

IMAGE RESOURCES NL  
ABN 57 063 977 579

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

AND

PROXY FORM

**Date of Meeting**

31 May 2017

**Time of Meeting**

2:00 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 31 December 2016 Annual Report may be viewed on the Company's website at [www.imageres.com.au](http://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 31 May 2017 at 2:00 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.

### 31 December 2016 Financial Statements

To receive the financial statements of the Company for the period ended 31 December 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 31 December 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 George Sakalidis 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, George Sakalidis, 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 – Re-election of Aaron Chong Veoy Soo 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, Aaron Chong Veoy Soo, 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 4 – Ratification of Appointment of Auditor

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

*"That Shareholders of the Company ratify the appointment of Greenwich & Co Audit Pty Ltd as auditor of the Company."*

## Resolution 5 – 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 6 – Adoption of Proportional Takeover Provisions

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

*"That, for the purposes of Section 136 of the Corporations Act and for all other purposes, Schedule 1 of the Constitution of the Company be adopted in the following form."*

### **Schedule 1 - Proportional Takeover Bid Approval**

#### **1. Definitions**

*In this Schedule:*

**"Approving Resolution"** means a resolution to approve a proportional takeover bid in accordance with this Schedule.

**"Deadline"** means the 14th day before the last day of the bid period for a proportional takeover bid.

**"Voter"** means a person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid.

#### **2. Refusal of Transfers**

##### **2.1 Requirement for an Approving Resolution**

- (a) The Company must refuse to register a transfer of Shares giving effect to a takeover contract for a proportional takeover bid unless and until an Approving Resolution is passed in accordance with this Schedule 5.
- (b) This Schedule 5 ceases to apply on the 3rd anniversary of its last adoption, or last renewal, in accordance with the Corporations Act.

##### **2.2 VOTING ON AN Approving RESOLUTION**

- (a) Where offers are made under a proportional takeover bid, the Directors must, call and arrange to hold a meeting of Voters for the purpose of voting on an Approving Resolution before the Deadline.
- (b) The provisions of this Constitution concerning meetings of Members (with the necessary changes) apply to a meeting held under paragraph 1.1.1(a).
- (c) Subject to this Constitution, every Voter present at the meeting held under paragraph 1.1.1(a) is entitled to one vote for each Share in the bid class securities that the Voter holds.
- (d) To be effective, an Approving Resolution must be passed before the Deadline.
- (e) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (f) If no Approving Resolution has been voted on as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this Schedule, to have been passed in accordance with this Schedule."

By order of the Board.



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Dennis Wilkins  
Company Secretary  
Date: 28 April 2017

## 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. Lodgement 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 2:00 pm (WST) on 29 May 2017:

1. by post to Security Transfer Australia Pty Ltd, PO Box 52, Collins Street West, VIC 8007; 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](mailto:registrar@securitytransfer.com.au); or
4. online at [www.securitytransfer.com.au](http://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 Meeting will be the entitlement of that person set out in the register of Shareholders as at 5:00 pm on 29 May 2017. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Meeting.

## CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the 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 Meeting or handed in at the 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 31 May 2017 commencing at 2:00 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 period ended 31 December 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](http://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 Chair 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](http://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. However, 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 AGMs.

Where a resolution on the Remuneration Report receives a Strike at two consecutive AGMs, the Company will be required to put to Shareholders at the second AGM 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 2016 AGM. Accordingly, a Spill Resolution is not relevant for this AGM. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2018 AGM, this may result in the re-election of the Board.

The Chair 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 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 the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair'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 George Sakalidis as a Director**

### **2.1 General**

Mr George Sakalidis was appointed as a Director on 13 May 1994. Mr Sakalidis is an executive Director and is therefore not an independent Director.

In accordance with Listing Rule 14.4, no Director 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 Directors must retire at each AGM. Accordingly, Mr Sakalidis 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**

George Sakalidis is an exploration geophysicist with over 30 years' industry experience, during which time his career has included extensive gold, diamond, base metals and mineral sands exploration. He has been involved in a number of significant mineral discoveries, including the Three Rivers and Rose gold deposits in Western Australia and the tenement applications over the Silver Swan nickel deposit. He was also instrumental in the design of the magnetic surveys and exploration drilling program that led to the discovery of the large mineral sands resources at Magnetic Minerals Limited's Dongara Project. He is an executive director of this company, Image Resources NL (director since 13 May 1994, managing director during the period 13 June 2007 to 24 May 2012), Magnetic Resources NL (from incorporation on 23 August 2006 to resignation on 17 October 2014, reappointed 29 January 2016), and executive director and now non-executive director of Meteoric Resources NL (since incorporation on 13 February 2004), each of which is ASX listed.

### **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 Sakalidis has a wealth of experience and expertise which is valuable to the Company.

Under clause 4.1(a)(ii) of the Share Consideration Deed, Murray Zircon has agreed not to take any steps to influence or control the composition of the Company's Board (other than the election of its Nominated Directors) during an agreed restriction period. Messrs Chen, Wu and Mutz are considered to be Nominated Directors under the Share Consideration Deed. Accordingly, to avoid any perception that Murray Zircon has taken steps to influence or control the composition of the Board of Image by the Nominated Directors making a recommendation on Resolution 2, the Nominated Directors have declined to make a recommendation to Shareholders in relation to Resolution 2.

Whilst each of the remaining Directors of the Company (being Messrs Besley, Thomas and Soo), excluding Mr Sakalidis who is the subject of Resolution 2, are supportive of Mr Sakalidis' re-election as a Director and intend to vote any shares that they own or control in favour of Resolution 2, each of those Directors also refrains from making a recommendation on Resolution 2 so as to give full effect to the minority protection provisions of the Share Consideration Deed entered into with Murray Zircon.

Murray Zircon has notified the Company that it intends to abstain from voting on Resolution 2 so as to allow Shareholders (other than Murray Zircon) to determine the outcome of Resolution 2.

### **Resolution 3 – Re-election of Aaron Chong Veoy Soo as a Director**

#### **3.1 General**

Mr Aaron Chong Veoy Soo was appointed as a Director on 8 June 2016. The Board considers Mr Soo to be an independent director.

In accordance with Listing Rule 14.4, no Director 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 Directors must retire at each AGM. Accordingly, Mr Soo will retire by rotation and, being eligible, offers himself for re-election.

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**

Mr Soo is an advocate and solicitor practising in West Malaysia with 16 years of experience in legal practice and currently a partner in Stanley Ponniah, Ng & Soo, Advocates & Solicitors.

#### **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 Soo has a wealth of experience and expertise which is valuable to the Company.

Under clause 4.1(a)(ii) of the Share Consideration Deed, Murray Zircon has agreed not to take any steps to influence or control the composition of the Company's Board (other than the election of its Nominated Directors) during an agreed restriction period. Messrs Chen, Wu and Mutz are considered to be Nominated Directors under the Share Consideration Deed. Accordingly, to avoid any perception that Murray Zircon has taken steps to influence or control the composition of the Board of Image by the Nominated Directors making a recommendation on Resolution 3, the Nominated Directors have declined to make a recommendation to Shareholders in relation to Resolution 3.

Whilst each of the remaining Directors of the Company (being Messrs Besley, Thomas and Sakalidis), excluding Mr Soo who is the subject of Resolution 3, are supportive of Mr Soo's re-election as a Director and intend to vote any shares that they own or control in favour of Resolution 3, each of those Directors also refrains from making a recommendation on Resolution 3 so as to give full effect to the minority protection provisions of the Share Consideration Deed entered into with Murray Zircon.

Murray Zircon has notified the Company that it intends to abstain from voting on Resolution 3 so as to allow Shareholders (other than Murray Zircon) to determine the outcome of Resolution 3.

### **Resolution 4 – Ratification of Appointment of Auditor**

#### **4.1 General**

On 4 August 2016, in accordance with section 327C of the Corporations Act, the Company appointed Greenwich & Co Audit Pty Ltd as auditor following ASIC's consent to the resignation of Somes Cooke in accordance with section 329(5) of the Corporations Act. The change of auditor was made following legal restructurings of the previous audit firm.

Following the above appointment, Greenwich & Co held office until the next AGM, being the meeting held on 30 November 2016. Due to an oversight, the Company did not include a resolution for shareholders to appoint Greenwich & Co at that meeting. As a result, the Board resolved, in accordance with section 327C of the Corporations Act, to appoint Greenwich & Co, and Greenwich & Co confirmed its consent to act, as the Company's auditor effective as from 30 November 2016.



The auditor will then hold office until the Company's next AGM, being the Meeting the subject of this Notice. There is no interruption to the appointment of Greenwich & Co as the Company's auditors.

The Company now seeks Shareholder approval for the appointment of Greenwich as auditor of the Company and its controlled entities in accordance with section 327B of the Corporations Act.

#### 4.2 Directors' Recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 4 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 4.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolution 4. The Chair intends to vote all undirected proxies in favour of the Resolution.

#### Resolution 5 – Approval of 10% Placement Facility

##### 5.1 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).

##### 5.2 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 quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue three classes of Equity Securities, being listed Shares and two classes of 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 AGM 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 537,641,631 Shares and has a capacity to issue:

- (i) 80,646,244 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 5, 53,764,163 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 AGM 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 AGM 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).

**5.3 Listing Rule 7.1A**

The effect of Resolution 5 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 5 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).

**5.4 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 5 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		
		\$0.0525 50% decrease in Issue Price	\$0.105 Issue Price	\$0.21 100% increase in Issue Price
Current Variable A 537,641,631 Shares	10% voting dilution	53,764,163 Shares		
	Funds raised	\$2,822,619	\$5,645,237	\$11,290,474
50% increase in current Variable A 806,462,446 Shares	10% voting dilution	80,646,244 Shares		
	Funds raised	\$4,233,928	\$8,467,856	\$16,935,711
100% increase in current Variable A 1,075,283,262 Shares	10% voting dilution	107,528,326 Shares		
	Funds raised	\$5,645,237	\$11,290,474	\$22,580,948

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 \$0.105, being the closing price of the Shares on ASX on 26 April 2017.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 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 completing the 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 30 November 2016.

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 324,241,502, representing 148.06% 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	Value as determined by Black-Scholes valuation	Basis of allotment
08/06/2016	156,703,542	Fully paid ordinary shares	Nil	100%	\$0	N/A	Consideration for Murray Zircon Transaction – refer to Company's notice of meeting dated 5 April 2016. Value of Shares issued at \$0.0105, being the closing Share price on 26 April 2017, is approx. \$16,453,872
08/06/2016	3,550,926	Fully paid ordinary shares	\$0.087	20.9%	\$0	N/A	Part consideration for success fee due to Azure Capital. Value of Shares issued at \$0.105, being the closing Share price on 26 April 2017, is approx. \$372,847
10/06/2016	2,857,143	Fully paid ordinary shares	\$0.07	19.5%	\$200,000	N/A	Placement to sophisticated and professional investors
05/12/2016	1,500,000	Unlisted Options, exercisable at \$0.085, expiring 4 December 2018	Nil	N/A	\$0	\$73,350	Issued to Mr Patrick Mutz. Refer to the Company's notice of meeting dated 17 October 2016.
05/12/2016	1,500,000	Unlisted Options, exercisable at \$0.01, expiring 4 December 2018	Nil	N/A	\$0	\$65,550	Issued to Mr Patrick Mutz. Refer to the Company's notice of meeting dated 17 October 2016
25/01/2017	67,559,217	Fully paid ordinary shares	\$0.04	13.0%	\$2,702,369	N/A	Non-renounceable rights issue
25/01/2017	90,570,674	Fully paid ordinary shares	\$0.04	13.0%	\$3,622,827	N/A	Issued to the Underwriter and Sub-Underwriters of the non-renounceable rights issue

Date of Issue	Number of Securities	Class	Issue Price	Discount to market price on date of issue	Funds raised	Value as determined by Black-Scholes valuation	Basis of allotment
TOTAL	324,241,502				\$6,525,196		

- (i) The Company has spent \$4M of the funds it has raised in the 12 months preceding the date of this Notice on exploration work, completing the bankable feasibility study for the Company's Boonanning and Atlas deposits, purchase of land, corporate expenses and general working capital. The balance of the funds are held in cash and term deposits. The unspent funds will be used for ongoing working capital purposes by the Company.
- (j) A voting exclusion statement is included in the Notice.
- (k) 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.

### 5.5 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 5 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 5. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities by increasing 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 5. The Chair intends to vote all undirected proxies in favour of the Resolution.

Resolution 5 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).

### Resolution 6 – Adoption of Proportional Takeover Provisions

#### 6.1 Background

Resolution 6, if passed, would adopt Schedule 1 to the Constitution regarding proportional takeover approval under Section 648D of the Corporations Act. The adoption of Schedule 1 would operate for three years, and would then cease to apply unless renewed by a further special resolution of Shareholders. Schedule 1 was previously adopted by Shareholders on 28 November 2014.

If Resolution 6 is passed, then for 21 days after the meeting the holders of 10% of the Company's Shares have the right to apply to the court to have the Resolution set aside. The court may set aside the Resolution if the court is satisfied in all the circumstances that it is appropriate to do so.

The Corporations Act requires certain information to be included in a notice of meeting where a company seeks the approval of its members to adopt proportional takeover provisions. This information is set out below.

#### 6.2 Proportional takeover bid

A proportional takeover bid is a takeover bid that is sent to all shareholders in a class, offering to purchase only a specified proportion of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance.

#### 6.3 Effects of the proportional takeover provisions

The effects of the proportional takeover provisions are that:

- (a) if a bidder makes a proportional takeover bid for any class of shares in the Company, the Directors must ensure that a meeting of members of that class is convened where a resolution to approve the proportional takeover bid is voted upon. The vote is decided on a simple majority. The bidder and its associates are excluded from voting on that approving resolution;
- (b) the meeting and the vote on the approving resolution must take place more than 14 days before the last day of the bid period;
- (c) if the approving resolution is rejected before the deadline, the bid cannot proceed and the offer will be taken to have been withdrawn. Any transfers giving effect to takeover contracts for the bid will not be registered and all offers under the takeover bid are taken to be withdrawn and all takeover contracts must be rescinded;
- (d) if the approving resolution is not voted on, the bid will be taken to have been approved; and

- (e) if the approving resolution is passed (or taken to have been approved), the transfers must be registered (subject to other provisions of the Corporations Act and the Company's constitution). The proportional takeover provisions do not apply to full takeover bids.

#### **6.4 Reasons for the proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as a minority in the Company. The bidder may be able to acquire control of the Company without payment of an adequate control premium.

The Board believes that the proposed amendment is desirable to give Shareholders protection from these risks inherent in proportional takeover bids – this is protection that the Corporations Act provisions are intended to provide.

This proposed amendment allows Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any proportional takeover bid is appropriately priced.

To assess the merits of the proposed amendment, Shareholders should make a judgement as to what events are likely to occur for the Company during the three year life of proposed Schedule 1.

#### **6.5 Potential advantages and disadvantages**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether or not an offer under a proportional takeover bid should be accepted.

The Directors note that it could be argued that proposed Schedule 1 is an advantage to them as a takeover defence mechanism that could be exploited to entrench the incumbent board. However, the Directors believe that this argument ignores the basic object of Schedule 1, which is to empower Shareholders, not the Board.

The potential advantages for Shareholders of the proportional takeover provisions include the following:

- (a) Shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) they may assist Shareholders and protect them from being locked in as a minority;
- (c) they increase the bargaining power of Shareholders and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The potential disadvantages for Shareholders include the following:

- (a) proportional takeover bids for Shares in the Company may be discouraged;
- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium;
- (c) individual Shareholders may consider that Schedule 1 would restrict their ability to deal with their Shares as they see fit; and
- (d) the likelihood of a proportional takeover bid succeeding may be reduced.

#### **6.6 Knowledge of any acquisition proposals**

Apart from the above general considerations, the Board is not in a position to point to any special factual matters or principles as a basis for the proposal.

#### **6.7 Board recommendation**

The Board believes that proposed Schedule 1 is in the best interests of the Company and its Shareholders and unanimously recommends that Shareholders vote in favour of Resolution 6.

## GLOSSARY

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

<b>10% Placement Facility</b>	has the meaning given in Section 5.1.
<b>10% Placement Period</b>	has the meaning given in Section 5.2(f).
<b>AGM</b>	means an annual general meeting.
<b>Annual Report</b>	means the Directors' report, the annual financial report and auditor's report in respect of the financial period ended 31 December 2016.
<b>Associate</b>	has the same meaning as defined in section 11 and sections 13 to 17 of the Corporations Act.
<b>ASX</b>	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
<b>Azure Capital</b>	means Azure Capital Limited ACN 107 416 106.
<b>Board</b>	means the board of Directors of the Company.
<b>Closely Related Party</b>	of a member of the Key Management Personnel means: <ul style="list-style-type: none"><li>▪ a spouse or child of the member;</li><li>▪ a child of the member's spouse;</li><li>▪ a dependent of the member or the member's spouse;</li><li>▪ 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;</li><li>▪ a company the member controls; or</li></ul> a person prescribed by the Corporations Regulations 2001 (Cth).
<b>Company</b>	means Image Resources NL ABN 57 063 977 579.
<b>Constitution</b>	means the Company's constitution, as amended from time to time.
<b>Convertible Security</b>	means a security of the Company which is convertible into Shares.
<b>Corporations Act</b>	means Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Equity Securities</b>	has the same meaning as in the Listing Rules.
<b>Explanatory Memorandum</b>	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
<b>Key Management Personnel</b>	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.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Meeting</b>	has the meaning in the introductory paragraph of the Notice.
<b>Murray Zircon</b>	means Murray Zircon Pty Ltd ACN 147 048 744.
<b>Murray Zircon Transaction</b>	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).
<b>Nominated Director</b>	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).
<b>Notice or Notice of Meeting</b>	means the Notice of AGM accompanying this Explanatory Memorandum.
<b>Option</b>	means an option to acquire a Share in the Company.

<b>Proxy Form</b>	means the proxy form attached to this Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company outlined in the Annual Report.
<b>Resolution</b>	means a resolution contained in the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Share Consideration Deed</b>	means the share consideration deed between the Company and Murray Zircon dated 8 June 2016.
<b>Shareholder</b>	means the holder of a Share.
<b>Trading Day</b>	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
<b>VWAP</b>	means volume weighted average price.
<b>WST</b>	means Australian Western Standard Time.