
POSITIVE UPDATE ON NPB PROJECT

HIGHLIGHTS

- **Fast track staged development to produce HMC at Boonanarring for sale or toll treatment is being actively progressed**
- **Basis for the full project Feasibility Study has been confirmed**
- **Project team is now established**
- **Capital payback projected within first three years of operation**
- **Increased degree of confidence in a high value mineral inventory to support 3.3Mtpa multi-pit operation over more than twelve years mine life, with further significant exploration potential**
- **Environmental and land access issues are being actively progressed.**

SUMMARY

In March 2012, Image commenced a detailed review of the August 2011 Scoping Study in order to determine the basis of design for the Feasibility study and to confirm the project development schedule. The work was also aimed at updating the project strategy to incorporate the recent high grade drilling results from extension drilling along strike from the Mining Lease held by Image at Boonanarring (refer ASX Release dated 22nd March 2012).

The project represents one of the largest undeveloped high-grade HM resources in Australia, with excellent existing infrastructure and upside exploration potential.

The base case now assumes that a Dry Mill will be constructed on land at Boonanarring, north of Gingin, over which Image has an option to purchase. This site is ideally located in terms of existing infrastructure, access and local sources of employees.

The new study has deliberately used conservative assumptions in the analysis, coupled together with the already defined JORC compliant resources for all seven projects (Atlas, Helene, Hyperion, Red Gully, Boonanarring, Gingin North and Gingin South).

In addition, the resource models at Boonanarring have been extended into the gaps in the current drilling. This was done in order to provide a more realistic basis for analysis of the full project in the interim period until the planned exploration programme can be completed in the second quarter of 2012/2013. These extensions cannot be classified as resources and therefore the detailed results of the analysis are not included in this ASX release. However, experience in the correlation between the results of Image's proprietary geophysical survey work and eventual drilling results gives a high degree of confidence in the use of this approach at this stage of project evaluation and planning.

This work has clearly demonstrated the robust economic returns for the project based on these parameters. The results confirm the viability of a multi-mine operation encompassing six of Image's defined resources located between Helene in the north, to Gingin South, producing HMC for treatment at a Boonanarring Dry Mill.

In parallel with the feasibility study on the full project scope, including the initial construction of the Dry Mill, Image is also investigating the possibility of fast tracking development of the high grade Boonanarring resources to produce HMC for sale or toll treatment. This would provide the operating platform and cash flow for the staged development of the Dry Mill at Boonanarring and satellite mining operations at Atlas and the other projects.

The current status of the project is that image has:

- Established a highly experienced and motivated project team covering all aspects of project evaluation, project development together with environmental and community relations activities.
- Obtained agreement to an option to purchase the property at Boonanarring, north of Gingin, which is planned to be the site of the permanent Dry Mill and major project infrastructure and also the location of the initial mining activities.
- Completed the seasonal fauna surveys at Atlas.
- Carried out the initial consultation with the majority of landowners, together with several government agencies and Members of Parliament.
- Completed a full analysis of environmental constraints over all the projects.
- Commenced the hydrological studies at Boonanarring and Atlas.
- Completed drilling of resource extensions at Atlas South and Boonanarring. This will be subject to a further announcement when the assay results are received.
- Completed the metallurgical testwork on composite samples from Boonanarring, Gingin South and Atlas to confirm process criteria, mineral recoveries and to provide an early indication of product qualities. Work on samples from Red Gully is planned. Further bulk testwork is planned in conjunction with the next drilling programmes at Boonanarring and Atlas.
- Carried out an initial assessment of potential customers for the various products and associated pricing.
- Completed open pit optimisation and scheduling of all the projects using revised input parameters.
- Developed preliminary process flowsheet designs, mass balances, plant designs and capital costs to a level of accuracy of -10%/+25%.
- Completed preliminary consideration of product logistics and port options and costs.

The next stage of the work programme will include:

- Drilling of the remaining sections at Boonanarring
- Drilling of the southern extensions at Atlas South
- Further drilling at Red Gully and Gingin North to follow up on promising results from the geophysical survey work
- Associated resource modelling and mine planning
- Bulk sample testing for process flowsheet design
- Continuation of the hydrological studies and testwork
- Detailed planning for project infrastructure
- Fast tracking the design of the wet plant
- Consideration of the opportunity and benefits of mining from more than one project area simultaneously
- Discussions with potential downstream customers
- Continuation of the environmental studies and project approvals activities.
- Consideration of project finance options.

Development schedules are dependent on the environmental approvals processes, but work to date has shown that commencement of operations at Boonanarring before mid 2014 remains achievable..

According to Image's Managing Director, Peter Davies; "The work over the last three months has established a very robust and technically sound basis for the next stage of the Feasibility Study. It has also confirmed the possibility and practicality of fast tracking the production of HMC from Boonanarring as the first step to becoming a multi-mine long life producer in the North Perth Basin".

"We now have the right team and the right plan to move towards production to take advantage of the projected strong commodity prices. We are confident that the drilling planned on the extensions of the known Boonanarring resources and South of the Atlas Project will continue not only to add to Image's resource base but to confirm that its North Perth Basin Project is one of the most attractive and low risk minerals sands projects currently under evaluation anywhere in the world" he said.

Based on these results, the Board of Image has resolved both to continue the Feasibility Study on the full project scope and to take a fast track approach to the commencement of mining and HMC production at Boonanarring in 2014. The plans and the team to achieve this outcome are already in place.



Figure 1
Resource Locations

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

Please direct enquiries to:

Peter Davies
Managing Director
Phone (08) 9485 2410
Mob 0409 296 676

George Sakalidis
Executive Director
Phone (08) 9485 2410
Mob 0411 640 337

The information in this report is based on information compiled or reviewed by Peter Davies BSc Eng (Hons) ARSM, C.Eng. MIMMM, FAusIMM FRSA, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Peter Davies is Managing Director of Image Resources NL. Peter Davies has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Davies consents to the inclusion of this information in the form and context in which it appears in this report.