

28 February 2022

UPDATE REGARDING SECTION 249D NOTICE

Image Resources NL (ASX: IMA) (**Image** or the **Company**) refers to its ASX announcements dated 21 and 28 January 2022 regarding the notices given by Murray Zircon Pty Ltd (**Murray Zircon**) to the Company under sections 203D and 249D of the Corporations Act 2001 (Cth) (**Corporations Act**) seeking to spill the Board of Image.

Image has received correspondence from lawyers advising they act for a Murray Zircon director, Mr Songhui Xu, and Murray Zircon minority shareholder X.Q. (HK) Enterprises Limited alleging that:

- there was no resolution of the Board of Murray Zircon approving the issue of the various notices under sections 203D and 249D of the Corporations Act;
- There has never been a resolution of the Board of Murray Zircon delegating to, or otherwise authorising, Liming Feng or any other Murray Zircon officer to execute and issue the various notices given by Murray Zircon under sections 203D and 249D of the Corporations Act;
- there has been no approval of the various notices under sections 203D and 249D of the Corporations Act under any business plan approved by the Board of Murray Zircon; and
- the notices provided by Murray Zircon under sections 203D and 249D of the Corporations Act were not validly executed in accordance with section 127 of the Corporations Act.

That correspondence asserts that the general meeting convened by Image in response to Murray Zircon's notices should not have been called, and that unless Murray Zircon withdraws the notices, legal proceedings will be commenced in the Supreme Court of New South Wales seeking declarations that Murray Zircon's notices are invalid. Murray Zircon has since rejected those assertions and have asserted that there is no basis for cancelling or postponing the Image shareholder meeting to consider Murray Zircon's proposed Image Board spill.

These developments significantly increase the corporate governance concerns that Image Directors (other than Mr Li who continues to abstain from making a recommendation) have regarding the consequences of shareholders approving Murray Zircon's proposed Board changes at the upcoming shareholders meeting convened for Thursday 24 March 2022.

3472-3510-8889v3

Not only could the proposed Image Board spill ultimately result in more than half of the Image directors being appointed by one shareholder whose controlling shareholder wants access to 100% of Image's HMC, but the allegations raise real concerns about whether the interests of Image shareholders will be appropriately protected in ensuring that Image receives a fair price for its HMC.

Image's Chairman, Mr Bob Besley, commented that "*Image shareholders should be alarmed by the allegations which only serve to heighten Image's already published concerns about the likely materially adverse effect upon not just Image, but its shareholders, if Murray Zircon's proposed Image Board spill succeeds.*

There are obvious and material conflicts arising out of Murray Zircon being a mineral sands mining competitor of Image, which are only compounded by OZC already having a stated desire to secure 100% of Image's HMC product.

Should Murray Zircon's proposed Board spill be successful, the allegations of Murray Zircon's Director Mr Xu raise significant questions about whether Murray Zircon and its controlling shareholder OZC would have due regard for Australian corporate governance practices or would be capable of acting in the best interests of Image shareholders as a whole."

Image will keep shareholders informed of any material developments in relation to this matter.

This document is authorised for release to the market by:

Robert Besley

Chairperson

+61 8 9485 2410

info@imageres.com.au

www.imageres.com.au

3472-3510-8889v3