



HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2015

ABN 57 063 977 579

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Image Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CONTENTS

HALF-YEAR FINANCIAL REPORT

	Page No.
Directors' Report	3
Auditor's Independence Declaration	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to and forming part of the Financial Statements	10
Directors' Declaration	13
Independent Auditor's Review Report	14

Your directors submit the financial report of the Company for the half-year ended 31 December 2015.

DIRECTORS

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

Mr John Jones, (Chair)
Mr Peter Thomas
Mr George Sakalidis
Mr Jeff Williams (Resigned 1 February 2016)

REVIEW AND RESULTS OF OPERATIONS

The total loss from continuing operations for the half-year ended 31 December 2015 was \$2,157,474 (2014: \$1,820,379).

The Company's activities during the six month period are summarised in this report which, unless otherwise stated, should be read as if dated 31 December 2015.

Activities during the six months have been mainly focused on completion of the agreements with Murray Zircon Pty Ltd (**Murray Zircon**) and Guangdong Orient Zirconic Ind Sci & Tech Co Limited (**Orient Zirconic**).

POST BALANCE DATE EVENTS

On 9 February 2016 the Company announced that, following the completion of extensive due diligence, it had executed a binding agreement with Murray Zircon and its parent, Orient Zirconic, in relation to a series of transactions directed towards fast-tracking the development of Image's flagship, 100%-owned, high-grade Boonanarring mineral sands project in Western Australia.

On 1 March 2016 the Company announced the issue of 16,000,000 shares at 5c raising \$800,000 before costs.

FORWARD LOOKING STATEMENTS

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding prices, exploration or development costs and other operating results, growth prospects and the outlook of Image's operations contain or comprise certain forward looking statements regarding Image's operations, economic performance and financial condition. Although Image believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties, fluctuations in prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Image undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

INDEPENDENCE DECLARATION BY AUDITOR

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2015.

This report has been signed in accordance with a resolution of directors.

For and on behalf of the Directors

George Sakalidis

SIGNED: G Sakalidis
Director

Perth
14 March 2016

AUDITOR'S INDEPENDENCE DECLARATION

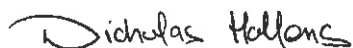
To those charged with governance of Image Resources NL

As auditor for the review of Image Resources NL for the period ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.



Somes Cooke



Nicholas Hollens

Perth

14 March 2016

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**



	Notes	Half Year Ended 31 Dec 2015 (\$)	Half Year Ended 31 Dec 2014 (\$)
Continuing Operations			
REVENUE			
Interest and dividends income		9,894	23,803
Other revenue	3	126,180	29,763
EXPENSES			
Depreciation expense		(9,434)	(11,026)
Exploration and tenement expenses		(943,224)	(1,066,261)
Other expenses	3	<u>(1,340,890)</u>	<u>(796,658)</u>
Loss before income tax expense		(2,157,474)	(1,820,379)
Income tax expense		-	-
Loss from continuing operations		<u>(2,157,474)</u>	<u>(1,820,379)</u>
Other Comprehensive Income			
Changes in the fair value of available-for-sale financial assets	4	<u>77,573</u>	<u>(7,340)</u>
Other comprehensive loss for the period, net of tax		<u>77,573</u>	<u>(7,340)</u>
Total comprehensive loss for the period attributable to members of the Company		<u><u>(2,079,901)</u></u>	<u><u>(1,827,719)</u></u>
Earnings per share			
Basic loss per share (cents per share)		(1.13)	(1.19)
Diluted loss per share (cents per share)		<u>(1.13)</u>	<u>(1.19)</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**



	Notes	31 Dec 2015 (\$)	30 June 2015 (\$)
Current Assets			
Cash and cash equivalents		877,603	965,131
Trade and other receivables		2,384	8,981
Other assets		305,493	328,515
Total Current Assets		<u>1,185,480</u>	<u>1,302,627</u>
Non-Current Assets			
Property, plant and equipment		54,042	57,641
Other financial assets	4	131,875	54,302
Total Non-Current Assets		<u>185,917</u>	<u>111,943</u>
TOTAL ASSETS		<u>1,371,397</u>	<u>1,414,570</u>
Current Liabilities			
Trade and other payables		408,532	341,147
Provisions		38,902	24,061
Total Current Liabilities		<u>447,434</u>	<u>365,208</u>
TOTAL LIABILITIES		<u>447,434</u>	<u>365,208</u>
NET ASSETS		<u>923,963</u>	<u>1,049,362</u>
Equity			
Contributed equity	5	42,018,708	40,064,206
Reserves	5	468,633	391,060
Accumulated losses		(41,563,378)	(39,405,904)
TOTAL EQUITY		<u>923,963</u>	<u>1,049,362</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**



	Contributed Equity (Net of Costs) (\$)	Available for Sale Financial Asset Reserve (\$)	Share Based Payment Reserve (\$)	Accumulated Losses (\$)	Total (\$)
Balance at 1.7.2014	37,218,636	4,760	1,122,490	(36,856,769)	1,489,117
Operating loss for the period	-	-	-	(1,820,379)	(1,820,379)
Other comprehensive income	-	(7,340)	-	-	(7,340)
Shares issued	1,619,903	-	-	-	1,619,903
Share issue expenses	(88,711)	-	-	-	(88,711)
Options expired	-	-	(398,650)	398,650	-
Balance at 31.12.2014	38,749,828	(2,580)	723,840	(38,278,498)	1,192,590
Balance at 1.7.2015	40,064,206	(2,580)	393,640	(39,405,904)	1,049,362
Operating loss for the period	-	-	-	(2,157,474)	(2,157,474)
Other comprehensive income	-	77,573	-	-	77,573
Shares issued	2,022,400	-	-	-	2,022,400
Share issue expenses	(67,898)	-	-	-	(67,898)
Options expired	-	-	-	-	-
Balance at 31.12.2015	42,018,708	74,993	393,640	(41,563,378)	923,963

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015



	Note	Half Year Ended 31 Dec 2015 (\$)	Half Year Ended 31 Dec 2014 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		28,944	-
Payments to suppliers and contractors		(1,267,856)	(897,528)
Research and development tax incentives received		136,136	-
Interest received		8,579	20,432
Dividends received		-	1,778
Net cash generated by / (used in) operating activities		(1,094,197)	(875,318)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,835)	(4,376)
Payments for exploration and evaluation		(958,129)	(817,842)
Proceeds from sale of property, plant and equipment		-	63,003
Release of restricted cash – rental bond and term deposits for bank guarantees		16,131	17,145
Purchase of new prospects		-	(6,720)
Net cash used in investing activities		(947,833)	(748,790)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,022,400	1,199,903
Share issue expenses		(67,898)	(88,711)
Net cash provided by financing activities		1,954,502	1,111,192
Net decrease in cash held		(87,528)	(512,916)
Cash and cash equivalents at the beginning of the financial period		965,131	1,288,461
Cash and cash equivalents at the end of the financial period		877,603	775,545

The accompanying notes form part of these financial statements.

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard 134: *Interim Financial Reporting*.

These financial statements were approved by the Board of Directors on the date of the Directors Declaration.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2015, together with any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

These financial statements have been prepared on an accruals and historical cost basis, except where indicated, and on the going concern basis that contemplates normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

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

NOTE 2 OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Company has identified that it operates in only one segment based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company is a mineral sands exploration and evaluation company. Currently all the Company's mineral sands tenements, reserves and resources are located in Western Australia.

Revenue and assets by geographical region

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

Major customers

Due to the nature of its current operations, the Company does not provide products and services.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**



	Half Year Ended 31 Dec 2015 (\$)	Half Year Ended 31 Dec 2014 (\$)
NOTE 3 REVENUE AND EXPENSES		
OTHER INCOME:		
Recharges	7,801	-
Research and development tax incentive (net of costs)	118,379	-
Profit on sale of fixed assets	-	29,763
	<u>126,180</u>	<u>29,763</u>
OTHER EXPENSES:		
Salaries and wages	207,314	444,209
Directors fees	118,254	148,587
Company secretarial	71,011	55,284
Corporate office costs	67,432	31,258
Financial advisors	317,093	573
Legal fees	284,378	8,178
Other expenses	275,408	108,569
	<u>1,340,890</u>	<u>796,658</u>
	31 Dec 2015 (\$)	30 Jun 2015 (\$)
NOTE 4 OTHER FINANCIAL ASSETS		
Available-for-sale financial assets		
At the beginning of the period	54,302	200,393
Value of investment sold	-	(51,921)
Changes in the fair value during the period – allocated to profit and loss	-	(86,830)
Changes in the fair value during the period – allocated to reserves	77,573	(7,340)
At the end of the period	<u>131,875</u>	<u>54,302</u>
	31 Dec 2015 Number	31 Dec 2015 (\$)
NOTE 5 CONTRIBUTED EQUITY		
Contributed Equity – Ordinary Shares:		
At the beginning of the period	175,120,129	40,064,206
Issued during the period:		
- Placement issue of shares at \$0.08	25,280,000	2,022,400
Share issue costs	-	(67,898)
At the end of the period	<u>200,400,129</u>	<u>42,018,708</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**



NOTE 5 CONTRIBUTED EQUITY

Reserves

	31 Dec 2015 Number	31 Dec 2015 (\$)
Available-for-sale financial assets reserve		74,993
Share Based Payment Reserves		393,640
		<u>468,633</u>

Options

The Company had the following options over un-issued fully paid ordinary shares at the end of the period

Exercisable at \$0.3908 on or before 27 December 2016	<u>2,600,000</u>
---	------------------

NOTE 6 TENEMENT EXPENDITURES COMMITMENTS

The Company has entered into certain obligations to perform minimum exploration work on tenements held. These obligations vary from time to time in accordance with contracts signed. Tenement rentals and minimum expenditure obligations that may be varied or deferred on application, are expected to be met in the normal course of business.

The minimum statutory expenditure requirement on the granted tenements for the next twelve months amounts to \$1,207,500. Of this amount, \$178,000 is expected to be met by JV participants as a result of various joint ventures.

The tenements are subject to legislative requirements with respect to the processes for application, grant, conversion and renewal. Tenements are also subject to the payment of annual rent and the meeting of minimum annual expenditure commitments. There is no guarantee that any applications, conversions or renewals for the Company's tenements will be granted.

NOTE 7 EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following matters:

- On 9 February 2016 the Company announced that, following the completion of extensive due diligence, it had executed a binding agreement with Murray Zircon and its parent, Orient Zircon, in relation to a series of transactions directed towards fast-tracking the development of Image's flagship, 100%-owned, high-grade Boonanarring mineral sands project in Western Australia.
- On 1 March 2016 the Company announced the issue of 16,000,000 shares at 5c raising \$800,000 before costs.

There have been no other matters or circumstances that have arisen since 31 December 2015 which have significantly affected or may significantly affect:

- the Company's operations in future years; or
- the results of those operations in future years; or
- the Company's state of affairs in future years.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the accompanying financial statements and notes:
 - (a) comply with Accounting Standard AASB 134 : *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position of the Company as at 31 December 2015 and its performance for the half-year ended on that date.
2. 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.

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



ORIGINAL SIGNED BY GEORGE SAKALIDIS
Director

Perth
Dated this 14th day of March 2016

Independent Auditor's Review Report

To the members of Image Resources NL

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Image Resources NL, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Image Resources NL are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Image Resources NL's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Image Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

- (a) giving a true and fair view of Image Resources NL's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.