

## QUARTERLY REPORT

For the Quarter Ended 31 March 2005

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### SUMMARY

- Two encouraging EM conductors identified at Forrestania where geophysical surveys have indicated that the ultramafic sequence hosting the Flying Fox nickel deposits may extend into Image's tenements.
- EM surveys about to start at the Bondi and Town Hall prospects (best drill intercept 1m at 0.9%Ni) at Lake Percy, 25km NNW of Emily Ann.
- EM surveys planned over two targets (best drill intercept 1m at 1.05%Ni) and a further two nickel-copper anomalies identified at Woongaring, 140km NW of Southern Cross.
- Geochemical drilling being planned at Scorpion Well, near the 2Moz Darlot-Centenary gold deposits.

### **EMU LAKE JV** (Image 30%, Jubilee 60%, Skryne 10%)

A 22-hole, 1,156m scout aircore drilling programme was completed during the December quarter to test a large magnetic feature at Area B, interpreted to be the northern extension of the prospective ultramafic sequence which hosts high-grade nickel sulphides 7km to the south at the Gossan Zone.

The drilling returned a weakly anomalous intercept of 4m at 0.54% Ni and 105ppm Cu from 40m in hole ELAC507 near an interpreted ultramafic contact. Other intercepts of 4m at 1.24% Ni from 36m in hole ELA502 and 4m at 1.28% Ni from 28m in hole ELA514 are interpreted to be lateritic enrichments.

### **LAKE PERCY** (Image 100%)

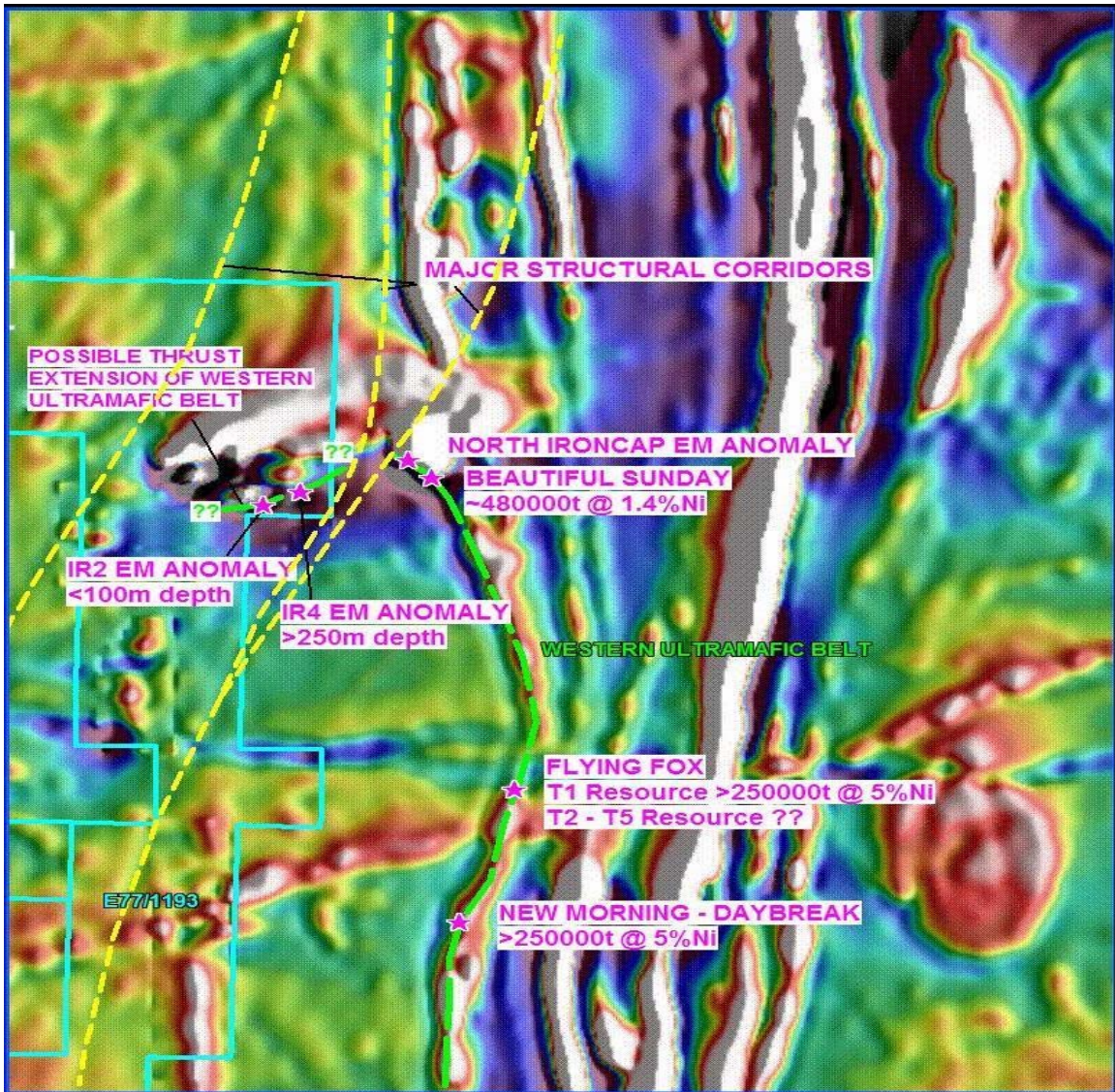
Following the encouraging results from Image's EM surveys at its Forrestania project, Image is planning ground EM surveys at the Bondi and Town Hall prospects where previous RAB drilling intersected 1m at 0.9% Ni from 40m at end of hole and 2m at 0.6% Ni from 46m respectively. The fixed loop EM surveys will test for conductive Ni sulphides at depth over a strike length of approximately 1km at each of the prospects. Modelling of the magnetic surveys at Bondi and Town Hall indicate the depth to the top of the ultramafic targets to be about 100m and below the depth of the drilling completed to date. The EM surveys on this project situated 25km north-northwest of the Emily Ann nickel mine are scheduled to start in early May. Western Areas NL withdrew from the Lake Percy JV during the quarter.

### **FORRESTANIA** (Image 100%)

As previously reported (31 March 2005), geophysical surveys on the eastern section of this 3,500sq km project situated west of the Forrestania greenstone belt have provided encouraging results supporting the interpretation that the ultramafic sequence hosting the Flying Fox nickel deposits may extend into Image's tenements.

Ground EM surveys employing large 500m x 1400m loops have been used to test the interpreted western extension of the Flying Fox-Beautiful Sunday ultramafic contact over a 4km x 2km area. Two pronounced bedrock conductors have been identified and followed up with more detailed EM loops which have highlighted the conductors, shown as IR2 and IR4 on the map below. These conductors lie on a possible thrust extension of the ultramafic sequence that hosts the Flying Fox-Beautiful Sunday nickel sulphide trend.

Anomaly IR2 is a strong conductor at less than 100m depth with a 50m strike length and a 100m depth extent. A small pronounced ground magnetic anomaly coincides with this conductor, consistent with a massive nickel sulphide target. Conductor IR4 is a deep source at about 300m below surface with an 800m strike length and a 150m depth extent, close to an interpreted ultramafic contact. 88 line-km of detailed ground magnetics was completed over the EM anomalies to assist with drill target definition. Subject to drill rig availability and to grant of the tenement, RC and diamond drilling of these two prospective targets is planned in May.



Forrestania – Aeromagnetics and EM Targets

**TROJAN JV** (Image 100%, Troy earning 60%)

Follow-up sampling of the RAB drilling completed at the Woongaring project during the December 2004 quarter has confirmed elevated nickel and copper values (peak value 1m at 1.05%Ni and 190ppm Cu from 10m in hole WGRB-01) in two areas approximately 5km apart. 58 line-km of infill ground magnetics have supported the interpretation that the two anomalous zones occur close to ultramafic contacts. The elevated copper values associated with granodioritic rocks in the area remain enigmatic. Fixed loop ground EM surveys are planned to test for conductive nickel sulphides over a strike length of approximately 1km at each of the two anomalous contact zones. Geochemical soil sampling over other interpreted ultramafic rocks has identified an additional two areas of coincident nickel and copper anomalism approximately 5km and 18km south of the existing anomalies. The EM surveys at this project situated 140km northwest of Southern Cross are scheduled to commence in mid-May.

Following the grant of the Scorpion Well tenement 10km southeast of the 2Moz Darlot-Centenary gold mines, planning of geochemical vacuum drilling is in progress. Reprocessing of aeromagnetic and gravity data indicates that the structural corridor hosting the Darlot and Centenary gold deposits could extend into the joint venture tenement. Subject to joint venture approval and rig availability, drilling is anticipated to start in late May.

**WINDARRA JV** (Image 100%, Western Areas earning 60%)

Western Areas completed an 8-hole, 460m RC programme to test five target areas interpreted to be underlain by ultramafic rocks. The depth of cover in the extensively alluvium-covered area north of the Windarra nickel mines ranged from 1m to 52m. Ultramafic rocks were intersected in one hole (WRC-05) however no significant nickel or copper values were intersected. Further studies of this large project area are in progress with the aim of identifying additional drilling targets.

**EUCLA BASIN** (Image 100%)

As previously reported, Image has applied for a large tenement position totalling 1,974sq km in the Eucla Basin of South Australia and Western Australia. The recent discovery of the large zircon-rich Jacinth and Ambrosia mineral sands deposits by Iluka Resources highlights the prospectivity of the Eucla Basin for world-class heavy mineral deposits. Image has received ministerial approval to apply for access to its 750sq km South Australian exploration licence application to the Council of Maralinga Tjarutja and is in the process of contacting the council. Image currently has two exploration licence applications in the WA part of the Eucla Basin.

Image plans to use the magnetic mapping technique developed by director George Sakalidis and successfully applied by its then subsidiary Magnetic Minerals to identify significant resources of heavy minerals near Dongara in WA. Upon negotiation of access rights to the SA tenement and grant of the tenements, Image plans to use this technique to identify direct drilling targets.

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.