



14 February 2022

**STATEMENT ON BEHALF OF THE BOARD OF IMAGE RESOURCES
AND NOTICE OF GENERAL MEETING**

Dear Fellow Shareholders,

As announced to ASX on 28 January 2022, Image Resources NL ('Image' or 'the Company') received a notice from 23% shareholder Murray Zircon Pty Ltd ('Murray Zircon') requiring the Company to hold a general meeting of shareholders, at Image's expense, to consider certain resolutions relating to the composition of the Company's Board.

The proposed resolutions include the removal of our Chairman Mr Robert Besley, our Managing Director Mr Patrick Mutz and Non-Executive Director Mr Chaodian Chen.

Murray Zircon is seeking to appoint three of its own nominees (Mr Chaohua Huang, Mr Graham Hewson and Ms Ran Xu) as non-executive directors. As existing non-executive director Mr Peter Thomas is due to retire by rotation at Image's AGM in April 2022, if its proposed resolutions are successful, Murray Zircon may well end up after the AGM having appointed more than half of the members of your Board.

All of your directors (other than Mr Huang Cheng Li who has declined to make a recommendation) consider this move to be deeply concerning, and that it presents a clear risk to the value of your Image shares.

All of your directors (other than Mr Huang Cheng Li) think the reasons to reject these overtures from Murray Zircon are quite clear. Put simply:

- **The reasons provided by Murray Zircon in support of its proposed changes are misleading and disingenuous;**
- **Murray Zircon has not articulated any plans for Image – it is really after control over Image's HMC;**
- **Murray Zircon is seeking control of Image without paying a control premium; and**
- **There is no need for change – your existing Board has a proven track record that has delivered for ALL shareholders.**

As an Image shareholder, you have a critical decision to make.

Either you support your existing Board that has a track record of performance for the benefit of ALL shareholders, or you take the risk with a new Board where potentially more than half of the directors

are appointed by one Chinese shareholder who wants access to 100% of Image's HMC thereby raising real conflict of interest concerns and corporate governance risks in ensuring that Image receives a fair price for its HMC.

All of your directors (other than Mr Huang Cheng Li who has declined to make a recommendation) consider that Murray Zircon has not provided any valid reasons for changing the composition of the Company's Board.

All of your directors (other than Mr Huang Cheng Li who abstained from making a recommendation) recommend that shareholders vote AGAINST all of the proposed resolutions.

1. THE REASONS PROVIDED BY MURRAY ZIRCON IN SUPPORT OF ITS RESOLUTIONS ARE MISLEADING AND DISINGENUOUS

The claims Murray Zircon has made as the basis for seeking to reconstitute the existing Image Board are misleading and disingenuous.

In its supporting documentation with the Notice, Murray Zircon justifies seeking to change the composition of the Image Board by claiming that Image has not taken advantage of opportunities to achieve higher profitability from a "booming year" in CY2021 for zirconium and titanium prices. To support its claim, MZ contends that Image's reported higher HMC sales but lower EBITDA in 1H 2021 than in 1H 2020 is evidence that Image did not take advantage of higher commodity prices in CY2021. There is a complete disconnect of logic here.

Murray Zircon's assertions are misleading in that they fail to disclose that:

- the zircon benchmark price was 2% lower in USD terms and 17% lower in AUD terms in 1H 2021 than in 1H 2020¹;
- Image reports its financial results in AUD whilst HMC is sold in USD – as such, Image is impacted by foreign exchange rate movements, which in 1H 2021 adversely affected the Company's AUD revenue²; and
- the content of zircon and ilmenite in each shipment of Image HMC varies - as zircon is significantly more valuable than ilmenite, when the zircon content of our HMC is lower, as it was in 2H 2021, it substantially decreases the realized price and overall revenue.³

The average ilmenite benchmark prices of zircon and ilmenite over the relevant period, and the effect of changing foreign exchange rates, is shown in the charts below.

¹ The average benchmark market price for zircon (as prescribed in the HMC Pricing Model associated with the HMC Offtake Agreements) was USD1,471 per tonne in 1H 2021 which was 2% lower than in 1H 2020 at USD1,503 per tonne, and 17% lower in 1H 2021 on an AUD basis.

² Average AUD: USD FX was 0.655 in 1H 2020 and 0.775 in 1H 2021.

³ Average zircon content of Image's HMC sold in 1H 2021 was 18% lower than the average zircon content in HMC sold in 1H 2020. Accordingly, even though more total HMC was sold in 1H 2021 than in 1H 2020, the total tonnes of zircon contained in each tonne of HMC sold was 18% lower in 1H 2021 than in 1H 2020. (Note - zircon content in HMC is roughly equivalent to the %ZrO₂+HfO₂ divided by 0.66 as there is roughly 66% ZrO₂ in zircon.)

Figure 1 – Zircon Benchmark Pricing

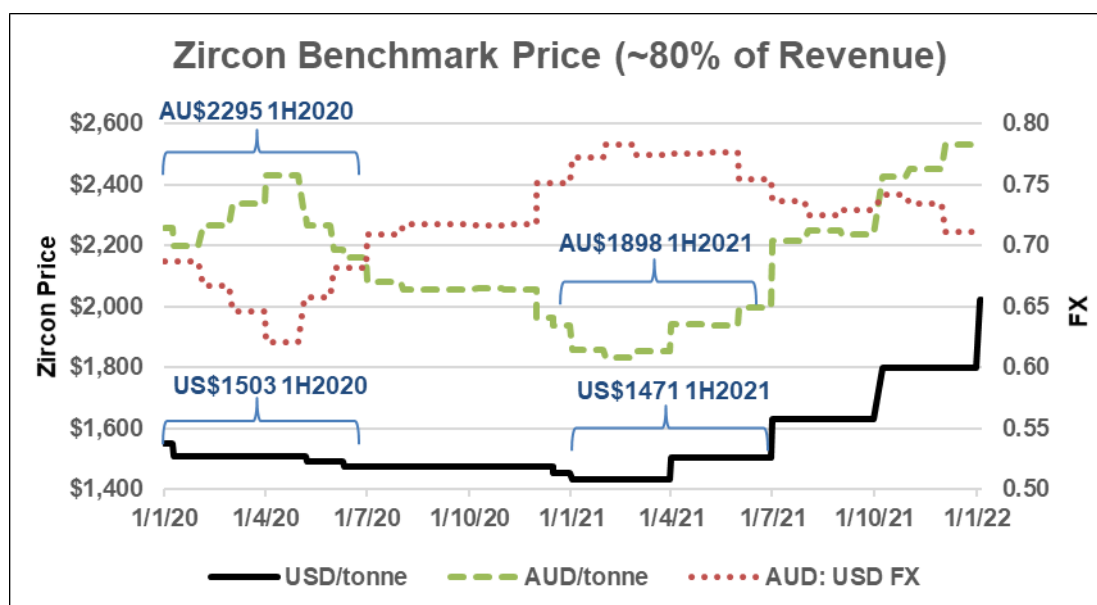
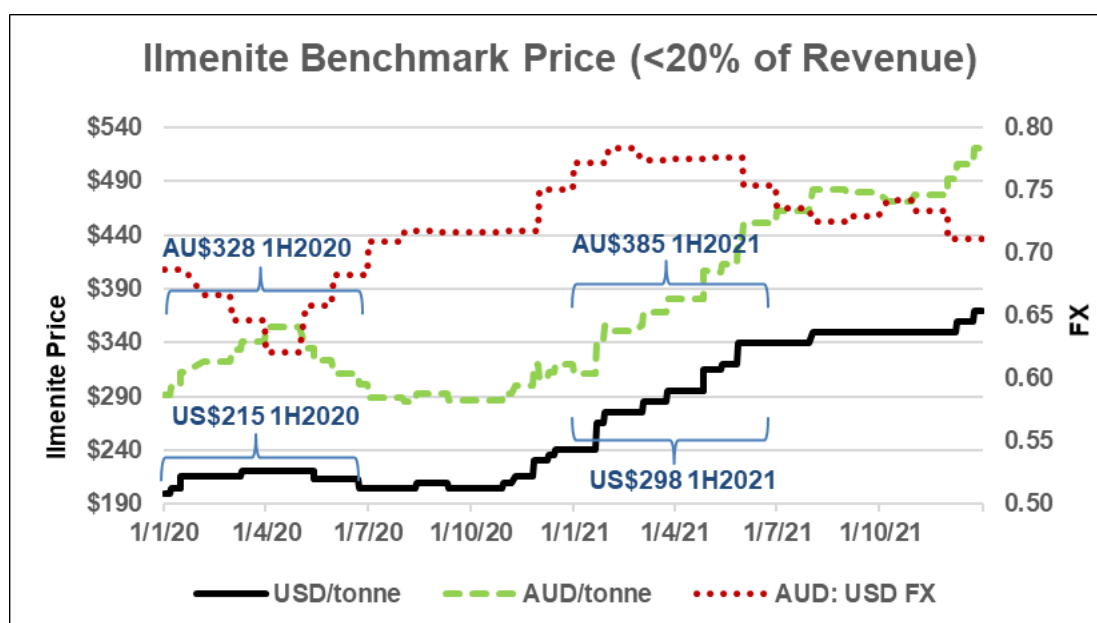


Figure 2 – Ilmenite Benchmark Pricing



Whilst commodity prices (generally) increased substantially across the full year of CY2021, **zircon price rises primarily occurred in the second half of that year and zircon represents roughly 80% of Image's revenue**. The fact that Image has been selling its HMC at market-based pricing is supported by recent advice received from industry expert TZ Minerals International Pty Ltd, a copy of which is attached.

Image's performance should be gauged by the full calendar year results. Such results speak for themselves with strong profitability for three years running, the early repayment of its debt in February 2021, the payment of an inaugural 2 cent dividend in April 2021 and the announcement of an intention to pay a further 2 cent, fully franked, dividend to shareholders shortly.

Murray Zircon's assertions also ignore the fact that Murray Zircon's controlling shareholder Guangdong Orient Zirconic Ind. Sci. Tech. Co. Ltd ('OZC') has been aggressively seeking to secure access to 100% of Image's HMC (see point 2 below). Due to Image's existing binding offtake arrangements, such opportunities have been limited to circumstances where OZC has been

prepared to offer an above-market price for that HMC. In the one instance over that time where OZC was prepared to offer such a higher price, Image's existing offtakers elected to match the price offered by OZC. It is reasonable to assume from OZC's strong desire to secure access to all of Image HMC that if it genuinely thought Image was not receiving a market-related price for its HMC over this time, it would have offered a higher price than Image was receiving.

2. MURRAY ZIRCON HAS NOT ARTICULATED ANY PLANS FOR IMAGE - IT IS REALLY AFTER CONTROL OVER IMAGE'S HMC

Murray Zircon has not provided any clear, or any, plans for Image and we have deep concerns around its motives for seeking to change the composition of the current Board.

Importantly, Murray Zircon's move to reconstitute the Board has been received against a backdrop of its controlling shareholder OZC aggressively seeking to secure access to all of Image's HMC.

This aggressive behavior follows a change in control of the Board of OZC, with another Chinese organisation, LB Group (formerly called Lomon Billions), appointing a majority of directors to the Board of OZC in 2020.

Indeed in May 2021, Murray Zircon requested the Board to put a resolution to its shareholders that 100% of Image's HMC product be sold to OZC. As shareholders, you understand that all our HMC production is already committed for sale at market-related prices under existing binding contractual commitments, which have been in place since 2018 and were originally entered into as a condition to your Company securing the funding to finance the development of Boonanarring. As such, the Image Board declined to proceed with Murray Zircon's request at that time noting that the Company remained subject to the pre-emptive right provisions in its existing offtake agreements.

In the absence of MZ advancing any logical or compelling reasons to support its proposed Board changes, we believe that this is the continuation of an attempt by Murray Zircon and OZC to gain control over our product for their own purposes, rather than having offtake arrangements that are in the interests of all Image shareholders. It raises both conflict of interest concerns and corporate governance risks.

Indeed, since resigning as a non-executive director of the Company in May 2021, Mr Fei (Eddy) Wu (a Murray Zircon representative on the Board of Image at the time) has confirmed that he resigned from his position due to pressure from the OZC/LB Group. Mr Wu has advised that before his resignation as a director of Image, he was receiving continuous pressure from the OZC/LB Group to seek for Image to supply its HMC to OZC despite the Company's existing offtake agreements.

We believe that Murray Zircon is now seeking to remove the remaining three directors it previously nominated onto the Image Board (in Mr Besley, Mr Mutz and Mr Chen) because they won't bend to Murray Zircon's / OZC's wishes.

You should be aware that your existing Board is not steadfastly against selling our HMC to OZC. Indeed, over the past 12 months, Image has been working with OZC to investigate opportunities where OZC may be able to purchase HMC directly from Image. Given our existing contractual offtake arrangements, these opportunities require OZC to be prepared to pay an above-market price for Image HMC in circumstances where the Company's existing offtakers are not prepared to match that price. On the one occasion that OZC was prepared to offer an above-market price for Image HMC, the Company's existing offtakers elected to match that price. The opportunity for OZC to purchase Image HMC directly still exists. However, OZC must be prepared to pay an above-market price for that product and it requires our existing offtakers to not elect to match that price.

As Murray Zircon is a competing mineral sands business, there is also a real risk that OZC / Murray Zircon may seek to prioritise Murray Zircon projects ahead of Image's.

Given OZC's position as an end user of HMC products, and Murray Zircon's position as a competing mineral sands business, the level of control that Murray Zircon is seeking over the Image Board is

disproportionate, unreasonable and raises serious related-party conflict issues, not only for Murray Zircon and OZC, but for all shareholders.

3. MURRAY ZIRCON IS SEEKING TO TAKE OVER IMAGE WITHOUT PAYING YOU ANYTHING, LET ALONE A PREMIUM, FOR CONTROL

If the proposed resolutions are approved, Murray Zircon would have nominated 50% of the directors on Image's Board, whilst only owning 23% of the shares on issue.

Further, existing non-executive director Mr Peter Thomas is scheduled to retire by rotation at the upcoming AGM in April 2022. If the Murray Zircon resolutions are approved and Mr Thomas is not re-elected as a director of Image, Murray Zircon would have nominated more than half of the directors on Image's Board, giving them operational control over Image and control over the sale of Image's HMC.

This is an opportunistic attempt to take control of your Company and its valuable mineral sands assets without making a formal takeover offer and more significantly without paying you anything, let alone a control premium.

Providing Murray Zircon and its controlling shareholder OZC with this level of representation on the Image Board sets a dangerous landscape in which Murray Zircon and OZC can wield control over the Company and its future operations.

4. THERE IS NO NEED FOR CHANGE – YOUR EXISTING BOARD HAS A PROVEN TRACK RECORD THAT HAS DELIVERED FOR ALL SHAREHOLDERS

Under the existing Board and management team, which is highly experienced in dry mineral sands mining and marketing as well as running ASX-listed mining companies generally, Image shareholders have seen:

- the Boonanarring mineral sands mine come into production on-time and on-budget and, in record time of only 2 months, ramped-up to full production;
- the Company has completed 3 full years of successful, profitable mining and processing operations at Boonanarring, meeting guidance every year;
- all project debt being repaid early (Feb 2021), with the Company now having a healthy debt-free cash balance of A\$79 million at 31 December 2021⁴;
- the payment of an inaugural dividend of 2 cents per share in April 2021 as well as the recently announced proposed further fully franked dividend of 2 cents per share expected to be paid in April 2022;
- a strategy and focus on acquisitions and diversification (including the Company's recent acquisition of a strategic package of tenements from Sheffield Resources Limited in January 2022 and its now 100% ownership of the King Gold Farm-in Project) providing for future growth; and
- share price growth of more than 300% over the past five years.

Murray Zircon has provided no credible information to outline how it might improve on the outstanding performance that has been delivered by your existing Board.

⁴ Image's cash balance reduced by \$23 million in January 2022 as a result of payments made to Sheffield Resources Limited in relation to the Company's strategic acquisition of a package of mineral sands tenements in the historic Eneabba mining district of Western Australia.

Voting for Murray Zircon's proposed changes to the Board is backing an uncertain future for your company and is only likely to lead to potential disruptions to the Company's existing operations.

The track record and experience of your current Directors is clear. Chairman Mr Robert Besley has more than 40 years' experience in the mining industry, having managed the creation, listing and operation of two successful mining companies. Managing Director Mr Patrick Mutz also has more than 40 years' experience in the international mining industry from exploration through project development and mining. Non-executive Director Mr Chaodian Chen founded OZC in China in 1995 and built that company into a leader in the zirconium industry.

Do not risk losing this collective experience and skill.

The proposed Board changes risks significantly de-stabilising Image's operations and damaging the Company's existing strong relationships with its employees, existing offtakers, the investment community and other stakeholders generally. If the proposed resolutions are passed, there is a real risk that the value of your Image shares may fall, and that your investment in the Company will not realise its full potential.

CONCLUSION

Your Directors respect the right of every shareholder to be heard.

Equally, your Directors have an obligation to act without fear or favour, and not to subjugate the interests of the Company to the interest of one shareholder.

All of your directors (other than Mr Huang Cheng Li who has declined to make a recommendation) consider that Murray Zircon has not provided any valid reasons for changing the composition of the Company's Board.

Even more importantly, we consider that if the proposed resolutions are passed, there is a real risk that your investment in the Company will be threatened and that the Company will not reach its full potential.

Reflecting the fact that the outcome of the meeting of shareholders is crucial to the value of your shares, we ask shareholders to carefully consider all information that has been provided.

Your vote on the resolutions is extremely important and all of your directors (other than Mr Huang Cheng Li who has declined to make a recommendation) urge shareholders to cast their vote **AGAINST** all of the resolutions.

Finally, we sincerely thank all shareholders for their past and current support and look forward to receiving your support at the upcoming shareholder meeting.

Yours sincerely

Mr Robert Besley
Chairman

Issued with the approval of the Board of Image Resources NL



TZ MINERALS INTERNATIONAL PTY LTD
ABN 99 003 492 519

Suite 11, 25 Walters Drive
Osborne Park WA 6107

PO Box 1371 Osborne Park DC
WA 6916 Australia

Telephone: +61 8 9359 6000
Facsimile: +61 8 9359 6050
E-Mail: marketing@tzmi.com

7 February 2022

Ref: TZMI22-5401

Patrick Mutz
Managing Director
23 Ventnor Avenue
West Perth, WA 6005

HMC PRICING

I attended Image Resources' board meeting via conference call on 2 February 2022. This letter summarises the main points discussed during the call. It should be noted that commentary regarding the Boonanarring HMC pricing model is based on a model provided to TZMI, understood to be the model agreed with the offtake counterparty for the shipment of 12 January 2022.

- Heavy Mineral Concentrate (HMC) is valued primarily based on the ZrO_2 and TiO_2 content, but other factors such as recovery rate, underlying final product quality, processing cost and margin to the processors are also important considerations in determining the value of the concentrate.
- In some cases where the concentrate contains monazite, a credit is also payable for the CeO_2 component.
- The input or benchmark zircon price used in the model of US\$2,020 per tonne CIF is consistent with Iluka's Q1 2022 pricing, which is understood to have been directly taken from Ferroalloy website. This is a common approach in the industry and the price of US\$2,020 may appear a little high compared to what some Iluka zircon customers are paying in China.
- The unit ZrO_2 price can vary widely in the sector depending on the quality of the underlying zircon and therefore, a single representative price is not meaningful. The resultant unit ZrO_2 price in the Boonanarring HMC model for the 12 January 2022 shipment is US\$26.11 per % per tonne of concentrate, inclusive of an additional 5% premium as agreed with the offtake counterparty. In contrast, TZMI is aware of other concentrate sales in the market during January 2022 that have been agreed at some 30% lower than the Boonanarring HMC unit ZrO_2 price due to the lower underlying zircon quality.

Visit our website: www.tzmi.com

- Prices for the Boonanarring HMC are determined on a shipment-by-shipment basis, subject to reference prices published by Ferroalloy at the time. This is a common practice, particularly for sales into China. However, TZMI is also aware of other concentrate offtake that is based on quarterly pricing.
- A quality discount of US\$90 per tonne had been used in the past to account for the standard grade zircon contained in the HMC. However, it is understood that the discount has been removed since Q4 2021, thereby providing further uplift to the unit ZrO₂ price (with a US\$23 per tonne increase of the HMC price).
- Spot prices in China had generally been in line with prices offered by western zircon producers prior to 2021.
- The price spread between domestic Chinese spot and western prices began to increase from March 2021, as domestic Chinese spot prices rallied amid a shortage of supply and pricing momentum continued before peaking at approximately RMB16,400 (or US\$2,500) per tonne exclusive of VAT in early August 2021 for high quality standard grade zircon. The Iluka quarterly price was US\$1,630 per tonne CIF during Q3 2021 (as reported by Ferroalloy). Spot prices have since come down in China, down approximately 12% by the end of the year to RMB14,500 (or US\$2,280) compared to Iluka's quarterly price of US\$1,785-1,815 per tonne CIF in Q4 2021, as reported by Ferroalloy.
- The weakening of the USD against the Chinese RMB has also been an influence in the widening price gap between Chinese spot and western prices.
- Benchmark prices for sulfate and chloride ilmenite in the pricing model are in line with prices of imported ilmenite into China and are well above ilmenite prices in western markets, which are typically priced on a 6-monthly or annual basis.
- The rutile benchmark price of RMB11,770 (US\$1,851) per tonne exclusive of VAT, on the other hand, is moderately below average prices for bagged rutile sold into the western welding markets but this is expected to have minimal impact on the unit TiO₂ price given the small proportion of rutile in the assemblage.
- Processing cost, recovery rate and margin parameters used in the pricing model are in line with industry averages.
- The price of the Boonanarring HMC may appear to be lower during the last 9 months given that the unit ZrO₂ price is derived from Iluka's reference zircon price, which has been lagging domestic spot prices in China. The removal of the zircon quality discount (US\$90/tonne) in the pricing model and the additional 5% offered by the offtake counterparty in response to a competitive bid have led to an improved pricing outcome for the Boonanarring HMC.

- Overall, the use of Iluka's quarterly reference price as benchmark pricing in offtake pricing models is a common practice. While this approach may result in lower pricing outcomes during strong market conditions (as spot prices are highly likely to trend above western quarterly prices), it limits the downside exposure during a market downturn.

Yours sincerely
TZ Minerals International Pty Ltd

A handwritten signature in blue ink, appearing to read 'Galvin Lim', is positioned above the printed name.

GALVIN LIM
Principal Consultant

IMAGE RESOURCES NL

ABN 57 063 977 579

NOTICE OF GENERAL MEETING TOGETHER WITH AN EXPLANATORY STATEMENT AND PROXY FORM

THE GENERAL MEETING HAS BEEN CONVENED FOLLOWING A REQUEST PURSUANT TO SECTION 249D OF THE CORPORATIONS ACT BY A MEMBER WITH AT LEAST 5% OF THE ISSUED SHARES IN THE COMPANY

**ALL OF THE DIRECTORS OF IMAGE RESOURCES NL (OTHER THAN MR HUANG CHENG LI) RECOMMEND THAT
YOU VOTE AGAINST ALL RESOLUTIONS
MR HUANG CHENG LI DECLINES TO MAKE A RECOMMENDATION IN RELATION TO THE RESOLUTIONS**

Date of Meeting

Thursday, 24 March 2022

Time of Meeting

10.00am (WST)

Place of Meeting

The Celtic Club, 48 Ord Street, West Perth, Western Australia

This is an important document that requires your immediate attention.

You should read this document in its entirety before deciding whether or not to vote in favour of any of the resolutions at the general meeting. If you are in doubt as to what you should do, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

If you have any questions about the general meeting or the resolutions to be voted on, please call Image's Company Secretary on +61 8 9485 2410.

IMAGE RESOURCES NL
ABN 57 063 977 579

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Image Resources NL (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 24 March 2022 at 10.00am (WST) (**Meeting**) for the purpose of transacting the business contemplated by the Resolutions and further detailed in the Explanatory Statement below.

The Meeting has been called following a request pursuant to section 249D of the Corporations Act by a member with at least 5% of the issued Shares in the Company.

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the glossary contained in the Explanatory Statement.

Resolutions proposed by Murray Zircon Pty Ltd

The general meeting has been convened to enable shareholders to consider certain resolutions proposed by Murray Zircon Pty Ltd (**Murray Zircon**) pursuant to a notice given by Murray Zircon to the Company under section 249D of the Corporations Act. The resolutions are set out below.

All of the Directors of the Company (other than Mr Huang Cheng Li) recommend that you vote AGAINST all of the resolutions proposed to be considered at the meeting.

The Chairman of the meeting intends to vote all undirected proxies AGAINST all resolutions.



Mr Huang Cheng Li, a non-executive director of the Company, declines to make a recommendation in relation to the resolutions.

RESOLUTION 1 – APPOINTMENT OF MR CHAOHUA HUANG AS A NON-EXECUTIVE DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to clause 13.2 of the Company's Constitution, Mr Chaohua Huang be appointed as a non-executive director of the Company, with effect from the close of the meeting."

RESOLUTION 2 – APPOINTMENT OF MR GRAHAM HEWSON AS A NON-EXECUTIVE DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to clause 13.2 of the Company's Constitution, Mr Graham Hewson be appointed as a non-executive director of the Company, with effect from the close of the meeting."

RESOLUTION 3 – APPOINTMENT OF MS RAN XU AS A NON-EXECUTIVE DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to clause 13.2 of the Company's Constitution, Ms Ran Xu be appointed as a non-executive director of the Company, with effect from the close of the meeting."

RESOLUTION 4 – REMOVAL OF MR ROBERT BESLEY AS A DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to section 203D of the Corporations Act and clause 13.5 of the Company's Constitution, Mr Robert Besley be removed as a director of the Company with effect from the close of the meeting."

RESOLUTION 5 – REMOVAL OF MR PATRICK MUTZ AS A DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to section 203D of the Corporations Act and clause 13.5 of the Company's Constitution, Mr Patrick Mutz be removed as a director of the Company with effect from the close of the meeting."

RESOLUTION 6 – REMOVAL OF MR CHAODIAN CHEN AS A DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, pursuant to section 203D of the Corporations Act and clause 13.5 of the Company's Constitution, Mr Chaodian Chen be removed as a director of the Company with effect from the close of the meeting."

By order of the Board.



Dennis Wilkins
Company Secretary
Date: 14 February 2022

EXPLANATORY STATEMENT

The accompanying Explanatory Statement below forms part of this Notice and should be read in conjunction with it. Shareholders are specifically referred to the glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice and the Explanatory Statement.

VOTING

Voting on all Resolutions will be conducted on a poll.

PROXIES

All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

For the convenience of Shareholders, two proxy forms have been included with this Explanatory Statement – a green proxy form and a white proxy form.

The green proxy form has been completed in line with the recommendations of your Directors (other than Mr Huang Cheng Li who has declined to make a recommendation in relation to the resolutions). **If you wish to vote in accordance with that recommendation, you should execute the green proxy form and return it in accordance with the instructions on that form.** If you execute and return the green proxy form, you do not need to complete the white proxy form.

If you want to appoint a proxy and do not wish to vote in accordance with the recommendations of your Directors (other than Mr Huang Cheng Li), you should follow the instructions on the white proxy form to indicate your voting directions and return it in accordance with the instructions on that form.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint one or two proxies and if appointing two may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

To be valid, properly completed Proxy Forms must be received by the Company's share registry no later than 10.00am (WST) on Tuesday, 22 March 2022 by:

1. post to "Automic" at GPO Box 5193, Sydney NSW 2001;
2. email to meetings@automicgroup.com.au;
3. online at <https://investor.automic.com.au/#/loginsah>;
4. hand delivery to "Automic" at Level 5, 126 Phillip Street, Sydney NSW 2000; or
5. fax to +61 2 8583 3040.

VOTING ENTITLEMENTS

For the purposes of Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as at 7.00pm (Sydney time) on Tuesday, 22 March 2022. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Meeting.

CORPORATE REPRESENTATIVE

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

VOTING OF PROXIES

Shareholders must mark the boxes directing their proxy how to vote. If no voting instructions are indicated on the Proxy Form, the proxy will be voted as set out in the Proxy Form or as the proxyholder sees fit (in the latter case, if the Chair is not appointed as proxy).

Shareholders who return their Proxy Form but do not nominate the identity of their proxy will be taken to have appointed the Chair as their proxy to vote on their behalf. The Chair intends to vote undirected proxy votes **AGAINST** all the Resolutions.

ELECTRONIC COMMUNICATION

All Shareholders may, and are encouraged to, elect to receive communications from the Company's share registry electronically. To provide or update your email address, please contact the Company's share registry.

EXPLANATORY STATEMENT

Introduction

This Explanatory Statement has been prepared for the Shareholders of Image Resources NL ABN 57 063 977 579 (**Company**) in connection with the business to be conducted at the general meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 24 March 2022 at 10.00am (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice. This Explanatory Statement should be read in conjunction with, and forms part of, the accompanying Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Statement will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Statement.

Background to the General Meeting

The Meeting has been convened at the request of Murray Zircon Pty Ltd (**Murray Zircon**), a Shareholder who held at least 5% of the Company's issued Shares as at the date of the request, in accordance with the Company's legal obligations pursuant to section 249D of the Corporations Act..

Voting AGAINST all Resolutions will result in the composition of your existing Board of Directors remaining unchanged.

Voting for all of the Resolutions will result in Murray Zircon having nominated 50% of the Directors on the Board of your Company, despite Murray Zircon only holding 23% of the Company's issued share capital.

Frequently asked questions

Why has the Meeting been called?	On 25 January 2022, the Company received a request from Murray Zircon Pty Ltd (Murray Zircon), being a Shareholder who held at the date of the request at least 5% of the Company's issued Shares, to convene a meeting of Shareholders to consider the resolutions set out in the Notice pursuant to section 249D of the Corporations Act. The Meeting has been convened as a result of receipt of that request as required by the Corporations Act.
What resolutions have Murray Zircon proposed to be considered at the Meeting?	Murray Zircon has proposed resolutions to remove the Company's existing Chairman Mr Robert Besley, the Company's existing Managing Director Mr Patrick Mutz and existing non-executive director Mr Chaodian Chen as directors of the Company, and replace them with Mr Chaohua Huang, Mr Graham Hewson and Ms Ran Xu (being persons nominated by Murray Zircon).
Why has Murray Zircon proposed to remove these existing directors and appoint new directors?	A copy of the Member's Statement received from Murray Zircon pursuant to section 249P of the Corporations Act is annexed. All of the Directors of the Company (other than Mr Huang Cheng Li) do not accept the validity of any of the reasons put forward by Murray Zircon to justify reconstituting the Company's existing Board.

Important dates and times

Last time / date for receipt of valid proxies	10.00am (WST) on Tuesday, 22 March 2022
Record time /date to determine shareholders eligible to vote	7.00pm (Sydney time) on Tuesday, 22 March 2022
General Meeting	10.00am (WST) on Thursday, 24 March 2022

Nature of Resolutions

All of the Resolutions are ordinary resolutions, meaning that they can be passed by a simple majority of votes cast by the Shareholders entitled to vote.

RESOLUTION	COMMENTARY	RECOMMENDATION
Resolution 1: Appointment of Mr Chaohua Huang as a Director	<p>Resolution 1 relates to the appointment of Mr Huang as a non-executive Director.</p> <p>Information on the proposed director is included in the attached statement provided by Murray Zircon. It was not prepared by the Company.</p>	<p>All of the Directors of the Company (other than Mr Huang Cheng Li, who has declined to make a recommendation) recommend that you vote <u>AGAINST</u> Resolution 1.</p>
Resolution 2: Appointment of Mr Graham Hewson as a Director	<p>Resolution 2 relates to the appointment of Mr Hewson as a non-executive Director.</p> <p>Information on the proposed director is included in the attached statement provided by Murray Zircon. It was not prepared by the Company.</p>	<p>All of the Directors of the Company (other than Mr Huang Cheng Li, who has declined to make a recommendation) recommend that you vote <u>AGAINST</u> Resolution 2.</p>
Resolution 3: Appointment of Ms Ran Xu as a Director	<p>Resolution 3 relates to the appointment of Ms Xu as a non-executive Director.</p> <p>Information on the proposed director is included in the attached statement provided by Murray Zircon. It was not prepared by the Company.</p>	<p>All of the Directors of the Company (other than Mr Huang Cheng Li, who has declined to make a recommendation) recommend that you vote <u>AGAINST</u> Resolution 3.</p>
Resolution 4: Removal of Mr Robert Besley as a Director	<p>Resolution 4 relates to the removal of Mr Robert Besley as a Director.</p> <p>Mr Robert Besley is the Company's current Chairman, having been appointed to the Board on 8 June 2016. Mr Besley is also a member of the Company's audit and remuneration committees.</p> <p>Mr Besley has more than 40 years' experience in the mining industry. Mr Besley has served in a number of Government and industry advisory roles including several years as Deputy Chairman of the NSW Minerals Council. He managed the creation, listing and operation of two successful mining companies: CBH Resources Limited, which he led as Managing Director from a small exploration company to Australia's 4th largest zinc producer; and Australmin Holdings Limited (acquired by Newcrest), which brought into</p>	<p>All of the Directors of the Company (other than Mr Huang Cheng Li, who has declined to make a recommendation) recommend that you vote <u>AGAINST</u> Resolution 4.</p>

RESOLUTION	COMMENTARY	RECOMMENDATION
	<p>production a gold mine in WA and a mineral sands mine in NSW.</p> <p>More recently, Mr Besley was a founding director of KBL Mining Limited, which operated the Mineral Hill copper-gold mine in NSW and was Chairman of Silver City Minerals Limited, which explored for silver-lead-zinc in the Broken Hill District. He was a non-executive and independent director of Murray Zircon from commencement of development and production of the Mindarie Mineral Sands Project until June 2016.</p>	
<p>Resolution 5:</p> <p>Removal of Mr Patrick Mutz as a Director</p>	<p>Resolution 5 relates to the removal of Mr Patrick Mutz as a Director.</p> <p>Mr Mutz is the Company's current Managing Director, having been appointed to the Board on 8 June 2016.</p> <p>Mr Mutz has more than 40 years of international mining industry experience in technical (metallurgist), managerial, consulting and executive roles in all aspects of the industry from exploration through project development, mining and mine rehabilitation. He has operational experience in open cut, underground, and in-situ mining and related processing, on projects in the USA, Germany, Africa and Australia. Since his arrival in Australia from the USA in 1998, he has served as CEO / Managing Director of a number of publicly listed and private mining companies based in South Australia, Victoria and Western Australia, primarily involved with project development and company transitioning from exploration to production.</p> <p>Mr Mutz is a Fellow of the AusIMM. He holds a Bachelor of Science (Honours) and an MBA from the University of Phoenix in the US. Prior to joining Image, Patrick was CEO of Murray Zircon focusing on the development and mining and processing operations of its 100%-</p>	<p>All of the Directors of the Company (other than Mr Huang Cheng Li, who has declined to make a recommendation) recommend that you vote <u>AGAINST</u> Resolution 5.</p>

RESOLUTION	COMMENTARY	RECOMMENDATION
	<p>owned Mindarie Mineral Sands Project in South Australia, where he led the company on its goal of becoming a successful new mining company in South Australia.</p> <p>Mr Mutz is currently employed by the Company as its Managing Director in accordance with an executive services agreement entered into with the Company, and his removal as Managing Director may expose the Company to contractual claims, including (without limitation) that the Company has repudiated Mr Mutz's executive services agreement.</p>	
<p>Resolution 6: Removal of Mr Chaodian Chen as a Director</p>	<p>Resolution 6 relates to the removal of Mr Chaodian Chen as a Director.</p> <p>Mr Chen is an existing non-executive director of the Company, having been appointed to the Board on 8 June 2016.</p> <p>Mr Chen founded Guangdong Orient Zirconic Ind. Sci. Tech. Co., Ltd. (OZC) in 1995 and built the company into a leading company in the zirconium industry. He served as President and Chairman of the company until mid-2013 when China National Nuclear Corporation (CNNC) became the largest shareholder in OZC. Mr Chen is the second largest shareholder and the director vice president of OZC. He became the Chairman of Murray Zircon when the company was founded in 2011 as a result of OZC's first investment in mining in Australia.</p> <p>Mr Chen is the Vice President of China non-ferrous metals industry association titanium zirconium & Hafnium Branch. He holds an EMBA degree and is a Certified Engineer. He also owns a number of patents involving the processing of zircon.</p>	<p>All of the Directors of the Company (other than Mr Huang Cheng Li, who has declined to make a recommendation) recommend that you vote <u>AGAINST</u> Resolution 6.</p>

Member's Statement provided by Murray Zircon

Section 249P of the Corporations Act provides that a Shareholder who has at least 5% of the votes that may be cast on a proposed resolution may submit a Member's Statement for circulation to Shareholders prior to the Meeting regarding the Resolutions or any other matter that may be properly considered at the Meeting. Set out below is a copy of the statement received from Murray Zircon for publication in the Notice.

Statement to the members of Image Resources NL (IMA or the Company)

pursuant to section 249P of the *Corporations Act 2001* (Cth)

Murray Zircon Pty Ltd, being the registered holder of at least five percent (5%) of the votes that may be cast at a general meeting of IMA (**Requisitioning Member**), has requested IMA to convene a general meeting of the Company to consider resolutions to remove Mr Robert Besley, Mr Patrick Mutz and Mr Chaodian Chen as directors and to appoint three new directors, Mr Chaohua Huang, Mr Graham Hewson and Mrs Ran Xu, to fill the casual vacancies.

The Requisitioning Member has requisitioned a general meeting of shareholders pursuant to sections 203D and 249D of the Corporations Act because, as shareholder, the Requisitioning Member has concerns regarding IMA's future direction and the on-going operation of the Company under the current board of directors. These concerns are set out below:

- Due to strong demand and global supply crisis, FY2021 was a booming year for the zirconium and titanium industry, and there were numerous opportunities to achieve higher profitability by actively communicating and understanding the market trends of China (IMA's main target market). IMA does not appear to have taken advantage of these opportunities, and the board appears to have failed to hold management accountable for this.
- According to the Cnfeol price index for zirconium sand products, the average China spot price in 1H2020 was ~USD1500 per tonne, and the price was about the same level in 1H2021¹. At the same period, the average Australian ilmenite China spot price in 1H2020 was ~USD220 per tonne, and the average price was increased to ~USD320 per tonne in 1H2021¹. However, according to IMA's Interim Financial Report for the six-month period ended 30 June 2021 (**Financial Report**), the heavy mineral concentrate (**HMC**) realised sales price per tonne decreased from AUD642 in 1H2020 to AUD480 in 1H2021 – amounting to a decrease of 25%.
- Even with 40% additional sales in 1H2021, according to the Financial Report, EBITDA has declined from AUD45.5 million in the 6 months to 30 June 2020 to AUD29.3 million in the 6 months to 30 June 2021.
- IMA's product type is very different from other industry players. HMC contributes to over 99% of the Company's total sales revenue. Due to IMA's lack of processing capacity, it relies on processing plants in China and is unable to sell its product directly to end users. The Board and IMA management team has only limited access to the end market of Zircon sand and ilmenite. There was no strategic relationship has been established with key players in the zirconium and titanium industries to try to obtain a stronger position in the industry value chain. The decrease of HMC sales price in 1H2021 is a classic example of lack of understanding of the downstream market.

The Requisitioning Member has made multiple offers to the existing IMA board to seek to address the concerns noted above, all of which have been rejected by the Board.

¹ Data from China Ferro Alloy Net, www.cnfeol.com

The Requisitioning Member believes that a newly composed, more focused Board, consisting of the three proposed directors as well as Mr Peter Thomas, Mr Huangcheng Li, and Mr Aaron Chong Veoy Soo, all of whom have been asked to remain on the Board, will better represent the interests of all IMA shareholders because the proposed directors have diversified background across mining, processing and marketing in mineral, zirconium and titanium markets:

- Mr Hewson had over 25 years of experience at Tronox, a global player in the integrated zirconium and titanium mining and manufacturing sector.
- Mr Huang has over 30 years' work experience in the zirconium industry. He is the COO of Guangdong Orient Zirconic Ind Sci&Tech Co., Ltd, a major zirconium products producer in China. Mr Huang is also the Vice President of China Non-Ferrous Metal Industry Association Titanium Zirconium & Hafnium Branch. He is involved in discussions of the industry standards, policies and regulatory guidelines to the zirconium, titanium and hafnium industries.
- Mrs Xu is the Associate President for Strategy of LB Group Ltd, which is one of the largest integrated global titanium dioxide producers.

With the proposed directors on board, IMA will have access to more in-depth market insights and would be in a better position to realise the value of its business.

The Requisitioning Member looks forward to working with Mr Thomas, Mr Li, and Mr Soo, the proposed directors, and the existing management team for the benefit of all IMA shareholders as the Company continues to advance its exciting zirconium and titanium projects.

Signed by **Murray Zircon Pty Ltd** in accordance
with section 127 of the *Corporations Act 2001*
(Cth) by:



Signature of director

LIMING FENG

Name of director (print)



Signature of director/secretary

PEIZHE LI

Name of director/secretary (print)

GLOSSARY

In this Explanatory Statement and the Notice, the following terms have the following meanings unless the context otherwise requires:

Board	the board of Directors.
Chair	the chair of the Meeting.
Company	Image Resources NL ABN 57 063 977 579.
Constitution	the Company's constitution, as amended from time to time.
Corporations Act	the Corporations Act 2001 (Cth).
Director	a director of the Company.
Explanatory Statement	the statement titled 'Explanatory Statement' attached to the Notice which provides information to Shareholders about the Resolutions contained in the Notice.
Meeting	the general meeting of Shareholders convened for the purpose of considering the Resolutions, as defined in the opening paragraph of the Notice.
Member's Statement	the member's statement provided by Murray Zircon to the Company pursuant to section 249P of the Corporations Act, as set out above in this Explanatory Statement.
Murray Zircon	Murray Zircon Pty Ltd ABN 75 147 048 744.
Notice or Notice of Meeting	the notice of general meeting accompanying this Explanatory Statement.
Proxy Form	the proxy form accompanying the Notice.
Resolution	a resolution contained in the Notice.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	the holder of a Share.
WST	Australian Western Standard Time.

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Tuesday, 22 March 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

If you hold two or more shares, you may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.



If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Tuesday, 22 March 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

If you hold two or more shares, you may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.



