

IMAGE RESOURCES NL
ABN 57 063 977 579

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

30 November 2016

Time of Meeting

1:00 pm

Place of Meeting

The Celtic Club
48 Ord Street
West Perth

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The 2016 Annual Report may be viewed on the Company's website at www.imageres.com.au

IMAGE RESOURCES NL
ABN 57 063 977 579
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Image Resources NL (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 30 November 2016 at 1:00 pm (**Meeting**) for the purpose of transacting the following business.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the meeting. The Explanatory Memorandum 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 Memorandum.

2016 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2016, consisting of the annual financial report, the Directors' report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following **advisory only resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2016 Annual Report be and is hereby adopted."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Re-election of Peter Thomas as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of article 73 of the Constitution and for all other purposes, Peter Thomas, having retired as a Director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election, is re-elected a Director of the Company."

Resolution 3 – Election of Robert Besley as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of article 69.2 of the Constitution and for all other purposes, Robert Besley, who was appointed to the Board since the previous annual general meeting of the Company, retires as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director."

Resolution 4 – Election of Patrick Mutz as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of article 69.2 of the Constitution and for all other purposes, Patrick Mutz, who was appointed to the Board since the previous annual general meeting of the Company, retires as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director."

Resolution 5 – Election of Chaodian Chen as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of article 69.2 of the Constitution and for all other purposes, Chaodian Chen, who was appointed to the Board since the previous annual general meeting of the Company, retires as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director.”

Resolution 6 – Election of Fei Wu as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of article 69.2 of the Constitution and for all other purposes, Fei Wu, who was appointed to the Board since the previous annual general meeting of the Company, retires as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director.”

Resolution 7 – Ratification of Issue of Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 16,000,000 Shares to sophisticated and professional investors, for the purposes and on the terms set out in the Explanatory Memorandum.”

Voting Exclusion Statement: For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 8 – Ratification of Issue of Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 3,550,926 Shares to Azure Capital Limited, for the purposes and on the terms set out in the Explanatory Memorandum.”

Voting Exclusion Statement: For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by Azure Capital Limited and any of its Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 9 – Ratification of Issue of Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 2,857,143 Shares to sophisticated and professional investors, for the purposes and on the terms set out in the Explanatory Memorandum.”

Voting Exclusion Statement: For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 10 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion Statement: For the purposes of Listing Rule 7.3A, the Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed, and any of their Associates, unless it is cast:

- (a) by a person as a proxy for a person who is entitled to vote (in accordance with directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 11 – Approval of Grant of Options to Mr Patrick Mutz

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11 of the Listing Rules, section 208 of the Corporations Act and for all other purposes, the issue to Mr Patrick Mutz, or his nominees, for nil consideration of 1,500,000 Options to acquire fully paid Shares in the capital of the Company, at an exercise price that is the greater of \$0.085 and 135% of the VWAP of Shares for the 7 Trading Days prior to the AGM, expiring 2 years from the date of issue and on the terms and conditions outlined in the Explanatory Statement and in Annexure A, is hereby approved."

Voting Exclusion Statement: The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 11 by Mr Mutz and any Associate of Mr Mutz, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 12 – Approval of Grant of Options to Mr Patrick Mutz

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11 of the Listing Rules, section 208 of the Corporations Act and for all other purposes, the issue to Mr Patrick Mutz, or his nominees, for nil consideration of 1,500,000 Options to acquire fully paid Shares in the capital of the Company, at an exercise price that is the greater of \$0.10 and 135% of the VWAP of Shares for the 7 Trading Days prior to the AGM, expiring 2 years from the date of issue and on the terms and conditions outlined in the Explanatory Statement and in Annexure B, is hereby approved."

Voting Exclusion Statement: The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 12 by Mr Mutz and any Associate of Mr Mutz, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

By order of the Board.



Dennis Wilkins
Company Secretary
Date: 17 October 2016

EXPLANATORY MEMORANDUM

The accompanying Explanatory Memorandum forms part of this Notice and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. 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. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

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;
- a member may appoint a body corporate or an individual as its proxy; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and 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.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. To be valid, properly completed Proxy Forms must be received by the Company's Share Registry no later than 10:00am (WST) on 28 November 2016:

1. by post to Security Transfer Australia Pty Ltd, PO Box A2020, South Sydney, NSW 1235; or
2. by facsimile to Security Transfer Australia Pty Ltd at (08) 9315 2233 (International: +61 8 9315 2233); or
3. email at registrar@securitytransfer.com.au; or
4. online at www.securitytransfer.com.au.

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 Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm on 19 November 2016. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Annual General Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

ELECTRONIC COMMUNICATION

All Shareholders may 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.

REVOCATION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

The Proxy Form accompanying this Explanatory Statement confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of proxy form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

EXPLANATORY MEMORANDUM

This Explanatory Memorandum 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 Annual General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, on 30 November 2016 commencing at 1:00 pm.

The purpose of this Explanatory Memorandum 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 Memorandum should be read in conjunction with, and forms part of, the accompanying Notice.

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

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

Financial and Other Reports

In accordance with Section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the financial report, the Directors' report and the auditor's report for the financial year ended 2016.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered a reasonable opportunity to:

- discuss the Annual Report which is available online from the Company's website www.imageres.com.au;
- ask questions about, or comment on, the management of the Company; and
- ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the content of the auditor's report; and
- the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

Resolution 1 – Remuneration Report

1.1 General

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' report contains the Remuneration Report, which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

The Remuneration Report has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the Annual Report are available by contacting the Company's share registry or visiting the Company's web site www.imageres.com.au.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*, which came into effect on 1 July 2011, amended the Corporations Act to provide that Shareholders will have the opportunity to remove the whole Board (except the managing director) if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution (**Spill Resolution**) on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2014 annual general meeting. Accordingly, a Spill Resolution is not relevant for this Annual General Meeting. If the Remuneration Report receives a Strike at this Meeting,

Shareholders should be aware that if a second Strike is received at the 2016 annual general meeting, this may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

1.2 Voting on the Remuneration Report

In accordance with the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies how the proxy is to vote on this Resolution; or
- (b) the voter is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

1.3 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Memorandum and the Remuneration Report, all of the Directors consider that Resolution 1 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 1.

Resolution 2 – Re-election of Peter Thomas as a Director

2.1 General

Mr Peter Thomas was appointed as a Director on 19 April 2002. The Board considers Mr Thomas to be an independent director.

In accordance with Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each AGM. Accordingly, Mr Thomas will retire by rotation and, being eligible, offers himself for re-election.

Resolution 2 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

2.2 Director's Biography and Experience

Peter Thomas has served on ASX listed company boards for some 30 years. He was the founding non-executive chairman of Image Resources NL until he relinquished the Chair on 29 October 2014; he continues to serve as a non-executive independent director. For over 30 years until June 2011, Mr Thomas ran a legal practice on his own account, specialising in the delivery of wide ranging legal, corporate and commercial advice to listed explorers and miners. Mr Thomas is currently also a director of ASX listed companies Emu NL and Middle Island Resources Limited. He was the founding chairman of Sandfire Resources NL.

2.3 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Memorandum, all of the Directors consider that Resolution 2 is in the best interests of the Company, as Mr Thomas has a wealth of experience and expertise which is valuable to the Company. However, Messrs Chen, Wu, and Mutz are considered Nominated Directors of the Subscriber (Murray Zircon) under the Share Consideration Deed and in accordance with clause 4.1(a)(ii) of the Share Consideration Deed, cannot take any steps to influence or control the composition of the Board for any Director other than a Nominated Director. Mr Thomas does not provide a recommendation to Shareholders on Resolution

2. Consequently, Resolution 2 is not recommended by a majority of the Directors and therefore Murray Zircon as the Subscriber will abstain from voting on this Resolution.

Resolution 3 – Election of Robert Besley as a Director

3.1 General

Mr Robert Besley was appointed as a Director on 8 June 2016. The Board considers Mr Besley to be an independent director.

In accordance with ASX Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. The Company's Constitution also requires that any director appointed during the year to fill a casual vacancy automatically retires at the next AGM, but is eligible for re-election at that meeting.

Accordingly, Mr Besley, who was appointed by the Directors, now retires, and, being eligible, offers himself for election as a Director.

Resolution 3 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

3.2 Director's Biography and Experience

Robert Besley is a director of KBL Mining Limited (ASX:KBL) and Chairman of Silver City Minerals Ltd (ASX:SCI) and has more than 40 years' experience in the mining industry. Mr Besley has served in a number of Government advisory roles including several years as Deputy Chairman of the NSW Minerals Council. He holds a BSc (Hons) in Economic Geology from the University of Adelaide and he is a Member of the Australian Institute of Geoscientists. 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 production a gold mine in WA and mineral sands mine in NSW. More recently he was a founding director and remains a director of KBL Mining Limited (currently in external administration) which operates the Mineral Hill copper-gold mine in NSW, is Chairman of Silver City Minerals Limited, which is actively exploring for silver-lead-zinc in the Broken Hill District and has been a non-executive director of Murray Zircon from commencement of development and production from the Mindarie Mineral Sands Project until May 2016.

Prior to this, Mr Besley's early career was involved in the exploration and development of mineral deposits for Unocal's (now Chevron) mineral activities in S.E. Asia, North America, Latin America, Australia and the Pacific. His activities have covered projects in precious metals, base metals, ferroalloys, mineral sands, specialty metals, uranium and coal. Through his corporate management roles, Mr Besley has played a central role in project and corporate financing covering a wide range of capital structures as well as acquisitions, mergers and asset sales.

3.3 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Memorandum, all of the Directors consider that Resolution 3 is in the best interests of the Company, as Mr Besley has a wealth of experience and expertise which is valuable to the Company. All the Directors, except Mr Besley, recommend that Shareholders vote in favour of Resolution 3.

Resolution 4 – Election of Patrick Mutz as a Director

4.1 General

Mr Patrick Mutz was appointed as a Director on 8 June 2016. As managing director, the Board does not consider Mr Mutz to be an independent director.

In accordance with ASX Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. The Company's Constitution also requires that any director appointed during the year to fill a casual vacancy automatically retires at the next AGM, but is eligible for re-election at that meeting.

Accordingly, Mr Mutz, who was appointed by the Directors, now retires, and, being eligible, offers himself for election as a Director.

Resolution 4 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

4.2 Director's Biography and Experience

Patrick Mutz has more than thirty 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 Managing Director / CEO 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.

Mr Mutz is a Fellow of the AusIMM and a member of the Australian Institute of Company Directors. He holds a Bachelor of Science (Honours) and an MBA from the University of Phoenix in the US. Prior to joining Image, Mr Mutz was Chief Operating Officer for Murray Zircon during the company's pivotal transition period from development of the Mindarie Mineral Sands project in South Australia to operational status and in 2013 took on the role of CEO to lead the company on its goal of becoming Australia's newest mineral sands mining company.

4.3 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Memorandum, all of the Directors consider that Resolution 4 is in the best interests of the Company, as Mr Mutz has a wealth of experience and expertise which is valuable to the Company. All the Directors, except Mr Mutz, recommend that Shareholders vote in favour of Resolution 4.

Resolution 5 – Election of Chaodian Chen as a Director

5.1 General

Mr Chaodian Chen was appointed as a Director on 8 June 2016. The Board does not consider Mr Chen to be an independent director as he is associated with the Company's major Shareholder, Murray Zircon.

In accordance with ASX Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. The Company's Constitution also requires that any director appointed during the year to fill a casual vacancy automatically retires at the next AGM, but is eligible for re-election at that meeting.

Accordingly, Mr Chen, who was appointed by the Directors, now retires, and, being eligible, offers himself for election as a Director.

Resolution 5 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

5.2 Director's Biography and Experience

Mr Chen founded Orient Zirconic in 1995 and has 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 became the largest shareholder in Orient Zirconic. He became the Chairman of Murray Zircon when the company was founded in 2011 as a result of Orient Zirconic's first investment in mining in Australia. Mr Chen is the Vice President of China's non-ferrous metals industry association titanium zirconium & Hafnium Branch. He holds an EMBA degree and owns a number of patents involving the processing of zircon.

5.3 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Memorandum, all of the Directors consider that Resolution 5 is in the best interests of the Company, as Mr Chen has a wealth of experience and expertise which is valuable to the Company. All the Directors, except Mr Chen, recommend that Shareholders vote in favour of Resolution 5.

Resolution 6 – Election of Fei Wu as a Director

6.1 General

Mr Fei Wu was appointed as a Director on 8 June 2016. The Board does not consider Mr Wu to be an independent director as he is associated with the Company's major Shareholder, Murray Zircon.

In accordance with ASX Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. The Company's Constitution also requires that any director appointed during the year to fill a casual vacancy automatically retires at the next AGM, but is eligible for re-election at that meeting.

Accordingly, Mr Wu, who was appointed by the Directors, now retires, and, being eligible, offers himself for election as a Director.

Resolution 6 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

6.2 Director's Biography and Experience

Mr Wu has solid operational experience in the Australian resource and mining industry. He specialises in combining the strengths of Australian upstream mining with Chinese downstream processing and end use to optimise the strategy for resource development and maximise the resource value. As the first CEO of Murray Zircon, he built and led the team to complete the development and start-up at the Mindarie mineral sands project in late 2012. Mr Wu was appointed as a Non-Executive Director of Murray Zircon in early 2013. He is currently the CEO and a Director of Queensland Mining Corporation Limited and the CEO of WIM Resources Pty Ltd.

Mr Wu graduated from the University of Science and Technology, Beijing. He holds a Master's Degree in Commerce (Finance) from the Australian National University and a Master's Degree in Science from Cass Business School, City University, London.

6.3 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Memorandum, all of the Directors consider that Resolution 6 is in the best interests of the Company, as Mr Wu has a wealth of experience and expertise which is valuable to the Company. All the Directors, except Mr Wu, recommend that Shareholders vote in favour of Resolution 6.

Resolution 7 – Ratification of Issue of Shares

7.1 General

As announced on 24 February 2016, the Company undertook a placement to existing and new Shareholders of the Company to raise \$800,000. The Company issued 16,000,000 Shares on 1 March 2016 at an issue price of \$0.05 per Share under its Listing Rule 7.1 15% placement capacity and now seeks, pursuant to Resolution 7 of the Notice, to ratify the allotment and issue of those Shares.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

The Company proposes Resolution 7 to ratify a previous issue of Shares in accordance with Listing Rule 7.4. The Company confirms that the allotment and issue of the Shares the subject of Resolution 7 did not breach Listing Rule 7.1.

7.2 Information required by Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 16,000,000 Shares were allotted and issued by the Company.
- (b) The issue price per Share was \$0.05.
- (c) The Shares allotted were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue.
- (d) The Shares were allotted as a private placement to sophisticated and professional investors who are not related parties of the Company.
- (e) The funds raised of \$800,000 were used to supplement working capital to allow the Company to continue exploration work and also to complete the legal documentation and approvals in relation to the Murray Zircon Transaction.
- (f) A voting exclusion statement is included in the Notice.

7.3 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 7 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 7. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities. The passing of Resolution 7 will increase the Directors' ability to issue new Shares permitted by the Listing Rules without requiring Shareholder approval.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolution 7. The Chair intends to vote all undirected proxies in favour of the Resolution.

Resolution 8 – Ratification of Issue of Shares**8.1 General**

The Company completed the Murray Zircon Transaction on 8 June 2016 (refer to ASX announcement dated 8 June 2016). The Company was obliged to pay a success fee to its advisor, Azure Capital, upon completion. The Company agreed with Azure Capital that a portion of the success fee would be settled by the issue of Shares (refer to ASX announcement dated 6 June 2016).

The Company issued 3,550,926 Shares on 8 June 2016 at an issue price of \$0.087 per Share under its Listing Rule 7.1 15% placement capacity and now seeks, pursuant to Resolution 8 of the Notice, to ratify the allotment and issue of those Shares.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

The Company proposes Resolution 8 to ratify a previous issue of Shares in accordance with Listing Rule 7.4. The Company confirms that the allotment and issue of the Shares the subject of Resolution 8 did not breach Listing Rule 7.1.

8.2 Information required by Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 3,550,926 Shares were allotted and issued by the Company.
- (b) The issue price per Share was \$0.087.
- (c) The Shares allotted were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue.
- (d) The Shares were allotted to Azure Capital as part payment of corporate advisory fees in connection with completion of the Murray Zircon Transaction.
- (e) The Share were allotted as part payment of corporate advisory fees, so no funds were raised by the issue of the Shares.
- (f) A voting exclusion statement is included in the Notice.

8.3 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 8 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 8. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities. The passing of Resolution 8 will increase the Directors' ability to issue new Shares permitted by the Listing Rules without requiring Shareholder approval.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolution 8. The Chair intends to vote all undirected proxies in favour of the Resolution.

Resolution 9 – Ratification of Issue of Shares**9.1 General**

As announced on 6 June 2016, as a consequence of the delay in completion of the Murray Zircon Transaction, the Company issued converting notes to raise \$200,000 to cover the eventuality of completion not eventuating on or before 9 June 2016. Completion proceeded on 8 June 2016 and the converting notes were converted into Shares on 10 Jun 2016.

The Company issued 2,857,143 Shares on 10 June 2016 at an issue price of \$0.07 per Share under its Listing Rule 7.1 15% placement capacity and now seeks, pursuant to Resolution 9 of the Notice, to ratify the allotment and issue of those Shares.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

The Company proposes Resolution 9 to ratify a previous issue of Shares in accordance with Listing Rule 7.4. The Company confirms that the allotment and issue of the Shares the subject of Resolution 9 did not breach Listing Rule 7.1.

9.2 Information required by Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 2,857,143 Shares were allotted and issued by the Company.
- (b) The issue price per Share was \$0.07.
- (c) The Shares allotted were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue.
- (d) The Shares were allotted to sophisticated and professional investors who are not related parties of the Company.
- (e) The funds raised of \$200,000 were used to supplement working capital to allow the Company to continue exploration work.
- (f) A voting exclusion statement is included in the Notice.

9.3 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 9 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 9. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities. The passing of Resolution 9 will increase the Directors' ability to issue new Shares permitted by the Listing Rules without requiring Shareholder approval.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolution 9. The Chair intends to vote all undirected proxies in favour of the Resolution.

Resolution 10 – Approval of 10% Placement Facility**10.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2 (c) below).

10.2 Description of Listing Rule 7.1A**(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quote class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, Shares and unlisted Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;

- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%;

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 379,511,740 Shares and, assuming Resolutions 7 through 9 are passed, has a capacity to issue:

- (i) 56,926,761 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 10, 37,951,174 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2 (c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

10.3 Listing Rule 7.1A

The effect of Resolution 10 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

10.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issues is agreed; or

- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 10 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0925 50% decrease in Issue Price	\$0.059 Issue Price	\$0.118 100% increase in Issue Price
Current Variable A 379,511,740 Shares	10% voting dilution	37,951,174 Shares		
	Funds raised	\$1,119,559	\$2,239,119	\$4,478,238
50% increase in current Variable A 569,267,610 Shares	10% voting dilution	56,926,761 Shares		
	Funds raised	\$1,679,339	\$3,358,678	\$6,717,357
100% increase in current Variable A 759,023,480 Shares	10% voting dilution	75,902,348 Shares		
	Funds raised	\$2,239,119	\$4,478,238	\$8,956,477

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on the Shareholder's holding at the date of the Meeting.

- (v) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The use of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) The issue price is \$0.059, being the closing price of the Shares on ASX on 13 October 2016.
- (c) The Company will only issue and allot the Equity Securities during the Placement Period. The approval under Resolution 10 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new projects. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards a bankable feasibility study for the Company's Boonanarring and Atlas deposits, to move towards production and for general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (g) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- Further, if the Company is successful in acquiring new projects, it is likely that the allottees under the 10% Placement Facility will be the vendors.
- (h) The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A at its AGM held on 20 November 2015.

In accordance with Listing Rule 7.3A.6 the total number of Equity Securities issued in the 12 months preceding the date of this Notice of Meeting is 179,111,611, representing 88.23% of the Equity Securities on issue at the commencement of the 12 month period. The Company has issued the following equity securities in the 12 months preceding the date of this Notice of Meeting:

Date of Issue	Number of Securities	Class	Issue Price	Discount to market price on date of issue	Funds raised	Basis of allotment
01/03/2016	16,000,000	Fully paid ordinary shares	\$0.05	2.0%	\$800,000	Placement
08/06/2016	156,703,542	Fully paid ordinary shares	Nil	N/A	\$0	Consideration for Murray Zircon Transaction – refer to Company's notice of meeting dated 5 April 2016. Value of Shares issued at \$0.059, being the closing Share price on 13 October 2016, is approx. \$9,245,509
08/06/2016	3,550,926	Fully paid ordinary shares	\$0.087	20.9%	\$0	Part consideration for success fee due to Azure Capital. Value of Shares issued at \$0.059, being the closing Share price on 13 October 2016, is approx. \$209,505
10/06/2016	2,857,143	Fully paid ordinary shares	\$0.07	19.5%	\$200,000	Placement to sophisticated and professional investors

Date of Issue	Number of Securities	Class	Issue Price	Discount to market price on date of issue	Funds raised	Basis of allotment
TOTAL	179,111,611				\$1,000,000	

- (a) The Company has spent the funds it has raised in the 12 months preceding the date of this Notice on exploration work, including work at the Company's Boonanarring mineral sands project in Western Australia, costs associated with legal documentation and approvals for the Murray Zircon Transaction, and corporate expenses.
- (b) A voting exclusion statement is included in the Notice.
- (c) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

10.5 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 10 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 10. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities. The passing of Resolution 10 will increase the Directors' ability to issue new Shares permitted by the Listing Rules without requiring Shareholder approval.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolution 10. The Chair intends to vote all undirected proxies in favour of the Resolution.

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Resolutions 11 and 12 – Approval of Grant of Options to Mr Patrick Mutz

7.1 General

The Company proposes to grant 3,000,000 Options to Mr Patrick Mutz, or his nominees, for nil consideration, expiring 2 years from the date of issue. 1,500,000 Options will have an exercise price of the greater of \$0.085 and 135% of the VWAP of Shares for the seven Trading Days prior to the AGM and vest 6 months after the date of issue. The remaining 1,500,000 Options will have an exercise price of the greater of \$0.10 cents and 135% of the VWAP of Shares for the seven Trading Days prior to the AGM and may be exercised at any time prior to the expiry date. Both tranches of Options are only exercisable if Mr Mutz is managing director at the time of exercise.

The full terms of the Options are set out in Annexure A and Annexure B to this Explanatory Statement.

The Directors consider that the incentive represented by the grant of the Options is a cost effective and efficient means for the Company to provide an incentive, subject to observations of Messrs Sakalidis and Thomas set out below.

The exercise price will only be known on the date of the 2016 AGM. Assuming the exercise price was calculated on the basis of the seven Trading Days prior to the date of this Notice, the exercise prices would be \$0.085 and \$0.10. On that basis, in the event all the Options are exercised, Mr Mutz (or his nominees) will need to pay a total of \$277,500 to the Company.

Resolutions 11 and 12 are required to be approved in accordance with section 208 of the Corporations Act and Listing Rule 10.11 to issue securities to a Director, being a related party of the Company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

7.2 Chapter 2E of the Corporations Act – related party transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

Resolutions 11 and 12 provide for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. The financial benefit represented by the grant of the Options arguably falls within the 'reasonable remuneration' exception contained in section 211 of the Corporations Act and therefore may not require approval by Shareholders for the purposes of Chapter 2E of the Corporations Act. Nevertheless, the Board has determined that, in the interests of good governance, it would seek Shareholder approval for these purposes.

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the grant of the Options to Mr Mutz under Resolutions 11 and 12.

The related party to whom the proposed Resolution would permit the financial benefit to be given

Subject to Shareholder approval, the Options the subject of Resolutions 11 and 12 will be granted to Mr Mutz, or his nominees, within one month of the passing of this Resolution. Mr Mutz is a Director and is therefore classified as a related party.

The nature of, reasons for and basis for the financial benefit

The proposed financial benefit is the grant of 3,000,000 options to Mr Mutz, or his nominees, for no issue price. Each Option will allow Mr Mutz to subscribe for one ordinary fully paid Share in the Company. 1,500,000 Options have an exercise price of the greater of \$0.085 and 135% of the VWAP of Shares for the seven Trading Days prior to the AGM per Share and 1,500,000 Options have an exercise price of the greater of \$0.10 and 135% of the VWAP of Shares for the seven Trading Days prior to the AGM per Share and all the Options expire 2 years from the date of issue.

The Options form part of Mr Mutz's incentive for continuing and future efforts as the Managing Director of the Company. The Directors consider that Options are the most cost effective and efficient means to align the interests of the Company's Managing Director with the interests of all Shareholders and to provide rewards for past efforts. The issue of Options to Mr Mutz is subject to Resolutions 11 and 12 being passed.

Options are considered to be the appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Mr Mutz is to derive any value from the opportunity afforded by the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise prices of the Options represent a premium to the closing Share price prior to the date of this Notice and the average Share price over the last three months, the Options represent an incentive to Mr Mutz to achieve the increase in Share price, which may result in an increase in Shareholder value.

The number of Options to be offered to Mr Mutz has been determined by reference to Mr Mutz's executive role as Managing Director of the Company, as well as current market practices in the junior exploration sector.

Observations of Messrs Thomas and Sakalidis

Background: Mr Mutz is party to a 12 month employment contract (**Contract**) under which he is entitled to participate in a Company-wide executive performance incentive scheme whereby Mr Mutz is to receive a bonus (**Bonus**) of circa \$100,000 per annum for discharging his duties in a manner above and beyond mere ordinary performance.

Basis for observations: Messrs Sakalidis and Thomas fully support Mr Mutz being paid a bonus under the Contract. Indeed, they strongly support Mr Mutz being handsomely rewarded if he leads the Company into production at Boonanarring within the time frame in the Murray Zircon Transaction documents whereby Murray Zircon will be issued additional Shares.

If the Company meets the timeline for getting Boonanarring into production to entitle Murray Zircon to be issued additional Shares under the Murray Zircon Transaction documents, Messrs Sakalidis and Thomas anticipate that payment of \$100,000 cash bonus will be of minor financial moment to the Company. The difficulty here is that the contract has a one year term and the said timetable is longer.

Option expiry date: It makes no sense to pre pay a bonus for excellent performance (not yet delivered). Yet, the remuneration committee (of which Mr Thomas is a member), guided by a clear indication from the Board, recommended the grant of the Options to Mr Mutz to discharge the Bonus obligation. The terms recommended were largely as recorded in this Notice, however, and importantly, the expiry date proposed in this Notice is double that the committee recommended and the terms and conditions to the issue proposed in this Notice do not provide for the Options to discharge the Bonus obligation.

Pricing: Messrs Sakalidis and Thomas believe that it is appropriate for Mr Mutz to make more than his ordinary cash remuneration in circumstances where he is seen to have had a direct influence on moving the Share price upwards.

It is not contended that Mr Mutz is solely responsible for the Share price but, especially given the nexus with the Bonus obligation, it is submitted that the date upon which Mr Mutz became managing director, namely 8 June 2016, ought to be adopted as the relevant date for determining the base for the exercise price.

It is common, for tax and other reasons, for options exercise prices to be at least circa 1.35 times the VWAP of shares at the date of agreement to issue options. If 8 June 2016 is accepted as the appropriate dated for determining the exercise price for the Options, or, put another way, if Mr Mutz is to benefit from Options by reason of his influence on the Share price, then the base price (being the price at 8 June) ought to be circa \$0.08.

At 1.35 times the Share price prevailing when Mr Mutz became managing director, an exercise price of at least 10.8 cents is prima facie appropriate.

Mr Thomas questions the proposed exercise prices of 8.5 cents and 10 cents against the background of the foregoing in the context of the Options expiring some 18 months after the Contact expires, when the reason the Options are being put to Shareholders at the 2016 AGM is, among other things, driven by the need to satisfy the Bonus obligation and to comply with the Listing Rules re the issue of securities to related parties.

Annual bonus: Messrs Sakalidis and Thomas anticipate the Contact will be extended and that the Contract (as extended) will provide for annual bonuses of circa \$100,000. Neither takes issue with such a bonus being paid if the attainment of appropriate KPIs is a condition to payment. Each has a concern that before the proposed Options lapse, another 3,000,000 (or other significant number of) Options might be issued to Mr Mutz. These Options being issued to Mr Mutz as bonus payments when the issue precedes his performance.

Further, Mr Thomas believes there is too much of a disconnect between issuing Options in November 2016 expiring circa December 2018 on the one hand and, on the other hand, doing so in satisfaction of a contractual obligation to pay a bonus for exceptional performance under an employment contract expiring 7 June 2017.

Company-wide scheme: Whilst Messrs Sakalidis and Thomas believe the grant of Options to Mr Mutz should be part of a holistic scheme, they recognise that issues of securities to related parties have to go before Shareholders and that it is commercially sensible to deal with the matter of equity remuneration to Mr Mutz at the AGM.

Neither of Messrs Sakalidis and Mr Thomas oppose Mr Mutz being granted equity remuneration as incentive in addition to being granted in satisfaction of the Bonus – their concern goes to the proposed terms of and rationale for the grant of the Options.

Directors' recommendation

All Directors, other than Mr Mutz, Mr Thomas and Mr Sakalidis, recommend Shareholders vote in favour of Resolutions 11 and 12 as they believe, based on the information available, including the information contained in this Explanatory Statement, the granting of these Options to Mr Mutz will align his rewards with the long-term creation of value for Shareholders.

Mr Mutz does not wish to make a recommendation about the proposed Resolutions 11 and 12 as he may potentially receive a financial benefit from the passing of the Resolutions in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

Mr Thomas and Mr Sakalidis support the Resolution subject to their observations above.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 3,000,000 Options to Mr Mutz, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A and Annexure B to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Mutz, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

Table 1 - Details of Options

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Patrick Mutz	Managing Director	1,500,000	The greater of \$0.085 and 135% of the VWAP of Shares for the 7 Trading Days prior to the AGM	2 years from the date of issue	On the passing of 6 months from the date of issue	\$30,450 (i)

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Patrick Mutz	Managing Director	1,500,000	The greater of \$0.10 and 135% of the VWAP of Shares for the 7 Trading Days prior to the AGM	2 years from the date of issue	On issue	\$26,550 (ii)

Option Valuation details

Details	Input	Input
Share price	\$0.059	\$0.059
Exercise Price	\$0.085*	\$0.10**
Risk Free Rate	1.74%	1.74%
Volatility (Annualised)	81.45%	81.45%
Start Date	30 November 2016	30 November 2016
Expiry Date	30 November 2018	30 November 2018
Value per Option	\$0.0203 (i)	\$0.0177 (ii)

* Based on the greater of \$0.085 and 135% of the VWAP of Shares for the seven Trading Days prior to the date of this Notice, being \$0.085.

** Based on the greater of \$0.10 and 135% of the VWAP of Shares for the seven Trading Days prior to the date of this Notice, being \$0.10.

- (e) The Black-Scholes Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant. However, the Directors do not consider the resultant value as determined by the Black-Scholes Option Pricing Model is in anyway representative of the market value of the share options issued. The theoretical fair value of the options will be influenced by the terms and conditions upon which the options were granted, the effects of non-transferability, exercise restrictions and behavioural considerations of buyers and sellers of such instruments, the impact of which are ignored in the Black-Scholes Option Pricing Model.
- (f) As at the date of this Notice, the issued capital of the Company comprised 379,511,740 Shares and 2,600,000 unlisted Options. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

	Existing Shares and Options
Shares and Options	382,111,740
Options to be granted	3,000,000
New Total	385,111,740
Dilutionary effect	0.78%

- (g) Mr Mutz's current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding
Patrick Mutz	Nil	Nil

- (h) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.

- (i) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since July 2002. In the 12 months prior to the date of this Notice, the Shares have traded in the range of \$0.046 to \$0.11, the most recent closing price prior to the date of this Notice was \$0.059. The Options are capable of being converted to Shares by payment of the exercise price.
- (j) Mr Mutz receives a salary of \$240,000 per annum, inclusive of superannuation.
- (k) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company, in granting the Options to Mr Mutz or his nominees pursuant to Resolutions 11 and 12
- (l) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

7.3 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Mutz (or his nominees).
- (b) The maximum number of Options to be issued to Mr Mutz (or his nominees) is 3,000,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) 1,500,000 Options will be issued at an exercise price of the greater of \$0.085 and 135% of the VWAP of Shares for the seven Trading Days prior to the AGM per Share and otherwise on the terms and conditions outlined in Annexure A. 1,500,000 Options will be issued at an exercise price of the greater of \$0.10 and 135% of the VWAP of Shares for the seven Trading Days prior to the AGM per Share and otherwise on the terms and conditions outlined in Annexure B. All the Options expire 2 years from the date of issue.
- (e) A voting exclusion statement is included in the Notice of Meeting.
- (f) No funds will be raised from the issue of the Options. However, the exercise of the Options will raise funds equivalent to the number of shares exercised multiplied by the exercise price.

GLOSSARY

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

10% Placement Facility	has the meaning given in Section 10.1.
10% Placement Period	has the meaning given in Section 10.2(f).
AGM	means an Annual General Meeting.
Annual Report	means the Directors' report, the annual financial report and auditors report in respect of the financial year ended 30 June 2016.
Associate	has the same meaning as defined in Section 11 and Sections 13 to 17 of the Corporations Act.
ASX	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
Azure Capital	means Azure Capital Limited ACN 107 416 106.
Board	means the board of Directors of the Company.
Closely Related Party	of a member of the Key Management Personnel means: <ul style="list-style-type: none">▪ a spouse or child of the member;▪ a child of the member's spouse;▪ a dependent of the member or the member's spouse;▪ anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;▪ a company the member controls; or a person prescribed by the Corporations Regulations 2001 (Cth).
Company	means Image Resources NL ABN 57 063 977 579.
Constitution	means the Company's constitution, as amended from time to time.
Convertible Security	means a security of the Company which is convertible into Shares.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Equity Securities	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Listing Rules	means the listing rules of ASX.
Meeting	has the meaning in the introductory paragraph of the Notice.
Murray Zircon	means Murray Zircon Pty Ltd ACN 147 048 744.
Murray Zircon Transaction	means the transaction between the Company, Murray Zircon and its parent, Guangdong Orient Ind Sci & Tech Co., Ltd which completed on 8 June 2016 (refer to the Company's ASX announcement dated 8 June 2016).
Nominated Director	means each of Mr Patrick Mutz, Mr Chaodian Chen and Mr Fei Wu and any subsequent replacements of any of them on the Board (other than, in specified circumstances, Mr Patrick Mutz).
Notice or Notice of Meeting	means the Notice of AGM accompanying this Explanatory Memorandum.
Option	means an option to acquire a Share in the Company.

Proxy Form	means the proxy form attached to this Notice.
Remuneration Report	means the remuneration report of the Company outlined in the Annual Report.
Resolution	means a resolution contained in the Notice.
Restriction Period	means the period commencing on 8 June 2016 and ending on the earlier of 2 years from that date and a decision to mine having occurred.
Share	means a fully paid ordinary share in the capital of the Company.
Share Consideration Deed	means the share consideration deed between the Company and Murray Zircon dated 8 June 2016.
Shareholder	means the holder of a share.
Trading Day	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
VWAP	means volume weighted average price.
WST	means Australian Western Standard Time.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS – EXERCISE PRICE 8.5 CENTS

The Options are issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be *the greater of 8.5 cents and 135% of the VWAP of Shares for the 7 trading days prior to the 2016 AGM* ("**Exercise Price**").
3. Options vest on the date that is 6 months from the date of issue.
4. Each Option entitles the holder to subscribe for one Share in Image Resources Limited ACN 063 977 579 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
5. The Options will lapse at:
 - a. the date of cessation of the Option holder being the managing director of the Company; or
 - b. 5:00 pm on the date that is 2 years from the date of issue ("**Expiry Date**"),whichever is the earlier.
6. The Options are not transferable.
7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
11. Subject to option terms 3 and 5, the Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and cleared funds for the subscription monies for the Shares. The Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
14. The Options are issued in accordance with a deferred taxation scheme as defined by the Australian Taxation Office.
15. The Options are granted under an arrangement to which Subdivision 83A-C of the Income Tax Assessment Act 1997 applies.

ANNEXURE B

TERMS AND CONDITIONS OF OPTIONS – EXERCISE PRICE 10 CENTS

The Options are issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be the greater of 10 cents and 135% of the VWAP of Shares for the 7 trading days prior to the 2016 AGM ("**Exercise Price**").
3. Options vest on the date of issue.
4. Each Option entitles the holder to subscribe for one Share in Image Resources Limited ACN 063 977 579 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
5. The Options will lapse at:
 - a. the date of cessation of the Option holder being the managing director of the Company; or
 - b. 5:00 pm on the date that is 2 years from the date of issue ("**Expiry Date**"),whichever is the earlier.
6. The Options are not transferable.
7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
11. Subject to option terms 3 and 5, the Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and cleared funds for the subscription monies for the Shares. The Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
14. The Options are issued in accordance with a deferred taxation scheme as defined by the Australian Taxation Office.
15. The Options are granted under an arrangement to which Subdivision 83A-C of the Income Tax Assessment Act 1997 applies.

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IMAGE RESOURCES NL

ACN: 063 977 579

REGISTERED OFFICE:

GROUND FLOOR
23 VENTNOR AVENUE
WEST PERTH 6005

SHARE REGISTRY:

Security Transfer Australia Pty Ltd
All Correspondence to:
PO BOX A2020
South Sydney NSW 1235
The Trust Building, Suite 511
155 King Street
Sydney NSW 2000 AUSTRALIA
T: +61 3 9628 2200 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au



Code:

IMA

Holder Number:

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 1:00pm WST on Wednesday 30 November 2016 at The Celtic Club, 48 Ord Street, West Perth and at any adjournment of that meeting.

Where I/we have appointed the Chairperson as my/our proxy (or the Chairperson becomes my/our proxy by default), I/we expressly authorise the Chairperson to exercise my/our proxy on resolutions 1, 11 & 12 (except where I/we have indicated different voting intention below) even though resolutions 1, 11 & 12 are connected directly or indirectly with the remuneration of key management personnel, which includes the Chairperson.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*		For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Peter Thomas as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Robert Besley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Election of Patrick Mutz as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Election of Chaodian Chen as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Approval of Grant of Options to Mr Patrick Mutz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Election of Fei Wu as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Approval of Grant of Options to Mr Patrick Mutz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 1:00pm WST on Monday 28 November 2016.



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IMAPX1301116



Name:

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This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

Email registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.