

QUARTERLY REPORT - for the Quarter Ended 30 June 2010

Image Resources NL
ABN 57 063 977 579

ASX Code: IMA

Level 2, 16 Ord Street
West Perth WA 6005

T +61 8 9485 2410
F +61 8 9485 2840
E info@imageres.com.au

PO Box 644
West Perth WA 6872

Issued Capital:

Shares - Quoted:

86,313,958 fully paid
ordinary shares

Options - Unquoted:

2,000,000 options
exercisable at \$0.37 by
21.11.2010

2,500,000 options
exercisable at \$1.80 by
16.11.2011

2,200,000 options
exercisable at \$2.12 by
20.11.2012

2,500,000 options
exercisable at \$1.50 by
19.11.2011

2,345,000 options
exercisable at \$1.12 by
18.12.2014

1,000,000 options
exercisable at \$2.38 by
26.3.2012

Cash: \$4 million

Directors:

Peter Thomson

Chairman

George Sakalidis

Managing Director

Roger Thomson

Executive Director

HIGHLIGHTS

NORTH PERTH BASIN

- A new high-grade discovery near Gingin within a 16km-long target zone, of which only 3.6km has been drilled.
- A Measured Resource estimate for Atlas in progress.

EUCLA BASIN

- Cyclone Extended (Image 100%) initial resource of 148Mt @ 1.5%HM (0.75%HM cut-off), containing 445,000t of zircon and 188,000t of rutile + leucoxene, or 86Mt @ 1.9%HM (1%HM cut-off) containing 345,000t of zircon and 155,000t of rutile + leucoxene.
- Combined with the contiguous Cyclone deposit held by Diatrema Resources, Image estimates a global resource containing 2.4Mt of zircon and 1Mt of rutile + leucoxene (0.75%HM cut-off) or 1.8Mt of zircon and 0.7Mt of rutile + leucoxene (1%HM cut-off) for the whole deposit.
- This new resource estimate confirms Cyclone and Cyclone Extended as a world class deposit considering that annual world zircon production totals 1.3Mt.
- The Cyclone and Cyclone Extended deposit is 7.4sq km in area with a low clay (slimes) content making it amenable to low cost conventional mineral sands mining and processing techniques.
- With increases in both the zircon and rutile prices expected to continue, the high levels of zircon and rutile in the Cyclone and Cyclone Extended deposit are very significant.
- 30sq km of HM targets identified from wide-spaced scout drilling which together with other open ended mineralisation provide additional resource potential at Cyclone Extended.

NORTH PERTH BASIN

Cooljarloo (Image 70%)

As previously reported, Image has completed 1,721 aircore drill holes (total 22,130m) on its Atlas resource. Wireframing and resource modelling is in progress to upgrade the existing Indicated and Inferred Resource to Measured status and is expected to be completed in August.

Image has been successful in attracting state government co-funding of drilling to assess the channel targets at Cooljarloo, with matching funding of \$100,000 approved. The funding scheme is aimed at encouraging and supporting mineral exploration, particularly on innovative projects that may lead to further discoveries. Preparations are also in hand to drill the high grade Rhea strand, together with other targets in the south east part of the project area.

Cooljarloo North (Image 100%)

94 aircore drill holes have been completed at the Helene deposit to increase the sample density over a mineralised target and to better define the northern extent of the mineralisation. Sample processing is in progress.

Gingin (Image 100%) and Chandala (Image earning up to 80%)

Image has identified excellent heavy mineral (HM) grades within its contiguous Gingin and Chandala tenements situated south of Gingin town site. An extensive target zone more than 16km in length has been defined by detailed ground magnetic surveys along the Gingin Scarp which has historically been the site of several world class HM orebodies including Eneabba and Cooljarloo. The location of the 16km-long target zone is shown in Figure 1.

Image has completed 231 aircore drill holes totalling 7,172m over a 3.6km strike length in the northern part of the target zone as shown in Figure 1.

Drilling highlights include:

Hole Number	From m	To m	Interval m	% HM
GG244	18	26	8	10.6
GG246	18	22	4	12.2
GG247	24	26	2	9.6
GG248	18	20	2	8.1
GG251	18	22	4	9.8
GG273	6	16	10	11.4
GG284	9	18	9	15.4
GG298	16	18	2	31.3
GG299	17	18	1	40.5
GG300	17	18	1	30.4
GG309	23	25	2	9.3
GG311	21	23	2	10.8

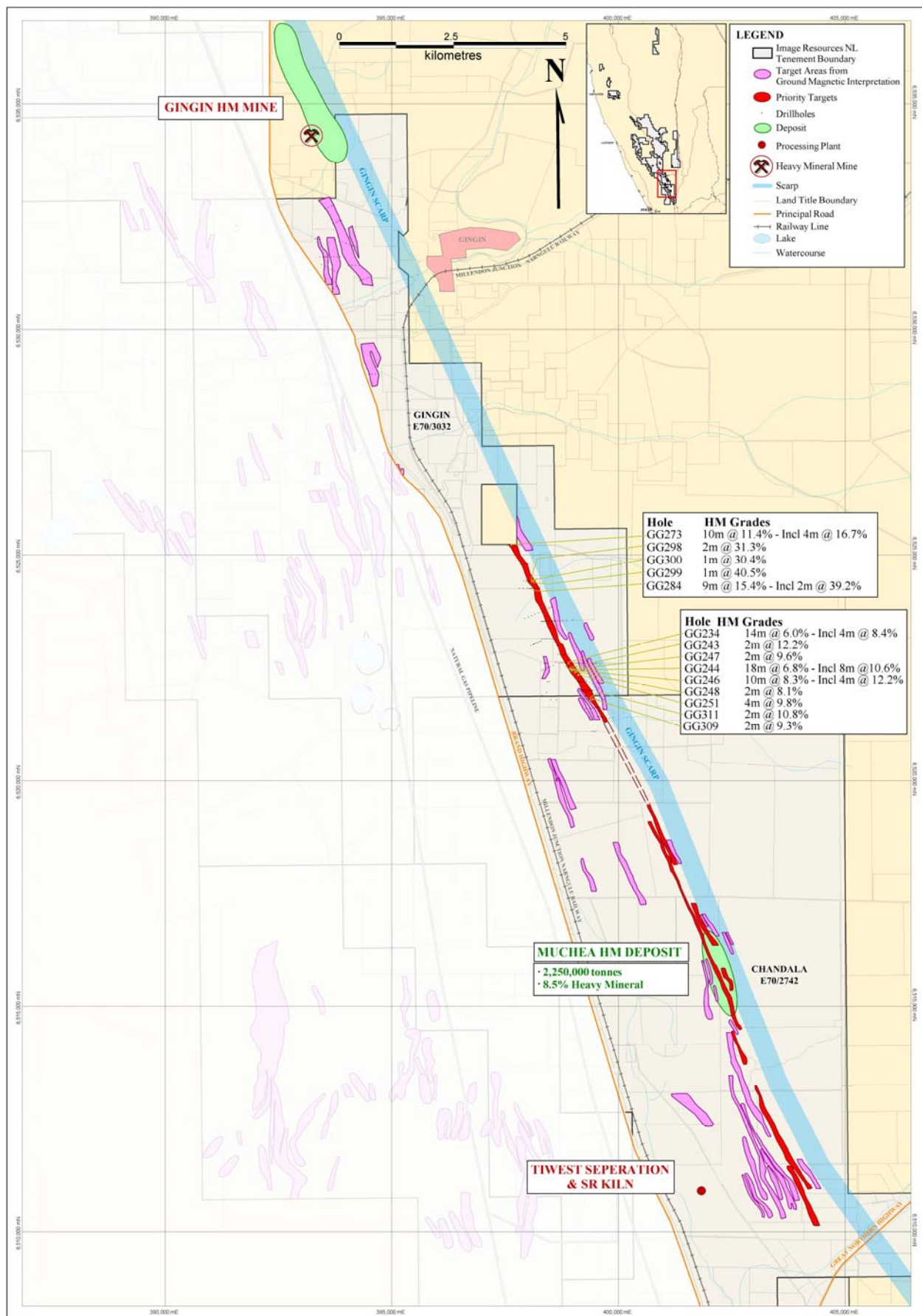


Figure 1
 Gingin and Chandala Drilling and Target Summary Map

The aircore drilling results are summarised in Table 1.

Table 1
Gingin/Chandala Aircore Drilling Results

Hole Number	MGA East	MGA North	From m	To m	Interval m	HM %
GG219	399520	6522597	22	26	4	3.9
GG225	399274	6522594	12	16	4	2.2
GG233	398938	6522607	10	14	4	3.2
GG234	398898	6522608	8	22	14	6.0
Including			18	22	4	8.4
GG237	398920	6522609	10	14	4	4.8
GG243	398931	6522480	22	28	6	7.0
Including			24	26	2	12.2
GG244	398971	6522446	14	32	18	6.8
Including			18	26	8	10.6
GG245	399003	6522424	14	18	4	4.6
GG246	398990	6522439	14	24	10	8.3
Including			18	22	4	12.2
GG247	398949	6522464	22	28	6	5.2
Including			24	26	2	9.6
GG248	399048	6522403	14	20	6	5.1
Including			18	20	2	8.1
GG249	399082	6522374	16	22	6	5.1
GG251	399117	6522348	14	22	8	6.5
Including			18	22	4	9.8
GG252	399158	6522319	20	26	6	3.2
GG269	397720	6525207	6	12	6	3.4
GG270	397697	6525205	4	10	6	4.0
GG271	397677	6525206	2	16	14	3.4
GG272	397656	6525206	0	12	12	4.2
GG273	397633	6525216	0	18	18	8.0
Including			6	16	10	11.4
GG274	397614	6525209	2	8	6	3.5
GG283	398079	6524263	8	20	12	5.0
GG284	398099	6524263	8	18	10	14.1
Including			9	18	9	15.4
GG285	398110	6524266	9	12	3	8.6
Including			10	11	1	10.1
GG287	398056	6524259	12	19	7	2.7
GG293	398018	6524419	14	20	6	4.3
GG296	398035	6524433	18	20	2	4.4
GG297	398064	6524437	16	18	2	4.6
GG298	398090	6524427	14	20	6	12.1
Including			16	18	2	31.3
GG299	398111	6524431	16	19	3	15.9
Including			17	18	1	40.5
GG300	398132	6524437	16	19	3	13.4
Including			17	18	1	30.4
GG304	397842	6524792	2	10	8	3.8
GG309	399434	6521809	19	33	14	6.0
Including			23	27	4	11.6

Hole Number	MGA East	MGA North	From m	To m	Interval m	HM %
GG310	399411	6521803	17	28	11	8.5
Including			19	26	7	11.5
GG311	399388	6521795	21	23	2	10.8
GG312	399366	6521791	16	23	7	5.7
Including			21	22	1	11.3
GG313	399342	6521793	17	22	5	4.0
Including			21	22	1	7.1
GG315	399295	6521814	19	25	5	3.3
Including			24	25	1	9.2
GG316	399253	6521822	28	31	3	4.8
Including			28	29	1	8.9
GG329	399643	6521415	24	28	4	3.2
GG337	399399	6522008	24	32	8	6.4
GG339	399379	6522019	21	34	13	10.0
Including			26	32	6	17.3
GG340	399356	6522007	18	32	14	13.9
Including			23	31	8	21.2
GG341	399339	6522002	18	32	14	13.0
Including			21	30	9	18.4
GG342	399310	6521998	18	28	10	14.5
Including			21	28	7	18.4
GG343	399293	6522004	17	28	11	9.6
GG344	399271	6522009	18	27	9	6.8
GG345	399244	6522007	20	25	5	6.2
GG346	399225	6522003	20	24	4	5.0
GG347	399204	6522006	19	23	4	5.1
GG348	399182	6521991	30	32	2	9.7
GG350	399116	6522207	15	25	10	6.5
GG351	399101	6522206	16	25	9	8.2
GG352	399137	6522195	15	22	7	11.3
GG353	399153	6522199	15	24	9	11.3
Including			19	23	4	20.1
GG354	399178	6522200	15	30	15	7.6
GG355	399200	6522204	15	27	12	11.0
Including			21	26	5	20.3
GG356	399223	6522206	16	30	14	9.8
Including			23	28	5	19.8
GG357	399244	6522196	20	31	11	10.7
Including			23	29	6	16.6
GG358	399263	6522193	23	29	6	2.5
GG364	398766	6522790	22	28	6	4.3
GG365	398793	6522793	12	28	16	3.3
GG366	398813	6522790	12	15	3	3.8
GG371	398685	6522994	17	31	14	5.5
GG372	398665	6522993	27	32	5	2.4
GG373	398705	6523000	15	21	6	3.6
GG374	398726	6523004	14	21	7	5.4
GG375	398749	6523008	14	21	7	5.6
GG376	398771	6523000	15	21	6	3.9
GG380	398593	6523202	17	30	13	6.3
GG381	398578	6523190	26	29	3	6.9

Hole Number	MGA East	MGA North	From m	To m	Interval m	HM %
GG382	398614	6523206	17	24	7	6.7
GG383	398628	6523197	17	25	8	7.0
GG384	398655	6523185	19	26	7	6.6
GG385	398678	6523188	22	28	6	6.2
GG389	397866	6524797	4	12	8	5.2
GG390	397822	6524794	4	10	6	2.4
GG393	397697	6525007	17	20	3	7.2
GG394	397676	6525003	16	18	2	3.7
GG395	397655	6524994	15	20	5	2.0
GG407	397879	6524595	16	20	4	2.2
GG408	397858	6524595	16	23	7	5.7
GG409	397899	6524796	6	10	4	3.3
GG412	398551	6523343	14	19	5	4.1

1m or 2m samples. HM grades determined by TBE heavy liquid separation

These results compare most favourably with grades of about 6% HM being dry mined in the North Perth basin. Panning of a typical high grade sample is shown in Figure 2. Image is planning to extend its drilling programme to test the remaining 13km of target strike length which extends south to the Tiwest Separation and Synthetic Rutile Plant near Muchea. Image is highly encouraged by these high grade results and plans to continue an aggressive drilling programme in the near future over this new high grade discovery.



Figure 2
Project Geologist Wayne Carter Panning High Grade HM in Hole GG311

EUCLA BASIN (Image 100%)

Image Resources has completed its maiden resource estimate for the Cyclone Extended heavy mineral (HM) project in the Eucla Basin, which abuts the Cyclone deposit held by Diatreme Resources. The resource estimate for Cyclone Extended is shown in Table 2. Following a data swap with Diatreme, Image has completed a global estimate for both

Cyclone and Cyclone Extended in order to properly set its Cyclone Extended resource in context with the whole mineral deposit, as shown in Table 3. The estimates presented here are solely those of Image, and are not endorsed by Diatreme, which is preparing its own resource estimate for the project. The tables summarise the resource estimates by category for various HM cut-off grades. These resources have been estimated in accordance with the JORC guidelines.

Figure 3 shows the outline of mineralisation at a 1%HM cut-off, which consists of two arms that total 13km in aggregate strike length and which vary from 400m - 600m in width. The deposit ranges in thickness from 1 to 26 metres. The mineralised area is large at over 7.4sq km in extent. Typical cross sections of Cyclone Extended are shown in Figure 4.

Table 2
Resource Summary Cyclone Extended (Image 100%)

Mineral Resource Category	HM Cutoff	M Tonnes Insitu	HM %	HM kt	Slimes %	Zircon kt	Rutile + Leucoxene kt	Hi Ti Oxide kt	Altered Ilmenite kt
INDICATED	2.00	25.7	3.2	819	4.5	167	95.3	319.6	171.5
INDICATED	1.50	41.6	2.6	1093	4.9	226	117.0	417.2	246.7
INDICATED	1.00	77.3	2.0	1525	5.6	322	152.1	571.9	357.0
INDICATED	0.75	115.7	1.6	1856	6.1	389	180.6	691.1	441.1
INFERRED	2.00	0.3	2.3	6.2	3.1	1.0	0.2	2.5	2.3
INFERRED	1.50	1.2	1.8	21.9	5.8	4.3	1.0	8.1	7.6
INFERRED	1.00	9.0	1.2	113	3.3	23.3	5.6	44.6	34.5
INFERRED	0.75	32.3	1.0	313	2.3	59.6	15.7	130.9	92.5
TOTAL	2.00	26.0	3.2	825	4.5	168	95.3	322.1	174.1
TOTAL	1.50	42.9	2.6	1114	4.9	230	117.4	425.1	255.5
TOTAL	1.00	86.3	1.9	1638	5.3	345	154.7	617.8	395.7
TOTAL	0.75	148.0	1.5	2168	5.3	445	188.5	828.9	542.6

Table 3
Global Resource Summary Cyclone and Cyclone Extended

Mineral Resource Category	HM Cutoff	M Tonnes Insitu	HM %	HM kt	Slimes %	Zircon kt	Rutile + Leucoxene kt	Hi Ti Oxide kt	Altered Ilmenite kt
INDICATED	2	94.1	3.2	3027	4.2	864	390	1071	424
INDICATED	1.5	156.3	2.6	4093	4.7	1165	504	1406	633
INDICATED	1	304.2	1.9	5878	5.5	1661	701	1962	957
INDICATED	0.75	482.5	1.5	7416	6.1	2083	875	2402	1242
INFERRED	2	0.6	2.3	14	4.3	3.0	1.1	5.0	3.9
INFERRED	1.5	4.2	1.8	74	5.5	19.8	8.6	24.8	15.2
INFERRED	1	41.8	1.2	502	4.5	136	48.7	190	90
INFERRED	0.75	143.1	1.0	1375	3.5	362	130	515	267
TOTAL	2	94.7	3.2	3040	4.2	867	391	1076	428
TOTAL	1.5	160.5	2.6	4167	4.7	1184	512	1430	649
TOTAL	1	346.0	1.8	6381	5.3	1794	744	2164	1051
TOTAL	0.75	625.6	1.4	8790	5.5	2434	990	2949	1526

The mineralogy is based on 153 composite samples analysed by SGS Oretest at its Advanced Mineralogy Facility using QEMSCAN technology.

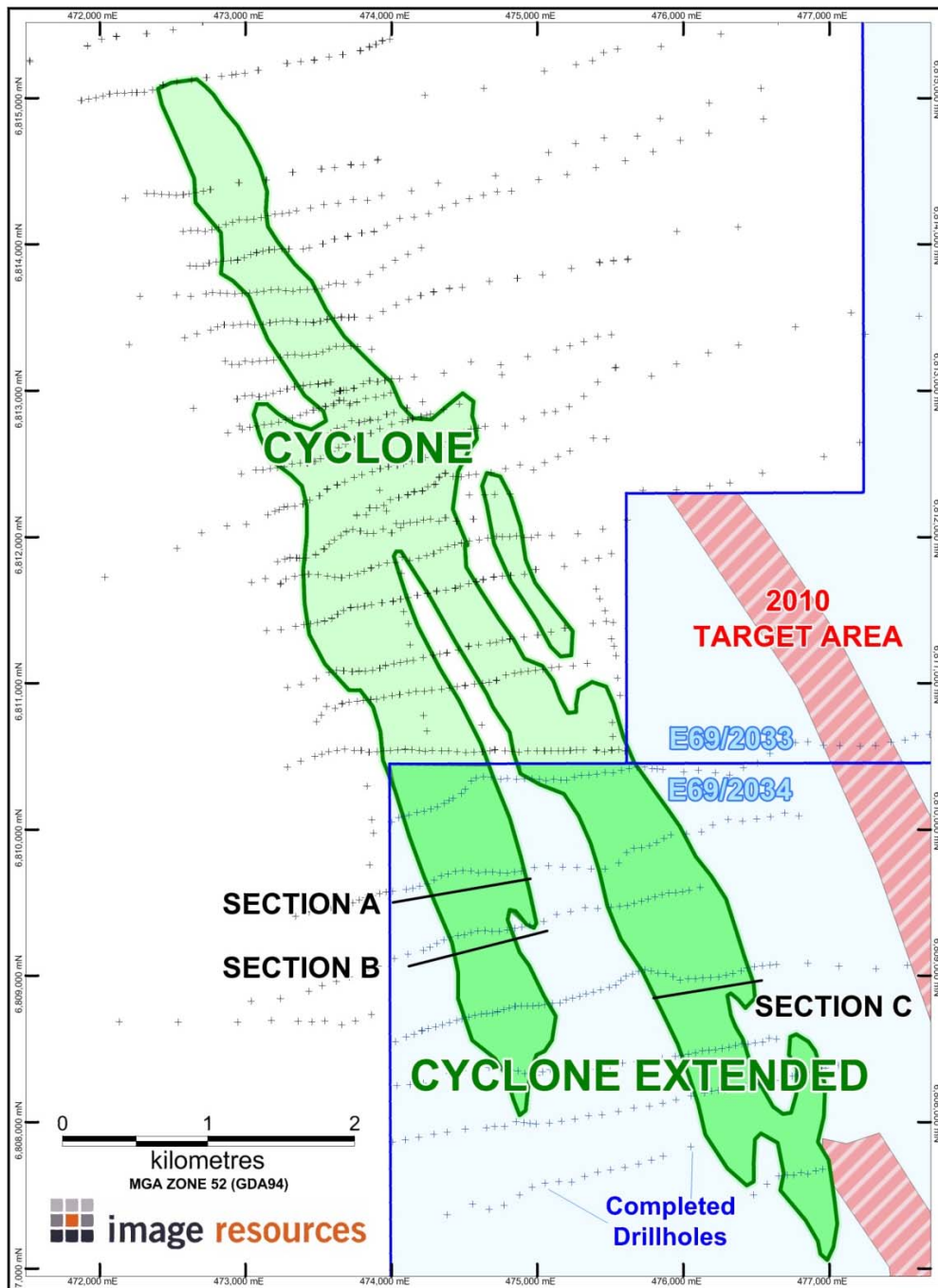


Figure 3
Cyclone and Cyclone Extended Resource Outlines (1%HM cut-off)

Diatreme has estimated its Cyclone resource at 98.4Mt at 2.88%HM (1%HM cut-off) containing 2.8Mt of heavy mineral (DRX ASX release of 23 September 2009). The variance from the estimates in Table 2 is mainly a result of the inclusion of more recent grade data in the Image estimate of the global resource, particularly from the dune deposits which overlie the resource and which are now recognised to contain significant mineralisation. The presence of mineralisation in the dune material has the potential to significantly improve the project economics in reducing overburden removal and by increasing the mineral inventory. Clearly, the resources at Cyclone and Cyclone Extended offer a number of possible development options ranging from lower tonnage and higher grades to large tonnage and lower grades, depending on how the dune material and cut-off grade is treated.

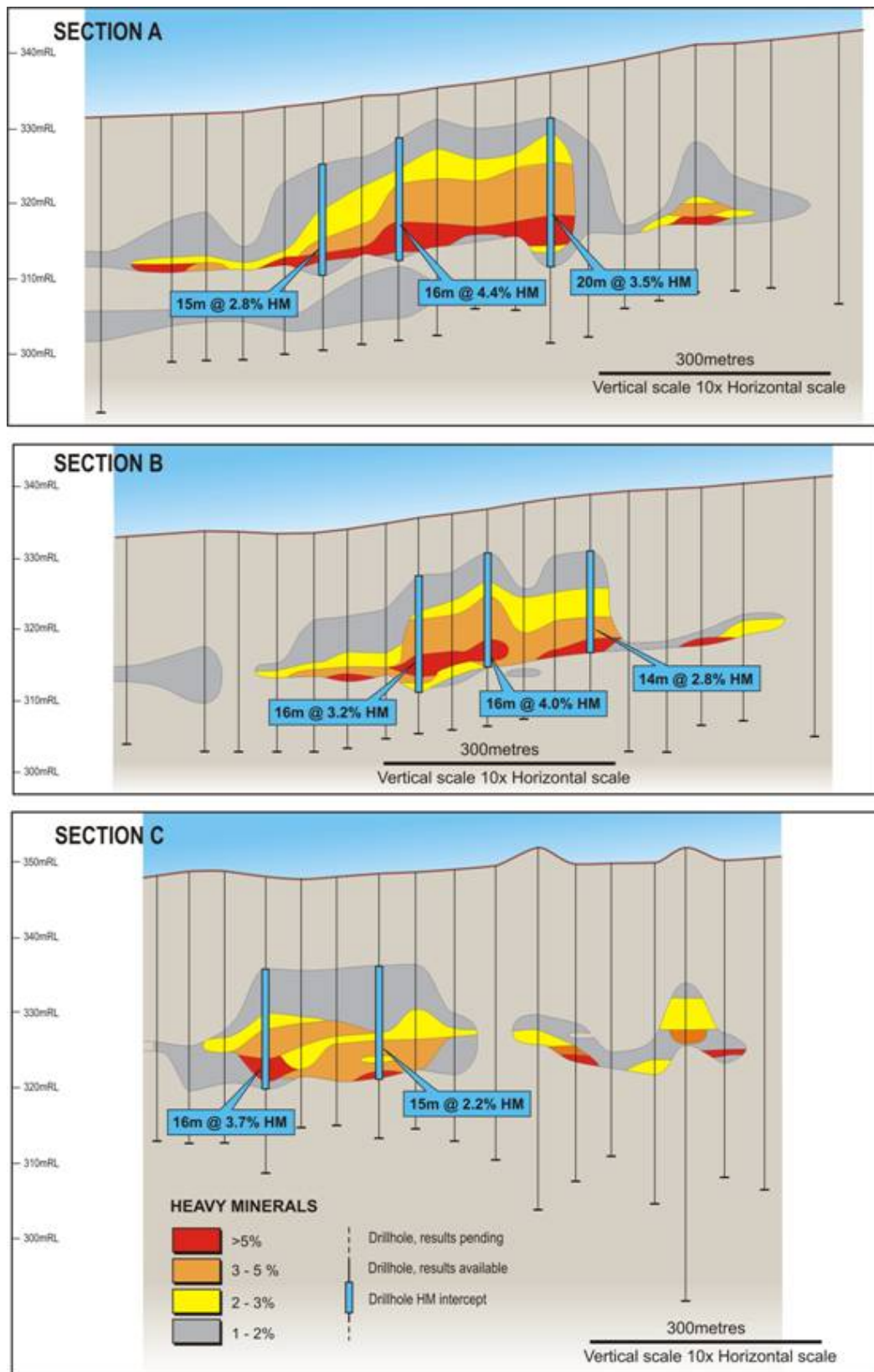


Figure 4
Cyclone Extended Cross Sections

Based on wide spaced scout drilling at Cyclone Extended, Image has identified an area of 30sq km prospective for further discoveries, as shown in Figure 5. In addition, some of the mineralisation at Cyclone Extended has not been closed off and further drilling may result in further increases to the resource.

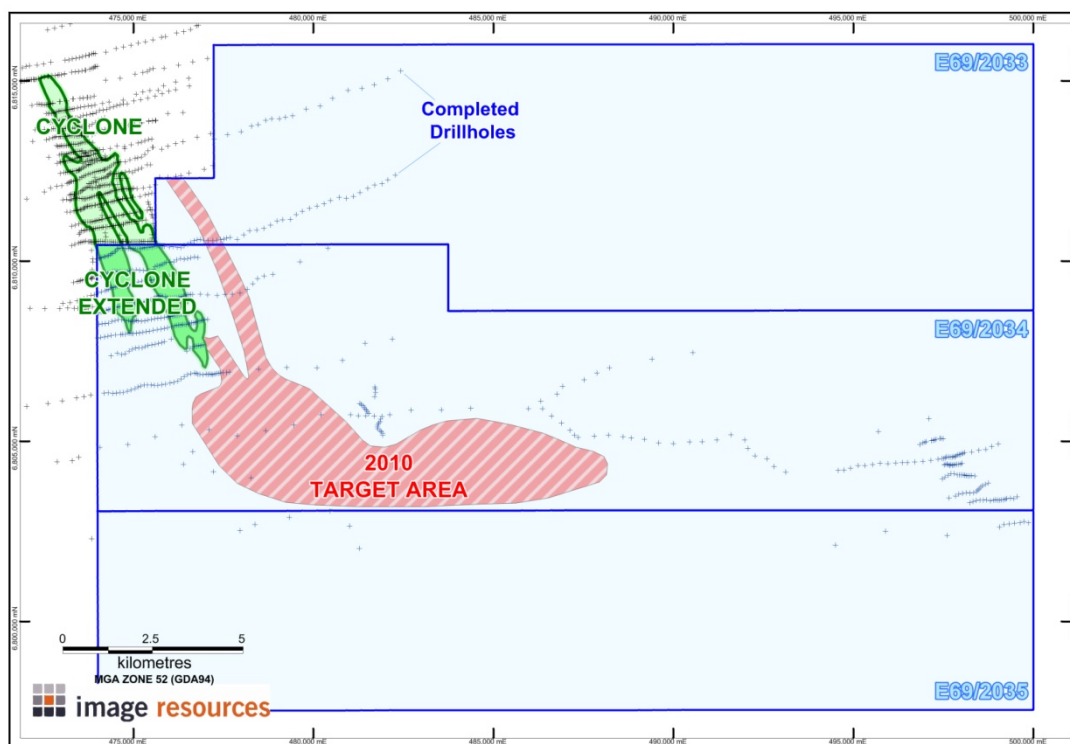


Figure 5
Cyclone Extended Target Area

The interpreted geology used to constrain the global resource model comprises five main elements; the Dune, Beach, Surf, Near Shore and Offshore zones. The combined deposit is interpreted to be a series of regressive shorelines where the Beach, Surf, Near Shore and Offshore sediments were deposited. The Dune sediments on top of the Beach zone were deposited later. These geological units have been identified on the basis of sedimentary features such as grain size, sorting and HM grade and can be traced throughout the deposit.

Indicated and Inferred Resources have been estimated for each of the main geological units at Cyclone and Cyclone Extended using a wire framed block model and inverse distance squared method. At the 1%HM cut-off the Dune, Beach, Surf and Near Shore zones contain 13%, 48%, 12% and 27% respectively of the resource tonnes. The Beach and Surf zones contain the higher HM grades. The bulk density was determined by formula, and averages 1.733t/m³ for the 1%HM cut-off resource.

Image Resources is most encouraged by this first estimate of the Cyclone Extended resource and is planning further drilling at both Cyclone Extended and at the target areas to the south in order to continue to grow the resource.

For more information on the company visit www.imageres.com.au
Please direct enquiries to:

Roger Thomson
Executive Director
Phone (08) 9485 2410
Mobile 0419 969 183
Email roger@imageres.com.au

George Sakalidis
Managing Director
Phone (08) 9485 2410
Mobile 0411 640 337
Email george@imageres.com.au

The information in this report that relates to exploration results is based on information compiled or reviewed by Scott Carruthers BSc,MSc. Scott Carruthers is a full time employee of Image Resources NL. Scott Carruthers 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 Persons as defined in the 2004 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Scott Carruthers consents to the inclusion of this information in the form and context in which it appears in this report.