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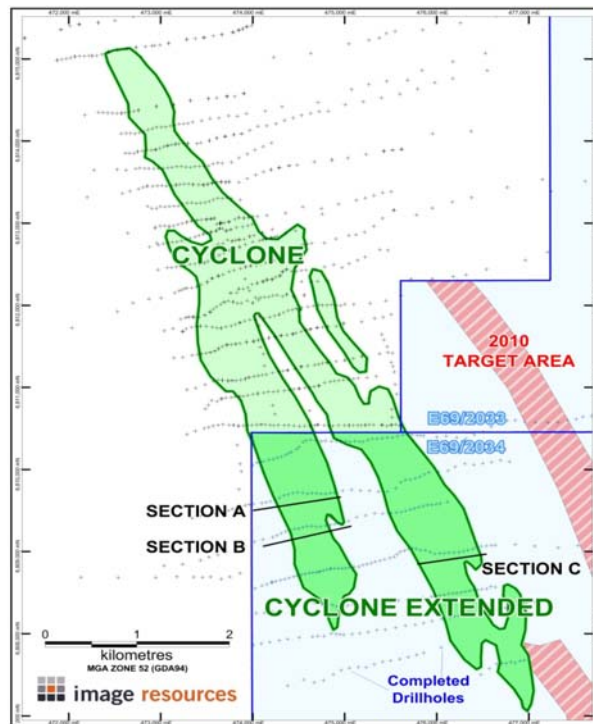
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MOU BETWEEN IMAGE AND DIATREME OVER CYCLONE AND CYCLONE EXTENDED ZIRCON RICH HEAVY MINERAL DEPOSITS

HIGHLIGHTS

Image Resources NL (ASX:IMA) and Diatreme Resources Limited (ASX:DRX) are pleased to announce that a Memorandum of Understanding ("MOU") has been signed in respect of the "Cyclone Extended" and "Cyclone" heavy mineral deposits in Western Australia (the "Assets").

The parties have each indicated their agreement to cooperate with each other with the aim of entering into a joint venture agreement, or similar arrangement, in respect of the two deposits which abut each other over a common mineral tenement boundary (see map). Diatreme recently announced a MOU with BaoTi who are the biggest end user of zircon in China.

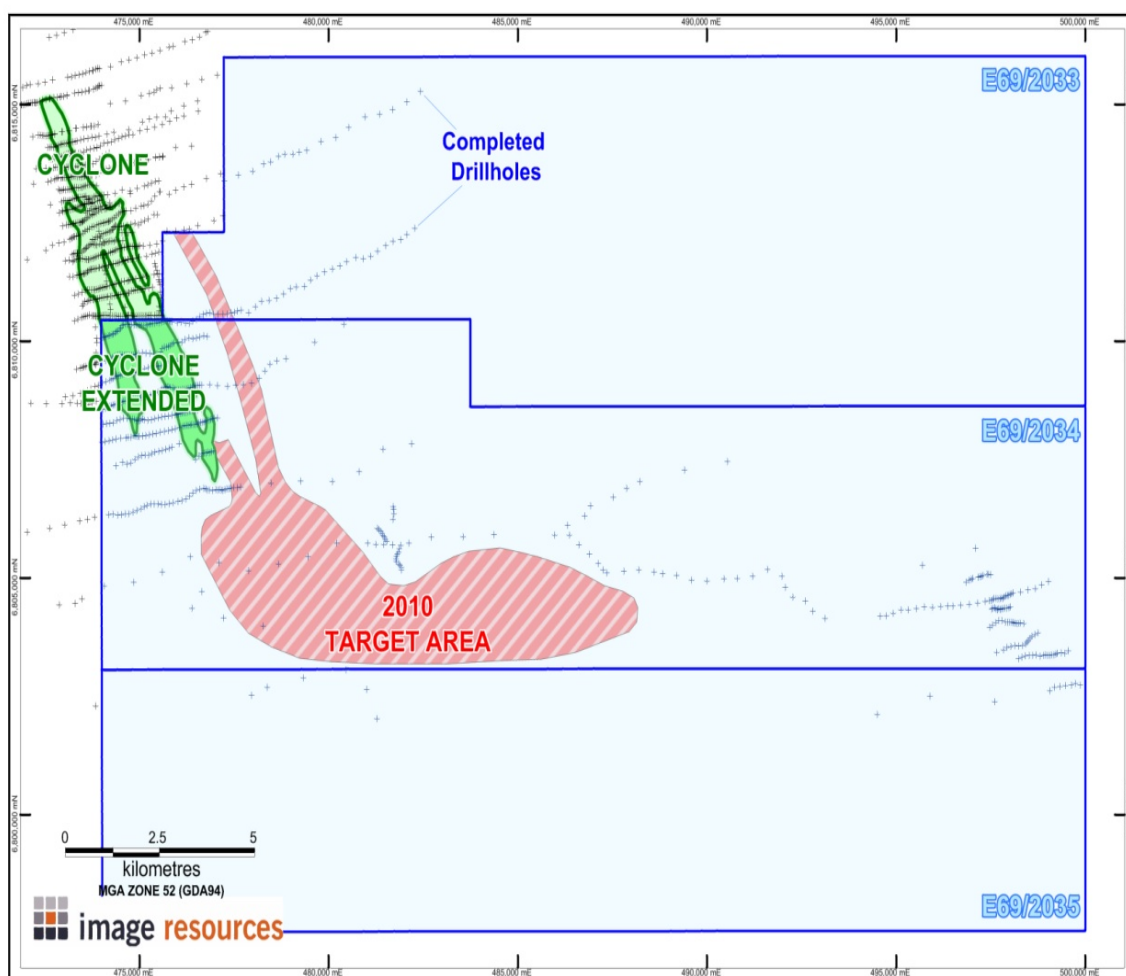


**Cyclone and Cyclone Extended Resource Outlines (1% HM Cut-off) as determined by
 Image Resources**

The purpose of the transaction is to advance the Assets to feasibility and, if warranted, to production with the aim of adding substantial value for both Diatreme and Image. Such cooperation may include collective negotiations with third parties who may wish to enter into an agreement or arrangement to invest in or purchase the Assets.

This action, seeking to combine the individual deposits into a single project, is expected to significantly enhance the possibility of future mining operations – the combined value of the resources is likely to be worth much more than the sum of the parts. The combined contiguous Cyclone deposit is of global significance containing 2.4 mT of Zircon and 1mT of Rutile and Leucoxene (0.75% HM cut-off). This is because the world's annual production of Zircon is only 1.3 mT. The prices of Zircon are at record highs US\$1000/tonne and market conditions are expected to become even more favourable with the current producers being unable to meet expected market demand for Zircon and Rutile.

Image recently released its maiden resource over the Cyclone Extended Deposit and is planning further infill resource drilling plus exploration drilling totalling 10,000m because the exploration target to the south and south east of Cyclone Extended is a significant 30km² (being at least 4 times the size of Cyclone and Cyclone Extended Resource).



Cyclone Extended Target Area

Also Image has increased its strategic land holding in the WA part of the Eucla Basin to 1620km covering both the Barton and Oldea shorelines with the targeted shorelines covering greater than 70km of strike length.

Diatreme also has significant landholdings in this district and is currently conducting prefeasibility studies over the Cyclone Deposit. Diatreme is engaged in a recalculation of the Cyclone Deposit resource, expected to be released before the end of September 2010. Cyclone represents one of the largest undeveloped deposits of zircon in the world.

Diatreme and Image recently cooperated with each other by way of a technical “data swap” exercise. This assisted Image in the release of its maiden resource estimate over Cyclone Extended. Image is now planning further work over their section of the combined resource in the near future.

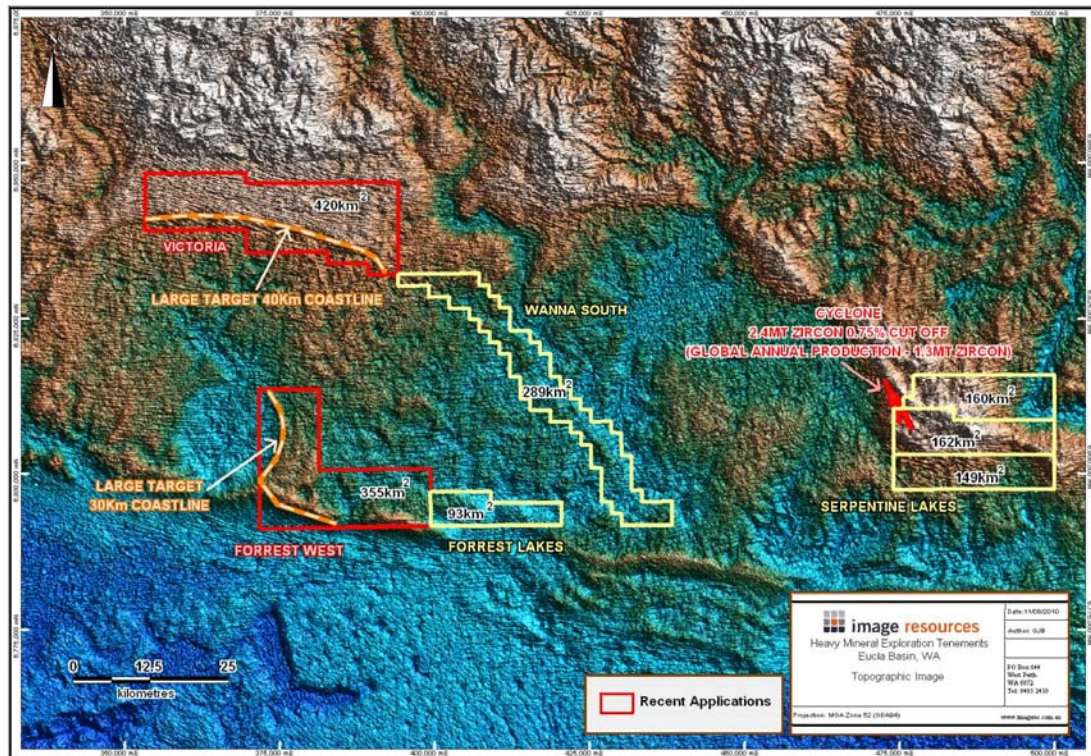


Image Resources' Heavy Mineral Exploration Tenements, Eucla Basin, WA

Given the remote location of the project, scale will be a significant factor in delivering an economic outcome. Accordingly, Image is highly encouraged by the substantial increase in critical mass delivered by the combination of the existing IMA and DRX resources and the 2010 target area which covers four times the area of the known Cyclone-Cyclone Extended Resources.

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

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The information in this report is based on information compiled by George Sakalidis BSc (Hons), who is a member of the Australasian Institute of Mining and Metallurgy. George Sakalidis is a Director of Image Resources NL. George Sakalidis 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'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.