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## Media Release

### RE: **MOU with Image Resources Limited**

The Directors of **Murray Zircon Pty Ltd** are pleased to announce the company has signed a non-binding **Memorandum of Understanding (MOU)** with **Image Resources Limited** (Image) to assess the viability of a transaction whereby Murray Zircon would receive up to 47% of the share capital of Image in exchange for Murray Zircon providing its ore processing equipment, infrastructure, operational expertise and senior management personnel to **rapidly advance the development of Image's flagship high grade mineral sands deposits in the North Perth Basin in Western Australia.**

Image Resources is an Australian publicly listed and advanced mineral sands exploration company looking to transition to project development and production. Image's flagship projects are its **100%-owned Boonanarring and Atlas high-grade minerals sand deposits.** In accordance with its feasibility study (FS), initial production is planned from the Boonanarring deposit located near the township of Gingin **approximately 65km north of Perth in an area with significant existing infrastructure.**

**The Boonanarring and Atlas deposits are arguably the highest grade, high zircon, ready for development deposits in Australia.**

Image conducted the FS on the Boonanarring and Atlas deposits in 2012-13 with results announced July 2013. Highlights of the FS include:

- **Probable ore reserve: 24M tonnes ore grading 8.2% heavy minerals (HM)** at 2.5% HM cut-off grade; HM containing 15% zircon;
- **10 year mine life;** conventional dry mining;
- **Capital costs A\$64M** including working capital;
- Construction time: 18 months;
- **Pre-tax NPV: A\$145M** at 8% discount rate;
- **Pre-tax IRR: 57.4%;**
- **Payback period: 22 months;**

- Significant additional JORC Resources in adjacent projects and significant exploration potential in Boonanarring and surrounding area.

Murray Zircon's CEO Mr Patrick Mutz commented, "Murray Zircon has been actively operating the **Mindarie Mineral Sands Project** since 2012 and has developed significant experience as a **low cost producer**; operating with ore grades of approximately 3.5%HM. In March 2015, we completed mining of the last mineral strand deposit in the immediate area of Mindarie and are evaluating options for our next mining location. **This opportunity with Image fits nicely in Murray Zircon's plans to continue with minerals sands production**; and the higher ore grade is crucial to mining sustainably in the current depressed minerals sands market.

Importantly, MZ's ore processing equipment is of the **right capacity and processing capability to accommodate Image's Boonanarring ore** with only minor adjustments. This means the project will benefit by getting access to a complete package of **pre-engineered and fully commissioned and proven** ore processing equipment and infrastructure that is available immediately for transfer to Boonanarring."

MZ equipment to be provided includes an in-pit mine slurry unit; pipelines and booster pump skids; poles and wires; complete Primary Concentration Plant including slimes thickener, associated water tanks and HMC dewatering equipment; maintenance equipment and critical spares; laboratory equipment; rolling stock and miscellaneous office/ablution buildings.

Other aspects of the MOU include a proposal for a **zircon products off-take agreement** and a **mineral separation plant (MSP) purchase option**.

The off-take agreement will be with MZ's parent company **Guangdong Orient Zirconic Ind Sci & Tech Co., Ltd. (OZC)**, one of China's largest zircon processing companies and with the **most comprehensive range of zirconium products in the world**. OZC is listed on the **Shenzhen Stock Exchange (Code: 002167)** with a market capitalisation of approximately RMB 7.9 Billion (AU\$1.5 billion).

Image is to receive a purchase option for MZ's MSP (including a concentrate upgrade plant and a hot acid leach circuit for zircon) located at Mindarie. The option will be for 3 years and exercisable by payment of cash and/or script.

In accordance with its FS, Image will seek to secure a satisfactory mineral separation toll-processing agreement with a larger MSP operator in WA in the short-term to minimise start-up capital and risk. The MSP purchase option will **provide a backup plan to toll-processing and a longer term go-it-alone mineral separation opportunity**.

The MOU outlines a proposed timeline for completion such that **production at Boonanarring could begin as early as mid-2016**.

**For further information contact:**

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