

QUARTERLY REPORT

For the Quarter Ended 31 March 2008

HIGHLIGHTS

- **Multiple heavy mineral (HM) strands identified at Helene (previously named Target 2) at Cooljarloo North with 4 main strandlines and 3 minor strands over the 4.5km strike of the project.**
- **Completion of acquisition of the Bidamina heavy mineral resource (44Mt @ 3%HM) in the North Perth Basin**
- **Large (18km-long) new HM target identified on recently granted tenement at Bidamina, increasing the cumulative target length to 62km.**
- **A comprehensive review of the magnetic database for the North Perth Basin has identified 108 targets over a total strike length of 247km that remain to be drilled, significantly increasing the scope of this major mineral sands project.**
- **Image's North Perth Basin tenement holdings increased to 2090 square kilometres.**
- **Significant phosphate potential identified in the Dandaragan Trough north of Perth with 3 of 9 recorded outcropping phosphate occurrences situated on Image tenements.**
- **Emu Nickel spin-off successfully launched, raising \$10million.**

NORTH PERTH BASIN MINERAL SANDS

Work within the basin for the period consisted of a review of magnetic data, drilling at Cooljarloo North, magnetometer surveying and continuation of resource estimation.

MAGNETIC DATA REVIEW

A comprehensive reinterpretation of Image's existing ground magnetic data and of recently completed ground magnetic surveys in the North Perth Basin has highlighted a major increase in cumulative target length from 120km to 247km. These magnetic anomalies comprise a combination of both strand and channel style targets. Significantly, ground magnetic surveys using Image's magnetic mapping technique have been completed on only 659sq km (32%) of Image's 2,090sq km of tenements as shown in Figure 1. The magnetometer surveying progress is summarised in Table 1, which also summarises the tenement status.

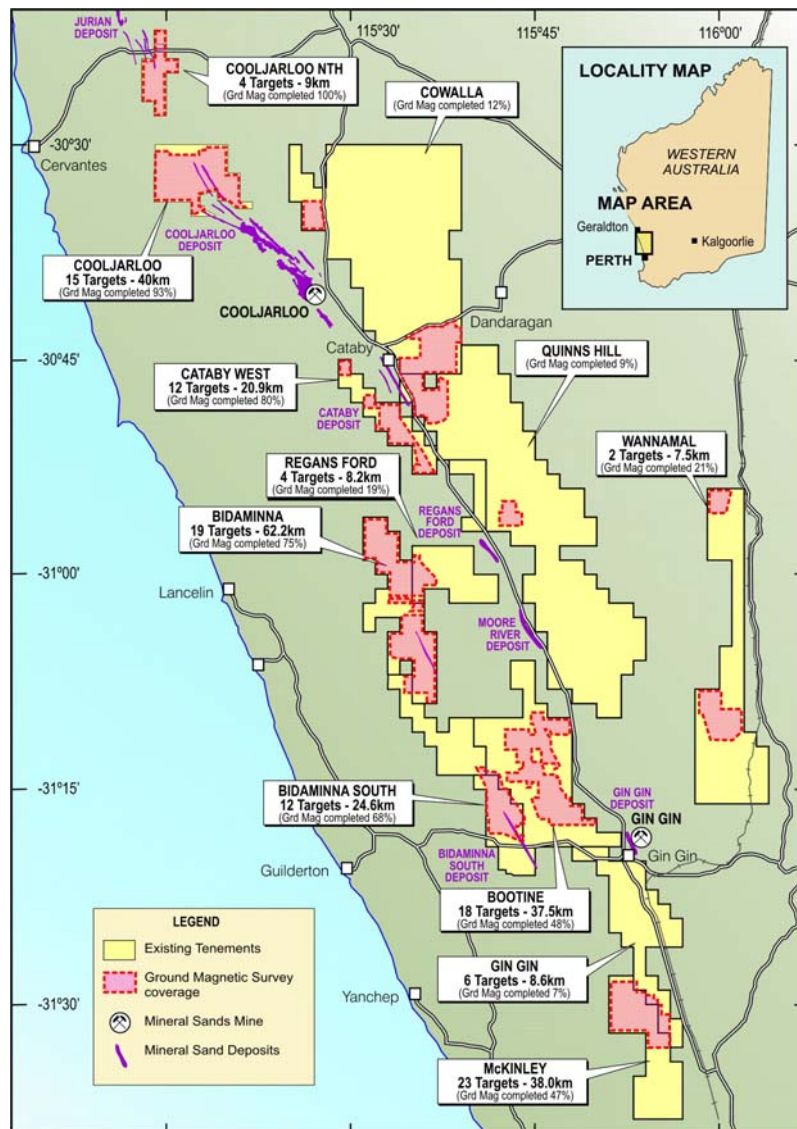


Figure 1
Ground Magnetic Target Summary

Table 1
Progress of Ground Magnetometer Surveys

Tenement	Status	Image Interest %	Tenement Name	Project	Area (ha)	Magnetics Completed %	Area Surveyed (ha)	Area Remaining to be Surveyed (ha)
E70/2844	Live	100%	Bidaminna Nth	Bidaminna	10,594	74%	7,808	2,786
E70/2845	Pending	100%	Bidaminna Nth	Bidaminna	6,170	7%	435	5,735
E70/3086	Pending	100%	Blackboy Downs	Bidaminna	2,356	39%	920	1,436
E70/3298	Pending	100%	Bidaminna	Bidaminna	1,176	0%	-	1,176
E70/3359	Pending	100%	Nabaroo	Bidaminna	1,176	50%	588	588
E70/3362	Pending	100%	Regan's Ford	Regan's Ford	6,182	15%	949	5,233
E70/2825	Live	100%	Lake Spade	Bidaminna Sth	5,467	58%	3,144	2,323
P70/1490	Live	100%	Bidaminna Sth	Bidaminna Sth	194		-	194
E70/3192	Pending	100%	Bootine	Bootine	19,971	42%	8,388	11,583
E70/3068	Pending	100%	Cataby West	Cataby West	4,173	80%	3,338	835
E70/2636	Live	70%	Cooljarloo	Cooljarloo JV	5,120	86%	4,385	735
E70/2898	Live	70%	Cooljarloo	Cooljarloo JV	2,422	100%	2,422	-
P70/1502	Live	70%	Cooljarloo	Cooljarloo JV	153	100%	153	-
P70/1516	Live	70%	Cooljarloo	Cooljarloo JV	41	0%	-	41
P70/1520	Pending	70%	Cooljarloo	Cooljarloo JV	134	100%	134	-
P70/1521	Pending	70%	Cooljarloo	Cooljarloo JV	141	50%	70	70
E70/2892	Live	100%	Cadda Spring	Cooljarloo Nth	2,665	100%	2,665	-
E70/3328	Pending	100%	Verne Hill	Cooljarloo Nth	296	100%	296	-
P70/1540	Pending	100%	Cadda Springs	Cooljarloo Nth	20	0%	-	20
P70/1541	Pending	100%	Cadda Springs	Cooljarloo Nth	20	100%	20	-
E70/3032	Pending	100%	Lake Muckenburra	Gingin	12,018	4%	92	11,526
E70/3339	Pending	100%	Jurien North	Jurien	2,373	0%	-	2,373
E70/3033	Pending	100%	McKinley	McKinley	9,365	45%	4,209	5,156
E70/3421	Pending	100%	Wayloo Hill	Quinns Hill	1,882	0%	-	1,882
E70/3092	Pending	100%	Cowalla	Cowalla	46,279	11%	5,189	41,090
E70/3100	Pending	100%	Quinns Hill	Quinns Hill	48,974	33%	16,161	32,812
E70/3093	Pending	100%	Wannamal	Wannamal	19,993	21%	4,198	15,794
				Total	209,356		65,966	143,390

The number of targets within each project area is summarised in Table 2. It should be noted that a target zone may comprise more than one magnetic anomaly. In these cases, the multiple anomalies are in close enough proximity to be considered a single target.

Table 2
Ground Magnetic Targets by Project Area

Project	Number of Tenements	Number of Magnetic targets	Magnetic target length km	Number of targets drilled	Remaining Magnetic targets to be drilled	Magnetic target length drilled km	Remaining Magnetic target length km
Bidaminna	5	19	62.2	1	18	6	56.2
Bidaminna Sth	2	7	19	2	5	3	16
Bootine	1	19	38.7	0	19	0	38.7
Cataby West	1	12	20.9	0	12	0	20.9
Cooljarloo	6	21	57	6	15	13	44
Cooljarloo Nth	4	8	21	4	4	12	9
Cowalla	1	0			0		0
Gingin	1	6	8.6	0	6		8.6
Jurien	1	0			0		0
McKinley	1	23	38	0	23		38
Quinns Hill	1	0			0		0
Wannamal	1	2	7.5	0	2	0	7.5
Regan's Ford	1	4	8.2		4		8.2
Total	26	121	281	13	108	34	247

It is relevant to point out that to date Image has delineated an aggregate strike length of some 34km of mineralised strands, largely focussed on drilling of ground magnetic targets. Based on these results it is anticipated that a significant proportion of the 247km of targets identified in the review are likely to convert to resources when they are drilled. The new targets are planned to be drilled after grant of tenements, completion of land access agreements and, in some cases, completion of heritage surveys and environmental permitting. Initially scout drilling will be carried out to verify the validity of each of the targets prior to infill drilling to define resources.

RESOURCE ESTIMATION AND SCOPING STUDY

A preliminary estimate of the resources defined by Image's drilling to date is currently being finalised and expected to be released in early May. The estimate will cover parts of the Cooljarloo and Cooljarloo North project areas but will not be comprehensive as access agreements to some areas still remain to be finalised. The resource areas only comprise a very small part of Image's North Perth Basin project (approximately 11% of the targets identified to date) indicating the extensive potential of this project.

In addition, Image is preparing to undertake a scoping study to analyse the feasibility and potential mining options for its defined heavy mineral resources. The study will be aimed at undertaking a broad study of the likely feasibility of the Cooljarloo JV and Cooljarloo North projects considering each sub project area within them separately and together as a whole. The study will provide preliminary estimates of NPV, and consider internal and external factors.

COOLJARLOO NORTH (Image 100%)

During the quarter 456 holes were drilled for a total of 11,308 metres. Table 3 summarises the drilling by target. Target 2 has been re-named Helene to reflect its resource status. Most of the drilling is infill of mineralisation at Helene and Hyperion. The balance of the drilling was testing of magnetic targets. Targets 3 and 7 show the most promise, but continuity of mineralisation is not yet firm enough to warrant resource estimation. Further work is planned on these targets to follow up the mineralisation discovered to date.

Table 3
Cooljarloo North Drilling Summary

Target	Holes	Metres
Helene	337	8,784
Hyperion	43	1,021
Target 3	32	749
Target 5	3	64
Target 6	9	152
Target 7	27	456
Target 8	5	82
TOTAL	456	11,308

Helene is now recognised to consist of multiple strands over a 4.5km distance with the four main strands averaging between 50m and 200m in width. Three subsidiary parallel strands have also been outlined (see Figure 2) making the zone of interest over 900m in width on the edge of the Gingin scarp. Image Resources' magnetic mapping technique was instrumental in locating the seven strands identified to date. Helene's northern extension on new tenement E70/3328 has been followed up with a magnetic survey and drilling is planned upon completion of permitting.

Laboratory results for 221 samples from Helene, 45 from Hyperion, and 33 from Target 3 were received and are summarised in Tables 4, 5 and 6 respectively. Over 1,000 samples remain to be processed, mostly from recent drilling at Helene.

1,071 holes for a total of 27,338 m have now been drilled at Helene (including historical drilling). Of the 3,793 samples processed so far, 1,497 exceed a cut off of 2% HM (average grade 5.2%) and 128 exceed 10% (average grade 14.5%) with a highest grade of 36.9%.

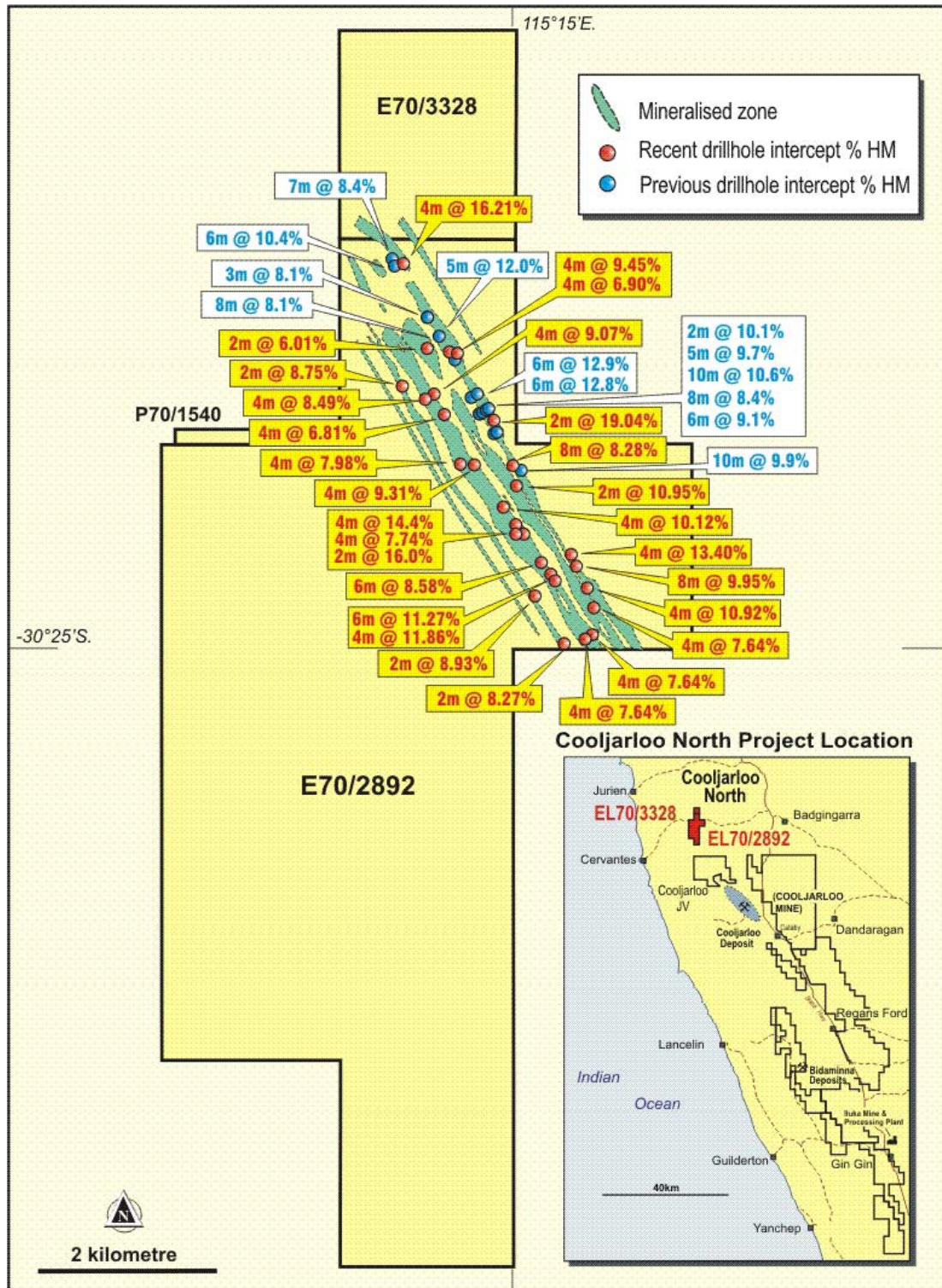


Figure 2
Helene Drilling Highlights, Cooljarloo North

Table 4
Helene Drill Intersections

Hole ID	Collar Coordinates		From m	To m	Interval m	Interval x Grade m%	Grade % HM
	East	North					
CN1086	331346	6635686	8	16	8	56	7.0
	including		12	14	2	26	13.0
CN1110	331464	6635285	14	18	4	25	6.2
	including		14	16	2	19	9.4
CN1109	331413	6635291	12	18	6	32	5.3
	including		14	16	2	18	9.1
CN1106	331564	6635351	12	20	8	42	5.2
	including		14	18	4	32	8.1
CN1085	331367	6635699	10	16	6	30	5.0
	including		12	14	2	19	9.3
CN1061	330958	6636149	10	16	6	26	4.4
CN1101	331707	6635445	16	20	4	17	4.3
CN1065	331172	6636287	12	18	6	25	4.2
CN1052	330640	6636443	10	14	4	17	4.2
CN1107	331518	6635319	12	18	6	25	4.1
CN1069	331048	6635974	6	12	6	24	4.0
CN1072	330931	6635892	12	14	2	8	3.8
CN1075	331032	6635719	8	14	6	23	3.8
CN1074	331061	6635738	6	10	4	15	3.7
CN1057	330864	6636325	16	18	2	7	3.6
CN1059	330744	6636248	12	16	4	14	3.5
CN1089	331263	6635631	6	14	8	28	3.5
CN1077	331197	6635826	8	14	6	21	3.5
CN1083	331481	6635774	8	14	6	20	3.4
CN1108	331499	6635311	12	16	4	14	3.4
CN1094	331381	6635473	10	16	6	20	3.3
CN1093	331345	6635448	12	14	2	7	3.3
CN1103	331649	6635407	14	18	4	13	3.2
CN1054	331045	6636446	10	18	8	25	3.1
CN1087	331314	6635664	10	14	4	12	3.1
CN1088	331295	6635652	6	14	8	24	3.0
CN1064	331137	6636266	10	16	6	17	2.9
CN1091	331220	6635360	10	14	4	11	2.8
CN1100	331722	6635458	16	20	4	10	2.6
CN1084	331446	6635751	8	14	6	15	2.4

1m or 2m samples, HM grade determined by TBE heavy liquid separation

Table 5
Hyperion Drill Intersections

Hole ID	Collar Coordinates		From m	To m	Interval m	Interval x Grade m%	Grade % HM
	East	North					
CN517	329421	6631900	3	9	6	117	19.4
CN978	328866	6634000	4	10	6	37	6.1
	including		6	10	4	27	6.7
CN966	328986	6633402	2	12	10	61	6.1
	including		6	10	4	36	8.9
CN979	328804	6633995	4	10	6	34	5.7
CN952	329281	6632500	8	10	2	10	5.1
CN977	328838	6633999	4	10	6	27	4.5
CN974	328838	6633801	0	8	8	33	4.2
CN970	328894	6633798	2	8	6	23	3.8
CN980	328736	6634200	6	14	8	20	2.5
CN959	328979	6633197	4	8	4	10	2.5

1m or 2m samples, HM grade determined by TBE heavy liquid separation

The samples in Table 5 are from holes drilled to reduce the drill spacing to 20 metres from 40 metres on a few drill lines.

Table 6
Target 3 Drill Intersections

Hole ID	Collar Coordinates		From m	To m	Interval m	Interval x Grade m%	Grade % HM
	East	North					
CN989	330500	6635203	10	18	8	72	9.0
	Including		12	18	6	67	11.2
CN987	330163	6635198	22	28	6	36	6.1
	Including		24	26	2	18	9.0
CN1004	330801	6634604	18	22	4	18	4.6
CN1010	330557	6634406	18	24	6	27	4.5
CN1007	330471	6634598	20	27	7	32	4.3
	Including		22	24	2	22	10.8
CN1009	330451	6634599	22	24	2	8	3.9
CN1008	330490	6634597	24	26	2	6	3.0
CN1012	330581	6634399	20	24	4	12	2.9
CN1005	330817	6634601	18	20	2	5	2.3

1m or 2m samples, HM grade determined by TBE heavy liquid separation

Further drilling at Target 3 is necessary to produce a resource estimate, but a spring time flora survey will be required before permitting can be completed.

COOLJARLOO (Image 70%)

Laboratory results for 221 drill samples from the 35AHD strand and for 300 samples from other areas of Cooljarloo were received and are summarised in Tables 7 and 8 respectively.

Table 7
35AHD Drill Intersections

Hole ID	Collar Coordinates		From m	To m	Interval m	Interval x Grade m%	Grade % HM
	East	North					
1282	332030	6621800	4	8	4	51	12.9
1276	332220	6621700	6	11	5	45	9.0
	including		7	10	3	40	13.5
1269	332290	6621600	2	6	4	30	8.7
	including		4	6	2	22	10.9
1312	332570	6623200	6	12	6	48	8.0
	including		8	12	4	41	10.3
1306	332600	6623000	6	10	4	30	7.5
1382	332230	6621800	4	10	6	43	7.2
	including		4	6	2	32	15.9
1283	332012	6621801	6	7	1	6	6.1
1271	332020	6621700	4	6	2	12	6.0
1387	332211	6621885	3	10	7	36	5.2
1281	332280	6621800	4	5	1	5	5.2
1284	332053	6621802	5	7	2	9	4.7
1384	332236	6621882	2	10	8	37	4.6
1274	332080	6621700	5	6	1	4	4.5
1385	332223	6621880	2	10	8	35	4.4
1287	332260	6622000	6	9	3	12	3.9
1388	332198	6621885	3	5	2	8	3.9
1383	332035	6621885	2	8	6	22	3.7
1285	332076	6621803	6	7	1	4	3.6
1294	332220	6622300	4	10	6	20	3.3
1270	332080	6621600	6	10	4	12	3.0
1290	332300	6622000	4	6	2	6	2.9
1381	332360	6621200	10	14	4	11	2.7
1380	332380	6621300	10	14	4	11	2.6
1273	332060	6621700	6	7	1	3	2.5
1288	332270	6622000	5	8	3	7	2.5
1386	332245	6621888	3	8	5	12	2.5
1321	332400	6623600	6	10	4	10	2.4
1289	332290	6622000	5	7	2	5	2.3
1331	332260	6623400	6	8	2	4	2.0
1286	332300	6621900	5	10	5	10	1.9

1m or 2m samples, HM grade determined by TBE heavy liquid separation

Table 8
Other Cooljarloo Drill Intersections

Hole ID	Collar Coordinates		From m	To m	Interval m	Interval x Grade m%	Grade % HM
	East	North					
1313	332580	6623200	10	12	2	10	4.8
1350	332540	6622600	6	10	4	19	4.7
1304	332590	6623000	8	11	3	14	4.6
1298	332530	6623000	8	12	4	17	4.2
1297	332520	6623000	7	10	3	12	4.1
1299	332540	6623000	8	13	5	20	4.0
1308	332510	6623001	8	10	2	8	3.9
1311	332560	6623200	5	8	3	11	3.8
1317	332580	6623300	8	12	4	15	3.7
1319	332510	6623450	6	10	4	15	3.7
1316	332560	6623300	8	12	4	15	3.7
1320	332540	6623450	6	10	4	15	3.7
1323	332500	6623600	6	10	4	14	3.5
1318	332600	6623300	6	12	6	20	3.3
1310	332550	6623200	5	10	5	16	3.3
1356	332460	6622400	6	8	2	6	3.2
1303	332580	6623000	7	15	8	25	3.1
1309	332540	6623200	6	10	4	12	3.0
1325	332540	6623600	6	10	4	12	3.0
1353	332480	6622400	6	14	8	23	2.9
1315	332540	6623300	6	12	6	17	2.9
1343	332600	6622800	6	10	4	11	2.8
1301	332560	6623000	8	18	10	28	2.8
1307	332620	6623000	8	14	6	16	2.7
1322	332480	6623600	6	12	6	16	2.7
1302	332570	6623000	6	30	22	54	2.5
1300	332550	6623000	7	13	6	13	2.2

1m or 2m samples, HM grade determined by TBE heavy liquid separation

The 35AHD intersections in Table 7 are infill holes over known strandlines in the resource. The other intersections in Table 8 are largely from a magnetic target immediately east of the 35AHD deposit. Both sets of results were received too late to be included in the soon to be released resource estimate for the 35AHD deposit, but will be assessed in a later resource update.

BIDAMINNA (Image 100%)

As previously reported (ASX releases of 23 January and 25 February 2008), Image completed the acquisition of the Bidaminna resource by entering into an agreement to acquire a 90% interest in exploration licence E70/3298 which hosts a significant part of the resource. The remainder of the resource and its potential northern extension occurs on Image's 100%-owned tenements. The Bidaminna Inferred Resource of 1.3Mt of HM concentrate (44Mt @ 3%HM) was previously drilled out by Geopeko and is 6km in length and 40m in width.

Reprocessing of geophysical data and reinterpretation of drilling results has identified a new channel or strand target adjacent to the existing resource at Bidaminna as shown in Figure 3. The magnetic target is 18km long, averages 500m in width and shows good correlation of magnetic data along its length. In addition Image has identified a 6km potential strike extension to the Bidaminna resource plus other targets, increasing the magnetic targets in the Bidaminna area to some 62km.

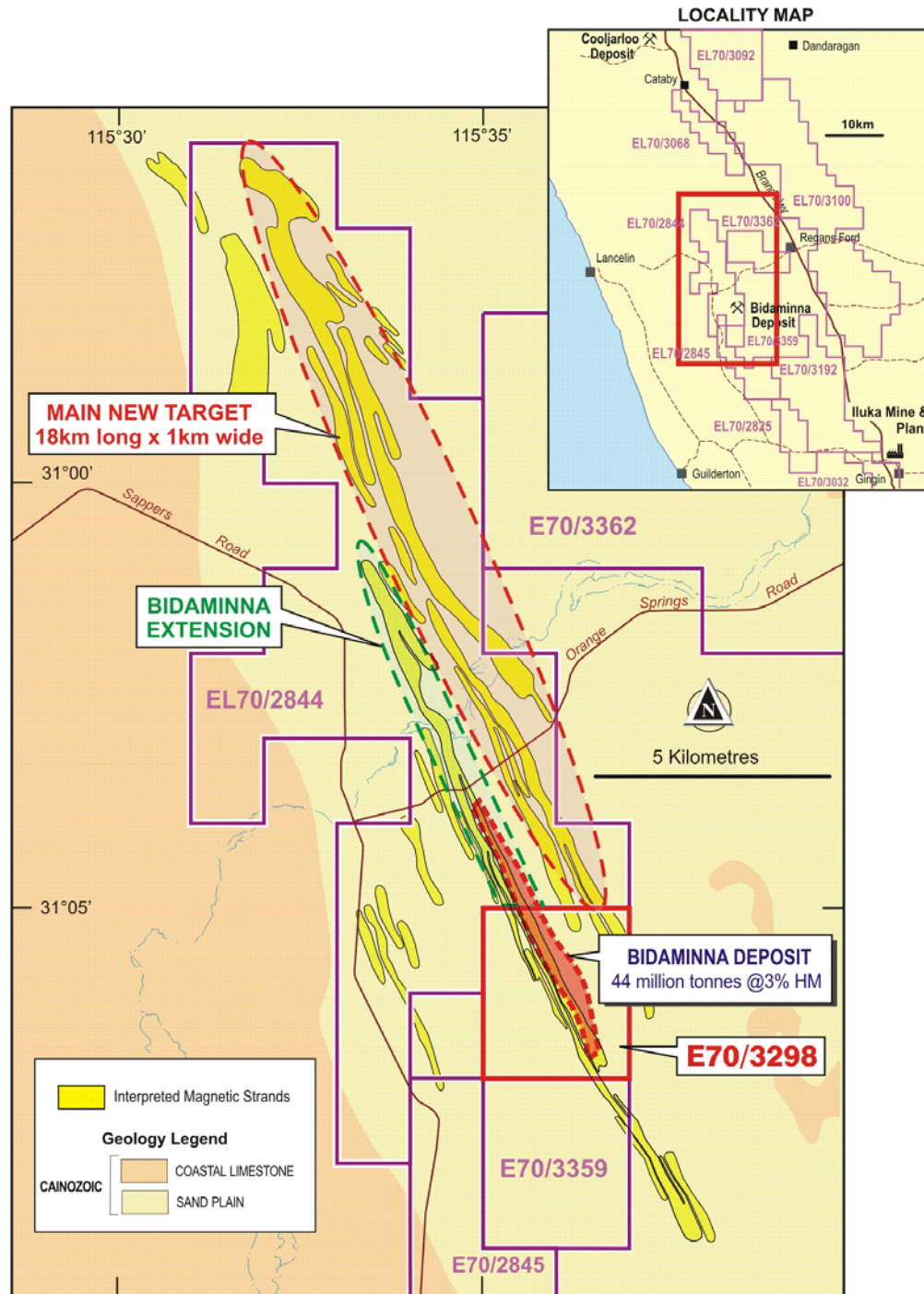


Figure 3
Bidaminna Magnetic Anomalies and Bidaminna Deposit

PHOSPHATE PROJECT (Image 100%)

As previously announced (ASX release 18 March 2008) a significant section of Image's North Perth Basin project covers part of the Dandaragan Trough which is known to host shallow phosphate sands. Unlike other major phosphate projects in Australia, these phosphate sands can be unconsolidated and potentially easy to mine with phosphate occurring as nodules and precipitates in Upper Cretaceous sedimentary formations. Of nine recorded outcropping phosphate occurrences in the Dandaragan area, three occur on Image's tenements.

Significantly, rapidly rising global demand for rock phosphate has driven world prices from US\$50/tonne a year ago to more than US\$200/tonne today, making shallow phosphate-bearing horizons in an area of good infrastructure an attractive exploration target.

Historical phosphate exploration in the Dandaragan Trough in the 1970's and 1980's demonstrated the presence of economically significant phosphate grades and thicknesses within the Poison Hill Greensand and Molecap Greensand sedimentary units. Image is encouraged by the potential for large tonnages of phosphate sands to occur on its tenements in an area close to a railway and port. A programme of systematic data compilation to more fully assess the phosphate potential is in progress.

EUCLA BASIN

SERPENTINE LAKES (Image 100%)

Rehabilitation bonds have been lodged and the programmes of work outlining access track clearing, magnetometer surveys and drilling have been approved. A heritage survey over the area is expected to be undertaken in the next quarter and track clearing will begin shortly thereafter.

FORREST LAKES (Image 100%)

Three of the four tenement applications lie wholly within the Great Victoria Desert "A" class nature reserve and Image has received advice from the Department of Industry and Resources that the tenements cannot be granted. Consequently, these three tenements are being withdrawn. The fourth tenement, E69/2036, has had the portion covering the reserve excised from the application.

WANNA SOUTH (Image 100%)

Exploration licence application 69/2434 is pending grant.

OOLDEA RANGE (Image 100%)

Exploration licence application 2004/00921 is pending grant.

BARTON JV (Image earning up to 70% of mineral sands)

Exploration licence application 2004/00265 is pending grant.

WOODLINE JV (Image 100%, diluting)

Following the inclusion of an additional Image-owned tenement (E28/1328), the Woodline joint venture now comprises three exploration licences situated on the regional Tropicana-Beachcomber structural trend, a current focus of gold exploration activity in WA following the 4Moz Tropicana gold discovery. Under the terms of the joint venture Sipa and Newmont may earn a 70% interest in the tenements by expenditure of \$1 million by mid 2011. In late 2007 Sipa announced a gold intercept of 29m at 2.1g/t Au from 12m to end of hole in drilling at its Socrates prospect situated about 2km east of an Image tenement boundary, adding to the prospectivity of this area.

Sipa and Newmont have outlined four gold prospects on the Woodline JV tenements summarised as follows:

Zeno: An 8km x 1km anomalous gold envelope in bedrock as recorded in historical drilling, with best intercepts of 2m at 5.3g/t Au from 50m and 2m at 1.2g/t Au from 42m.

Sapho: A 3km x 1km gold-in-calcrete anomaly associated with silicified pyritic basalts with no previous drilling.

Epicuris: A 2km x 1km multi-element calcrete anomaly associated with brecciated pyritic metasediments.

Diogenes: A 3.5km x 2.5km multi-element calcrete anomaly associated with a magnetic anomaly.

Sipa and Newmont are planning to carry out further geochemical sampling at Sapho followed by RC drilling at Zeno and RAB drilling at Epicuris and Diogenes.

CORPORATE

EMU NICKEL IPO

Emu Nickel was incorporated to farm in to nickel assets held by Image Resources. Under the terms of a joint venture with Image, Emu can earn up to 100% of Image's interest in a 2,500sq km tenement package by spending \$3 million on the tenements within three years, Image retaining a 1% royalty interest. Image shareholders (as at the record date) received one free bonus Emu share for each two Image shares held. In addition Image shareholders received an entitlement to apply (on a priority basis) for one additional Emu share for each bonus Emu share held. Despite difficult market conditions Emu's initial public offering raised \$10million following which quotation of Emu's shares on ASX commenced on 27 February 2008.

For more information on the company visit www.imageres.com.au
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The information in this report that relates to exploration results is based on information compiled or reviewed by Roger Thomson BSc, ARSM, MAusIMM, who is a Member of the Australian Institute of Geoscientists. Roger Thomson is an employee of Image 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.