

QUARTERLY REPORT

For the Quarter Ended 30 September 2003

SUMMARY

JOINT VENTURES

Image's strategy of partnering with aggressive, well funded companies in order to add value to its projects is being implemented. Exploration has commenced promptly on Image's recently announced farm outs with progress as follows:

- **Emu Lake JV (nickel):** Jubilee Mines has completed ground EM surveys which have identified several attractive targets including a new area 7km northwest of the Gossan Zone. Diamond drilling of this target and other targets at the Gossan Zone is planned to start in late October.
- **Lake Percy JV (nickel):** Western Areas is preparing to start RAB drilling of aeromagnetic and anomalous Ni-Cu targets in November.
- **Jilbadgie JV (nickel):** Westonia Mines has completed a 2,400-sample geochemical survey, defining three areas worthy of follow-up.
- **Trojan JV (gold and nickel):** First phase RAB drilling has been completed at Adam Range (gold and nickel) and Mt Zephyr (gold). Gold-anomalous RAB intercepts at Adam Range are being considered for follow-up drilling.

NEW PROJECTS

Image has acquired an exciting new nickel project comprising 550 sq km of exploration licence applications north of the old Windarra nickel mines near Laverton. The project area is considered prospective for extensions and repetitions of the Windarra ultramafic sequence which host the Windarra nickel deposits.

CORPORATE

Image raised \$1.5 million by the placement of 6,250,000 fully paid shares at 24 cents on 1 October, bringing Image's cash reserves to approximately \$4 million immediately after the end of the quarter.

JOINT VENTURES

In keeping with its strategy of maintaining active exploration on its large tenement holding and yet conserving funds for new project acquisition, Image is discussing possible new joint ventures with potential partners. In the meantime field work has commenced on three of Image's recently announced joint ventures, reflecting the attractive targets outlined in these areas.

Emu Lake JV (Image 30%)

As previously announced, Jubilee Mines is acquiring a 60% interest in the Emu Lake nickel project by payment of \$100,000 cash and completing a bankable feasibility study by December 2008. Image and private interests will retain an interest of 30% and 10% respectively, free carried to completion of feasibility.

Jubilee has commenced moving loop ground EM surveys over three ultramafic target zones termed zones A, B and C situated northwest of the Gossan Zone. Previous exploration drilling at the Gossan Zone intersected high-grade nickel sulphides. In addition, a fixed loop ground EM survey is being carried out over a 700m x 200m area at the Gossan Zone in search for extensions to the nickel mineralisation and to further investigate downhole EM (DHEM) anomalies identified by previous exploration.

Early results from the ground EM surveys indicate a strong, discrete EM anomaly near an interpreted ultramafic contact at zone B situated approximately 7km northwest of the Gossan Zone. A programme of five diamond drillholes totalling 1,650m is planned initially, to test the target at zone B and other targets at the Gossan Zone, including a DHEM conductor down-dip from intersections of **0.3m at 7.55% Ni** and **0.17m at 7.08% Ni** in hole ELD5. The drilling, which is scheduled to commence in late October, is expected to take three weeks to complete and will be followed by DHEM surveys.

Lake Percy (Image 100%)

Western Areas has commenced preparations for a RAB drilling programme for nickel in November on this 500 sq km project situated in the Forrestania-Emily Ann nickel district south of Southern Cross. The drilling programme will initially focus on targets defined by Image's high resolution aeromagnetic survey and anomalous Ni-Cu intercepts from previous wide-spaced RAB drilling about 25km north of the Emily Ann nickel mine.

Review of historical gold exploration results indicates that the occurrence of ultramafic rocks considered prospective for nickel is more widespread within Image's 500 sq km project area than previously recognised. Western Areas' recent exploration success at Flying Fox, situated about 40km southwest of Image's Lake Percy project, continues to reinforce the prospectivity of the emerging Forrestania-Emily Ann nickel district.

Jilbadgie (Image 100%)

Westonia Mines has completed a 2,400-sample geochemical survey over interpreted ultramafic rocks in this poorly exposed section of the Westonia greenstone belt situated 30 km south of Southern Cross. Three distinct nickel-anomalous areas have been identified for follow-up sampling and ground EM surveys.

Trojan (Image mostly 100%)

As recently announced, Image entered into a joint venture with Troy Resources on a package of Image's Western Australian projects. The package comprises 560 sq km of tenements and includes 100%-owned projects at Woongaring (gold and base metals), Adam Range (nickel and gold) and Scorpion Well (gold) and the Mt Zephyr JV where Image is earning a 75% interest. Under the terms of the agreement Troy can earn a 60% interest in the tenements (45% in the case of the Mt Zephyr JV) by means of cash payments totalling \$75,000 and the sole funding \$2 million of expenditure within five years.

At Adam Range, 25km northwest of Laverton, a 44-hole, 1,685m scout RAB drilling programme was carried out over geochemical gold and nickel targets extending over a 1.5km strike length. The wide-spaced drilling identified two weakly anomalous gold zones associated with ultramafic contacts. These anomalous gold zones are incompletely tested, open along strike and further follow-up drilling is being considered. The nickel and platinum anomalies appear to be related to supergene enrichments in the weathered zone above ultramafic rocks.

At Mt Zephyr, 55 km west of Laverton, a 13-hole, 381m scout RAB drilling programme was carried out across an annular magnetic feature some 1.5km in diameter defined by a ground magnetometer survey. The drilling encountered disseminated magnetite within granite rocks. The sampling results have not indicated any significant gold values and the project is being reassessed.

NEW PROJECTS

Windarra North (Image 100%)

As recently announced, Image has acquired a substantial ground position considered prospective for sulphide nickel north of the old Mt Windarra nickel mine near Laverton. The tenement package has been expanded and now consists of 5 exploration licences totalling 550 sq km. The Mt Windarra nickel deposit is situated 7 km south of the southeastern boundary of the Image tenement applications.

Using its aeromagnetic database and other geophysical and geological information, Image has identified several target zones that could represent extensions of the Mt Windarra ultramafic sequence below extensive alluvial cover.

The WMC-owned Windarra nickel mines (Mt Windarra and Windarra South) produced 7Mt at 1.6% Ni, containing 84,600 tonnes of nickel metal, during the period from 1973 to 1989, confirming the high nickel prospectivity of the ultramafic rocks in this district. Very little nickel exploration has been completed on Image's project area and upon grant of the tenements (subject to ministerial approval) Image plans to conduct a search for extensions and repetitions of the prospective Windarra sequence.

CORPORATE

As recently foreshadowed, Image has raised \$1.5 million by the placement of 6,250,000 fully paid shares at 24 cents per share on 1 October 2003. Part of the funds were received prior to the end of the quarter bringing Image's cash reserves to \$2.7 million. The balance of the funds were received after the end of the quarter, increasing Image's cash at bank to approximately \$4 million. The funds raised will be used to actively pursue the generation of new exploration projects, adding value by drilling where prudent and partnering with well-qualified companies. In addition Image is continuing its search for advanced nickel and gold projects with good potential.



For more information on the company visit 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, 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")

30/09/2003

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$AUD'000	Year to date (3 months) \$AUD'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration and evaluation	(171)	(171)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(174)	(174)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	19	19
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(326)	(326)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	(63)	(63)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	150	150
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	87	87
1.13	Total operating and investing cash flows (carried forward)	(239)	(239)

1.13	Total operating and investing cash flows (brought forward)	(239)	(239)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	529	529
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)	-	-
	Net financing cash flows	529	529
	Net increase (decrease) in cash held	290	290
1.20	Cash at beginning of quarter/year to date	2,444	2,444
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,734	2,734

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	(150)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

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	(150)
4.2 Development	-
Total	(150)

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	489	21
5.2 Deposits at call	2,245	2,423
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,734	2,444

Changes in interests in mining tenements

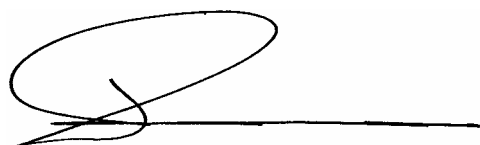
	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	P45/2390	Reverted to JV Partner	90%	0%
	P45/2446	Reverted to JV Partner	90%	0%
	E45/2163	Reverted to JV Partner	90%	0%
	E52/1369	Reverted to JV Partner	90%	0%
6.2 Interests in mining tenements acquired or increased	E39/1059	Application	0%	100%
	E39/1023	Application	0%	100%
	E39/1606	Application	0%	100%
	E39/1058	Application	0%	100%
	E39/1056	Application	0%	100%
	E39/1057	Application	0%	100%
	E39/1061	Application	0%	100%
E39/1583	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	Preference securities	N/A			
7.2	Issued during quarter	N/A			
7.3	Ordinary securities	48,716,257	32,211,564		
7.4	Issued during quarter	Nil	Nil		
7.5	Convertible debt securities	N/A			
7.6	Issued during quarter	N/A			
7.7	Options			<i>Exercise price</i>	<i>Expiry date</i>
	Non-employee Options	15,512,191	Not Quoted	\$0.25	25.8.2006
	Employee Options	1,100,000	Not Quoted	\$0.25	4.7.2005
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	Debentures	N/A			
7.12	Unsecured notes	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: 29 October 2003