net deferred tax assets could be impacted. Additionally, future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods.

The Group has unrecognised deferred tax assets arising from tax losses and other temporary differences. The ability of the Group 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 Group and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early.

These standards are not expected to have a material impact on the Group 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

Note 2 Operating Segments

Segment Information

Identification of reportable segments

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

Revenue and assets by geographical region

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

Major customers

The Group currently provides products to two off-takers plus one buyer outside the primary offtake agreements.

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 2021 (\$000)	Year to 31 Dec 2020 (\$000)
Note 3 Revenue and Expenses		
Sales Revenue		
Concentrate sales	178,847	176,378
Operating Expenses		
Mine operating costs	(77,092)	(74,105)
Depreciation and amortisation	(33,362)	(27,713)
Amortisation of capitalised borrowing costs	(5,705)	(5,749)
Inventory movement	1,016	3,343
Cost of sales	(115,143)	(104,224)
Gross Profit	63,704	72,154
Foreign Currency Gain / (Loss)		
Realised foreign currency gain / (loss)	247	(1,896)
Unrealised foreign currency gain / (loss)	1,182	(1,887)
	1,429	(3,783)
Finance Income		
Interest income	27	36
Finance Costs		
Interest expense	(906)	(5,670)
Loss on hedging maturities	(286)	-
Other financing costs	-	(147)
	(1,192)	(5,817)
Note 4 Auditors Remuneration		
Amounts received or due and receivable by the auditors of the Company for:		
- Auditing and reviewing the financial reports – (Elderton Audit Pty Ltd)	51	54

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year to 31 Dec 2021 (Cents)	Year to 31 Dec 2020 (Cents)
Note 5 Earnings Per Share		
Basic earnings per share	1.94	2.53
Diluted earnings per share	1.81	2.44
	(\$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	19,384	24,783
	Number of shares	Number of shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share		
	998,194,328	981,236,917
Weighted average number of ordinary shares used in the calculation of diluted earnings per share		
Weighted average number of ordinary shares (basic)	998,194,328	981,236,917
Effects of dilution from:		
Warrants	33,689,873	35,810,714
Options	10,000,000	-
Weighted average number of ordinary shares (diluted)	1,041,884,200	1,017,047,631

The Company had 10,000,000 (2020: Nil) options over fully paid ordinary shares on issue at balance date.

	(\$000)	(\$000)
Note 6 Income Tax		
Income tax expense		
Current tax	7,938	1,282
Deferred tax	-	8,458
Income tax expense in the statement of profit or loss	7,938	9,740
Reconciliation of income tax expense to prima facie tax payable		
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 before tax	27,322	34,523
Prima facie tax on operating profit at statutory rate of 30% (2019: 30%)	8,196	10,357
Non-deductible expenses	30	36
Non-assessable income	-	(30)
Capital raising costs charged to equity	(5)	(3)
Under provision in prior year	-	(620)
Costs classified as other comprehensive income	(142)	-
Adjustments in respect of current income tax of previous years	(1,282)	-
Adjustments in respect of deferred tax of previous years	1,141	-
Income tax expense	7,938	9,740

The Corporate tax rate payable by the Company if the Company was required to pay income tax in the year ended 31 December 2021 was 30% (31 December 2020: 30%). The deferred tax asset held on the balance sheet is calculated at the 30% income tax rate.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Deferred tax assets	8,865	5,338
Deferred tax liabilities	(9,607)	(9,439)
Net deferred tax assets / (liabilities)	(742)	(4,101)

Composition of and movements in deferred tax assets and liabilities during the year

	Assets		Liabilities		Net	
	2021 (\$000)	2020 (\$000)	2021 (\$000)	2020 (\$000)	2021 (\$000)	2020 (\$000)
Property, plant and equipment	-	-	(6,344)	(5,578)	(6,344)	(5,578)
Unrealised foreign exchange gains	1,284	1,940	-	-	1,284	1,940
Provisions and accruals	394	366	-	-	394	366
Capital raising costs	113	245	-	-	113	245
Mine rehabilitation	7,074	2,787	-	-	7,074	2,787
Borrowing costs	-	-	(1,476)	(2,869)	(1,476)	(2,869)
Receivables	-	-	(4)	(4)	(4)	(4)
Inventories	-	-	(1,777)	(984)	(1,777)	(984)
Investments	-	-	(6)	(4)	(6)	(4)
Net deferred tax assets / (liabilities)	8,865	5,338	(9,607)	(9,439)	(742)	(4,101)

	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Cash at bank	79,824	50,745
Deposits at call	16	16
	79,840	50,761

Note 7 Cash and Cash Equivalents

	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Cash flows from operating activities reconciliation		
Operating profit after income tax	19,384	24,783
Income tax expense	6,452	9,740
Depreciation and amortisation expense	39,241	33,496
Exploration and evaluation expense	3,549	4,980
Loss / (profit) on sale of property, plant and equipment	(2)	44
Realised foreign currency loss	(411)	2,978
Unrealised foreign currency (gain) / loss	(659)	617
Share based payments expense	67	-
Hedging expenses	(475)	-
Borrowing costs	-	(359)
<i>Changes in operating assets and liabilities:</i>		
Increase in trade and other receivables relating to operating activities	10,957	(11,598)
Decrease in prepayments	(608)	77
Increase in inventory	(1,298)	(3,652)
Increase in trade and other payables relating to operating activities	(1,340)	3,662
Increase / (decrease) in current borrowings	(171)	(45)
Increase in provisions	47	215
Cash flow from operations	74,733	64,938

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Note 8 Trade and Other Receivables		
Trade receivables	-	11,342
GST and tax refundable	1,022	792
Loans to employees – (Employee share plan)	1,137	-
Loans to Key Management Personnel – (Employee share plan)	590	-
Other receivables	211	57
	2,960	12,191

Note 9 Other Assets – Current		
Restricted cash – security for guarantees	140	57
Prepayments	945	335
	1,085	392

Restricted cash represents term deposits held by the Group'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)	Exploration (\$000)	Total (\$000)
Year ended 31 December 2020						
Balance at 1 January 2020	39,602	11,469	28,135	16,376	-	95,582
Additions	1,713	6,919	7,386	-	-	16,018
Mine closure and rehabilitation asset	-	-	4,781	-	-	4,781
Disposals	(45)	-	-	-	-	(45)
Depreciation	(15,926)	-	(11,855)	(5,749)	-	(33,530)
Closing Net Book Value	25,344	18,388	28,447	10,627	-	82,806
At 31 December 2020						
Cost	55,351	18,388	45,145	21,968	-	140,852
Accumulated Depreciation	(30,007)	-	(16,698)	(11,341)	-	(58,046)
Net Book Value	25,344	18,388	28,447	10,627	-	82,806
Year ended 31 December 2021						
Balance at 1 January 2021	25,344	18,388	28,447	10,627	-	82,806
Additions	1,594	2,203	5,598	-	155	9,550
Mine closure and rehabilitation asset	-	-	15,859	-	-	15,859
Disposals	(12)	-	-	-	-	(12)
Depreciation	(12,482)	-	(21,053)	(5,706)	-	(39,241)
Closing Net Book Value	14,444	20,591	28,851	4,921	155	68,962
At 31 December 2021						
Cost	56,929	20,591	66,602	21,968	155	166,245
Accumulated Depreciation	(42,485)	-	(37,751)	(17,047)	-	(97,283)
Net Book Value	14,444	20,591	28,851	4,921	155	68,962

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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 Group has acquired.

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.

The calculation of the plant and equipment depreciation assumes that the plant and equipment will have a market value of \$15M once the processing of all Boonanarring mined ore has been completed. At 1 January 2021 this value was increased from \$10M to \$15M.

Leases

The Group has lease contracts for motor vehicles and office equipment used in its operations. The leases have lease terms between 3 and 5 years. The Group'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 leased assets carrying amounts recognised and the movements during the period.

	Office Lease (\$000)	Motor Vehicles (\$000)	Office Equipment (\$000)	Total (\$000)
Year ended 31 December 2020				
Balance at 1 January 2020	-	111	11	122
Additions	-	53	-	53
Depreciation	-	(86)	(6)	(92)
Closing Net Book	-	78	5	83
Year ended 31 December 2021				
Balance at 1 January 2021	-	78	5	83
Additions	355	32	-	387
Depreciation	(79)	(76)	(5)	(160)
Closing Net Book	276	34	-	310

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

	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Opening Net Book Value	105	127
Additions	392	57
Accretion of interest	22	16
Payments	(199)	(95)
Closing Net Book Value	320	105
Current	148	95
Non-Current	172	10
Note 11 Other Financial Assets		
Non-Current		
Loans to Employees – (Employee Share Plan)	3,420	3,391
Loans to Key Management Personnel (Employee Share Plan)	1,176	1,532
Equity investments at fair value – shares in listed corporations	33	28
	4,629	4,951

Notes to the Consolidated Financial Statements

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	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Note 12 Inventory		
Current		
Ore stockpiles	2,459	2,259
Heavy mineral concentrate and other intermediate stockpiles	17,506	16,689
Stores and consumables	1,774	1,493
	21,739	20,441

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

Trade creditors	10,418	10,787
Accruals	8,848	8,509
GST and tax payable	209	235
Other payables	85	79
	19,560	19,610

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 Group 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	1,004	903
Non-Current		
Employee leave benefits	32	87
Mine closure and rehabilitation	35,579	19,720
	35,611	19,807

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 2021 (31 December 2020: 0.99%) and an inflation factor of 1.0% (31 December 2020: 1.0%). Although the ultimate amount to be incurred is uncertain, management has, at 31 December 2021, estimated the asset retirement cost of work completed to date using an expected remaining mine life of 1.5 years and a total undiscounted estimated cash flow of \$34,523,627 (31 December 2020: \$19,718,091). Management's estimate of the underlying asset retirement costs are independently reviewed by an external consultant on a regular basis for completeness and was most recently reviewed in December 2021.

Notes to the Consolidated Financial Statements

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Recognition and measurement of provisions

Provisions are recognised when the Group 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.

	Interest Rate	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Note 15 Borrowings			
Current			
Lease liabilities	(8%)	148	95
Interest bearing loan – Senior Secured Loan Notes	(13%)	-	17,104
		148	17,199
Non-Current			
Lease liabilities	(8%)	172	10
Interest bearing loan – Senior Secured Loan Notes	(13%)	-	-
		172	10

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 amounted to US\$38,865,000 plus capitalised interest of US\$7,257,672. The loan balance at 31 December 2020 of US\$13,173,620 was repaid on 10 February 2021. US\$26,347,241 was repaid during the year ended 31 December 2020.

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.

Lease liabilities includes leases for motor vehicles and the office lease for three years from 1 May 2021 for Level 2, 7 Ventnor Avenue, West Perth WA 6005.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

Note 16 Issued Capital	Year to 31 Dec 2021		Year to 31 Dec 2020	
	No.	(\$000)	No.	(\$000)
Contributed Equity – Ordinary Shares				
At the beginning of the period	992,139,693	110,607	980,979,899	108,553
Warrants exercised at \$0.1365 expiring 20 May 2023	3,035,714	654	-	-
Dividend reinvestment plan shares issued at \$0.172	3,562,802	613	-	-
Employee share plan shares issued at \$0.195	-	-	12,875,014	2,510
Employee share plan shares issued at \$0.162	16,353,949	2,649	-	-
Employee shares cancelled	(2,449,772)	(509)	(1,715,220)	(446)
Share issue costs	-	(15)	-	(10)
Balance at the end of the period	1,012,642,386	113,999	992,139,693	110,607

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 2021 (\$000)	31 Dec 2020 (\$000)
Note 17 Reserves and Accumulated Losses		
Reserves		
Profit Reserve – Dividend	24,290	24,783
<i>Other Reserves</i>		
Fair value reserve of financial assets	16	12
Hedging reserve	18	-
Warrants reserve	2,848	3,088
Share based payments reserve	67	-
Other reserves - OCI	(475)	-
	2,474	3,100
Closing balance	26,764	27,883
<i>Profit Reserve Account</i>		
Balance at the beginning of the period	24,783	-
Transfer from accumulated losses	19,384	24,783
Dividend paid	(19,877)	-
Balance at the end of the period	24,290	24,783
<i>Fair Value Reserve of Financial Assets</i>		
Balance at the beginning of the period	12	10
Changes in the fair value of equity investments	4	2
Balance at the end of the period	16	12
<i>Hedging Reserve</i>		
Balance at the beginning of the period	-	-
Changes in hedging fair value	18	-
Balance at the end of the period	18	-
<i>Reserve – Warrants</i>		
Balance at the beginning of the period	3,088	3,088
Issue of warrants	-	-
Exercise of warrants	(240)	-
Balance at the end of the period	2,848	3,088

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	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
<i>Share Based Payments Reserve</i>		
Balance at the beginning of the period	-	-
Share based payment	67	-
Balance at the end of the period	67	-
<i>Other Reserves</i>		
Balance at the beginning of the period	-	-
Other comprehensive income	(475)	-
Balance at the end of the period	(475)	-

Profit Reserve Account

The profits from the years ended 31 December 2021 and 31 December 2020 were transferred to a profit reserve to be applied against future dividend payments.

Warrants Reserve

The warrants reserve is used to recognise the fair value of warrants issued

Hedging Reserve

Image uses two types of hedging instruments as part of its foreign currency risk management strategy. These include foreign currency forward contracts and foreign currency call options. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve.

	31 Dec 2021 No.	31 Dec 2020 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	11,250,000	14,285,714
Exercisable at \$0.11385 on or before 24 May 2023	21,525,000	21,525,000
	32,775,000	35,810,714
	(\$000)	(\$000)
Accumulated Losses		
Opening balance	(29,860)	(29,860)
Profit for the year	19,384	24,783
Transfer to profit reserve account	(19,384)	(24,783)
	(29,860)	(29,860)

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 2021	WAEP 2021	Number 2020	WAEP 2020
Outstanding at 1 January	35,810,714	0.1204	35,810,714	0.1204
Issued during the year	-	-	-	-
Exercised during the year	(3,035,714)	0.1365	-	-
Outstanding at 31 December	32,775,000	0.1216	35,810,714	0.1204
Exercisable at 31 December	32,775,000	0.1216	35,810,714	0.1204

Notes to the Consolidated Financial Statements

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b) Weighted average remaining contractual life

The weighted average remaining contractual life for the warrants outstanding as at 31 December 2021 is between 1 and 2 years (31 December 2020: Between 2 and 3 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 2020: \$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 2020: Nil).

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 date (\$)	\$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 Commitments

The Group 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 \$1,838,620.

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 Group 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 Group 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.

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 Group will secure rights to access those portions of the Tenements encroaching freehold land.

The Group has finalised 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. The agreement is in the

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process of being signed by all parties. 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 Group 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 Group's other tenements may contain dredge mining targets which could be subject to Native Title claim.

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

Note 20 Significant Events Subsequent to Reporting Date

Other than the following matters:

- ▶ On 18 January 2022, the Group completed the strategic acquisition of a package of mineral sands tenements in the historic Eneabba mining district for \$23m in cash. Further information is provided in the ASX announcement lodged on 19 January 2022.
- ▶ On 21 January 2022 the Company announced that it had received a notice pursuant to section 249D of the Corporations Act 2001 (Cth) (Corporations Act) on behalf of Murray Zircon Pty Ltd (MZ), regarding the intention to move resolutions at a general meeting of the Company for the removal of three directors of the Company and appointment of three new directors that are associates/directors of MZ, and to requisition a meeting of the Company's shareholders to consider those resolutions (Notice). On 25 January, the Company announced that MZ had withdrawn the Notice on the basis that the Company formed the view the Notice was invalid as it sought to appoint an executive director. Then on 28 January, the Company announced it had received a further 249D notice (Further Notice) from MZ proposing the Company's shareholders consider resolutions to: (i) remove three directors of the Company, being Mr Robert Besley, Mr Patrick Mutz and Mr Chaodian Chen; and (ii) appoint Mr Chaohua Huang, Mr Graham Hewson and Ms Ran Xu as directors of the Company. The notice of general meeting of shareholders (Meeting) was announced on 14 February 2022 with the meeting to be held on 24 March 2022.
- ▶ On 10 February 2022, the Company announced the intention to pay a 2 cent fully franked dividend once the Calendar Year 2021 annual financial results have been finalised.
- ▶ On 14 March 2022, the Group announced the strategic acquisition of the McCalls Mineral Sands Project for \$12m in cash. Further information is provided in the ASX announcement lodged on 14 March 2022.

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 2021	WASIP 2021	WASLP 2021	Number 2020	WASIP 2020	WASLP 2020
Outstanding at 1 January	24,013,898	0.205	0.205	12,854,104	0.230	0.224
Granted during the year	16,353,949	0.162	0.162	12,875,014	0.195	0.195
Sold during the year	(4,317,076)	0.119	0.162	-	-	-
Cancelled during the year	(2,449,772)	0.208	0.208	(1,715,220)	0.260	0.260
Outstanding at 31 December	33,600,999	0.188	0.188	24,013,898	0.205	0.205
Exercisable at 31 December	17,247,050	0.213	0.213	11,138,884	0.225	0.217

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Non-Executive Directors Option Plan

The Shareholders of the Company approved the issue of 10,000,000 options to Non-Executive Directors of the Company at the Annual General Meeting of the Company on 27 May 2021.

(a) General terms of Option Plan

There is no consideration paid for the issue of the Options.

There is no vesting period required for the exercise of the options to shares.

Unexercised options will lapse prior to the expiry date if a Directors ceases to be an officer or employee of the Company.

(b) Recognise share-based payment expense

The share-based payment expense for the year ended 31 December 2021 in relation the non-executive director option plan charged to profit and loss was \$67,000. (31 December 2020: Nil).

(c) Summary of options granted

	Number 2021	WAEP 2021	Number 2020	WAEP 2020
Outstanding at 1 January	-	-	-	-
Issued during the year	10,000,000	0.32	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 December	10,000,000	0.32	-	-
Exercisable at 31 December	10,000,000	0.32	-	-

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 31 December 2021 is between one and two years. (31 December 2020: N/A).

(e) Range of exercise price

The range of exercise price for options outstanding at the end of the year was \$0.32 (2020: N/A).

(f) Weighted average fair value

Weighted average fair value of options granted during the year was \$0.006728 (2020: N/A).

(g) Option pricing model

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 31 December 2021:

	2021
Dividend yield (%)	12.12%
Expected volatility (%)	50.33%
Risk-free interest rate (%)	0.015%
Expected life of options (years)	2 years
Option exercise price	\$0.3200
Weighted average share price at grant date (\$)	\$0.1689

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 22 RELATED PARTY AND RELATED ENTITY TRANSACTIONS

	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Key Management Personnel Compensation		
Short-term employee benefits	2,143	1,965
Post-employment benefits	114	111
Equity-settled share-based payments	67	-
	2,324	2,076

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.

Transactions with other related parties

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. 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 2021 (\$000)	Year to 31 Dec 2020 (\$000)
<i>Revenue</i>		
Concentrate Sales - Orient Zirconic Resources (Australia) Pty Ltd	45,487	53,105
<i>Expenses</i>		
Magnetic Resources NL, a George Sakalidis related party, purchase of stationary	(1)	(1)
Magnetic Resources NL, a George Sakalidis related party, vehicle hire	(2)	-
Murray Zircon Pty Ltd – Additional equipment – poly pipe	-	(10)
Spouse of Patrick Mutz – The Group 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	(1)	(2)
	45,483	53,092

Total amounts owing to directors and/or director-related parties and related entities at 31 December 2021 were Nil (31 December 2020: \$Nil). All transactions were incurred on normal commercial terms and were arm's length transactions.

Orient Zirconic Resources (Australia) Pty Ltd is a related party due to its 5.11% interest in the shares of the Company and Director Chaodian Chen being a director of its owner Guangdong Orient Zirconic In Sci & Tech Co., Ltd. Murray Zircon Pty Ltd is a related party due to it holding a 20.11% interest in the shares of the Company.

NOTE 23 CONTINGENT LIABILITIES

At 31 December 2021 the Group had a contingent liability in respect of the strategic acquisition of a package of mineral sands tenements in the historic Eneabba mining district for \$23m in cash. At period end date there were conditions precedent that needed to be complied with prior to the settlement of the transaction. Further information on the transaction is provided in the ASX announcement lodged on 19 January 2022.

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 24 FINANCIAL RISK MANAGEMENT

a) Financial Risk Management Policies

The Group'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 Group's development.

Specific Financial Risk Exposure and Management

The main risks the Group 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 Group 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 Group in order to maintain the appropriate working capital position to ensure that the Group 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 Group'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 Group at 31 December 2021 and 31 December 2020 was as follows:

	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Cash and cash equivalents	79,700	50,706
Restricted cash	140	55
Trade and other receivables	4,908	12,191
Inventory	21,739	20,441
Trade and other payables and provisions	(20,564)	(19,610)
Borrowings	(148)	(17,199)
Income Tax Payable	(11,093)	-
Working capital position	74,682	46,584

Credit Risk

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

The Group 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 Group has lodged cash deposits (designated as restricted cash above) totalling \$139,645 (2020: \$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 Standard & Poors credit ratings:

	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
AA- rated	79,980	50,816

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial Instrument composition and maturity analysis

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

31 December 2021	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		-	79,825	-	79,825
Restricted cash		-	155	-	155
Trade and other receivables		-	-	2,960	2,960
Derivatives		-	-	18	18
Equity investments at fair value		-	-	33	33
Total Financial Assets	%	-	79,980	3,011	82,991
Financial Liabilities:					
Trade and other payables and provisions		-	-	19,560	19,560
Borrowings		320	-	-	320
Total Financial Liabilities		320	-	19,560	19,880
Net Financial Assets		(320)	79,980	(16,549)	63,111

31 December 2020	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		-	50,761	-	50,761
Restricted cash		-	55	-	55
Trade and other receivables		-	-	12,191	12,191
Equity investments at fair value		-	-	28	28
Total Financial Assets	0.003%	-	50,816	12,219	63,035
Financial Liabilities:					
Trade and other payables and provisions		-	-	19,610	19,610
Borrowings		17,199	-	-	17,199
Total Financial Liabilities	13%	17,199	-	19,610	36,809
Net Financial Assets		(17,199)	50,816	(7,391)	26,226

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

The table below summarises the maturity profile of the Group'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:

	Less than 3 months (\$000)	3 to 12 Months (\$000)	1 to 5 years (\$000)	Total (\$000)
31 December 2021				
Trade and other payables and provisions	19,560	-	-	19,560
Borrowings	3	17	300	320
	19,563	17	300	19,880
31 December 2020				
Trade and other payables and provisions	19,610	-	-	19,610
Borrowings	8,552	8,552	-	17,104
	28,162	8,552	-	36,714

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).

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
31 December 2021				
Financial Assets:				
Financial assets at fair value through profit or loss:				
Equity investments at fair value:				
- Listed investments	32	-	-	32
Derivatives at fair value	-	18	-	18
	32	18	-	50
31 December 2020				
Financial Assets:				
Financial assets at fair value through profit or loss:				
Equity investments at fair value:				
- Listed investments	28	-	-	28
	28	-	-	28

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

Sensitivity Analysis – Interest rate risk

The Group 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:

	Year to 31 Dec 2021 (\$000)	Year to 31 Dec 2020 (\$000)
Change in loss – increase/(decrease):		
- Increase in interest rate by 2%	(1,600)	(1,015)
- Decrease in interest rate by 2%	1,600	1,015
Change in equity – increase/(decrease):		
- Increase in interest rate by 2%	1,600	1,015
- Decrease in interest rate by 2%	(1,600)	(1,015)
<hr/>		
NOTE 25 HEDGING	31 Dec 2021 (\$000)	31 Dec 2020 (\$000)
Current assets / (liabilities)		
Foreign exchange forwards	101	-
Foreign exchange options	(83)	-
	<hr/>	<hr/>
	18	-

The Group is exposed to risk from movements in foreign exchange in relation to its forecast US dollar denominated sales and as part of the risk management strategy has entered into foreign exchange forward contracts and has purchased Australian dollar call options.

(a) Recognition

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of the reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged relationship designated.

(b) Fair value of derivatives

Derivative financial instruments are the only assets and liabilities measured and recognised at fair value at 31 December 2021 (31 December 2020: Nil) comprising the above hedging instruments. The fair value of hedging instruments is determined using valuation techniques with inputs that are observable market data (a level 2 measurement). The valuation of the call options is determined using forward foreign exchange rates at the balance date. The only unobservable input used in the calculation is the credit default rate, movements in which would not have a material effect on the valuation.

(c) Hedge accounting

At the start of a hedge relationship, the Group formally designates and documents the hedge relationship, including the risk management strategy for undertaking the hedge. This includes identification of the hedging instrument; the hedged item or transaction and the nature of the risk being hedged. Hedge accounting is only applied where effective tests are met.

(d) Cash flow hedges

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss. The ineffective portion was immaterial in the current and prior periods.

Foreign exchange call options in relation to expected USD revenue, predominantly from contracted sales to 31 December 2022, remain open at the reporting date. The foreign exchange call option hedges cover US\$47 million of expected USD revenue to 31 December 2022 at an average strike price of 79.0 cents.

Amounts recognised in equity are transferred to the income statement when the hedging instruments matures.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or if its designation as a hedge is revoked amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 26 CONTROLLED ENTITIES

The consolidated financial statements incorporate the following subsidiaries:

Controlled Entities	Country of Incorporation	2021	2020
Image Resources NL (Parent Company)	Australia		
Craton Resources Pty Ltd	Australia	100%	100%
Titan Resources Pty Ltd	Australia	100%	100%

The Companies did not operate during the financial year. At 31 December 2021 no Deed of Cross Guarantee had been entered into.

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 2021 and performance for the year ended on that date of the Group; and
 - (c) the audited remuneration disclosures set out in the Remuneration Report section of the Directors' Report for the year ended 31 December 2021 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 Group 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 17 March 2022

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") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated 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 Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2021 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 Group 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 matters described below to be key audit matters to be communicated in our report.

Limited liability by a scheme approved under Professional Standards Legislation

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Independent Auditor's Report (cont.)

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
<p>As at 31 December 2021, the Group has a liability of \$36 million relating to the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during operation in Boonanarring but not yet rehabilitated.</p> <p>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.</p> <p>This area is a key audit matter as the determination of the restoration liability involves a level of complex calculations and significant management judgement.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> • 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 Group's external experts used in determination of the provisions estimate. • Analysed inflation rate and discount assumptions in the provision calculation with current market data and economic forecasts. • Evaluating the completeness of the provisions estimate to the Group's analysis of each operating location to identify where disturbance requires rehabilitation or demobilisation and our understanding of the Group'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
<p>The entity has reported revenue of \$179 million from sales of minerals.</p> <p>The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates.</p> <p>There is also a risk around the timing of revenue recognition, particularly focused on the contractual terms of delivery and location of the customers.</p> <p>Based on these factors, we have identified revenue recognition as a key risk for our audit</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> • 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. • 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

Independent Auditor's Report (cont.)

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 Group'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 Group 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 Group'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 Group'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 Group 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.

Independent Auditor's Report (cont.)

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

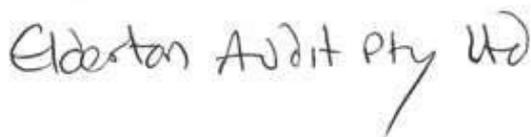
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 40 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Image Resources NL for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Company 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.



Elderton Audit Pty Ltd



Nicholas Hollens
Managing Director

17 March 2022
Perth

ASX Additional Information

Image Resources NL (ASX: IMA) provides the following information as required by the ASX Listing Rules. The information is current as at 10 March 2022.

Distribution of Equity Securities

			Number of Holders	Number of Shares
1	-	1,000	281	127,727
1,000	-	5,000	560	1,725,478
5,000	-	10,000	400	3,146,477
10,001	-	100,000	1,043	40,073,301
100,001	-	And over	433	965,862,694
			2,717	1,010,935,677
The number of shareholders holding less than a marketable parcel of shares are:			362	233,193

Twenty Largest Shareholders:

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

		Number of Shares	Percentage of ordinary shares
1	MURRAY ZIRCON PTY LTD	151,902,001	15.03%
2	VESTPRO INTERNATIONAL LIMITED	137,936,921	13.64%
3	ORIENT ZIRCONIC RESOURCES (AUSTRALIA) PTY LTD	80,507,536	7.96%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	78,529,010	7.77%
5	CITICORP NOMINEES PTY LIMITED	36,663,776	3.63%
6	BRAZIL FARMING PTY LTD	29,700,000	2.94%
7	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	22,574,465	2.23%
8	PERFECT WELL INDUSTRIAL LIMITED	22,420,082	2.22%
9	BRAZIL FARMING PTY LTD	21,597,109	2.14%
10	AVA CARTEL SDN BHD	18,000,000	1.78%
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	15,696,664	1.55%
12	LUMIOUS PARTNERING PTY LTD	15,071,895	1.49%
13	BNP PARIBAS NOMS PTY LTD <DRP>	14,927,240	1.48%
14	MISS CHOY FUAN KU	14,800,000	1.46%
15	TQ INTERNATIONAL	12,000,000	1.19%
16	PONTIAN ORICO PLANTATIONS SDN BHD	11,539,728	1.14%
17	MRS SHUMEI CHEN	11,092,500	1.10%
18	SPARTA AG	11,000,000	1.09%
19	MR LIM PANG SOO	10,760,103	1.06%
20	RIBTON SUPERANNUATION FUND PTY LTD <RIBTON SUPER FUND A/C>	10,100,000	1.00%
		726,819,030	71.90%

ASX Additional Information (cont.)

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 Zirronic Resources (Australia) Pty Ltd, Guangdong Orient Zirronic Ind. Sci. Tech. Co. Ltd. and XQ (HK) Enterprises Limited	232,409,537
Huangcheng Li and Vestpro International Limited	151,515,494
Paradice Investment Management Pty Ltd	64,183,760

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person presents 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

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class	
			Holder Name	Number of Securities
Warrants exercisable at \$0.1365 expiring 20/05/2023	11,250,000	2	Jett Capital Advisors LLC	9,000,000
			Liquidity Finance LP	2,250,000
Warrants exercisable at \$0.11385 expiring 24/05/2023	21,525,000	1	UBS Nominees Pty Ltd	21,525,000
Options exercisable at \$0.32 expiring 27 May 2023	10,000,000	5	R E & J M Besley <R & J Besley Super Fund A/C>	2,000,000
			Chong Veoy Soo	2,000,000
			Chaodian Chen	2,000,000
			Vestpro International Ltd	2,000,000
			Northern Griffin Pty Ltd	2,000,000

ASX Additional Information (cont.)

Schedule of Tenements

Areas of Interest	Tenements	Economic Entity' Interest
Western Australia		
- Atlas Project	E70/2636, E70/2898, E70/3997, E70/4244, E70/4656, E70/4663, E70/5034, E70/5268, E70/5552, M70/1305, R70/051, R70/062	100%
- Boonanarring Project	E70/3032, E70/3041, E70/3100, E70/3192, E70/3720, E70/4077, E70/4689, E70/4946, E70/4949, E70/5213, E70/5306, E70/5646, M70/1192, M70/1194, M70/1311, M70/448, G70/0250	100%
- Bidamina Project	E70/2844, E70/4779, E70/4794, E70/4919, E70/5763, E70/5776, E70/5777	100%
	E70/3298	90%
- Erayinia Project	E28/1895, E28/2742	100%
	P28/1320, P28/1321	100%, 2% net smelter royalty payable to former owners
- Chapman Hill Project	E70/3892, E70/5193	100%
- Yandanooka Project	E70/3762, E70/3813	100%
- Eneabba Project	E70/3814, E70/4190, E70/4292, E70/4719, E7/4747, M70/0872, M70/0965, M70/1153, R70/0035	100%

E = Exploration Licence, M = Mining Lease, P = Prospecting Licence, R = Retention Licence, G = General Purpose Licence

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CORPORATE DIRECTORY

Directors

Mr Robert Besley	Non-Executive Chairman
Mr Patrick Mutz	Managing Director
Mr Chaodian Chen	Non-Executive Director
Mr Huancheng Li	Non-Executive Director
Mr Aaron Chong Veoy Soo	Non-Executive Director
Mr Peter Thomas	Non-Executive Director

Company Secretary

Mr Dennis Wilkins (DW Corporate)

Principal Place of Business & Registered Office

Level 2
7 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
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

1,010,935,677 fully paid ordinary shares



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