IMAGE RESOURCES NL

QUARTERLY REPORT

For the Quarter Ended 30 June 2006

SUMMARY

- **A possible new style of mineralisation with large tonnage potential intersected in channels below the strandline mineralisation at the Cooljarloo heavy mineral project in the North Perth Basin.**

- **Drill samples currently being processed from the high-grade 35AHD strand at Cooljarloo.**

- **A shallow 2m-thick coal seam intersected at 18m during HM drilling at Cooljarloo, some 3.7km from a reported 7Mt coal resource on the project area.**

- **Encouraging early results from drilling on the Callisto HM strand at Bidaminna 100km south of Cooljarloo.**

- **New HM targets identified on two exploration licence applications south of Bidaminna near the operating Gingin mineral sands mine.**

- **Three attractive EM targets with potential for nickel sulphides identified at Binti Bore 80km NE of Kalgoorlie.**

- **A new uranium target applied for near the Ponton uranium deposit east of Kalgoorlie.**

- **Plans to spin out several of Image's early stage projects into a new IPO, with anticipated positive outcomes for Image shareholders.**

- **$3 million in revenue anticipated from exercise of 13 million options.**

COOLJARLOO (Image earning up to 70%)

Two lines of scout aircore drilling 2.5km apart (135 holes for 3,917m) intersected a new style of mineralisation in this area in what are interpreted to be paleo channels developed below the strandline mineralisation (ASX release 3 July 2006). At least two mineralised channels have been intersected, they are steep-sided, at least 200m in apparent width and discordant to the flat-lying mineralised strandlines that occur above them. Based on previous drilling results a further four possible channels have been identified in the southeastern part of the project area some of which straddle the project boundary – see Figure 1.

The scout drilling identified a 200m-wide mineralised zone including intersections of **12m at 2.7% HM from 28m** in free running sand overlain by 2m at 9.2% HM from 16m in hole 229 – see Figure 2. These channels are of particular interest because of the potentially large volume of contained mineralisation and the presence of at least 10km of broad ground magnetic target zones which occur in the vicinity of the channels and which may be associated with them. Similar channels may have been intersected by previous drilling on the eastern margin of the project where Geopeko intersected 30m at 6.6% HM from 39m and also within the Reserve strand just outside the southeastern boundary of the project.

Further aircore drilling programmes have recently been completed to infill and test extensions to the shallow high-grade 35AHD strand (181 holes for 3,255m) and to test some of the new channel targets (45 holes for 1,222m). Processing of visually encouraging drill samples are currently in progress. In addition, a 140-line km ground magnetic survey has been carried out to the northwest of the recent channel intersection. Interpretation of this data is being carried out to identify the possible extent of these channels to the northwest and to test for evidence of high-grade strands in the vicinity of the 28,000 and Mid Level strands.

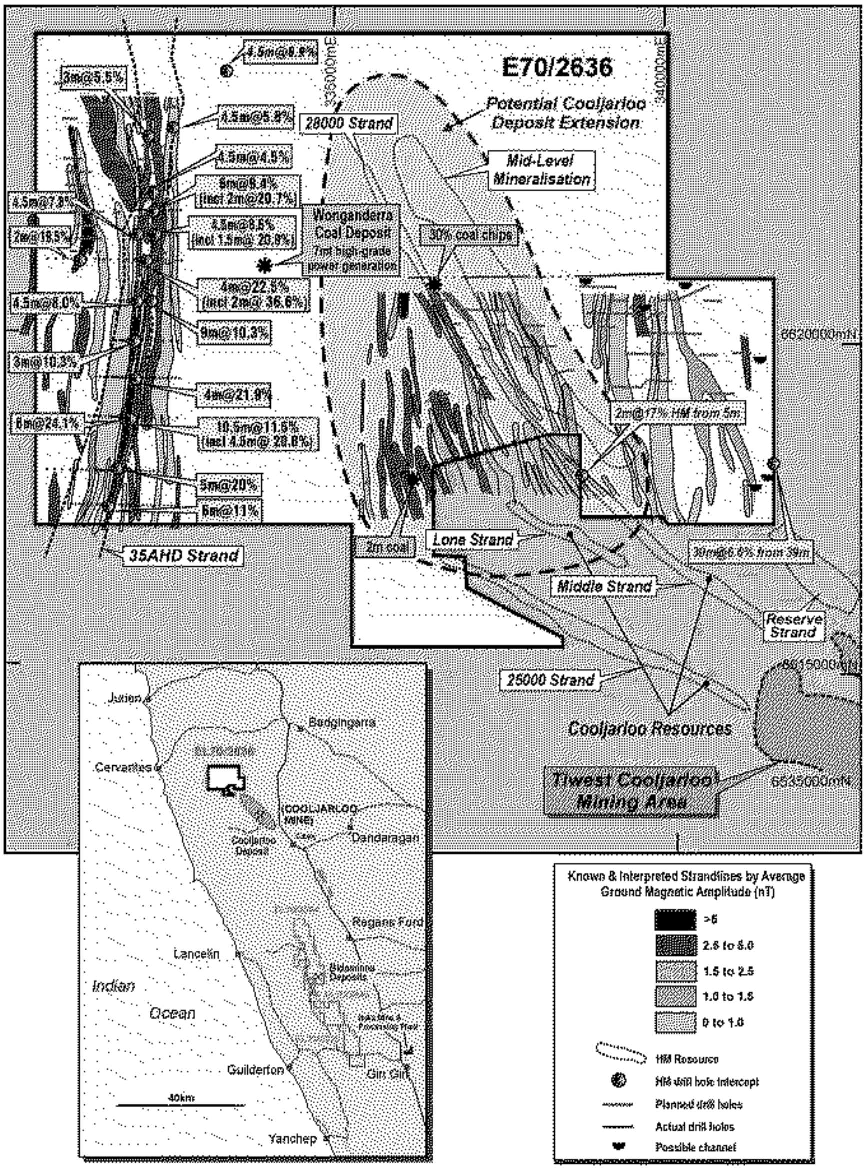
An unexpected result of the scout drilling was the intersection of a 2m-thick coal seam from a shallow 18m depth in hole 210. Further drilling is planned in the vicinity to define the dip and strike of the seam. This intersection is 3.7km southeast of the Wonganderrah coal resource situated in the centre of the project area where CRA previously reported 7M tonnes of high-grade power generation coal in 9 seams with a combined thickness of 5m. Closed file reports are currently being released to the company and a review of the coal resource and all previous drilling is being carried out to assess the significance of this coal intersection.

BIDAMINNA (Image 100%)

As previously announced (ASX release of 3 July 2006) reconnaissance aircore drilling (58 holes for 3,048m) in the northern part of E70/2825 has outlined a broad zone of mineralisation more than 500m in width with a best intersection of **12m at 5.4% HM from 34m** in hole BS-134 – see Figures 3 and 4. Heavy mineral concentrations intersected on a further two lines of drilling (200m separations) confirm that the ground magnetics over the Callisto strands are related to potentially economic heavy minerals. The drilling also shows that Callisto comprises one wide strand instead of several linear strands as previously interpreted. Further south, Callisto is interpreted from ground magnetics to be at least 7km long and up to 800m wide in its widest sections. Further drilling of the Callisto trend is planned when landowner access and environmental approvals are forthcoming. In the meantime, environmental permits are expected to be granted in the near future for the 1.5km strike extension south of the recent drilling on Callisto, where landowner access is available.

Image has recently applied for two strategically located tenements south of the Bidaminna project, increasing its landholding in the North Perth Basin from 320sq km to 520sq km – see Figure 5. These new tenements are situated to the south and west of the high-grade Iluka-owned Gingin mine (8.4Mt at 16.7% HM, 1.4Mt contained HM) and cover a large spectrum of potential HM strands.

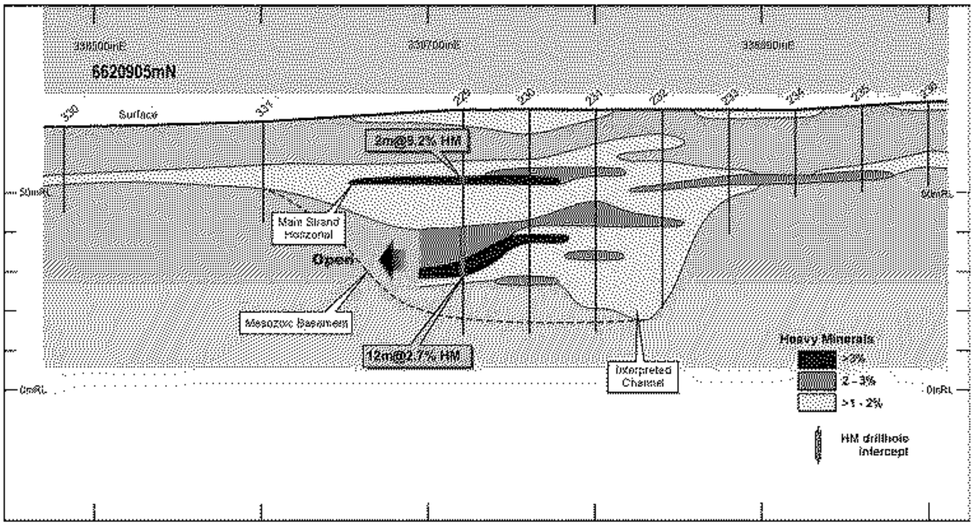
Figure 1



Cooljarloo Project - Ground Magnetic Interpreted Strandlines with HM Resources

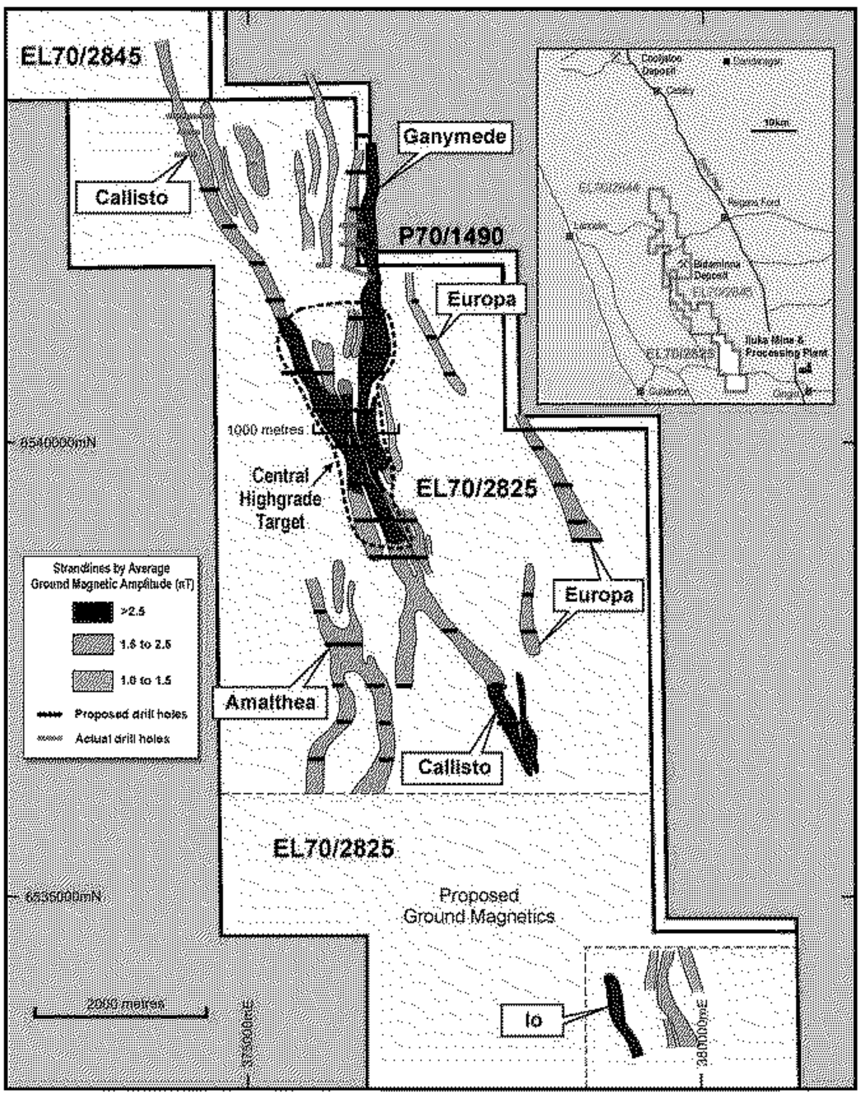
Historical exploration completed in the area of the new tenements includes an aeromagnetic survey with some limited wide-spaced drilling. The airborne survey clearly shows the mineral strand being mined at Gingin and identifies eight additional targets which remain untested. The digital elevation model (DEM) topographic trends shown in Figure 5 correlate in part with several of these aeromagnetic targets, suggesting that they could be associated with mineralised paleo shorelines. Further data is being sought to complete the DEM coverage of the new tenements.

Figure 2



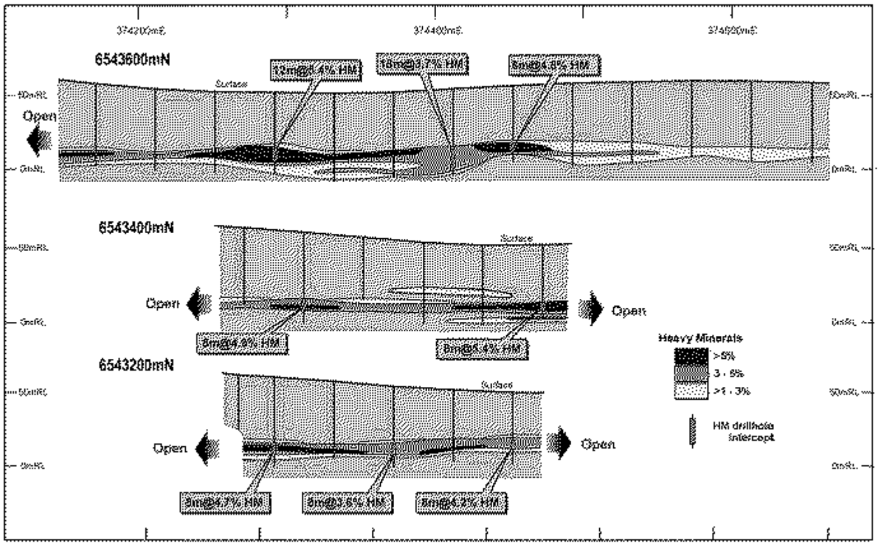
Cooljarloo Project - Cross-Section 6620905mN

Figure 3



Bidaminna Prospect - Ground Magnetic Interpreted Strandlines with Actual and Proposed Drilling

Figure 4



Bidaminna South Project - Callisto Strand Stacked Sections

Image, subject to completion of land access agreements and environmental permitting, plans to carry out ground magnetic mapping surveys to validate the aeromagnetic targets and define other potentially mineralised strand lines within the tenements. The current portfolio of mineral sand tenements in the North Perth Basin and Eucla Basin form an important focus of the company.

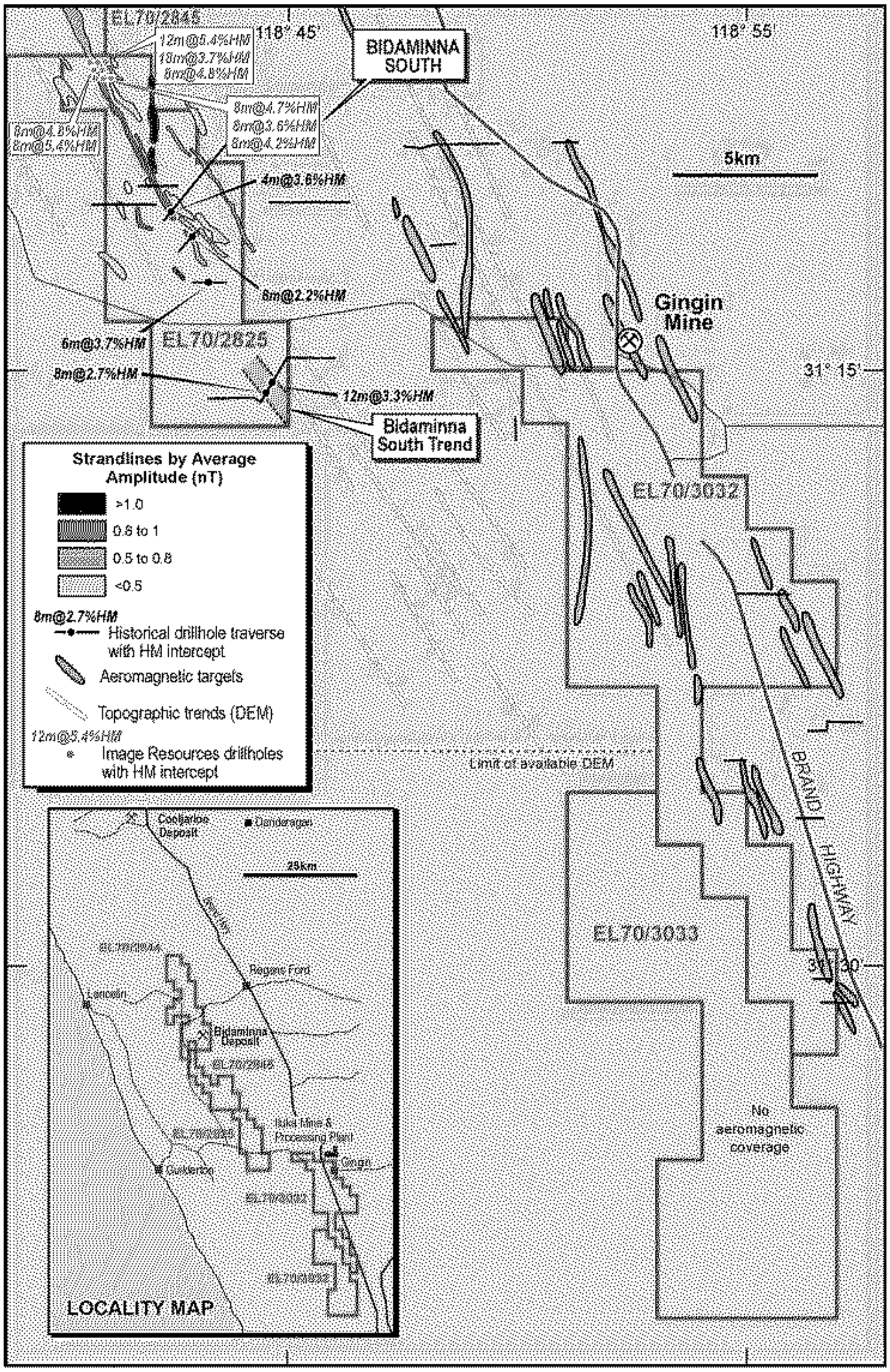
BRONCO PLAINS (Image 100%, diluting)

Geochemical sampling by joint venturer Troy Resources has confirmed a gold anomaly (peak 26ppb Au) coincident with a flexure in a greenstone sequence and a major NNW trending shear zone at this prospect situated 140km east of Kalgoorlie. This structurally complex zone coincides with a magnetic low that may be indicative of an alteration halo. The gold anomaly remains open to the south where further sampling is proposed to define the extent of the anomaly. Aeromagnetic data has been acquired over the project area and is being interpreted to assist with drill targeting.

BINTI BORE (Image 100%)

Moving loop EM geophysical surveys (19-line km at 200m line spacing) have been completed over the anomalous nickel and copper areas reported in the March quarter at Binti Bore about 80km northeast of Kalgoorlie. The surveys identified three discrete, short strike length, EM anomalies within the survey area from 50m to 240m in depth and termed BBC1-3. Strike lengths range from 200-300m with amplitudes from moderate to very strong. Two of the conductors (BBC1 and BBC3) occur in areas of extensive soil cover, with BBC3 coinciding with a discrete magnetic anomaly. Geological mapping and more detailed geophysical surveys are being planned to follow up these early encouraging results.

Figure 5



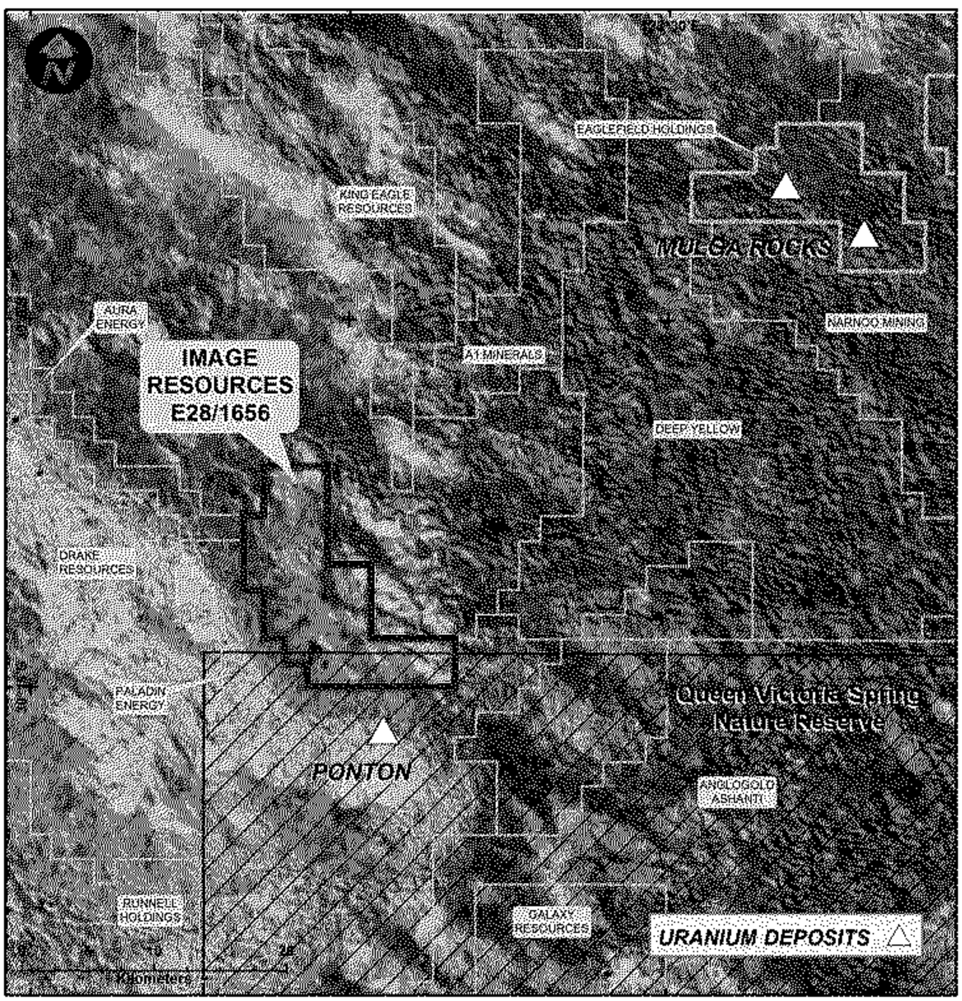
Gingin Prospect - Aeromagnetic Interpreted Strandlines and DEM trends

PONTON NORTH URANIUM (Image 100%)

A 125sq km tenement application has been made over a strongly anomalous uranium radiometric anomaly about 5km NNW of the Ponton uranium deposit 200km east of Kalgoorlie, following the release of new data from a government radiometric survey. The anomaly ranges up to 7.2ppm uranium equivalent compared to a background of 0.5 to 2.0ppm uranium equivalent and at 2.5km in length is one of the larger anomalies in this emerging uranium district – see Figure 6. The anomaly forms part of a longer 10km NNW trend which appears to be related to a radioactive granite, with potential to host calcrete uranium mineralisation in the adjacent drainages within the tenement.

The nearby Ponton uranium deposit held by Paladin Resources is reported as having potential for 20,000t of contained U_3O_8 a grade of >0.1% U_3O_8. The Ponton North tenement is also 40km SW of the Mulga Rocks uranium deposit of 10.8Mt at 0.12% U_3O_8 (CRC LEME 2003). Following the grant of the tenement Image plans to carry out ground radiometric surveys and sampling to define targets for drilling.

Figure 6
Ponton North Project – Uranium Radiometrics



CORPORATE

As recently announced (ASX release 19 July 2006) Image is planning to spin out certain tenements at Forrestania and other areas into a new company to be called Magnetic Resources NL. The anticipated IPO will provide dedicated resources and focus for accelerated exploration and is expected to achieve similar positive outcomes to that experienced by Image shareholders via Magnetic Minerals Limited and Meteoric Resources NL.

Some 13 million Image 25c options are due to expire in August 2006, some of which have already been exercised. If all of the options are exercised this is expected to raise approximately $3 million, placing Image in a sound position to fund its ongoing programmes.

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

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The information in this report that relates to exploration results is based on information compiled by Roger Thomson BSc, ARSM, MAusIMM, who is a Member of the Australian Institute of Geoscientists. Roger Thomson is an employee of Meteoric Resources NL. Roger Thomson 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 of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Thomson consents to the inclusion of this information in the form and context in which it appears in this report.

MINING EXPLORATION ENTITY QUARTERLY REPORT

APPENDIX 5B

Name of entity:

Image Resources NL

ABN:	Quarter ended ("current quarter")
57 063 977 579	30/6/2006

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $AUD'000	Year to date (12 months) $AUD'000
1.1	Receipts from product sales and related debtors	47	190
1.2	Payments for:		
	(a) exploration and evaluation	(463)	(1,327)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(146)	(539)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	45	159
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	(517)	(1,517)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	(5)	(118)
	(b) equity investments	-	(139)
	(c) other fixed assets	-	(4)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	10	43
1.12	Other (provide details if material)	-	-
	Net investing cash flows	10	(223)
1.13	Total operating and investing cash flows (carried forward)	(507)	(1,740)

1.13	Total operating and investing cash flows (brought forward)	(507)	(1,740)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	120	1,280
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)	(1)	(29)
	Net financing cash flows	119	1,251
	Net increase (decrease) in cash held	(388)	(489)
1.20	Cash at beginning of quarter/year to date	2,558	2,659
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	2,170	2,170

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	(85)
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	(400)
4.2	Development	-
	Total	**(400)**

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	50	81
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details) – Short Term Deposit	2,120	2,477
	Total: cash at end of quarter (item 1.22)	2,170	2,558

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, lapsed	E77/572	Relinquished	100%	0%
6.2	Interests in mining tenements acquired or increased	E70/3032	Application	0%	100%
		E70/3033	Application	0%	100%
		E28/1656	Application	0%	100%
		E15/888	Granted	100%	100%
		E15/889	Granted	100%	100%
		E15/890	Granted	100%	100%
		E16/320	Granted	100%	100%
		E29/547	Granted	100%	100%
		E46/677	Granted	100%	100%
		E63/991	Granted	100%	100%
		E63/993	Granted	100%	100%
		E70/2792	Granted	100%	100%
		E70/2806	Granted	100%	100%
		E74/331	Granted	100%	100%
		E74/359	Granted	100%	100%
		E74/361	Granted	100%	100%
		E77/1192	Granted	100%	100%
		E77/1222	Granted	100%	100%
		E70/2926	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**	60,687,085	60,687,085		
7.4	Issued during quarter	476,334		$0.25	$0.25
7.5	**Convertible debt securities**	N/A			
7.6	Issued during quarter	Nil			
7.7	**Options**			*Exercise price*	*Expiry date*
	Non-employee Options	13,264,393 1,850,000 2,000,000 2,000,000	Quoted Not Quoted Not Quoted Not Quoted	$0.25 $0.335 $0.39 $0.37	25.8.2006 27.11.2008 26.11.2009 21.11.2010
	Employee Options	1,035,000	Not Quoted	$0.25	4.7.2007
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	476,334	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.

(Director)
Date: 28 July 2006