

## QUARTERLY REPORT

For the Quarter Ended 30 June 2004

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### SUMMARY

- Further high-grade massive and stringer nickel sulphides have been intersected at Image's Emu Lake joint venture with Jubilee Mines. Significant intersections include 0.28m @ 6.66% Ni from 377.07m in drill hole ELD 16 and 0.15m @ 7.54% Ni from 366.5m in drill hole ELD 21 at the Gossan Zone. These results continue to indicate the potential for a strong mineralised nickel sulphide system at Emu Lake.
- More ground acquisitions over new target areas in the Forrestania – Emily Anne region following early encouraging results at the Lake Percy joint venture with Western Areas.
- Meteoric Resources commences an aggressive exploration programme on Image's Warrego North project near Tennant Creek, following its successful \$5 million raising and listing on the ASX.
- Image holds 10% of Meteoric's issued capital and Image shareholders have benefited from bonus issues of both fully paid and contributing shares in Meteoric.

## Emu Lake (Image 30%)

As recently announced (9 July 2004), a programme of wide-spaced drilling and follow-up geophysical surveys has been completed at Image's 30%-owned Emu Lake project (Jubilee Mines 60% and Skryne Hill Pty Ltd 10%) 70km north-east of Kalgoorlie.

A six-hole diamond drilling programme stepped out from, and targeted a series of off-hole electromagnetic conductors around, a previous high-grade intercept of **2m at 6.20% Ni and 1.78% Cu** intersected in drill hole ELD 15. In addition, a programme of five reverse cycle (RC) drill holes tested positions along strike and provided platforms for down-hole electromagnetic surveys.

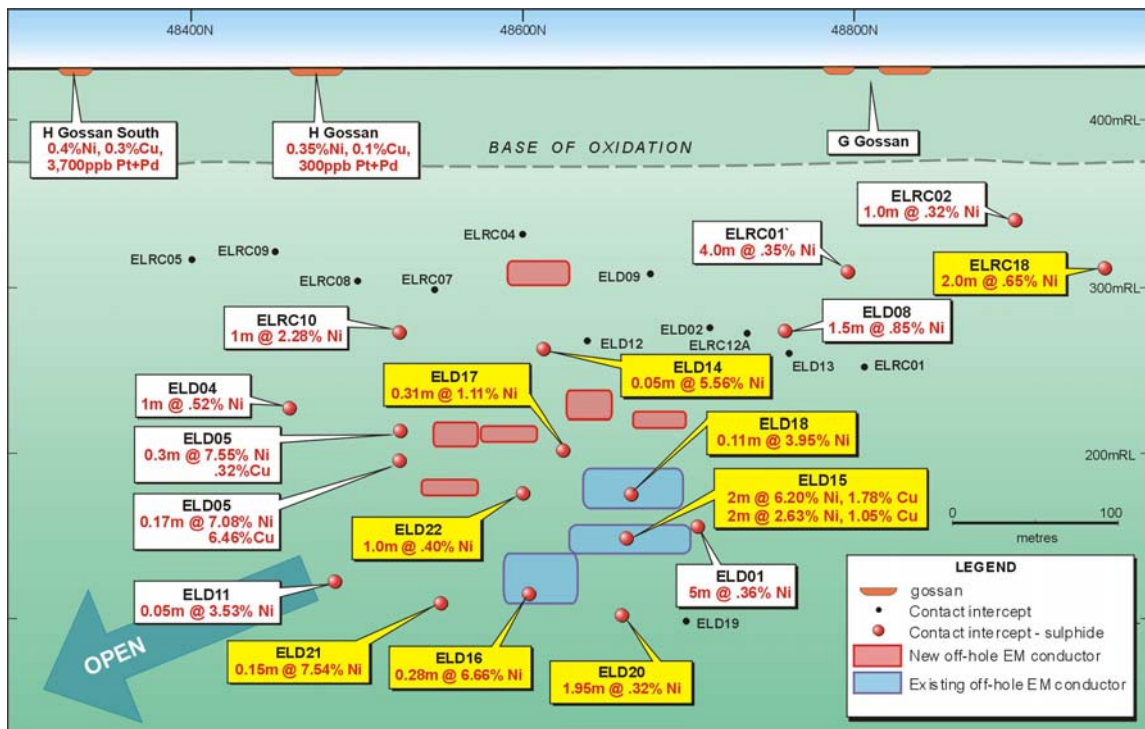
Results of the drilling confirm the presence of massive and stringer nickel sulphides over a 150m strike length at the Gossan Zone at depths ranging from 200m to 350m below surface. Best results include (refer to table for details):

**ELD 16**                      **0.28metres @ 6.66%Ni from 377.07metres**  
**ELD 21**                      **0.15metres @ 7.54%Ni from 366.5metres**

The mineralisation comprises high-tenor massive and stringer nickel sulphides at or close to the basal contact of the main ultramafic. Subsequent down-hole EM surveys have defined several off-hole conductors that are interpreted to lie internal to this zone and probably represent zones of local thickening of the massive sulphides. Owing to the relatively wide-spaced drilling pattern at the Gossan Zone, the geometry of the sulphide mineralisation remains to be determined by further drilling. Meanwhile, down-hole EM surveys are in preparation in the five recently completed RC holes adjacent to the Gossan Zone.

The results of the exploration to date continue to indicate that a strong mineralised nickel sulphide system is present at Emu Lake, with the potential to host high-tenor nickel mineralisation similar to that at the Silver Swan mine situated 30km to the west.

### Emu Lake, Gossan Zone Longitudinal Projection



### Emu Lake Significant Drilling Intercepts

Hole No.	Collar Coordinates <sup>1</sup>		Dip	Azimuth <sup>2</sup>	From m	To m	Interval m	Ni %	Cu %
	Northing	Easting							
ELD 16	48600	50360	-56	230	377.07	377.35	0.28	6.66	0.24
ELD 17	48626	50297	-58	230	269.50	269.81	0.31	1.11	0.14
ELD 18	48667	50330	-55	230	302.57	303.65	1.08	1.52	0.20
				includes	302.57	302.68	0.11	3.95	0.18
ELD 21	48546	50329	-60	230	366.50	366.65	0.15	7.54	0.11

<sup>1</sup> local grid

<sup>2</sup> magnetic bearing

#### Forrestania (Image 100%)

As recently announced (23 June 2004), Image has significantly increased its 100%-owned land holdings in the Forrestania – Emily Anne nickel district. Image has applied for 3 exploration licences totalling 548sq km. The tenement applications cover targets identified from interpretation of aeromagnetic data. These new tenements increase Image's landholding in this region to 1,448sq km, including 510sq km in joint venture with Western Areas and makes Image one of the largest tenement holders in this emerging nickel district.

Significantly, the recent drilling of aeromagnetic targets on Image's joint venture with Western Areas (March 2004 Quarterly Report) intersected favourable ultramafic rocks beneath what are interpreted to be flat-lying granite sheets some 20m thick. This wide spaced drilling intersected anomalous nickel values in two separate areas which suggests that ultramafic rocks prospective for nickel may occur in some areas in this region previously regarded to be underlain by unprospective granite. Western Areas' areas nearby Flying Fox nickel deposit occurs in a similar setting below flat-lying granitic rocks. Image intends to carry out geophysical surveys to test the extensive target areas identified on this large tenement package.

#### Jilbadgie (Image 35%)

Westonia Mines has earned a 65% interest in one of three exploration licences comprising this project situated 30 km south of Southern Cross. As previously reported, three nickel-anomalous areas have been defined, one of which is coincident with a circular magnetic feature and is of particular interest. Image has elected to maintain its 35% contributing interest and a programme of ground EM and drilling is being prepared.

#### Trojan (Image mostly 100%)

Troy Resources is farming in to several of Image's projects, including the Woongaring gold and base metal project situated 150km north-west of Southern Cross in an under-explored area of extensive sand cover on the margin of the WA wheat belt. The first of three exploration licenses at Woongaring has been granted and upon completion of heritage clearances a 7,000m RAB drilling programme is proposed in the next quarter, to test a 10km-long gold-anomalous zone with coincident anomalous copper, lead and zinc values.

#### Lake Percy (Image 100%)

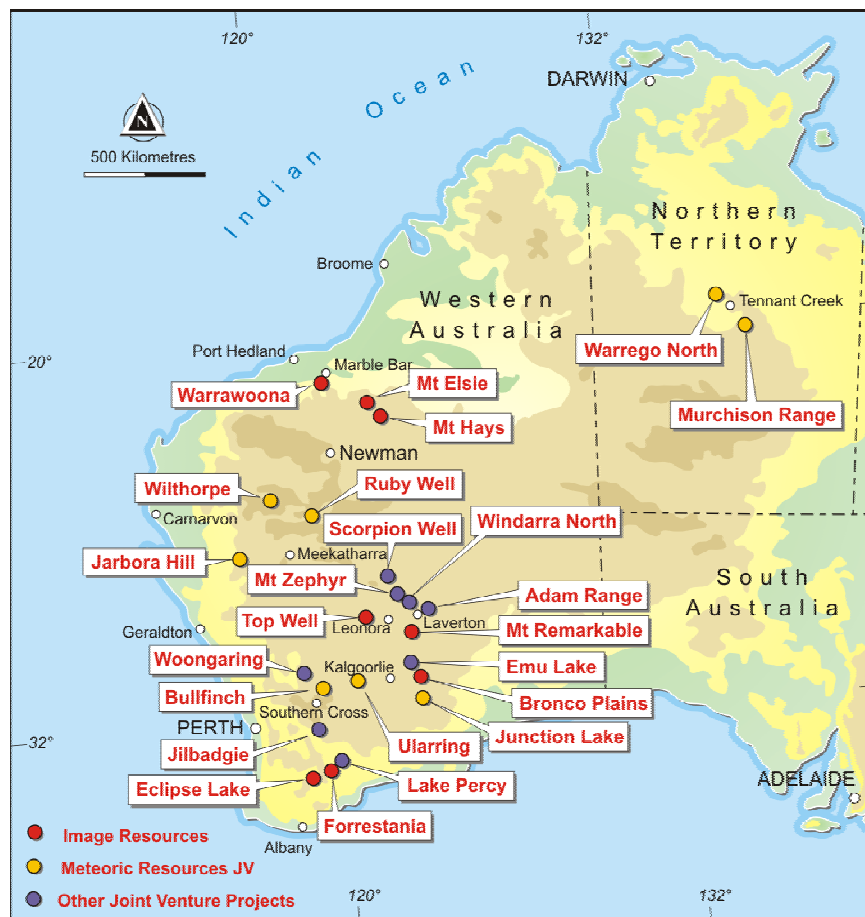
A drilling programme planned by Western Areas in June to follow up encouraging RAB drilling nickel results announced previously, was delayed by heavy rain. This programme will be undertaken as soon as access is available to the joint venture area.

## Windarra North (Image 100%)

Two key exploration licences covering potential extensions to the sequence which hosts WMC's Windarra and Windarra South nickel mines have been approved. Western Areas is earning a 60% interest in this extensive project and is anticipated to commence field work in the September quarter.

## Meteoric Resources NL

As recently announced (13 July 2004) joint venture associate Meteoric Resources successfully completed a \$5 million raising and listed on the ASX. Meteoric is farming in on eight of Image's exploration projects, focussing on the Warrego North copper-gold project near Tennant Creek and on gold targets at the Wilthorpe, Jarbora Hill and Bullfinch projects in WA. Image holds 4.2 million fully paid shares in Meteoric, representing 10.3% of the issued capital of that company. Image shareholders have been issued with fully paid shares in Meteoric in a 1 for 10 bonus issue and contributing shares (20 cents unpaid) in a 3 for 20 bonus issue.



### PROJECT LOCATIONS

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

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The information on mineralisation contained in this report accurately reflects the information compiled by Mr Roger Thomson BSc, MAusIMM, MAIG who is a competent person (as defined by the Australasian Code of Reporting of Identified Mineral Resources and Ore Reserves) with relevant experience in relation to such mineralisation.

# MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity:

**Image Resources NL**

ABN:

**57 063 977 579**

Quarter ended ("current quarter")

**30/6/2004**

## Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$AUD'000	Year to date (12 months) \$AUD'000
1.1 Receipts from product sales and related debtors	-	81
1.2 Payments for:		
(a) exploration and evaluation	(4)	(349)
(b) development	-	-
(c) production	-	-
(d) administration	(162)	(706)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	44	161
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	61	61
<b>Net Operating Cash Flows</b>	<b>(61)</b>	<b>(752)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(23)	(119)
(b) equity investments	(2)	(2)
(c) other fixed assets	(2)	(6)
1.9 Proceeds from sale of:		
(a) prospects	-	150
(b) equity investments	-	9
(c) other fixed assets	-	-
1.10 Loans to other entities	(265)	(265)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(292)</b>	<b>(233)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(353)</b>	<b>(985)</b>

1.13	Total operating and investing cash flows (brought forward)	(353)	(985)
1.14	<b>Cash flows related to financing activities</b> Proceeds from issues of shares, options, etc.	36	1,667
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) – Share issue expenses	-	(62)
	<b>Net financing cash flows</b>	36	1,605
	<b>Net increase (decrease) in cash held</b>	(317)	620
1.20	Cash at beginning of quarter/year to date	3,381	2,444
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	3,064	3,064

**Payments to directors of the entity and associates of the directors  
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$AUD'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(95)
1.24	Aggregate amount of loans to the parties included in item 1.10	(265)

1.25 Explanation necessary for an understanding of the transactions

Temporary advances made to an associated company pending listing on the ASX – this occurred 16.7.2004 and the funds will be repaid July 2004.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

		Amount available \$AUD'000	Amount used \$AUD'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$AUD'000
4.1 Exploration and evaluation	180
4.2 Development	-
<b>Total</b>	<b>180</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$AUD'000	Previous quarter \$AUD'000
5.1 Cash on hand and at bank	(10)	322
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Short Term Deposit	3,074	3,059
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,064</b>	<b>3,381</b>

## Changes in interests in mining tenements

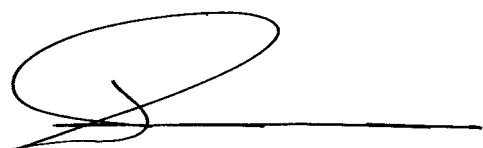
	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed		N/A		
6.2 Interests in mining tenements acquired or increased	E39/1087	Application	0%	100%
	P39/4323	Application	0%	100%
	E63/942	Application	0%	100%
	E63/941	Application	0%	100%
	E63/940	Application	0%	100%
	E37/787	Application	0%	100%

## Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 <b>Preference securities</b>	N/A			
7.2 Issued during quarter	Nil			
7.3 <b>Ordinary securities</b>	55,632,590	39,127,897		
7.4 Issued during quarter	142,222		\$0.25	\$0.25
7.5 <b>Convertible debt securities</b>	N/A			
7.6 Issued during quarter	Nil			
7.7 <b>Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
Non-employee Options	10,087,475 4,823,383 2,000,000	Not Quoted Quoted Not Quoted	\$0.25 \$0.25 \$0.335	25.8.2006 25.8.2006 27.11.2008
Employee Options	1,035,000	Not Quoted	\$0.25	4.7.2005
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	142,222		\$0.25	
7.10 Expired during quarter	Nil			
7.11 <b>Debentures</b>	N/A			
7.12 <b>Unsecured notes</b>	N/A			

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



**Rudolf Tieleman (Company Secretary)**

Date: 28 June 2004