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ASX Release
7 November 2002

ACQUISITION OF HIGH-GRADE AND DRILL-READY EMU LAKE NICKEL PROJECT

Image Resources NL has reached agreement in principle with Skryne Hill Pty Ltd to acquire a 90% interest in two granted exploration licences totalling 49sq km situated 70km north east of Kalgoorlie and 32km from the Silver Swan nickel mine in the Eastern Goldfields region of WA. The project covers an 8km strike length of prospective ultramafic rocks on which exploration in the 1970's identified gossans with elevated nickel, copper and PGE values. Subsequent drilling in the 1990's intersected significant high-grade nickel and copper grades in massive sulphides.

The nickel-prospective ultramafic sequence is comprised of olivine ortho cumulate-dominated komatiites underlain by felsic volcanic rocks and intercalated with basaltic komatiites and felsic volcanic rocks. Drilling of the interpreted eastern, basal, contact intersected Ni-Cu-PGE bearing massive sulphides in two holes, as shown in the table below, with a best intersection of 0.3m at 7.55%Ni in hole ELD5. The mineralisation in ELRC10 has been visually interpreted to represent a band of high-grade massive and matrix sulphide.

Significant Nickel Intersections

Hole No.	From (m)	To (m)	Intersection (m)	Ni %	Cu %	Pt ppb	Pd ppb
ELD 5*	256.40	256.70	0.3	7.55	0.35	1015	1726
	258.22	258.35	0.13	0.34	21.3	1355	1659
	258.60	259.90	1.3	1.11	0.18	125	351
	277.06	277.23	0.17	7.08	6.46	1092	2315
ELRC 10**	192.0	193.0	1.0	2.28	0.20	350	718

* collar coordinates 48535N, 50276E. Dip -60°. Azimuth 270°
**collar coordinates 48527N, 50208E. Dip -60°. Azimuth 270°

RC and diamond drilling has been focused on a 1km strike length of ultramafic contact in the vicinity of the original gossan discoveries, where disseminated sulphides proximal to the massive sulphides have been intersected in six holes. The sulphide occurrences and the olivine orthocumulate-dominated nature of this ultramafic sequence is considered to demonstrate that it has a high potential to host significant massive nickel-copper sulphides. In addition downhole electromagnetic surveys (TEM) in this area have identified several off-hole EM responses which have yet to be drill tested. At least two of these downhole anomalies have geophysical signatures which are considered to be consistent with massive nickel sulphides. It is significant that downhole TEM has been an effective exploration method at Emu Lake, having been successful in the targeting of drill holes ELD5 and ELRC10, both of which intersected high-grade sulphides.

A detailed aeromagnetic survey of the tenements indicates that the trend of the ultramafic sequence extends below cover for 5km to the south east of the known mineralised zone. The aeromagnetics indicate a number of irregularities and possible embayments along the favourable eastern contact which have the potential to host nickel sulphides. Wide-spaced drilling in this area has intersected ultramafics with anomalous nickel and copper in several holes, confirming the prospectivity of this poorly exposed area. The aeromagnetics indicate that the favourable ultramafic sequence also extends to the north west on the tenements being acquired, yet little nickel exploration has been completed in this area.

Whilst nickel has been the main focus of exploration on the tenements, soil geochemical surveys followed by RAB drilling have generated several bedrock gold intercepts grading more than 1g/t in the western part of the tenements near the Wellington gold mining centre. No RC drilling has yet been completed on these targets. In addition several gold-in-soil anomalies, one with a peak value of 265ppb gold, remain to be drill tested.

Under the terms of the agreement Image Resources is required to complete a bankable feasibility study by December 2008 in order to retain its 90% interest and to expend a minimum of $100,000 before the right of withdrawal. The vendors' 10% interest is free carried to completion of a bankable feasibility study at which point it converts to a 10% contributing interest which can be converted to a royalty interest of 1% for nickel and 1.75% for gold.

Image Resources proposes to RC drill the stronger off-hole TEM anomalies in the area of known mineralisation and to carry out an extensive RAB/aircore geochemical drilling programme along the adjacent 5km of prospective contact. This programme will commence immediately upon completion of legal documentation. Emu Lake is considered to be an exciting addition to Image Resources' project portfolio with the scope to provide attractive drilling targets for gold as well as high-grade nickel sulphide.

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

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