

QUARTERLY REPORT for the Quarter Ended 30 June 2009

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Issued Capital:

Shares –Quoted:
85,099,354 fully paid
shares

Options – Unquoted:
1,214,604 exercisable at
\$0.39 by 26.11.2009

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

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

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

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

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

Cash: \$6.4 million

Directors:

Peter Thomson
Chairman
George Sakalidis
Managing Director
Roger Thomson
Executive Director

HIGHLIGHTS

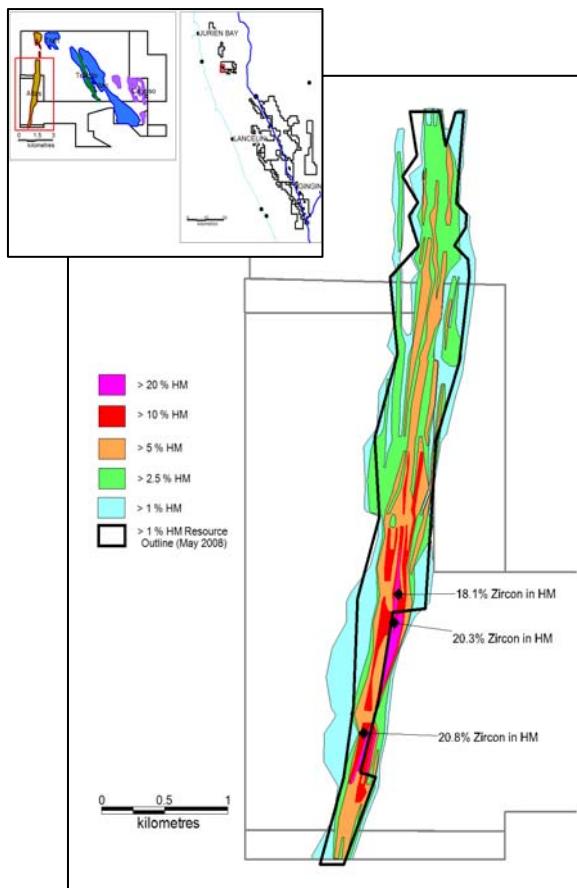
- **\$3million capital raising completed to accelerate exploration and evaluation of the core mineral sand assets.**
- **Atlas high grade zone (average grade greater than 20% HM) at Cooljarloo increased to 1.4km in length. Updated resource estimate due at the end of July.**
- **High zircon grades (up to 20% of the heavy mineral fraction) identified at Atlas with potential to add significant value.**
- **Preliminary drilling identifies a new mineralised strand south of the Gingin mine.**
- **Major drilling programme at the Eucla Basin HM project scheduled to commence in August.**

NORTH PERTH BASIN

COOLJARLOO (Image 70%)

Additional aircore drilling on the Atlas heavy mineral (HM) deposit (inferred resource 9.7 million tonnes at 5.8% HM, containing 560,000 tonnes of HM) was limited to 8 holes totalling 88m. 9 holes were redrilled to provide QA/QC samples and will also be used to provide bulk samples for further test work.

Sample processing from Image's previous drilling programme on the Atlas deposit was completed during the quarter. Detailed geological interpretation and resource estimation is in progress and is expected to be completed by the end of July. The data will be made available to those parties who have signed a memorandum of understanding with Image.



Atlas HM Deposit Showing Zircon Sample Locations

The map above shows the average grade contours from the recent Atlas drilling and for comparison the 1% heavy mineral (HM) cut off resource outline from the May 2008 resource estimate (IMA ASX release 8 May 2008). Significantly, the drilling has confirmed good grades of shallow mineralisation with thin overburden likely to result in a very low strip ratio of less than 1.

The updated resource estimate is expected to result in an increase in the contained tonnes of heavy mineral because the intersected grades are higher than those from historical wide-spaced drilling and because a significant part of the very high-grade zone occurs outside the previous resource outline (see map).

Of the 836 drill holes within the 1% HM outline 145, or 17%, exceed an average grade of 10% HM. The area where holes average more than 20% HM is approximately 1.4 km in strike length, the area exceeding 10% HM is 2.4 km in length and the area greater than 5% HM is 4.9 km in length with average widths of 40m, 90m and 150m respectively. Significant drill intersections for the latest laboratory results are summarised in Table 1.

Table 1
Atlas Aircore Drilling Results

Hole Number	MGA East	MGA North	From m	To m	Interval m	HM %
1528	331520	6617612	10	12	2	6.0
1732	331819	6618799	3	7	4	12.0
1733	331842	6618803	3	8	5	25.1
1736	331928	6618999	1	4	3	8.7
1737	331921	6619002	1	7	6	19.4
1738	331911	6619003	1	5	4	16.7
1739	331900	6619004	1	6	5	12.0
1740	331881	6619005	0	6	6	8.6
1741	331860	6619006	0	6	6	22.1
1742	331841	6619006	1	12	7	8.8
1743	331820	6619004	3	6	3	9.6
1744	331801	6619002	4	7	3	10.4
1745	331780	6618999	3	6	3	12.3
1746	331760	6618999	4	8	4	11.6
1747	331740	6619001	4	8	4	5.8
1748	331719	6618995	3	7	4	5.2
1749	331701	6618991	4	6	2	5.2
1758	332081	6619202	1	5	4	6.3
1760	332042	6619210	0	3	3	5.6
1761	332020	6619215	0	5	5	16.2
1764	331961	6619221	1	4	3	16.3
1765	331940	6619222	0	5	5	7.3
1766	331921	6619223	0	6	6	7.2
1767	331902	6619221	0	5	5	4.5
1768	331881	6619220	0	7	7	11.8
1769	331861	6619218	1	7	6	6.6
1770	331841	6619218	0	6	6	9.1
1772	331802	6619211	3	6	3	8.4
1773	331781	6619210	4	6	2	14.1
1774	331761	6619210	4	6	2	11.8
2125	331392	6617197	11	14	3	4.7
2127	331654	6617398	3	5	2	7.7
2128	331616	6617403	1	5	4	13.6
2131	330790	6617391	11	15	4	3.7
2135	331672	6617803	5	9	4	10.9
2136	331713	6617994	5	8	3	7.1

Table 1
Atlas Aircore Drilling Results

Hole Number	MGA East	MGA North	From m	To m	Interval m	HM %
2138	331752	6618208	3	7	4	10.4
2139	331667	6618202	7	9	2	5.5
2146	331811	6618399	0	8	8	21.0
2147	331770	6618400	4	6	2	13.4
2148	331598	6618405	11	12	1	9.7
2154	331929	6618598	0	5	5	5.6
2155	331869	6618599	3	10	7	31.4
2156	331850	6618599	1	8	7	24.9
2157	331810	6618601	3	12	9	17.9
2161	331949	6618821	1	4	3	5.3
2162	331872	6618807	0	10	10	11.9
2168	331890	6619002	0	8	8	9.8
2169	331870	6619005	0	12	12	8.2
2170	331850	6619006	0	9	9	9.8
2173	332031	6619211	0	6	6	22.8
2174	331951	6619219	0	5	5	14.5
2175	331890	6619219	0	7	7	7.8
2176	331872	6619218	1	6	5	10.5
2179	332052	6619399	2	8	6	9.6
2180	331972	6619400	0	6	6	14.2
2181	331910	6619401	1	7	6	7.9
2182	332110	6619564	3	6	3	15.9
2183	332088	6619563	2	7	5	6.6
2184	331910	6619551	1	7	6	14.3
2189	332128	6619774	3	6	3	10.6
2190	332112	6619769	4	6	2	5.4
2191	332029	6619756	0	7	7	11.6
2192	331930	6619757	1	7	6	9.3
2193	331911	6619755	2	6	4	5.2
2196	332151	6619954	3	5	2	23.6
2204	332092	6620161	2	3	1	10.1
2205	332011	6620158	4	7	3	13.4
2206	331990	6620155	5	6	1	8.2
2207	331948	6620157	5	7	2	7.5
2208	331909	6620169	2	3	1	12.0
2211	332131	6620447	3	5	2	20.2
2213	331971	6620475	1	3	2	23.6
2214	331952	6620478	2	4	2	15.4
2217	332210	6620643	2	4	2	21.2
2219	331972	6620607	2	5	3	13.9
2221	332219	6620768	2	4	2	26.8
2222	332169	6620782	2	4	2	11.2

Table 1
Atlas Aircore Drilling Results

Hole Number	MGA East	MGA North	From m	To m	Interval m	HM %
2223	332150	6620788	2	4	2	8.6
2224	332132	6620794	5	6	1	9.5
2225	332072	6620805	4	7	3	10.6
2228	331971	6620759	2	3	1	7.4
2229	331830	6620710	4	6	2	8.0
2234	331845	6622105	3	4	1	8.1
2237	332110	6622000	5	6	1	8.6
2238	332221	6622000	4	5	1	8.1
2239	332027	6621878	4	5	1	16.5
2242	332230	6621701	3	5	2	9.2
2245	332030	6621600	4	7	3	15.2
2251	332189	6621200	6	10	4	8.5
2252	332250	6621200	6	7	1	8.1
2253	332270	6621200	4	6	2	8.9

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

Mineral assemblage analysis of selected samples from the high-grade zone at Atlas identified some unexpectedly high zircon grades ranging from 18.1% to 20.8% of the heavy mineral fraction, well above the previous estimate of an average zircon content of 7% of the HM -see Table 2. The presence of high-grade zircon has the potential to add significant further value to the Atlas resource.

Table 2
Atlas Grain Count Analyses

Hole Number	1574	1677	1711
Depth (m)	9-10	5-6	9-10
% Heavy Mineral (HM)	41.1	42.1	46.4
Zircon %	20.8	20.3	18.1
Ilmenite %	65.1	66.4	64.4
Rutile + Leucoxene %	4.2	5.5	5.6
Other %	9.9	7.8	11.9
Valuable Heavy Mineral %	90.1	92.2	88.1

The samples were selected to give a preliminary indication of the likely mineral assemblage in those parts of Atlas where no historical information was available. As these grain counts are from only three selected samples taken from the high-grade HM zone, they cannot be taken to be representative of the entire resource. The location of these samples is shown on the above map.

Further detailed work is underway in order to provide representative estimates of the mineral assemblage and product chemistry of the entire resource and particularly for the higher grade southern half. However these preliminary results are considered to be most encouraging.

GINGIN (Image 100%)

A 128-hole, 4692m aircore drilling programme was completed over geophysical targets during the quarter with significant intersections shown in Table 3. Holes GG122 to GG132 intersected mineralisation on the Gingin Scarp on three lines over a 1.3km strike length and some 12km south of Iluka's Gingin mine. Follow up drilling is being planned, upon completion of the necessary permitting, to test the strike extent of this mineralisation over the remaining 25km of the scarp that lies within Image's tenements. The other mineralised holes are situated on targets west of the Gingin Scarp, some of which will also be followed up.

Table 3
Gingin Aircore Drilling Results

Hole Number	MGA East	MGA North	From m	To m	Interval m	HM %
GG030	391689.8	6530908	66	68	2	2.37
GG032	391843.2	6530970	40	42	2	2.25
GG033	391879.7	6530983	38	40	2	2.28
GG036	392184.9	6530682	36	38	2	2.16
GG051	390914	6524028	44	45	1	2.16
GG061	393519.7	6528800	26	28	2	2.19
GG062	393600	6528800	38	40	2	2.88
GG064	393280	6528400	36	39	3	3.66
GG065	393359.9	6528400	36	44	8	2.22
GG078	394119.3	6526467	44	46	2	3.53
GG085	392635.6	6526951	34	36	2	3.39
GG086	392672.3	6526967	36	40	4	6.46
GG101	392106	6529665	46	48	2	2.89
GG110	398126.3	6523018	24	26	2	2.06
GG122	398439.8	6523528	8	24	16	3.77
GG123	398460.2	6523533	8	16	8	4.37
GG124	398480	6523531	10	12	2	3.75
GG125	398500.1	6523533	10	14	4	2.62
GG127	398420.2	6523532	16	22	6	5.04
GG132	398014.7	6523625	20	22	2	2.88

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

EUCLA BASIN (Image 100%)

An aboriginal heritage survey and access track construction were completed at Serpentine Lakes ahead of an 8,000m aircore drilling programme due to commence in August 2009. This programme is designed to test the extent and continuity of the zircon and leucoxene-rich mineralisation identified in the initial drilling programme and test for further mineralisation along the shorelines recognised within the tenements.

A draft access agreement with native title claimants over Image's Ooldea Range tenement in South Australia is currently being reviewed. The tenement covers interpreted extensions of the Ooldea paleoshoreline, known to host economic heavy minerals elsewhere in the Eucla Basin.

BRONCO PLAINS (Image 100%, diluting)

A 36-hole, 2,721m aircore drilling programme was completed by the AngloGold Ashanti-Independence joint venture with the aim of testing gold-in-soil anomalies and other target areas on the Image tenements. A report on the results has yet to be received.

CORPORATE

During the quarter Image raised \$3,000,309 by issuing 5,455,108 shares at 55cents per share to a combination of sophisticated and professional investors. The raising brings Image's issued capital to 85,099,354 fully paid shares and its cash and liquid assets to \$6.4 million at the end of the quarter. The funds will allow Image to accelerate its exploration and general feasibility work on its core mineral sand assets.

Image has signed a Memorandum of Understanding (MOU) on its North Perth Basin heavy minerals project with Fibonacci Group Ltd, a private Chinese investment house with the aim of facilitating third party review of the project as a step towards the commercialisation of these assets. Fibonacci aims to provide funds to emerging resource companies with near term production potential for commodities which are in demand in China.

For more information on the company visit www.imageres.com.au
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The information in this report is based on information compiled or reviewed by George Sakalidis BSc (Hons), who is a member of the Australasian Institute of Mining and Metallurgy. George Sakalidis is a Director of Image Resources NL. George Sakalidis 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.