IMAGE RESOURCES NL

QUARTERLY REPORT

For the Quarter Ended 31 December 2004

SUMMARY

- A 2,000m RAB drilling programme completed at the Emu Lake nickel project, results awaited.

- Early encouragement from preliminary field work at the Forrestania nickel project

- Elevated nickel and copper values intersected in RC drilling at the Lake Percy nickel JV

- Anomalous nickel and copper values intersected in wide-spaced scout RAB drilling at Woongaring, part of the Trojan JV

- Drilling of four targets scheduled to commence in March at the Windarra nickel JV

- A large land package of 1,974sq km prospective for heavy mineral sands applied for in the Eucla Basin.

EMU LAKE JV (Image 30% Jubilee 60%)

A 2,000m reconnaissance RAB programme was completed during the quarter to test a large magnetic feature at Area B, interpreted to be the northern extension of the prospective ultramafic sequence which hosts high-grade nickel sulphides 7km to the south at Gossan Zone. Analytical results are awaited.

FORRESTANIA (Image 100%)

Preliminary field and ground magnetic surveys on the eastern parts of this large 3,500 sq km project, situated west of the Forrestania greenstone belt, have provided encouraging results supporting the interpretation that the ultramafic sequence hosting the Flying Fox nickel deposits may extend into Image's tenements.

LAKE PERCY JV (Image 100%, Western Areas earning 60%)

Western Areas completed a 10-hole, 1,028m RC drilling programme during the September 2004 quarter at this project situated 25km NNW of Emily Ann nickel mine. The RC drilling was following up previous RAB drill intercepts including 2m at 0.6% Ni from 46m at the Town Hall prospect and 2m at 0.7%Ni from 39m (including 1m at 0.9%Ni at end of hole) at the Bondi prospect. The preliminary RC drilling results indicate elevated nickel and copper values in weathered ultramafic values at the Bondi and Circular Quay prospects. The Bondi intercepts include 24m at 0.28% Ni and 380 ppm Cu from 12m in hole LPRC-03 and 8m at 0.27% Ni and 394ppm Cu from 28m in hole LPRC-04, drilled 50m apart. At Circular Quay hole LPR-05 intersected 14m at 0.38% Ni and 237 ppm Cu from 11m. Follow-up sampling to confirm these results is in progress.

TROJAN JV (Image 100%, Troy earning 60%)

A 171-hole, 7,011m reconnaissance RAB drilling programme was completed at Woongaring, situated about 140km northwest of Southern Cross on the margin of the WA wheat belt. The drilling targeted a 10km-long corridor of multi-element anomalism and encountered a sequence of ultramafic, mafic and granitic rocks beneath transported cover.

Two separate areas of elevated Ni and Cu values associated with weathered ultramafic rocks were identified by the wide-spaced drilling (100m hole spacing), with peak values of 0.77% Ni and 174 ppm Cu over 4m from 8m in drillhole WGRB-01. Infill ground magnetic surveys are currently in progress to outline the shape and extent of the prospective ultramafic units. In addition two areas of elevated Cu values were encountered in weathered granitic and granodioritic rocks (peak value of 379ppm Cu over 2m from 16m in drillhole WGRB-108). Follow-up sampling of the 1m intervals from the anomalous Ni-Cu and Cu zones is in progress in order to more fully assess the significance of these results.

WINDARRA JV (Image 100%, Western Areas earning 60%)

Four targets have been identified from geophysical data for a drilling programme which is expected to be undertaken in March in search of possible northern extensions or repetitions of the prospective ultramafic sequence hosting the Windarra nickel deposits.

BRONCO PLAINS (Image 100%)

Geochemical sampling has commenced on structural targets at this 106sq km project situated 140km east of Kalgoorlie. Interpretation of aeromagnetic data has identified several arcuate structures considered to be prospective for gold mineralisation and obscured by extensive sand cover.

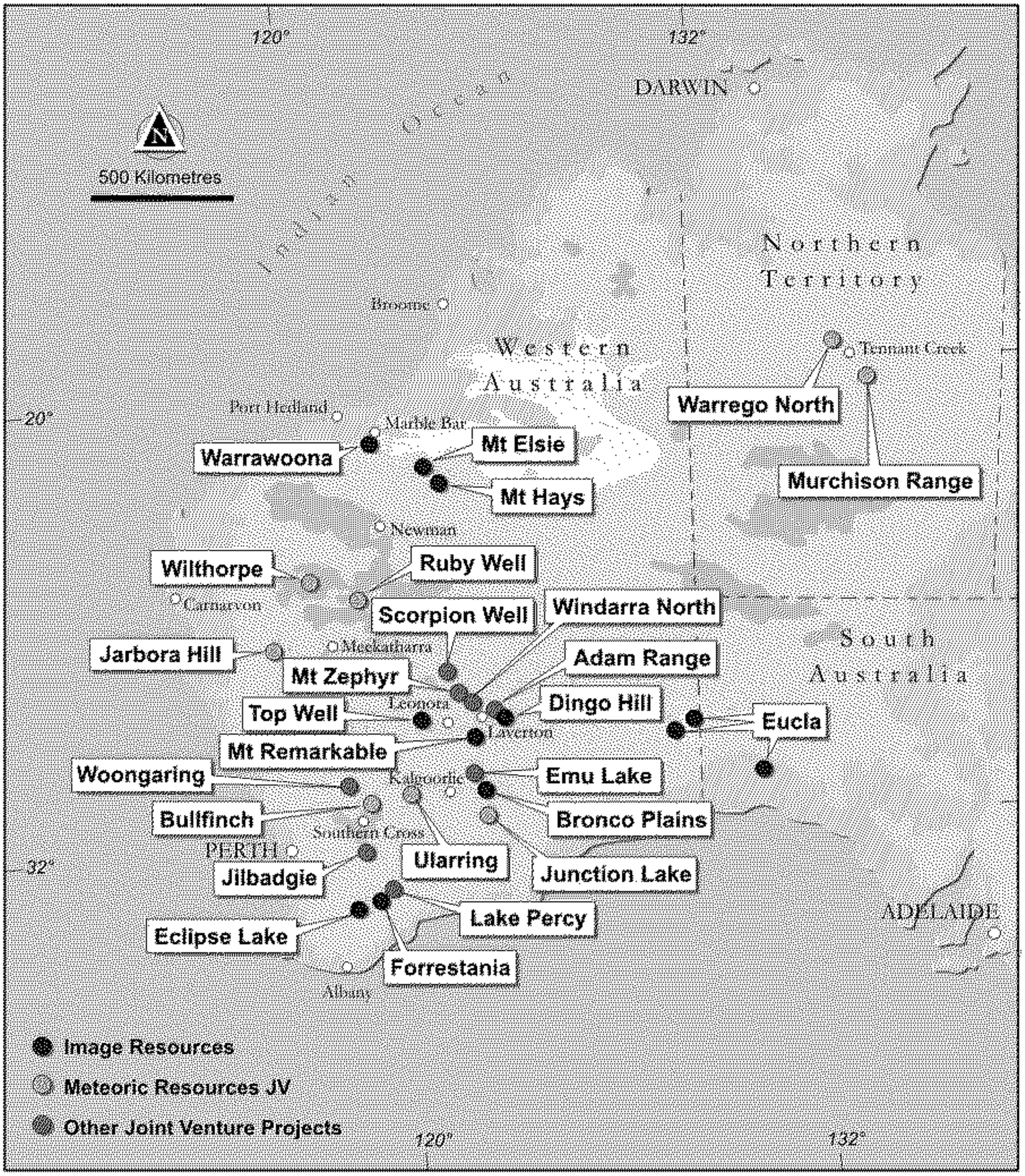
DINGO HILL (Image 100%)

Interpretation of aeromagnetic data has identified several targets at this 60sq km project situated 50km east of Laverton. The targets show similar characteristics to the geophysical signatures of some gold mineralisation styles evident in the Laverton district. Geochemical sampling of these soil covered targets is planned during the March quarter.

EUCLA BASIN (Image 100%)

As recently announced (12 January 2005), Image has applied for a large tenement position totalling 1,974sq km in the Eucla Basin of South Australia and Western Australia following the discovery of the world-class Jacinth mineral sands deposit - see map below. Iluka Resources Ltd recently announced an Inferred Resources for the Jacinth deposit of 108Mt of 6.0% heavy minerals with a very high zircon grade of 55% of the heavy minerals plus the discovery of a second zircon-rich prospect nearby at Ambrosia. Zircon prices are currently at record levels of US $550 per tonne.

It is considered that the Eucla Basin is highly prospective for further world-class, large tonnage, high-grade, zircon-rich heavy mineral strands. Image plans to use the magnetic mapping technique developed by its subsidiary Magnetic Minerals and applied so successfully in the Perth Basin to identify resources of 180 Mt of 5% heavy minerals near Dongara. Magnetic Minerals was subsequently taken over by Ticor Ltd in early 2003. It is envisaged that the magnetic mapping technique could quickly map sub surface heavy mineral strands in the Eucla Basin. Upon grant of its tenements and negotiation of access rights to the South Australian tenement, Image plans to use this technique to identify targets for immediate drill testing.



Project Location Map

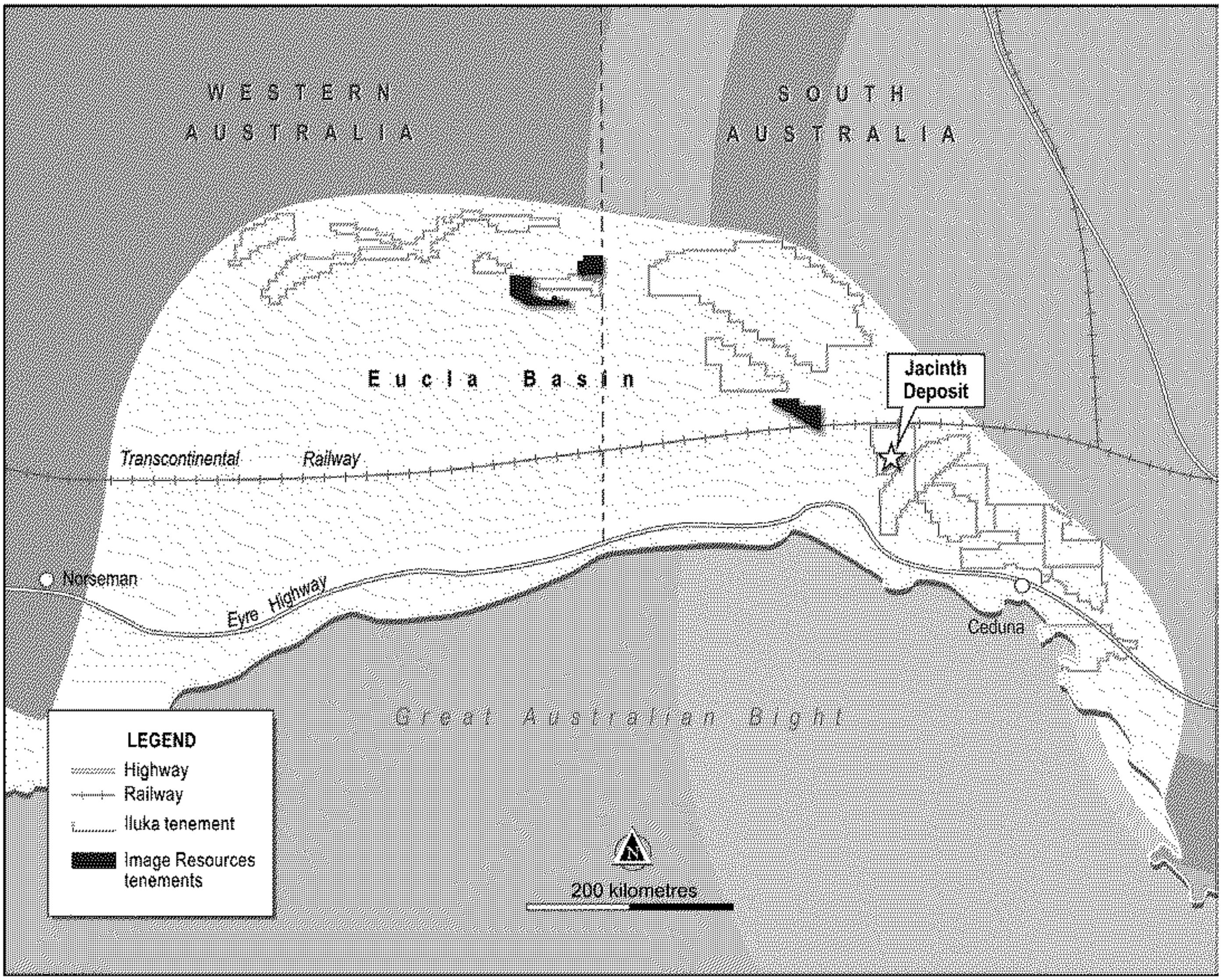


Image Resources' Eucla Basin Tenements

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

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The information on mineralisation contained in this report accurately reflects the information compiled by Mr Roger Thomson BSc, MAusIMM, MAIG who is a competent person (as defined by the Australasian Code of Reporting of Identified Mineral Resources and Ore Reserves) with relevant experience in relation to such mineralisation.

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity:

Image Resources NL

ABN:	Quarter ended ("current quarter")
57 063 977 579	**31/12/2004**

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $AUD'000	Year to date (6 months) $AUD'000
1.1	Receipts from product sales and related debtors	22	32
1.2	Payments for:		
	(a) exploration and evaluation	(197)	(250)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(157)	(496)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	41	80
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(291)	(634)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	(22)	(119)
	(b) equity investments	(7)	(7)
	(c) other fixed assets	-	(29)
1.9	Proceeds from sale of:		
	(a) prospects	25	25
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	130	431
1.12	Other (provide details if material)	-	-
	Net investing cash flows	126	301
1.13	Total operating and investing cash flows (carried forward)	(165)	(333)

1.13	Total operating and investing cash flows (brought forward)	(165)	(333)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) – Share issue expenses	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(165)	(333)
1.20	Cash at beginning of quarter/year to date	2,917	3,085
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	2,752	2,752

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $AUD'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(102)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

		Amount available $AUD'000	Amount used $AUD'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$AUD'000
4.1	Exploration and evaluation	(180)
4.2	Development	-
	Total	**(180)**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $AUD'000	Previous quarter $AUD'000
5.1	Cash on hand and at bank	22	(23)
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details) – Short Term Deposit	2,730	2,940
	Total: cash at end of quarter (item 1.22)	2,752	2,917

Changes in interests in mining tenements

		Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		N/A		
6.2	Interests in mining tenements acquired or increased	E69/2033	Application	0%	100%
		E69/2034	Application	0%	100%
		E69/2035	Application	0%	100%
		E69/2036	Application	0%	100%
		E69/2037	Application	0%	100%
		E69/2038	Application	0%	100%
		E69/2039	Application	0%	100%
		E77/1243	Application	0%	100%
		E77/1260	Application	0%	100%
		E77/1261	Application	0%	100%
		E28/1377	Granted	100%	100%

Issued and quoted securities at end of current quarter

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1	**Preference securities**	N/A			
7.2	Issued during quarter	Nil			
7.3	**Ordinary securities**	55,650,590	55,650,590		
7.4	Issued during quarter	18,000			
7.5	**Convertible debt securities**	N/A			
7.6	Issued during quarter	Nil			
7.7	**Options**			*Exercise price*	*Expiry date*
	Non-employee Options	15,092,858 2,000,000 2,000,000	Quoted Not Quoted Not Quoted	$0.25 $0.335 $0.39	25.8.2006 27.11.2008 26.11.2009
	Employee Options	1,035,000	Not Quoted	$0.25	4.7.2005
7.8	Issued during quarter	200,000	Quoted	$0.25	25.8.2006
7.9	Exercised during quarter	18,000	Quoted	$0.25	25.8.2006
7.10	Expired during quarter	Nil			
7.11	**Debentures**	N/A			
7.12	**Unsecured notes**	N/A			

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Rudolf Tieleman (Company Secretary)
Date: 31 January 2005