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## **MORE THAN 6 MILLION TONNES HM INCLUDING 1.7 MILLION TONNES OF ZIRCON (1%HM CUT-OFF) AT CYCLONE AND CYCLONE EXTENDED**

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### **Highlights**

- **Cyclone Extended (Image 100%) initial resource of 148 Mt @ 1.5% HM (0.75%HM cut-off), containing 445kt of zircon and 188kt of rutile + leucoxene.**
- **Combined with the contiguous Cyclone deposit held by Diatreme Resources (ASX:DRX), Image estimates a global resource containing 2,434kt of zircon and 990kt of rutile and leucoxene (0.75%HM cut-off) for the whole deposit.**
- **This new resource confirms Cyclone and Cyclone Extended as a world class deposit considering that annual world zircon production totals 1,300kt.**
- **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 techniques.**
- **With the recent upturn 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. Zircon prices are now more than US\$1000 per tonne, with industry major Iluka Resources reporting favourable market conditions for both zircon and rutile products and an inability to fully meet customer zircon requirements.**
- **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.**

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 1. 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 2. The estimates presented here are solely those of Image, and are not necessarily 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 1 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, equivalent to an area 100 times the size of the MCG. Typical cross sections of Cyclone Extended are shown in Figure 2.

**Table 1**  
**Resource Summary Cyclone Extended (Image 100%)**

Mineral Resource Category	HM Cut-off	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 2**  
**Global Resource Summary Cyclone and Cyclone Extended**

Mineral Resource Category	HM Cut-off	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	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.

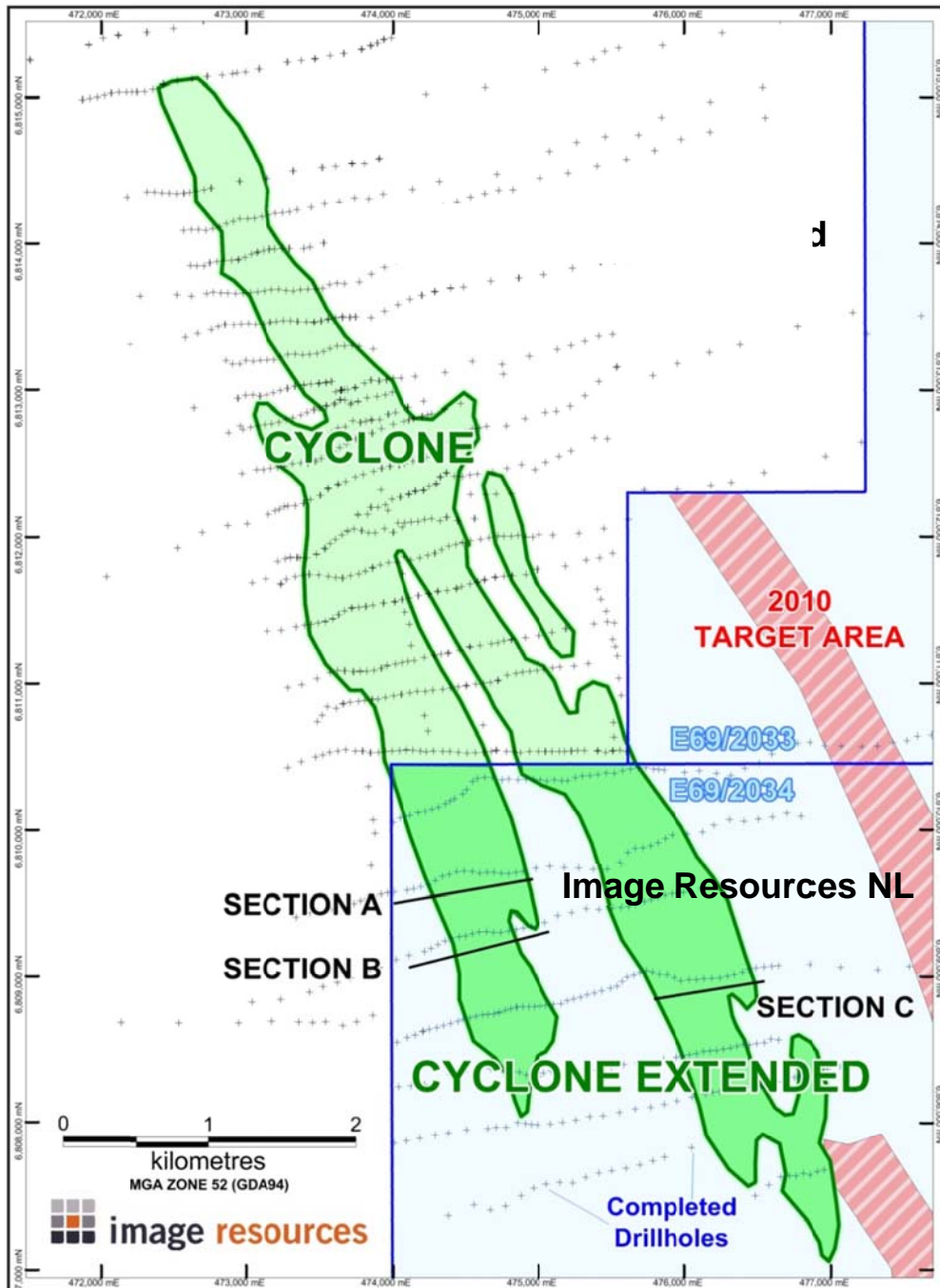


Figure 1  
**Cyclone and Cyclone Extended Resource Outlines (1%HM cut-off)**

Diatreme has previously 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.

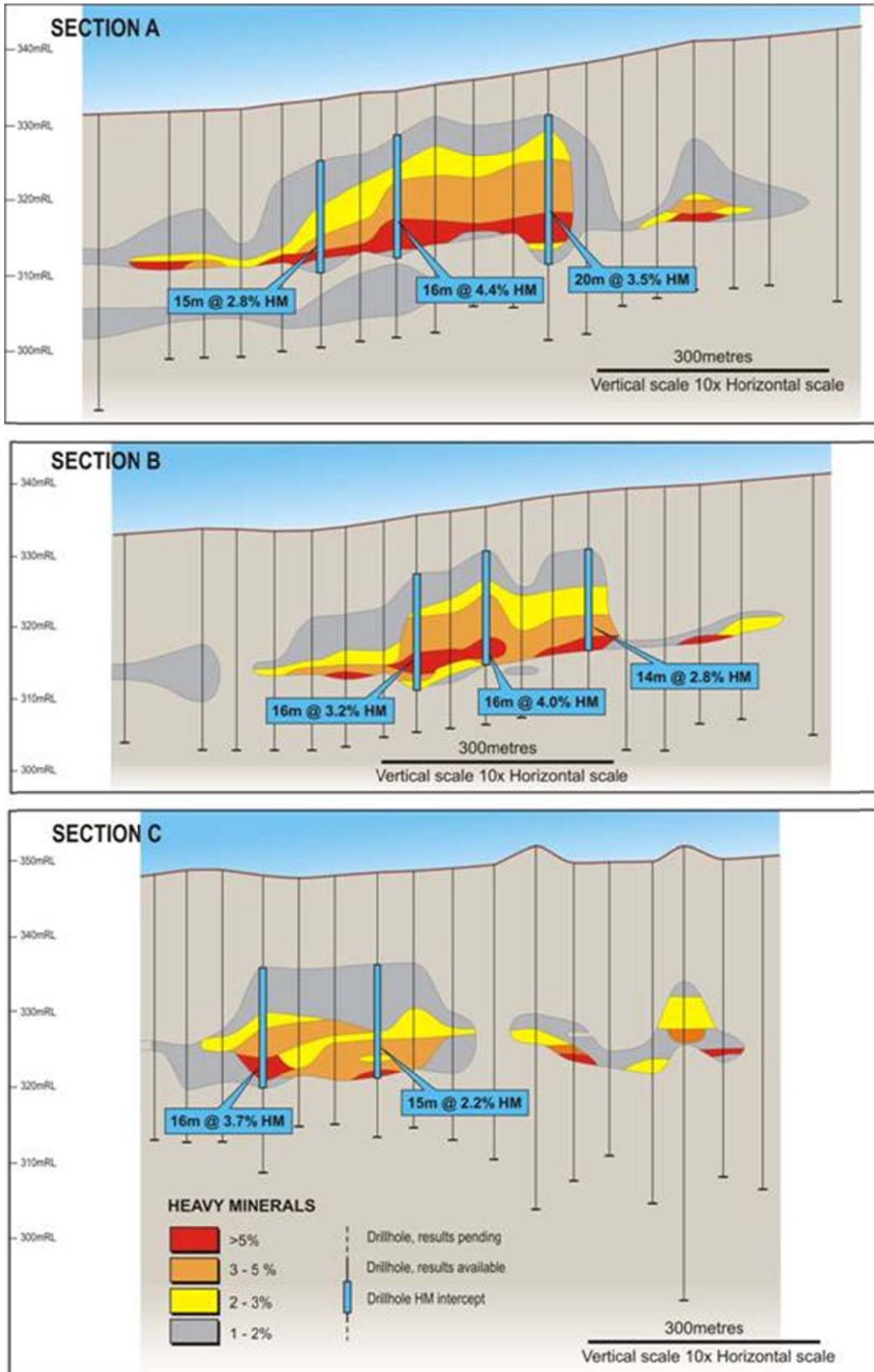


Figure 2  
Cyclone Extended Cross Sections

At Cyclone Extended and based on wide spaced scout drilling, Image has identified an area of 30sq km prospective for further discoveries, as shown in Figure 3. 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.

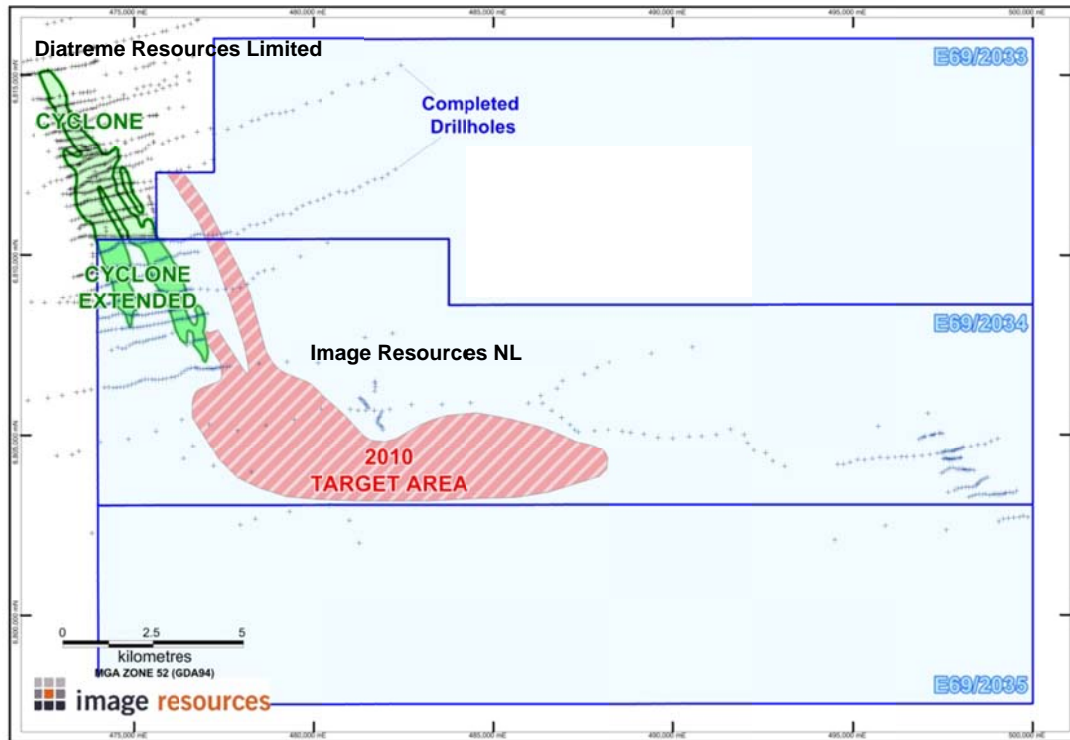


Figure 3  
Cyclone Extended Target Area

The interpreted geology used to constrain the global resource model comprises 5 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/m<sup>3</sup> for the 1%HM cut-off resource.

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 that relates to exploration results is based on information compiled or reviewed 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.