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UPDATE ON IUL'S ACQUISITION OF A SIGNIFICANT TITANIUM DIOXIDE PLANT IN CHINA

Further to the ASX announcement on 22 December 2011 and 16 February 2012 on the proposed acquisition of Daqing Xinlong Chemical Company Ltd ("**XL**"), based in Heilongjiang Province in North East China ("**Acquisition**"), Imagine Un Limited (ASX: "**IUL**") advises that the parties to the Sale and Purchase Agreement dated 22 December 2011 as varied on 15 February 2012 ("**Agreement**") have entered into a Deed of Novation dated 16 August 2012 ("**Deed**") pursuant to which China Titanium Ltd ("**CT**") has agreed to transfer all its rights and obligations under the Agreement to Talented Creation International Limited ("**TCIL**"), a BVI incorporated company.

The Deed is conditional on the following:

1. obtaining the approval of the novation by CT's shareholders at the extraordinary general meeting to be held on or around 28 September 2012 (as may be decided by CT);
2. completion occurring under an agreement entered or to be entered into at around the same time as the Deed between CT, Trechance Holdings Limited ("**TH**"), TCIL and Mr Ji Yu Dong, pursuant to which, amongst others, TH agrees to transfer or procure the transfer to TCIL of a 50% economic interest in certain land and which the parties shall co-develop and share in the profits ("**Equity Transfer Agreement**"); and

The directors of IUL believe that post completion of the Equity Transfer Agreement, TCIL will have a significant asset which should reduce the counterparty risk arising from the novation of CT's obligations under the Agreement to TCIL.

Spencer Chan Kum Ee
Non-Executive Chairman
23 August 2012