

**ASX Release**  
**27 October 2010**

**ASX code: IMA**

ABN 57 063 977 579

## **Atlas Measured Resource.**

### **Overall Grade Increases from 6.3%HM to 7.4%HM.**

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#### **HIGHLIGHTS**

- Updated Measured plus Indicated Resource estimate for Atlas of 12.1M tonnes @ 7.4%HM, containing 895,000 tonnes HM (2.5%HM cut-off).
- Overall Grade increase from 6.3%HM to 7.4%HM.
- Majority of previously released Indicated Resource upgraded to Measured status. Measured Resource is 11.1Mt @ 7.78%HM, 860,000t HM plus an Indicated Resource of 1.1Mt at 3.2%HM, 35,000t HM (2.5 % cut-off).
- Total contained HM tonnage remains close to the previous estimate of 910,000t.
- Approximately 65% of Ilmenite Product likely to be of synthetic rutile feed quality.

#### **Atlas Resource Update**

Image Resources is pleased to announce that it has upgraded the majority of the JORC compliant resources at its Atlas deposit to a Measured classification. The Measured Resource is now 11.1Mt at 7.78% heavy minerals (HM) plus an Indicated Resource of 1.1Mt at 3.2%HM mainly confined to the northern end of the deposit. Resource estimates at varying cut-off grades for each resource category and total Measured + Indicated Resources are summarised in Table 1. Resources are estimated using a 2.5%HM cut-off based on the scoping study completed in 2008.

The resource estimation was carried out using the results of infill drilling reported in April 2010 which increased drill hole density to an average of 100m line spacing and 20m hole spacing for most of the deposit, see Figure 1.

The infill drilling confirmed the continuity of the high grade core of the deposit, as illustrated by the 5% and 10%HM outlines in Figure 1. The +5%HM zone extends for approximately 5km along strike with widths of between 100m and 300m and contains a 3km-long, up to 200m wide, high-grade (>10%HM) core. This zone of enhanced mineral grades is expected to provide a robust foundation for mining.

Metallurgical testwork on a series of bulk samples from the deposit has been undertaken and preliminary results indicate that approximately 65% of the Ilmenite product may be suitable as synthetic rutile (SR) feed with TiO<sub>2</sub> contents of between 58% and 62% and combined U + Th averaging 145ppm, well below the 500ppm cut-off for SR feed. With five SR kilns within trucking distance of Atlas, this appears to be

an attractive potential market for the Atlas ilmenite product. Further work on this and other product qualities is scheduled to be completed before the end of December. Determination of an updated mineralogy has been delayed pending the results of the metallurgical test work and will be the subject of a further announcement when all results have been compiled. However, no significant changes are expected relative to previous announcements.

Table 1  
**Atlas Resources as at 25 October 2010**

Category	HM Cut-off	Tonnes	HM	HM Tonnes	Slimes	OS
Indicated	5.00	12,227	5.94	727	15.50	13.35
Indicated	4.00	84,557	4.53	3,828	16.04	6.31
Indicated	3.00	649,398	3.52	22,881	18.94	4.46
Indicated	2.50	1,097,361	3.20	35,168	19.18	4.14
Indicated	2.00	1,694,923	2.88	48,848	19.43	3.69
Indicated	1.50	2,231,274	2.60	58,031	19.12	3.92
Indicated	1.00	2,691,628	2.37	63,801	18.91	4.05
Measured	5.00	6,354,819	10.85	689,691	16.27	4.28
Measured	4.00	7,917,947	9.59	759,459	15.96	4.54
Measured	3.00	9,846,988	8.40	826,694	15.76	4.86
Measured	2.50	11,057,905	7.78	859,883	15.70	5.04
Measured	2.00	12,845,355	7.00	899,730	15.74	5.30
Measured	1.50	16,070,616	5.94	955,175	15.75	5.66
Measured	1.00	22,783,967	4.55	1,037,023	15.37	5.84
Total	5.00	6,367,046	10.84	690,416	16.26	4.30
Total	4.00	8,002,504	9.54	763,288	15.96	4.56
Total	3.00	10,496,385	8.09	849,577	15.95	4.84
Total	2.50	12,155,266	7.36	895,043	16.02	4.96
Total	2.00	14,540,278	6.52	948,561	16.17	5.11
Total	1.50	18,301,890	5.54	1,013,184	16.16	5.45
Total	1.00	25,475,594	4.32	1,100,881	15.74	5.65

Slimes: minus 63 micron fraction      OS: oversize, plus 1mm fraction

The estimate has been derived from holes drilled using the industry standard aircore drilling techniques. Geological domains were interpreted by Image employees and the geological interpretations were wireframed by an external consultant. The resource modelling was carried out by Mr Lynn Widenbar of Widenbar & Associates using the wireframes and drill data supplied by Image.

When compared to the August 2009 resource the re-estimation has resulted in an overall reduction of approximately 2.4million tonnes of sand and an increase in HM grade from 6.3% to 7.4% using a 2.5%HM cut-off, see Table 2. The HM grade increase has balanced the sand loss with contained HM tonnes within 2% of the 2009 tonnage estimate.

Table 2  
**Comparison to August 2009 Resource**

22 October 2010 Resource Total				
HM Cut-off	Tonnes	HM	HM Tonnes	Slimes
2.50	12,155,266	7.4	895,043	16.02
03 August 2009 Resource				
2.50	14,565,983	6.3	909,791	15.62
Comparison				
Difference	-2,410,717	1.12	-14,749	0.40
% Diff	-17%	18%	-2%	3%

### **Drilling at Rhea Prospect**

In addition to the above resource upgrade, Image is seeking to expand its resource base in the Cooljarloo area, particularly SR quality ilmenite, rutile and zircon.

As part of this strategy, Image has commenced a 6,000m drilling program on 100m line spacings at the Rhea prospect 8km to the east of Atlas and immediately north of the Tiwest Cooljarloo mining operations (Figure 2). Previous wide-spaced drilling combined with detailed magnetic mapping indicates that potential exists for a substantial increase to Image's resource base in this area. The major target is the north-west trending Rhea strandline. Adjacent to the Rhea target are extensions of TiWest's Middle Strand resource, which will also be tested.

In addition Image has received funding to test channel targets from the West Australian government as part of the Exploration Incentive Scheme. Five of these targets will be tested in the current program.

The channel drilling will penetrate well into the basement, where in previous releases (3 July 2006) Image has reported the presence of a 2m coal intersection from 18m in hole 210. With historically identified coal resources (e.g. the Wonganderrah coal resource identified by CRA) and other intersections in the area, Image is encouraged to explore the coal potential of this area.

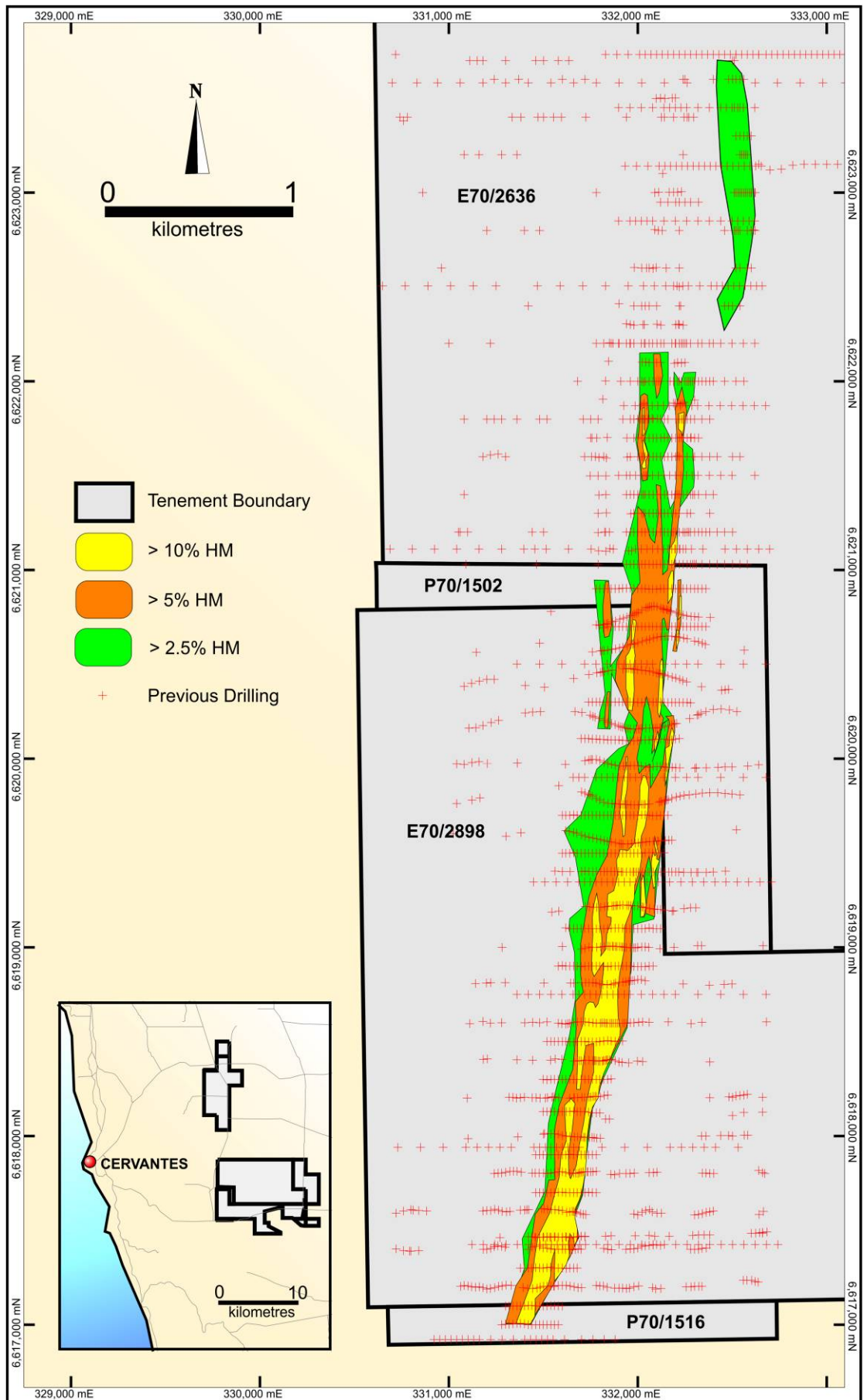


Figure 1: Atlas Resource area with drilling and model grade outline at various HM cut-offs.

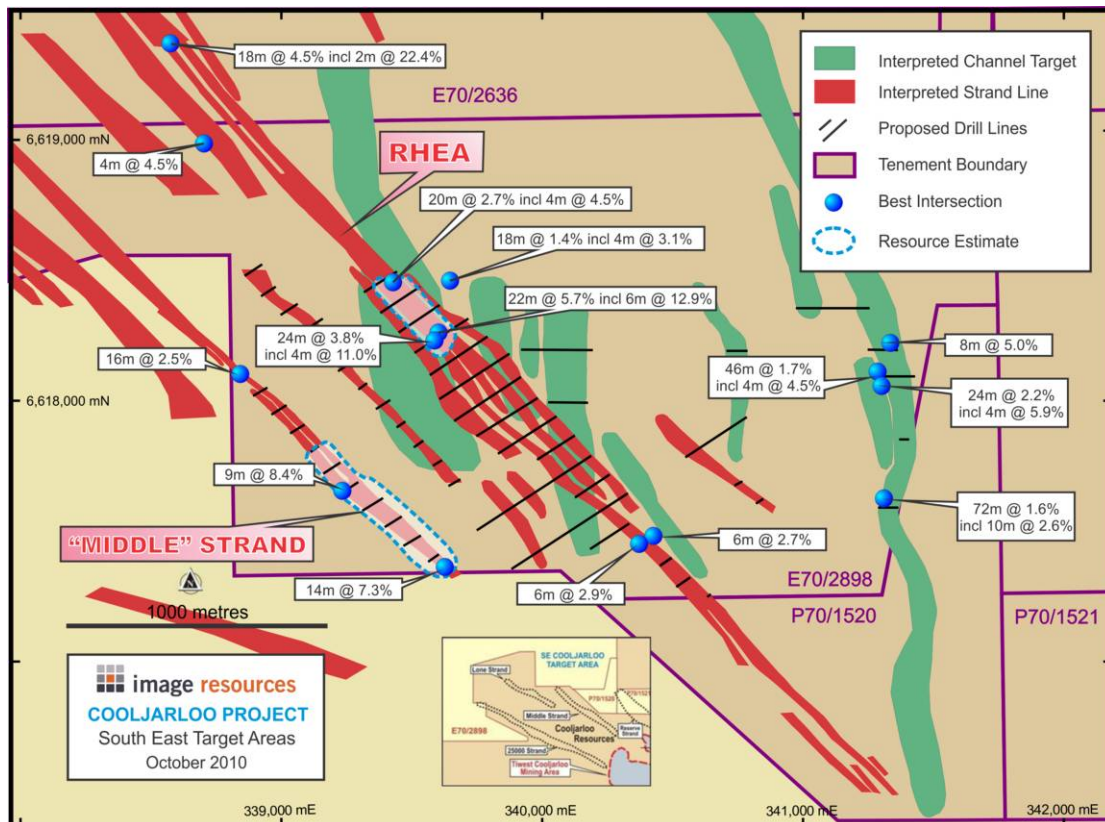


Figure 2: Drilling targets south-east project area Rhea strand

For more information on the company visit [www.imageres.com.au](http://www.imageres.com.au)

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The information in this report is based on information compiled or reviewed by Paul Leandri BAppSc who is a member of the Australasian Institute of Mining and Metallurgy. Paul Leandri is an employee of Image Resources NL. He 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'. Paul Leandri consents to the inclusion of this information in the form and context in which it appears in this report.