QUARTERLY REPORT for the Quarter Ended 30 September 2009

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:
85,099,354 fully paid ordinary shares

Options – All Unquoted:
1,214,604 options exercisable at 39 cents by 26 November 2009

2,000,000 options exercisable at 37 cents by 21 November 2010

2,500,000 options exercisable at $1.80 cents by 16 November 2011

2,500,000 options exercisable at $1.50 cents by 19 November 2011

1,000,000 employee options exercisable at $2.38 by 26 March 2012

2,200,000 options exercisable at $2.12 cents by 20 November 2012

Cash:
$5.6 million at end of quarter

Directors:
Peter Thomas
Chairman

George Sakalidis
Managing Director

Roger Thomson
Executive Director

HIGHLIGHTS

North Perth Basin

- **Zircon tonnes up 120% and HM tonnes up 40% at the Atlas Resource, Cooljarloo.**

Eucla Basin

- **Eucla Basin Cyclone Extended HM strands increased by 80% to 4.5km strike length.**
- **The widths of the eastern and western zones of Cyclone Extended are large, each ranging up to 800m.**
- **Grades up to 15.2% HM occur along strike from known zircon-rich assemblages.**
- **The continuity of mineralisation and drilling density is likely to support an indicated resources estimate and a scoping study.**
- **Cyclone Extended, together with Diatreme Resources' contiguous Cyclone deposit is of significant size on a global scale and can be compared with the Jacinth-Ambrosia deposits in the Eucla Basin.**
- **The separate Monsoon zones are up to 2.5km in strike length, open to the south-east.**

NORTH PERTH BASIN

COOLJARLOO (Image 70%)

Image Resources has updated the resource at the Atlas heavy mineral (HM) deposit resulting in a significant upgrade summarised as follows:

- **Change in resource category of heavy minerals and mineralisation to indicated from a mix of inferred and indicated.**
- **Over 120% increase in tonnes of zircon from 46,000 tonnes to 102,000 tonnes.**
- **40% Increase in heavy mineral tonnes from 650,000 to 910,000 tonnes.**
- **11% increase in grade from 5.8% to 6.2%**

The following tables compare the updated resource with that announced in May 2008.

Table 1
Atlas: Resource Estimate Heavy Minerals and Mineralisation

Category	HM Cut Off	Tonnes	HM %	Slimes %	t HM
August 2009					
Indicated	**2.5**	**14,600,000**	**6.2**	**15.6**	**910,000**

May 2008					
Indicated	2.5	1,900,000	4.7	13.5	90,000
Inferred	2.5	9,700,000	5.8	13.8	560,000
Ind + Inf	**2.5**	**11,600,000**	**5.6**	**13.7**	**650,000**

Table 2
Atlas: Resource Estimate Heavy Mineral Suite

Category	Ilmenite	Leucoxene + Rutile	Zircon	Other
August 2009				
Inferred	555,000	66,000	102,000	186,000
Inferred	61.0%	7.3%	11.2%	20.4%

May 2008				
Inferred	350,000	61,000	46,000	70,000
Inferred	53.8%	9.4%	7.1%	10.8%

These changes represent a significant upgrade to the Atlas resource, which is expected to markedly increase the net present value of the project. Atlas is 7km long and up to 400m wide and is one of our better high grade resources.

The sample density is sufficient to support an indicated resource category for the tonnes of heavy mineral and mineralised material. However, there is limited mineral assemblage data available, and therefore the tonnes of ilmenite, rutile, zircon et al are classified as inferred. Many more samples will be analysed, allowing the resource category for the mineralogy to be upgraded to indicated. Also, the analysis of the suitability of the ilmenite for synthetic rutile feed will be addressed.

Whilst the Atlas resource represents the company's most advanced resource, it is only a tiny portion of its resource base which is targeted to expand by at least 2 times after the company drills out the remaining 300km of targets identified to date.

EUCLA BASIN (Image 100%)

Image Resources has completed a 402-hole, 16,308m aircore drilling programme at Serpentine Lakes in the Eucla Basin, following up its previous drilling which intersected significant thicknesses of zircon-rich heavy minerals (HM). Zircon comprises up to 45% of the HM assemblage (IMA ASX releases 30/10/2008 and 11/02/2009) and is of great significance because it is the highest value mineral normally found in HM deposits (approximately 10 times the value of ilmenite).

In addition, the material has very low slime values (range1.8-7.6%, average 4.2%), Low slime content is important because the material is easier to treat and operating costs of mining are reduced.

To date some 2066 of 4304 samples (1 or 2m intervals) selected for laboratory processing have been completed, with Table 3 showing those intersections exceeding 1.0% HM. Significant results include:

- **Hole SL249; 16m @ 4.4% HM from 12m, including 3m @ 10.1% HM from 24m**
- **Hole SL301; 8m @ 5.0 % HM from 26m, including 2m @ 12.4% HM from 28m**
- **Hole SL350; 12m @ 3.9% HM from 20m, including 3m @ 8.4% HM from 25m**
- **Hole SL373; 17m @ 4.4% HM from 13m, including 3m @ 10.7%HM from 18m**
- **Hole SL390; 10m @ 5.3% HM from 12m, including 2m @ 10.2%HM from 19m**

Two distinct zones of mineralisation are recognised within the Cyclone Extended HM prospect which abuts Diatreme Resources' Cyclone resource to the north as shown in Figure1. Based on the drilling completed to date, the western zone of Cyclone Extended has been closed off to the south. The main body of this zone is 2km long and 800m wide, and there is a ~200m wide extension to the south for a further 750m. However the eastern zone, about 800m wide, remains open to the south and probably extends up to 4.5km within the Image tenements as shown in Figure 1.

The drillholes shown in Figures 1 and 5 and are coloured by metal factor (intersected thickness x grade in m%HM). The metal factors are based on a mix of laboratory and visual estimates at this stage. Metal factors greater than 40m% are shown in magenta, 20-40m% in red, 7-20m% in orange, 2-7m% in green, and less than 2m% in blue.

The cross sections in Figures 2 and 3 show the mineralisation along four new traverses at Cyclone Extended. Some of the more significant intersections are annotated and thicknesses between 9m and 17m are shown. Laboratory results from all of the holes above the mineralised zones shown on the sections have yet to be received. Past experience has shown that panned estimates are significantly lower than heavy media separation results for samples from this zone, and intersections exceeding 20m thickness are not uncommon in the previous Image drilling in this area. As a result, it is anticipated that the final thicknesses of mineralisation will be even greater than those shown on the sections.

These new results highlight that Cyclone Extended is a potentially economic discovery, particularly when considered with Diatreme's contiguous Cyclone deposit, which together extend for some 10km in length. This combined mineralisation deposit is a significant size on a global scale and can be compared favourably with the Jacinth-Ambrosia deposits in the Eucla Basin.

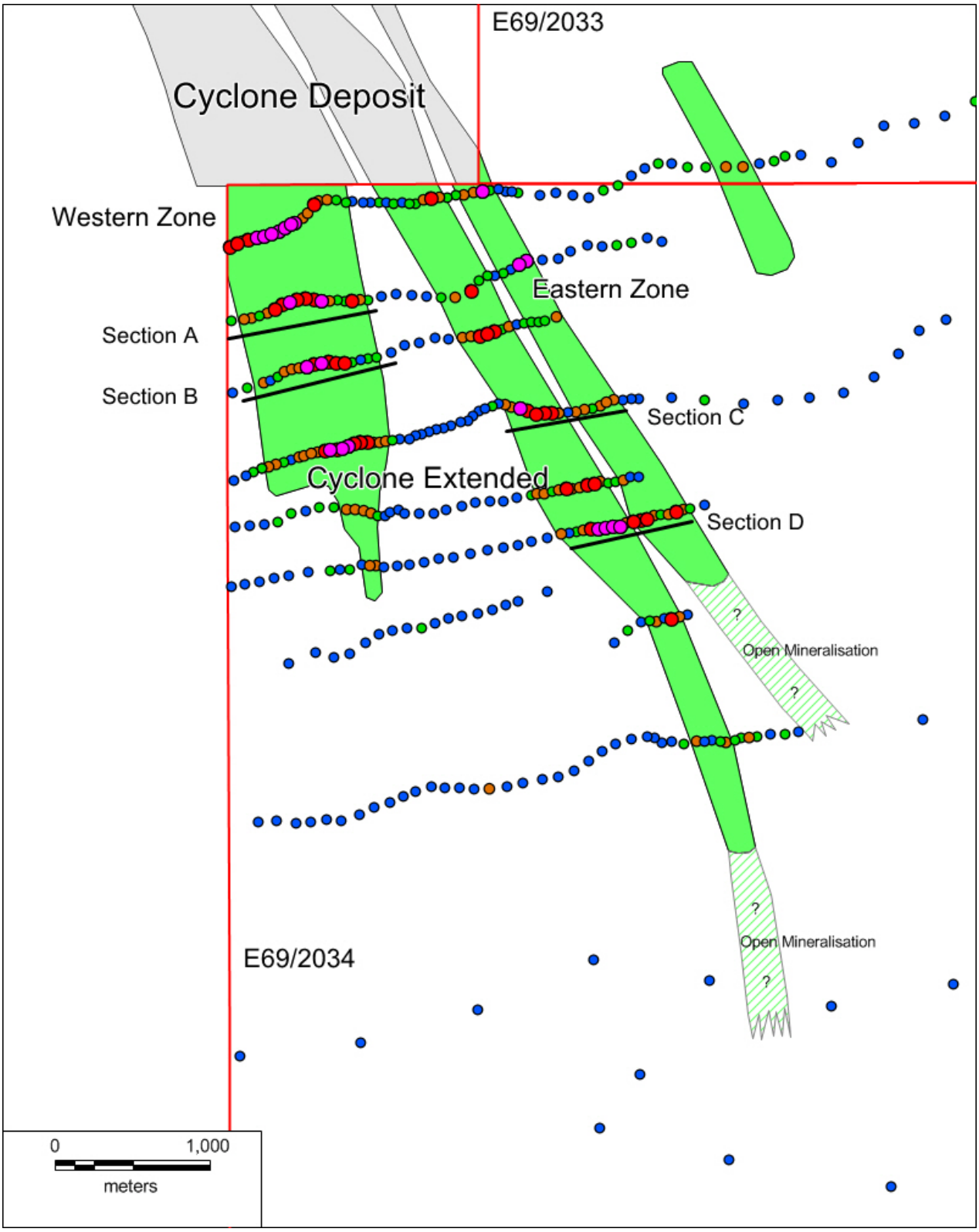

Figure 1
Cyclone Extended HM Prospect Showing Mineralisation and Drillholes Coloured by Metal Factor

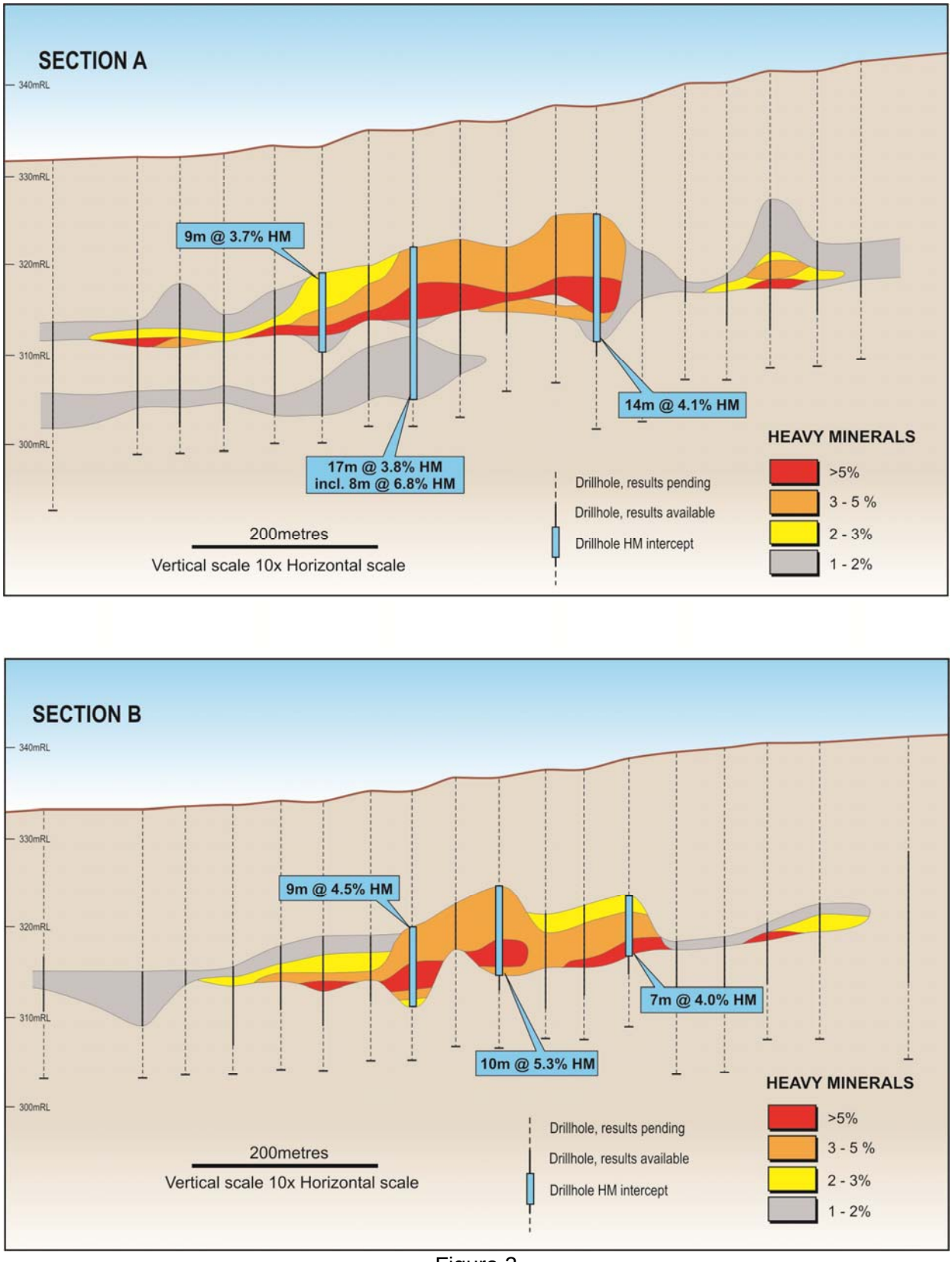

Figure 2
Cyclone Extended, Sections A and B

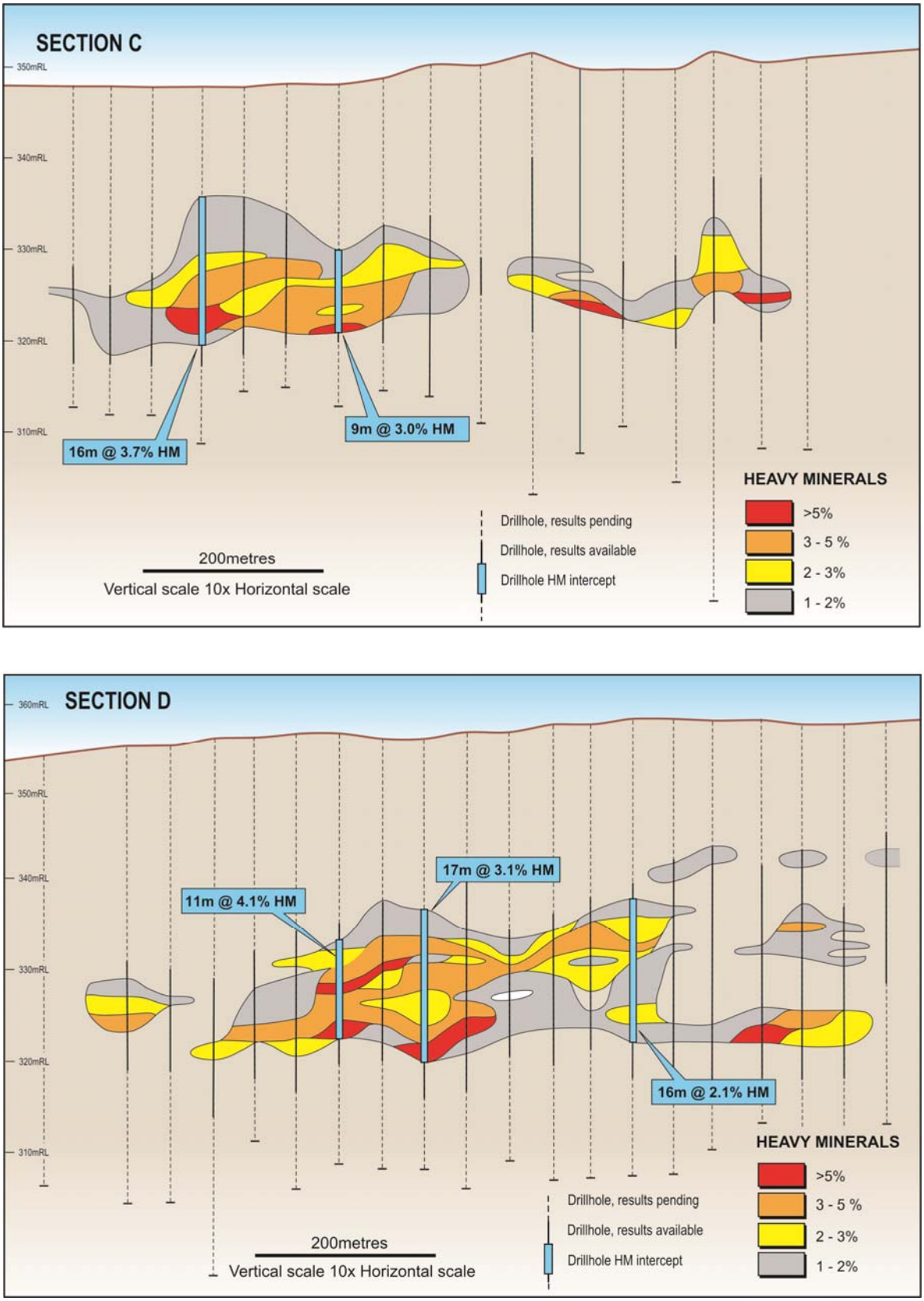

Figure 3
Cyclone Extended, Sections C and D

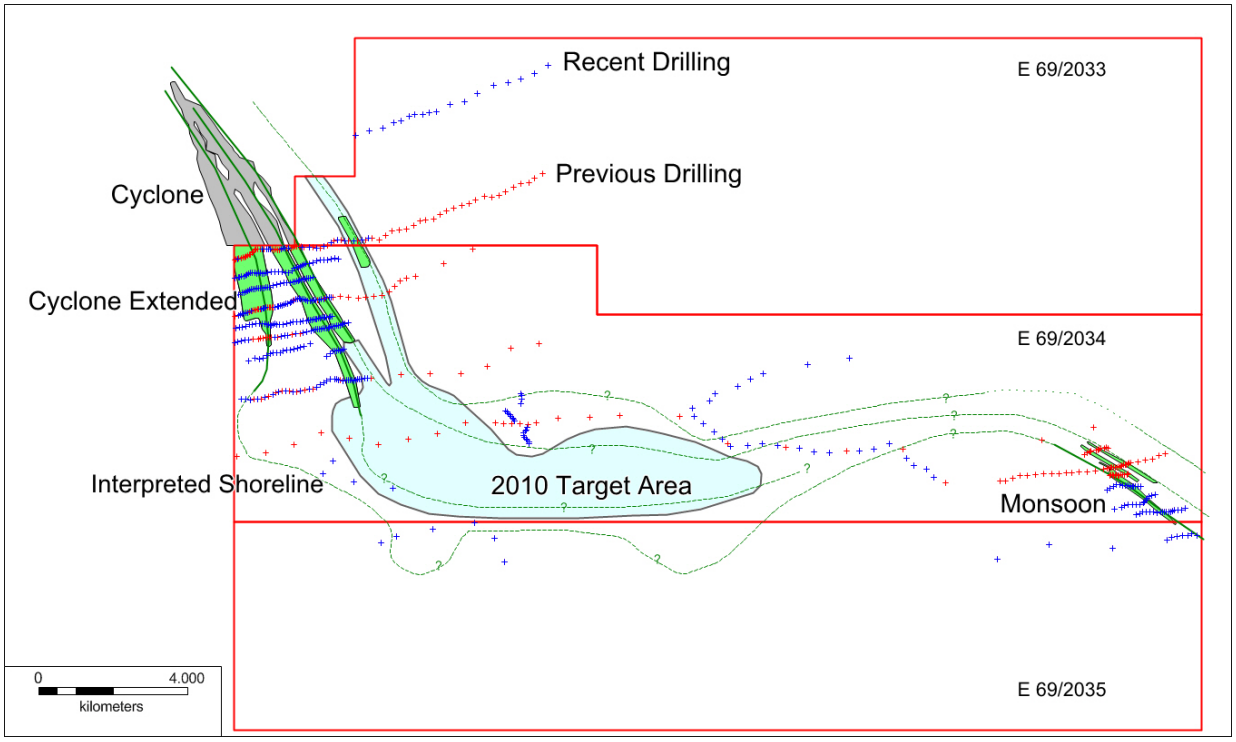

Figure 4
Cyclone Extended and Monsoon Prospects

Additional mineralisation has been identified about 1.5 km east of Cyclone Extended that requires more drilling to define its extent. Some 20km east of Cyclone Extended further HM mineralisation has been identified at the Monsoon prospect as shown in Figure 4. The area between Cyclone Extended and Monsoon remains prospective for additional mineralisation. Wide spaced stratigraphic holes to the south of Cyclone Extended intersected significant thicknesses of the sediment that hosts the mineralisation at Cyclone Extended. Interpretation of the drilling in the centre of the tenements indicates the palaeo-shorelines trend across the scout drill profiles, although no significant mineralisation was intersected in the wide spaced holes. This area will be investigated further in the next phase of exploration.

Figure 5 shows the Monsoon prospect in more detail. The mineralisation at Monsoon has been traced for over 2.5km and is open to the south-east, but for approximately 2km to the north-west the beach sediments appear to have been eroded by the drainage system that today forms the Serpentine Lakes. The strandlines are interpreted to extend across the state border with South Australia, and into a conservation park. Laboratory processing of samples from Monsoon is in progress prior to assessing the significance of this mineralisation.

When sample processing is complete, mineral assemblage studies and resource estimation will commence. Image anticipates that the grades and continuity of mineralisation indicated from the drilling to date will allow the estimation of inferred resources for Cyclone Extended and Monsoon. Following this it is anticipated that a scoping study will be carried out to assess the economic potential of the project. Further drilling may then be undertaken to outline the full extent of the mineralisation and to investigate the mineralisation potential of the paleo-shorelines between Cyclone Extended and Monsoon where a 10km-long target area has been identified.

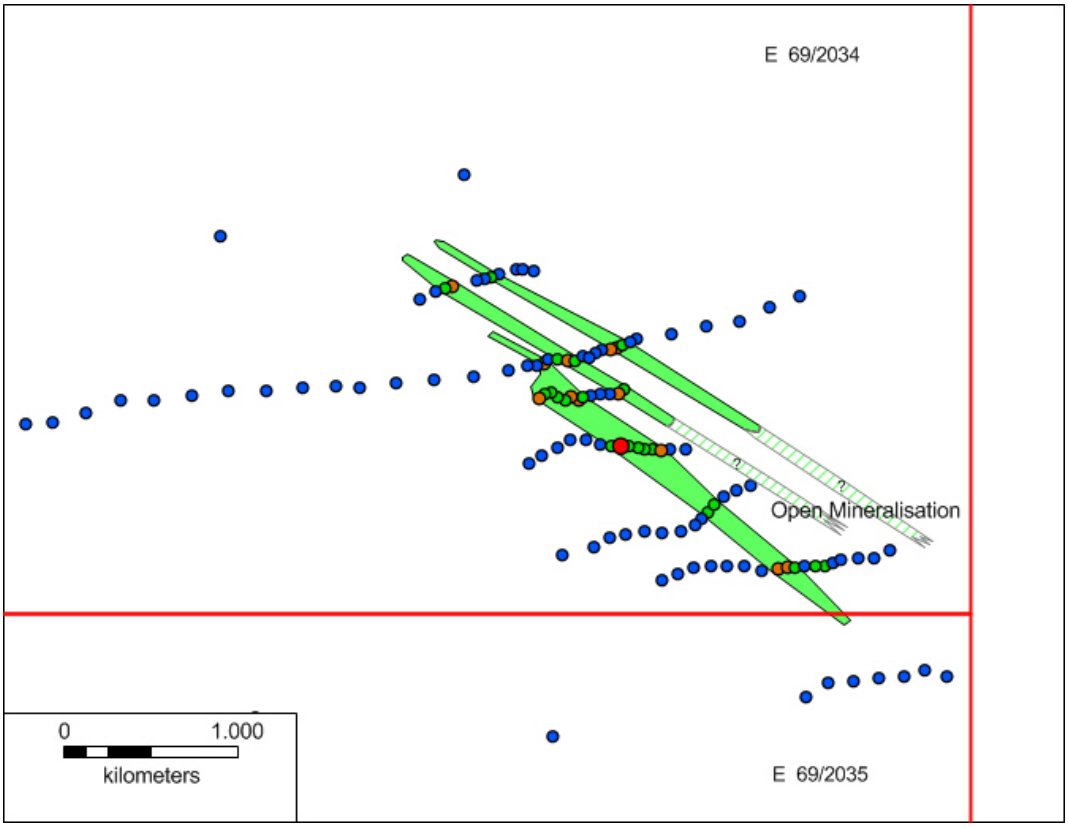

Figure 5
Monsoon Prospect Showing Mineralisation and Drillholes Coloured by Metal Factor

Image Resources is most encouraged by the drilling results received to date which continue to point to potential for extensive zircon-rich mineralisation with significant high titanium leucoxene and rutile credits.

Table3
Aircore Drilling Results

Hole Number	MGA East	MGA North	From m	To m	Interval m	% HM
SL213	476487	6809064	23	27	4	3.0
SL214	476397	6809033	23	28	5	1.7
SL215	476340	6809017	26	27	1	1.6
SL216	476293	6809004	21	26	5	2.7
SL218	476132	6808985	20	27	7	1.6
SL219	476081	6808980	16	26	10	2.9
SL220	476032	6808980	18	27	9	3.2
SL221	475825	6809018	21	28	7	1.7
SL222	475779	6809033	23	29	6	1.2
SL223	475737	6809042	22	23	1	1.2
SL224	475694	6809030	25	28	3	1.6
SL234	475196	6808837	38	40	2	3.7
SL236	475101	6808813	20	21	1	1.1
SL237	474848	6808792	9	22	13	2.5
SL238	474808	6808781	10	22	12	2.5
SL239	474769	6808769	9	22	13	3.3
SL240	474726	6808757	9	22	13	2.7

Table3
Aircore Drilling Results

Hole Number	MGA East	MGA North	From m	To m	Interval m	% HM
SL241	474348	6808666	25	26	1	2.5
SL242	474301	6808651	22	32	10	1.4
SL243	474252	6808638	18	25	7	2.9
SL245	474207	6808624	23	24	1	1.6
SL246	474155	6808602	22	23	1	2.8
SL247	474102	6808584	30	32	2	1.1
SL248	474447	6808695	20	26	6	2.8
SL249	475880	6809016	12	28	16	4.4
SL250	475928	6808996	12	26	14	2.7
SL251	475976	6808972	14	27	13	3.1
SL252	476133	6808985	19	27	8	1.6
SL255	481920	6805228	20	22	2	2.7
SL256	481887	6805268	22	24	2	1.5
SL257	481850	6805301	24	26	2	1.1
SL260	481817	6805503	30	32	2	1.3
SL262	481866	6805620	22	28	6	1.6
SL270	481539	6805771	16	24	8	1.5
SL301	486923	6806525	26	36	8	5.0
SL303	487871	6806896	22	24	2	2.6
SL312	489999	6804935	46	54	8	1.4
SL320	477589	6810641	10	14	4	1.1
SL321	477423	6810598	52	54	2	1.4
SL322	477211	6810571	10	54	12	1.6
SL323	476959	6810575	48	50	2	1.0
SL324	476767	6810594	2	4	2	1.1
SL326	476410	6810423	32	46	4	1.3
SL328	476003	6810393	42	44	2	1.6
SL329	475821	6810414	38	40	2	1.4
SL330	475462	6810391	24	27	3	1.4
SL331	475353	6810373	24	28	4	1.8
SL332	475301	6810371	22	30	8	2.7
SL333	475251	6810358	22	28	6	1.7
SL336	474858	6810343	32	38	6	0.9
SL337	474747	6810345	22	24	2	1.1
SL338	474083	6810090	16	28	7	1.7
SL339	474007	6809579	18	30	6	1.4
SL340	476791	6810093	42	55	7	1.1
SL341	476695	6810113	48	50	2	1.4
SL342	476597	6810089	30	32	2	1.1
SL343	476502	6810073	24	48	4	1.2
SL344	476406	6810057	44	48	4	1.4
SL346	476201	6810033	40	44	4	1.3

Table3

Aircore Drilling Results

Hole Number	MGA East	MGA North	From m	To m	Interval m	% HM
SL349	475915	6809963	20	32	12	2.9
SL350	475866	6809941	20	32	12	3.9
SL352	475765	6809890	22	29	7	1.0
SL353	475714	6809875	25	26	1	1.1
SL354	475661	6809874	23	25	2	1.2
SL355	475609	6809844	23	24	1	1.1
SL356	475558	6809773	16	28	12	2.2
SL357	475461	6809732	24	28	4	1.9
SL358	475369	6809733	26	28	2	1.1
SL363	474891	6809717	20	24	4	1.5
SL364	474843	6809712	19	24	5	1.7
SL365	474791	6809703	14	24	10	2.9
SL366	474741	6809706	22	23	1	2.8
SL367	474693	6809712	22	33	2	1.3
SL368	474644	6809710	17	22	5	1.5
SL369	474593	6809706	12	26	14	4.3
SL370	474545	6809716	12	21	9	4.4
SL371	474489	6809720	14	21	7	4.1
SL372	474438	6809712	13	28	10	4.4
SL373	474389	6809696	13	30	17	4.4
SL374	474341	6809685	15	30	14	3.0
SL375	474294	6809654	14	30	16	2.9
SL376	474246	6809627	16	21	5	2.7
SL377	474192	6809614	18	21	3	1.7
SL378	474145	6809600	14	21	7	1.9
SL379	474100	6809590	18	21	3	3.3
SL380	474018	6809118	22	26	4	1.3
SL381	474114	6809149	18	20	2	1.4
SL382	474219	6809176	18	24	6	1.5
SL384	474311	6809221	18	20	2	2.0
SL385	474358	6809247	16	20	4	2.5
SL386	474401	6809266	15	21	6	3.1
SL387	474454	6809275	16	21	5	2.3
SL388	474500	6809280	15	24	9	4.5
SL389	474544	6809295	14	19	5	3.5
SL390	474591	6809308	12	22	10	5.3
SL391	474642	6809312	16	24	8	2.8
SL392	474688	6809306	15	22	7	4.0
SL393	474740	6809304	15	22	7	4.0
SL394	474792	6809314	21	22	1	2.0
SL395	474844	6809325	21	22	1	1.0
SL396	474891	6809335	20	22	2	3.2

Table3
Aircore Drilling Results

Hole Number	MGA East	MGA North	From m	To m	Interval m	% HM
SL397	474949	6809346	18	21	3	1.9
SL403	475504	6809469	22	26	4	1.7
SL404	475564	6809476	22	28	6	1.5
SL405	475616	6809481	18	27	9	3.1
SL406	475662	6809496	16	28	12	2.8
SL407	475713	6809511	18	29	11	3.3
SL408	475757	6809525	22	28	6	1.1
SL409	475805	6809541	23	25	2	1.5
SL485	476884	6808346	32	36	4	3.1
SL486	476842	6808330	34	36	2	6.3
SL487	476930	6808357	32	36	4	2.3
SL488	476975	6808370	14	16	2	1.6
SL493	477307	6806884	24	26	2	1.6
SL494	477209	6806851	28	36	8	2.2
SL496	477019	6806864	30	38	8	2.3
SL497	476934	6806849	34	38	4	1.6
SL500	475236	6807592	28	30	2	2.2
SL541	498177	6804044	19	20	1	2.2
SL542	498226	6804044	18	20	2	3.1
SL543	498136	6804049	19	20	1	1.9
SL544	498093	6804057	19	20	1	2.2
SL545	497993	6804068	16	22	6	3.1
SL546	498041	6804068	18	21	3	3.0
SL547	497942	6804064	20	23	3	2.3
SL551	498495	6803682	21	26	5	2.2

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

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 by Scott Carruthers BSc, MSc who is a Member of the Australasian Institute of Mining and Metallurgy. 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 Person 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.