IMAGE RESOURCES NL

ABN 063 977 579

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2003

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HALF-YEAR REPORT

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

Your directors submit the financial report of the company for the half-year ended 31 December 2003.

DIRECTORS

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

Mr Peter Thomas
Mr Roger Thomson
Mr George Sakalidis

INFORMATION ON DIRECTORS

Mr Peter Thomas *(Chairman)*

Mr Thomas is a practicing Solicitor with over twenty years national and international experience in the resource sector (both oil and minerals) specialising in the provision of general contractual and corporate advice to both miners and explorers. He has been responsible for the structuring, restructuring and reconstruction of a number of companies and has been a director of a number of listed companies.

Mr Roger Thomson *(Managing Director)*
Mr Thomson is a geologist with more than thirty years experience in mineral exploration, mining geology and management in Australia, Africa, South America and SE Asia. Mr Thomson has held the positions of General Manager Exploration with Delta Gold Ltd and Sons of Gwalia Ltd.

Mr George Sakalidis *(Exploration Director)*
Mr Sakalidis is an exploration geophysicist with more than 20 years experience in gold, diamond, base metal and mineral sands exploration. He was the founding director of successful mineral sands explorer Magnetic Minerals Limited.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the half-year were the exploration of mineral tenements in Western Australia and the Northern Territory.

REVIEW OF OPERATIONS

The loss for the half-year ended 31 December 2003 was $533,642 (2002 – $495,377).

The company's activities during the six month period are summarised as follows:

EMU LAKE JV
Image Resources is pleased to announce that joint venturer Jubilee Mines NL has intersected high-grade nickel sulphide mineralisation at Image's 30%-owned Emu Lake project (Jubilee 60%, Skryne Hill Pty Ltd 10%) near Kalgoorlie, WA.
Diamond drilling designed to test down-dip extensions of previous narrow high-grade intersections and to test modelled off-hole electromagnetic ("DHEM") targets at the Gossan Zone has successfully intersected two zones of high-grade mineralisation.
Significant intersections are summarized below:
ELD 15 2.0 metres @ 6.20% Ni and 1.78% Cu from 336.0 metres (including 0.7 metres @16.9% Ni and 3.49% Cu from 336.3 metres); and
2.0 metres @2.63% Ni and 1.05% Cu from 343.5 metres (including 0.25 metres @ 8.81% Ni and 2.40% Cu from 344.3 metres)

The mineralised zones are located close to a mafic-ultramafic contact and consist of high tenor massive sulphides, stringer sulphides and disseminated sulphides, with strong copper mineralisation evident in drill core.
In addition, high-grade stringer mineralisation has been intersected in drillhole ELD14 (0.05 metre @ 5.56% Ni from 192.9 metres) close to the same mafic-ultramafic contact approximately 100 metres up-dip from the ELD 15 intersection. These and previous intersections now confirm widespread nickel mineralisation near the same ultramafic contact.

TROJAN JV
At Adam Range a 44-hole, 1685m scout RAB drilling program was carried out over geochemical gold and nickel targets extending over 1.5km strike length. The wide-spread drilling identified two weakly anomalous gold zones associated with ultramafic contacts. These anomalous zones are incompletely tested, open along strike and further follow up has been recommended to Troy Resources. The nickel-platinum anomalies appear to be related to super gene enrichments in the weathered zone above ultramafic rocks.

At Mt Zephyr a 13-hole, 381m scout RAB drilling program was carried out across an annular magnetic feature about 1.5km in diameter. The drilling intersected disseminated magnetite in granite and no anomalous gold values were identified. The project is being reviewed.

LAKE PERCY JV
Western Areas has reprocessed magnetic data from the project area and is planning a RAB drilling program to test a number of magnetic targets.

JILBADGIE JV
Westonia Mines has completed a 2,400-sample soil and lag sampling program and reported three distinct nickel-anomalous areas which warrant follow up.

WILTHORPE
Mapping and drilling results from the June 2003 half year period are being interpreted prior to planning further drilling.

MT ELSIE JV's (MEJV 1-4)
Following negative sampling results in some areas Image withdrew from Mt Elsie JV 1, reducing the project area to 18 sq km. Planning of further drilling is in progress.

MT HAYS
Drilling results from the June 2003 half-year period are being interpreted prior to planning further drilling.

JARBORA HILL
Two lines of induced polarization survey (dipole – dipole IP, frequency domain) were completed. The IP lines were located over a folded magnetic unit known to have associated gold anomalism. The main IP responses showed a good correlation with the known geochemical anomalies, suggesting that the IP response may be caused by disseminated sulphides. Further drilling on these targets is being planned.

BULLFINCH
Geological mapping of the Bottom, Golden, Frog and Perilya workings was carried out prior to planning further drilling.

EPENARRA
Following a review of geological, geophysical and geochemical surveys carried out by Image, a decision was made to surrender this tenement.

MURCHISON RANGE

Further interpretation of previous geochemical and geophysical surveys is continuing.

WARREGO NORTH

Two EL's totalling 140 sq km have been applied for over potential extensions of the stratigraphy hosting the Tennant Creek iron oxide-copper-gold deposits north of the Warrego mine (1.1 M oz gold and 80Kt copper). Both geochemical anomalies and aeromagnetic targets (magnetic alteration) are evident and the property appears under-explored. Planning of geophysical surveys and drilling programs is in progress.

WINDARRA NORTH

550 sq km of tenements have been applied for over possible extensions to the mineralised Windarra North ultramafic sequence near Laverton. The target areas were identified from interpretation of magnetic and gravity data. A joint venture agreement was reached with Western Areas NL whereby Western Areas may earn a 60% interest by expenditure of $2 million within four years from the date of grant of at least 3 of the 5 tenement applications comprising the project.

FORRESTANIA

300 sq km of tenements have been applied for over possible extensions of the Forrestania greenstone belt, based on interpretation of aeromagnetic and gravity data.

OTHER

Other dormant projects awaiting grant of tenements include; Warrawoona, Ruby Well, Scorpion Well, Mt Remarkable, Branco Plains, Junction Lake, Woongaring and Eclipse Lake.

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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	31 Dec 2003 ($)	31 Dec 2002 ($)
Revenue from ordinary activities	2	71,701	57,726
Depreciation expense		(101,218)	(100,394)
Exploration and tenement expenses written off		(133,097)	(273,748)
Other expenses from ordinary activities		(371,028)	(178,961)
Loss from ordinary activities before income tax expense		(533,642)	(495,377)
Income tax expense		-	-
Loss from ordinary activities after related income tax expense		(533,642)	(495,377)
Basic loss per share (cents per share)		(1.0294)	(1.0169)

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	31 Dec 2003 ($)	30 Jun 2003 ($)
Current Assets		
Cash assets	3,452,811	2,444,428
Receivables	498	3,409
Prepayments	-	7,133
Other financial assets	5,111	5,111
Total Current Assets	3,458,420	2,460,081
Non-Current Assets		
Plant and equipment	57,905	62,813
Aeromagnetic database	2,146,677	2,240,007
Mineral interests	1,478,825	1,520,921
Total Non-Current Assets	3,683,407	3,823,741
TOTAL ASSETS	7,141,827	6,283,822
Current Liabilities		
Payables	60,822	117,773
Total Current Liabilities	60,822	117,773
TOTAL LIABILITIES	60,822	117,773
NET ASSETS	7,081,005	6,166,049
Equity		
Contributed equity	9,504,860	8,056,261
Accumulated losses	2,423,855	1,890,212
TOTAL EQUITY	7,081,005	6,166,049

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	31 Dec 2003 ($)	31 Dec 2002 ($)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	49,421	99,911
Cash payments to suppliers and contractors	(416,714)	(415,669)
Interest received	71,701	57,726
Net cash (used in) operating activities	(295,592)	(258,032)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(2,980)	(70,489)
Payments for exploration and evaluation	(271,578)	(749,231)
Proceeds on sale of tenements/recoupments	230,909	-
Purchase of investments	-	(30,000)
Purchase of new prospects	(90,875)	(45,294)
Net cash (used in) / provided by investing activities	(134,524)	(895,014)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new issues of shares	1,500,000	-
Share issue expenses	(61,500)	-
Net cash provided by financing activities	1,438,500	-
Net (decrease) / increase in cash held	1,008,384	(1,153,046)
Cash at the beginning of the financial period	2,444,428	2,955,236
Cash at the end of the financial period	3,452,812	1,802,190

The accompanying notes form part of these financial statements.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual report and they cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-yearly financial report is a general purpose financial report prepared in accordance with the requirements of Corporations Law, applicable Accounting Standards, including AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2003 and any public announcements made by Image Resources NL during the half-year in accordance with any continuous disclosure requirements arising under the Corporations Law.

(a) Basis of accounting
The half-yearly financial report has been prepared in accordance with the historic cost convention. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies
The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2003 annual report.

NOTE 2 LOSS FROM ORDINARY ACTIVITIES	2003 ($)	2002 ($)
Profit from ordinary activities before income tax expense includes the following revenue which disclosure is relevant in explaining the financial performance of the Company:		
Interest revenue	71,701	57,726

NOTE 3 NON CASH FINANCING AND INVESTING ACTIVITIES

During the period, there were no non-cash financing and investing activities which had a material effect on the company.

NOTE 4 EARNINGS PER SHARE

Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	51,841,257	48,716,257

NOTE 5 SEGMENTS

The Company operates only in one business, being the exploration for and development of minerals. Geographically, the company's activities are conducted mainly within Western Australia and the Northern Territory.

NOTE 6 EVENTS SUBSEQUENT TO BALANCE DATE

Image Resources has, subject to shareholder approval, agreed to farm out eight of its gold and copper-gold projects to its wholly owned subsidiary, Meteoric Resources NL (ACN 107 985 651) and to assist Meteoric to list on the ASX. It is envisaged that the transaction with Meteoric will add value for Image shareholders, accelerate exploration on some of Image's under-rated projects and in turn allow Image to focus on its core business. Image previously floated its subsidiary Magnetic Minerals, a successful mineral sands explorer which added significant value for Image shareholders.

It is proposed that Meteoric will issue approximately 5.5 million fully paid ordinary shares to Image shareholders in a 1 for 10 bonus issue, 4.2 million shares to Image Resources NL and 8.25 million contributing shares (20 cents unpaid) to Image shareholders in a 3 for 20 bonus issue. Meteoric plans an April/May 2004 initial public offering (IPO) to raise $4 million by the issue of 20 million fully paid 20 cent shares. Together with seed capital already subscribed, this will bring the total issued capital of Meteoric to about 34.7 million shares plus 14.75 million contributing shares (20 cents unpaid). If Meteoric is admitted to the ASX, application for quotation of contributing shares will not be made within the first 12 months thereafter. The record date for holders of Image shares to receive the Meteoric entitlement will be announced.

It is intended that Meteoric will farm into a portfolio of prospective gold and copper-gold projects comprising the Warrego North and Murchison Range projects in the Northern Territory and the Wilthorpe, Ruby Well, Jarbora Hill, Ularring, Bullfinch and Junction Lake projects in Western Australia. Image holds a 100% interest in these projects with the exception of Wilthorpe and Bullfinch where Image holds a 90% interest and Ruby Well where it holds a 60% interest.

Under the terms of the joint venture Meteoric will, subject to successful listing on the ASX, pay Image $200,000 cash and spend $1 million within two years of listing to earn 80% of Image's interest. Meteoric is obligated to spend a minimum of $0.5 million in the first year and may increase its interest to 100% of Image's interest by spending a further $1 million over three years, with Image retaining a 1% gross royalty interest on all minerals and metals. In the event that Image wishes to farm out additional projects, Meteoric will be entitled to a short preference period to negotiate commercially acceptable joint venture terms, thus providing it with a potential source of new opportunities and new projects generated from Image's extensive aeromagnetic database.

The Image board is confident that this arrangement will allow Image to focus on its nickel joint ventures with Jubilee Mines and Western Areas, other joint ventures with Troy Resources and Westonia Mines and on generating and identifying new projects and opportunities while providing its shareholders with exposure to increased exploration activity through Meteoric Resources.

NOTE 7 CONTINGENT LIABILITIES

Native Title
The Company has been notified of a number of native title claims under the Commonwealth Native Title Act 1993, covering areas in Western Australia.

Until further information is available and State legislation is finalised, the Company will not be in a position to assess the likely effect, if any, of any claim on the Company. However, the directors expect that existing exploration activities will not be materially affected by any claim or the claims in aggregate.

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DECLARATION BY DIRECTORS

The directors of the company declare that:

1. the accompanying financial statements and notes:

   (a) comply with Accounting Standard AASB 1029 : 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 2003 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:

Signed at Perth: **George Sakalidis**
Director

Dated this 12th day of March 2004.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF IMAGE RESOURCES NL

Scope

We have reviewed the financial report of Image Resources NL (the Company) for the half-year ended 31 December 2003 as set out on pages 6 to 11. The Company's directors are responsible for the financial report. We have performed an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities & Investment Commission. This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia, so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the company is not in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporation Regulations 2001; and

(b) other mandatory professional reporting requirements.

Somes & Cooke
Chartered Accountants

Signed: J Cooke
Partner
Perth 12th March 2004