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ILUKA SALE TO IMAGE COMMERCIALISATION IN NORTH PERTH BASIN

HIGHLIGHTS

- In the context of firming heavy mineral (HM) prices, Image is seeking a Development Manager/Director to commercialise and develop its North Perth Basin HM assets.
- In consideration for 1.2M Image shares (subject to a 1 year escrow) and \$190,000 cash, Image will acquire from Iluka Resources Limited (ASX: ILU) four granted Mining Leases. Under the Mining Act a mining lease empowers the holder to mine the land.
- Image estimates the Iluka leases will add approximately 955,000 tonnes of contained HM to Image's resource base, which equates to a 55% increase of Dry Mining resources at Image's Cooljarloo Project.
- Estimated Zircon grades within the newly acquired Red Gully and Boonanarring deposits average an elevated 12% and 15% of the HM content respectively.
- Significantly, the Boonanarring elevated zircon grade resource has already been shown by ground magnetics to have the potential to extend at least a further 7.7km to the north on existing Image tenure – the potential target remains open to the north and will be subjected to ground magnetics.
- Resources and target zones along the Gingin Scarp under Image tenure are significant, representing a highly prospective HM target corridor some 65km in length extending through Gingin from Muchea to Cataby. The Iluka leases complete Image's coverage of that 65 km corridor.
- Image's resource base is expected to be expanded following the recent drilling of the Rhea and Middle strands at Cooljarloo and current drilling at Gingin South. This drilling is expected to identify Measured Resources.
- Image believes there is potential to significantly increase its resources in the corridor having already identified 22 km of high priority target areas using ground magnetics. Following previously reported high grade drilling results, at Gingin South, 7 km of these high priority targets are being drilled to establish Measured Resource status.
- In addition, Image has at least 15 km of high priority magnetic targets remaining to drill tested at Cooljarloo whilst ongoing ground magnetic surveys are expected to delineate further drilling targets.

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Tenement Acquisition

Image has reached agreement with Iluka Resources (ASX:ILU) to acquire four granted Mining Leases, as shown in Figure 1. Three of these tenements are surrounded by exploration licences comprising Image's 100%-owned Gingin project, with the fourth adjacent to Image's Cataby West and Quinns Hill projects.

This acquisition gives Image control of a 65km strike length of the Gingin Scarp. Image has recognised the Gingin Scarp as a high grade/high priority target area based on its drilling at Gingin South; the presence of the high grade 2.5km-long Gingin Mine owned by Iluka; and on detailed ground magnetic surveys carried out over the last two years by Image.

The Iluka Mining Lease resources have been analysed as part of a due diligence process and Table 1 summarises Image's estimates of the resources at a 2.5%HM cut-off. The estimated resources at other cut-offs for three of the Mining Leases is attached in Appendix 1. The Red Gully resource was estimated by polygonal methods and the resource estimate is summarised in Appendix 2. The fact that the mining leases are granted is considered significant as it will facilitate the fast track of these resources through the permitting process to development, subject to the completion of appropriate agreements with landowners.

Table 1
New Acquisition Resource Inventory @ 2.5%HM cut

Project	Ore (Mt)	HM (%)	HM (kt)	Ilmenite	Leuc	Rutile	Zircon
Gingin South	2.8	5.1	144	54.1	14.2 *	5.3	7.8
Boonanarring	3.1	7.2	221	48.5	0.9	2.65	15
Gingin North	2.4	5.5	130	57.3	10.2 *	3.45	5.7
Red Gully	6.0	7.7	460	65.8	8.3 *	3.1	12.4
Total	14.3	6.7	955	58.9	7.7	3.4	11.3

* Leucoxene = N/Mag Leuc + Mag Leuc

Update to Image Resource Inventory

This acquisition significantly increases Image's Dry Mining resource inventory from 1.8Mt of HM to 2.8Mt, an increase of 55% and increases the total Dry Mining + Dredge Mining resource to 7.53 Mt of HM. The breakdown of the new Dry Mining resources is shown in Table 2.

These Resources do not include the mineralisation tested by the recent drilling at Rhea and Middle Strand or any of the drilling currently being completed at Gingin South. In addition at least 30km of high priority ground magnetic targets remain to be drilled at Gingin and Cooljarloo.

Image has already stated that it aims to have greater than 5M tonnes of contained dry mining HM within the North Perth Basin. As a guide, the Tiwest JV produces approximately 0.6M tonnes of HM per year from its Cooljarloo operations, one of the biggest mineral sand mines in the world and comprises mainly dredge and some dry mining resources.

Heavy mineral commodity price forecasts remain strong, with the price for Zircon expected to increase dramatically to at least US\$1300/t, Rutile up to US\$750/t and Ilmenite up to US\$190/t, making the present time very favourable for development.

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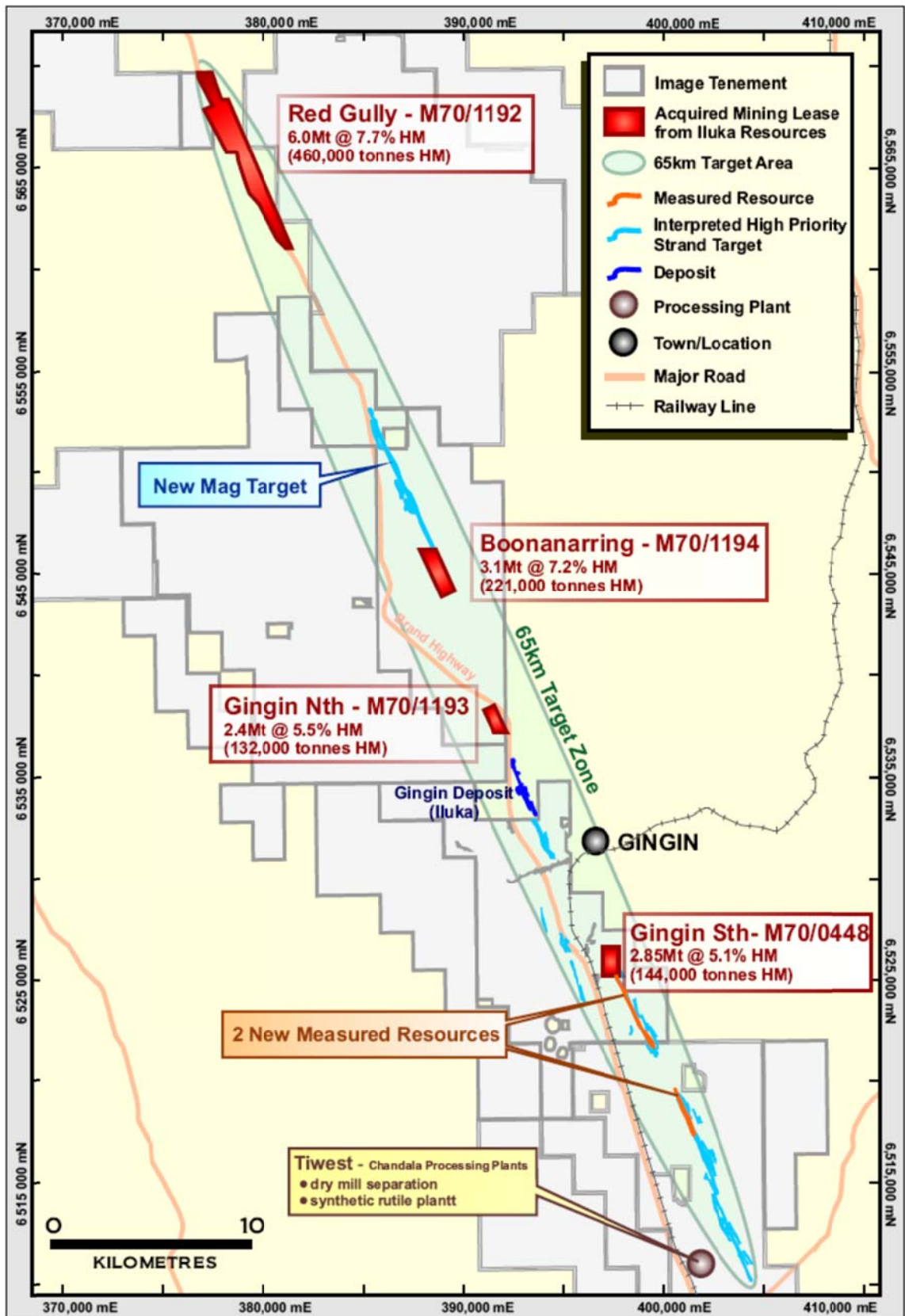


Figure 1
Gingin Target Corridor and New Acquisitions

Table 2
Updated Dry Mining Resources

Dry Mining Inferred - 2.5% HM Cutoff					
RESOURCE	BCM	TONNES	% HM	% SLIMES	HM TONNES
Gingin North	580,000	1,090,000	5	14	57,000
Red Gully	1,455,000	2,570,000	7.5	10.7	192,000
Sub - Total	2,035,000	3,660,000	6.8	11.7	249,000
Dry Mining Indicated - 2.5% HM Cutoff					
RESOURCE	BCM	TONNES	% HM	% SLIMES	HM TONNES
Atlas	530,000	1,100,000	3.2	19.2	35,000
Telesto	910,000	1,900,000	5.8	18.6	110,000
Helene	5,600,000	11,500,000	4.6	18.6	523,000
Hyperion	1,800,000	3,700,000	7.8	19.3	290,000
Gingin South	740,000	1,320,000	6	9	77,000
Gingin North	680,000	1,320,000	6	16	75,000
Red Gully	1,930,000	3,410,000	7.8	11.5	267,000
Sub - Total	12,190,000	24,250,000	5.7	17.0	1,377,000
Dry Mining Measured - 2.5% HM Cutoff					
Atlas	5,470,000	11,060,000	7.8	15.7	860,000
Boonanaring	1,680,000	3,060,000	7.2	9.9	221,000
Gingin South	870,000	1,530,000	4.4	7.2	67,000
Sub - Total	8,020,000	15,650,000	7.3	13.7	1,148,000
Total Dry	22,245,000	43,560,000	6.4	11.8	2,774,000

For more information on the company visit www.imageres.com.au

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The information in this report is based on information compiled by George Sakalidis BSc (Hons) and Paul Leandri BSc, who are members of the Australasian Institute of Mining and Metallurgy. George Sakalidis is a director of Image Resources. Paul Leandri is an employee of Image Resources. George Sakalidis and Paul Leandri have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis and Paul Leandri consent to the inclusion of this information in the form and context in which it appears in this report.

Appendix 1
Detailed Resource Estimates

Gingin South (M70/0448)

CLASS	HM CUTOFF	VOL	TONNES	HM	SLIMES	HM TONNES	ILM	ML	NML	RUT	ZIRCON
MEAS	5.0	306,700	541,339	6.66	7.24	36,048	49.20	7.66	8.38	6.01	7.86
MEAS	4.0	400,150	705,190	6.17	7.28	43,537	48.82	7.59	8.54	6.13	8.02
MEAS	3.0	535,750	942,986	5.42	7.44	51,086	49.72	7.46	8.29	5.87	7.90
MEAS	2.5	872,830	1,526,122	4.40	7.22	67,080	50.70	7.27	8.07	5.59	7.76
MEAS	2.0	1,068,010	1,861,385	4.02	7.07	74,855	50.91	7.21	8.02	5.50	7.71
MEAS	1.0	1,075,260	1,874,147	4.01	7.08	75,093	50.90	7.20	8.02	5.50	7.71
IND	5.0	291,300	528,320	9.91	8.45	52,376	62.68	8.10	3.63	5.15	8.30
IND	4.0	340,700	614,976	9.16	8.32	56,339	61.70	7.96	3.97	5.10	8.26
IND	3.0	464,420	836,203	7.59	8.68	63,448	59.78	7.75	4.64	5.07	8.16
IND	2.5	739,750	1,320,963	5.81	8.60	76,736	57.96	7.53	5.43	5.05	7.89
IND	2.0	928,330	1,654,256	5.10	8.67	84,448	57.50	7.48	5.61	5.04	7.91
IND	1.0	949,860	1,692,758	5.03	8.70	85,116	57.58	7.49	5.57	5.04	7.93
TOTAL	5.0	598,000	1,069,659	8.27	7.84	88,424	55.86	7.88	6.03	5.59	8.08
TOTAL	4.0	740,850	1,320,166	7.57	7.76	99,876	54.82	7.76	6.41	5.65	8.13
TOTAL	3.0	1,000,170	1,779,189	6.44	8.02	114,535	54.45	7.60	6.57	5.49	8.03
TOTAL	2.5	1,612,580	2,847,085	5.05	7.86	143,815	54.07	7.40	6.84	5.34	7.82
TOTAL	2.0	1,996,340	3,515,641	4.53	7.82	159,303	54.01	7.33	6.88	5.28	7.80
TOTAL	1.0	2,025,120	3,566,905	4.49	7.85	160,209	54.07	7.34	6.86	5.28	7.82

Gingin North (M70/1193)

CLASS	HM CUTOFF	VOLUME	TONNES	HM	SLIMES	HM TONNES	ILM	ML	NML	RUT	ZIRCON
IND	5.0	300,625	590,860	8.27	15.92	48,871	57.29	6.53	3.03	3.24	5.45
IND	4.0	414,887	814,648	7.23	16.21	58,868	57.32	6.43	3.04	3.23	5.46
IND	3.0	593,562	1,155,068	6.12	15.87	70,696	57.36	6.29	3.06	3.20	5.48
IND	2.5	680,175	1,318,642	5.70	15.71	75,199	57.37	6.27	3.07	3.20	5.48
IND	2.0	761,600	1,474,898	5.33	15.75	78,673	57.37	6.28	3.07	3.20	5.48
IND	1.0	773,837	1,499,425	5.28	15.82	79,125	57.37	6.27	3.07	3.20	5.48
IND	0.0	773,837	1,499,425	5.28	15.82	79,125	57.37	6.27	3.07	3.20	5.48
INF	5.0	209,125	396,226	8.21	13.49	32,512	57.31	7.51	3.80	3.74	6.02
INF	4.0	310,900	586,062	7.02	13.28	41,159	57.31	7.51	3.80	3.74	6.02
INF	3.0	483,300	908,445	5.74	13.37	52,160	57.31	7.51	3.80	3.74	6.02
INF	2.5	576,812	1,089,729	5.24	14.04	57,095	57.31	7.51	3.80	3.74	6.02
INF	2.0	656,050	1,241,513	4.88	14.38	60,578	57.31	7.51	3.80	3.74	6.02
INF	1.0	687,375	1,299,480	4.74	14.41	61,600	57.31	7.51	3.80	3.74	6.02
INF	0.0	688,787	1,302,207	4.73	14.41	61,622	57.31	7.51	3.80	3.74	6.02
TOTAL	5.0	509,750	987,086	8.24	14.94	81,383	57.30	6.92	3.34	3.44	5.68
TOTAL	4.0	725,787	1,400,710	7.14	14.98	100,027	57.32	6.88	3.36	3.44	5.70
TOTAL	3.0	1,076,862	2,063,513	5.95	14.77	122,855	57.34	6.83	3.39	3.44	5.72
TOTAL	2.5	1,256,987	2,408,371	5.49	14.95	132,294	57.34	6.83	3.40	3.45	5.73
TOTAL	2.0	1,417,650	2,716,410	5.13	15.13	139,251	57.34	6.84	3.40	3.45	5.73
TOTAL	1.0	1,461,212	2,798,905	5.03	15.16	140,725	57.34	6.85	3.41	3.45	5.73
TOTAL	0.0	1,462,625	2,801,632	5.02	15.16	140,747	57.34	6.85	3.41	3.45	5.73

Boonanarring (M70/1194)

CLASS	ZONE	HM CUTOFF	VOLUME	TONNES	HM	SLIMES	HM TONNES	ILM1	ILM2	RUT1	ZIRCON	LEUC
MEAS	5	5.0	831,878	1,509,639	9.70	8.71	146,380	39.99	11.40	2.88	17.17	0.87
MEAS	5	4.0	1,049,178	1,898,147	8.63	8.83	163,812	39.67	11.68	2.86	16.31	0.88
MEAS	5	3.0	1,283,278	2,313,573	7.71	8.86	178,324	39.31	11.79	2.84	15.59	0.88
MEAS	6	2.5	1,385,578	2,494,075	7.35	8.90	183,309	39.10	11.81	2.83	15.35	0.88
MEAS	5	2.0	1,497,300	2,689,988	6.98	8.88	187,720	38.93	11.83	2.82	15.12	0.88
MEAS	5	1.0	1,708,883	3,059,688	6.32	8.80	193,402	38.80	11.84	2.81	14.95	0.87
MEAS	5	0.0	1,790,650	3,202,891	6.07	8.80	194,367	38.77	11.85	2.81	14.95	0.87
MEAS	6	5.0	154,261	293,341	9.49	13.31	27,833	26.98	10.65	1.84	13.13	0.82
MEAS	6	4.0	196,561	372,782	8.43	13.40	31,411	26.85	10.62	1.83	13.05	0.81
MEAS	6	3.0	259,450	493,187	7.22	14.05	35,610	27.15	10.68	1.85	13.24	0.82
MEAS	7	2.5	299,300	568,562	6.63	14.25	37,678	27.31	10.70	1.86	13.32	0.83
MEAS	6	2.0	343,839	651,339	6.07	14.18	39,536	27.45	10.69	1.87	13.31	0.84
MEAS	6	1.0	432,056	817,864	5.15	14.39	42,108	28.06	10.79	1.92	13.65	0.86
MEAS	6	0.0	450,500	853,309	4.97	14.54	42,380	28.08	10.81	1.92	13.72	0.85
TOTAL		5.0	986,139	1,802,981	9.66	9.46	174,213	37.87	11.27	2.71	16.51	0.87
TOTAL		4.0	1,245,739	2,270,929	8.60	9.58	195,223	37.56	11.50	2.69	15.78	0.87
TOTAL		3.0	1,542,728	2,806,760	7.62	9.77	213,935	37.18	11.59	2.67	15.18	0.87
TOTAL		2.5	1,684,878	3,062,636	7.22	9.89	220,988	36.91	11.61	2.65	14.97	0.87
TOTAL		2.0	1,841,140	3,341,327	6.80	9.91	227,255	36.69	11.61	2.63	14.77	0.87
TOTAL		1.0	2,140,939	3,877,552	6.07	9.98	235,511	36.53	11.61	2.62	14.67	0.87
TOTAL		0.0	2,241,150	4,056,201	5.84	10.01	236,747	36.52	11.63	2.62	14.69	0.87

Appendix 2
Red Gully (M70/1192) Polygonal Resource Estimate

Area of influence					Ore	HM	Ore	HM	Ore	
Hole	Length	Width			T/ness	Grade	Tonnage	Tonnage	Volume	Slimes
No.	(m)	(m)	From	To	(m)	%	(t)	(t)	(cu.m)	%
Indicated Resource @ 2.5 % cut-off										
RG0080	400	40	18	27	9	10.6	258,609	27,326	144,000	7.6
RG0081	400	40	18	24	6	12.9	174,685	22,447	96,000	13.5
RG0082	400	40	18	24	6	5.4	167,247	9,031	96,000	12.7
RG0083	400	40	21	24	3	2.7	82,276	2,221	48,000	9.9
RG0085	400	40	21	27	6	5.5	167,297	9,118	96,000	10.2
RG0172	400	40	12	22.5	10.5	7.5	296,377	22,271	168,000	16.7
RG0173	400	40	16.5	19.5	3	5.1	83,449	4,214	48,000	22.7
RG0177	400	40	18	24	6	6.2	168,071	10,462	96,000	7.6
RG0179	400	40	15	21	6	10.4	172,264	17,959	96,000	7.8
RG0188	400	20	19.5	27	7.5	5.8	104,754	6,034	60,000	8.1
RG0191	400	20	13.5	21	7.5	7.2	105,640	7,585	60,000	14.9
RG0198	400	40	19.5	24	4.5	5.9	125,785	7,379	72,000	8.2
RG0207	400	20	12	22	10	10.1	143,316	14,532	80,000	6.1
RG0208	400	20	15	19	4	9.5	57,114	5,426	32,000	8.3
RG0209	400	20	19	21	2	8.0	28,299	2,250	16,000	7.3
RG0210	400	20	5	11	6	3.8	82,842	3,176	48,000	19.6
RG0210	400	20	21	28	7	5.9	97,852	5,773	56,000	9.9
RG0213	400	20	18	21	3	2.8	41,163	1,153	24,000	5.4
RG0214	400	20	17	21	4	15.7	59,177	9,291	32,000	5.9
RG0215	400	20	9	19	10	9.0	142,401	12,873	80,000	17.3
RG0216	400	20	4	10	6	4.6	83,224	3,828	48,000	27.8
RG0230	300	20	16	23	7	6.7	73,745	4,951	42,000	10.0
RG0231	300	20	20	25	5	17.5	56,040	9,807	30,000	5.1
RG0235	300	20	12	23	11	7.4	116,387	8,666	66,000	13.0
RG0236	300	20	14	18	4	3.0	41,219	1,247	24,000	17.1
RG0239	300	20	19	23	4	17.2	44,751	7,686	24,000	9.0
RG0241	400	20	9	16	7	9.1	99,741	9,119	56,000	16.1
RG0242	400	20	16	20	4	7.5	56,456	4,248	32,000	7.5
RG0243	400	20	16	23	7	5.0	97,328	4,866	56,000	6.4
RG0244	400	20	14	18	4	6.6	56,140	3,691	32,000	9.9
RG0244	400	20	19	22	3	8.4	42,561	3,575	24,000	5.9
RG0248	400	20	18	20	2	3.0	27,467	810	16,000	10.6
RG0249	400	20	18	22	4	6.4	56,090	3,604	32,000	9.4
Total Indicated						7.8	3,409,768	266,620	1,930,000	11.5
Area of influence					Ore	HM	Ore	HM	Ore	
Hole	Length	Width			T/ness	Grade	Tonnage	Tonnage	Volume	Clay
No.	(m)	(m)	From	To	(m)	%	(t)	(t)	(cu.m)	%
Inferred Resource @ 2.5 % cut-off										
RG0041	800	40	21	24	3	7.3	169,144	12,348	96,000	25.8
RG0122	800	40	19.5	28.5	9	8.6	511,227	43,795	288,000	9.1
RG0130	800	20	21	25.5	4.5	6.6	126,334	8,338	72,000	9.0
RG0135	700	40	15	24	9	9.1	448,809	40,991	252,000	13.2
RG0137	700	40	16.5	25.5	9	7.9	445,533	35,123	252,000	6.0
RG0138	700	40	18	22.5	4.5	3.5	217,066	7,670	126,000	3.9
RG0144	600	30	24	28.5	4.5	10.7	145,552	15,526	81,000	9.1
RG0148	600	40	18	24	6	4.3	249,149	10,589	144,000	10.4
RG0045	600	40	27	33	6	6.7	252,818	16,939	144,000	16.2
Total Inferred						7.5	2,565,631	191,318	1,455,000	10.7
Total Indicated + Inferred						7.7	5,975,399	457,938	3,385,000	11.2