

**IMAGE RESOURCES NL**

**ABN 57 063 977 579**

**NOTICE OF GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

**AND**

**PROXY FORM**

**Date of Meeting**

13 February 2018

**Time of Meeting**

11:00am

**Place of Meeting**

The Celtic Club

48 Ord Street

West Perth WA 6005

**IMAGE RESOURCES NL**  
**ABN 57 063 977 579**

**NOTICE OF GENERAL MEETING**

Notice is hereby given that a general meeting of Shareholders of Image Resources NL (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 13 February 2018 at 11:00am (**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.

**Resolution 1 – Ratification of Prior 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 33,648,356 Shares at an issue price of \$0.09 each to the parties, for the purposes and on the terms set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will, in accordance with Listing Rule 7.5, disregard any votes cast on this Resolution by a person who participated in the issue and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, it is cast 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 2 – Ratification of Prior 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 40,000,000 Shares at an issue price of \$0.10 each to the parties, for the purposes and on the terms set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will, in accordance with Listing Rule 7.5, disregard any votes cast on this Resolution by a person who participated in the issue and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, it is cast 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 3 – Share Placement Facility**

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

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of up to 300,000,000 Shares at an issue price of 10 cents or not less than 80% of the VWAP of Shares (calculated over the 5 days on which sales of Shares were recorded before the day on which the issue is made), whichever is the higher, with such Shares to be issued to such persons as the Directors in their absolute discretion may determine and otherwise upon the terms set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will, in accordance with Listing Rule 7.3, disregard any votes cast on this Resolution by any person who may participate in the proposed issue or a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any Associate of that person. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the Meeting as a 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 4 – Approval of Employee Share Plan

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

*"That, for the purpose of Exception 9(b) of Listing Rule 7.2 and for all other purposes, approval is given for the Company to administer and issue securities under the Employee Share Plan as an exception to Listing Rule 7.1 and on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** For the purposes of Listing Rule 7.2 Exception 9, the Company will disregard any votes cast on this Resolution by Directors and any of their Associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast 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:** 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; 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 of the Meeting 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 5 – Approval of Financial Assistance for Employee Share Plan

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

*"That, subject to Resolution 4 being passed, and for the purposes of sections 257B, 259B and 260C of the Corporations Act and for all other purposes, the Employee Share Plan as set out in the Explanatory Memorandum be approved."*

**Voting Prohibition:** 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; 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 of the Meeting 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.

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 11:00 am (WST) on 11 February 2018 by:

1. post to Security Transfer Australia Pty Ltd, PO Box 52, Collins Street West VIC 8007; or
2. facsimile to Security Transfer Australia Pty Ltd at (08) 9315 2233 (International: +61 8 9315 2233);
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 9 February 2018. 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.

**By order of the Board.**



Dennis Wilkins  
**Company Secretary**

Date: 11 January 2018

## 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 general meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, on 13 February 2018 commencing at 11:00am.

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.

### RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES

#### General

On 12 July 2017, the Company announced to ASX a placement of 33,648,356 Shares at an issue price of \$0.09 per Share to qualified institutional and sophisticated investors to raise \$3,028,352 (before costs). 15,870,578 Shares were issued on 17 July 2017 and 17,777,778 Shares were issued on 1 August 2017.

The funds raised from the July 2017 Placement Shares have been applied to early works related to securing certain longer lead items for the continued advancement of the Company's Boonanarring Project, miscellaneous site preparation surveys and geotechnical work, EPCM planning, land purchase option fees and general working capital.

The placement was made under the Company's Listing Rule 7.1 placement capacity and the Company now seeks, pursuant to Resolution 1 of the Notice, to ratify the allotment and issue of the July 2017 Placement 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 threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore a company's discretionary power to issue further shares pursuant to Listing Rule 7.1 without requiring shareholder approval.

The Company proposes Resolution 1 to ratify a previous issue of securities in accordance with Listing Rule 7.4. The Company confirms that the issue and allotment of the securities the subject of Resolution 1 did not breach Listing Rule 7.1.

Resolution 1 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

#### Information required by Listing Rule 7.5

The following information is provided in accordance with Listing Rule 7.5.

- (a) 33,648,356 Shares were issued pursuant to Listing Rule 7.1.
- (b) The July 2017 Placement Shares were issued at an issue price of \$0.09 per Share.
- (c) The July 2017 Placement Shares are all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) The July 2017 Placement Shares were issued to professional and sophisticated investors who are not related parties of the Company.
- (e) The funds raised from this issue were applied to early works related to securing certain longer lead items for the continued advancement of the Company's Boonanarring Project, miscellaneous site preparation surveys and geotechnical work, EPCM planning, land purchase option fees and general working capital.
- (f) A voting exclusion statement is included in the Notice.

#### Directors' recommendation

Based on the information available, including the information contained in this Explanatory Memorandum, all the Directors consider that Resolution 1 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 1. 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 Resolutions 1 and 2 will return the Directors' ability to issue new Shares to the maximum permitted by the ASX Listing Rules without requiring Shareholder approval.

## RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES

### General

On 12 December 2017, the Company announced to ASX a placement of 40,000,000 Shares at an issue price of \$0.10 per Share to qualified institutional and sophisticated investors to raise \$4,000,000 (before costs) (**Placement Shares**). The Placement Shares were issued on 19 December 2017.

The placement was significantly oversubscribed and the funds raised will be applied to early works related to planning and securing certain longer lead items for the continued advancement of the Company's Boonanarring Project, as well as project finance activities, including due diligence and legal documentation, and general working capital.

The placement was made under the Company's Listing Rule 7.1 placement capacity and the Company now seeks, pursuant to Resolution 2 of the Notice, to ratify the allotment and issue of the Placement 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 threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore a company's discretionary power to issue further shares pursuant to Listing Rule 7.1 without requiring shareholder approval.

The Company proposes Resolution 2 to ratify a previous issue of securities in accordance with Listing Rule 7.4. The Company confirms that the issue and allotment of the securities the subject of Resolution 2 did not breach Listing Rule 7.1.

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.

### Information required by Listing Rule 7.5

The following information is provided in accordance with Listing Rule 7.5.

- (a) 40,000,000 Placement Shares were issued pursuant to Listing Rule 7.1.
- (b) The Placement Shares were issued at an issue price of \$0.10 per Share.
- (c) The Placement Shares issued are all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) The Placement Shares were issued to professional and sophisticated investors who are not related parties of the Company.
- (e) The funds raised from this issue will be used to progress the continued advancement of the Company's Boonanarring Project, as well as project finance activities, including due diligence and legal documentation, and general working capital.
- (f) A voting exclusion statement is included in the Notice.

### Directors' recommendation

Based on the information available, including the information contained in this Explanatory Memorandum, all the Directors consider that Resolution 2 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 2. 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 Resolutions 1 and 2 will return the Directors' ability to issue new Shares to the maximum permitted by the ASX Listing Rules without requiring Shareholder approval.

## RESOLUTION 3 – SHARE PLACEMENT FACILITY

### Background

The Company has been investigating and actively seeking project finance to support the development of its 100% owned high-grade Boonanarring mineral sands project in North Perth Basin in WA (**Project**). The finance being sought is a traditional mix of debt and equity, with approximately 60% of total project financing expected to be provided by way of project debt.

The Company entered into the Asset Sale Agreement in February 2016 to acquire a wet concentration plant and ancillary mining and processing equipment for the processing of ore, amongst other transactions. As consideration for those transactions, the Company entered into the Share Consideration Deed, which provided for the issue of Shares to Murray Zircon Pty Ltd at completion, as well as the issue of deferred Shares on a decision to mine. The transactions were approved by Shareholders at the Company's general meeting held on 12 May 2016 and the Asset Sale Agreement completed in June 2016. Refer to the Company's notice of meeting dated 5 April 2016 for more details on the transactions.

Under the terms of the Share Consideration Deed, a decision to mine is a decision approved by a majority of the Board to incur the required costs in connection with the construction of a mining and processing operation required to commence commercial production at one or more of the Company's projects on the Company's tenements in circumstances where:

- (a) as part of that decision the Board has approved a target date for the commencement of commercial production from the relevant project that must be no later than 18 months after the date the decision is made; and
- (b) the Company has received all authorisations necessary or desirable in relation to the financing, construction and commencement of mining, financing facilities in place and available for drawdown which are sufficient to fund all of the anticipated costs to take the project through to full-capacity production and negotiated, finalised and prepared for execution all material contracts necessary or desirable for the construction and commencement of mining, and the production of zircon products (or any other valuable heavy or other mineral) from the project or projects,

provided that no such authorisation, funding agreement (including drawdown under any financing facility) or material contract (or execution of it) is conditional on the completion of due diligence by the counterparty to that arrangement or the completion of equity funding (**Decision to Mine**).

The Company has been operating to a tight, previously published timeframe and was previously aiming to make the Decision to Mine for the Project by the end of December 2017. The Company has recently advised the market that the Decision to Mine has been rescheduled to the first quarter of 2018 (refer to the Company's ASX announcement dated 27 November 2017). As set out above, before the Decision to Mine can be made the Company must have, among other things, '...financing facilities in place and available for drawdown which are sufficient to fund all of the anticipated costs to take the project through to full-capacity production...'. This means, among other things, that the equity portion of the financing must be complete, with funds received, prior to the Decision to Mine being made.

The Company wishes to put in place a Share placement facility to provide adequate flexibility to raise the equity portion of the expected Project finance requirements concurrently with the expected closure of the debt finance and immediately prior to the Decision to Mine. To that end, and in order to be able to make the Decision to Mine as close as possible to the published time frame, the Company will be seeking Shareholder approval for the Share Placement Facility of up to 300 million Shares at the Issue Price (10 cents or not less than 80% of the VWAP of Shares, calculated over the 5 days on which sales in the Shares were recorded on the ASX before the day on which the issue is made, whichever is the higher).

The Company intends for the Share Placement Facility to be implemented and completed as soon as practicable after the Meeting. However, as equity capital markets can be unpredictable, the full 3 month period to issue the Shares (as allowed by Listing Rule 7.3.2) may be required.

It is the present desire of four Directors (Messrs Besley, Thomas, Sakalidis and Soo) to participate in the proposed capital raising by subscribing for new shares. Any such participation by Directors will be subject to (among other things) shareholder approval in accordance with the Listing Rules, which is unable to be obtained until such time as the share price, at which the proposed capital raising will be conducted, is settled. Should the Company settle the share price at which the capital raising will be conducted in a reasonable time prior to the date of this Meeting, it is the Company's intention to include additional resolutions and explanatory information by way of addendum to this Notice such that resolutions to approve the issue of securities to Directors can be considered by Shareholders at this Meeting. If the Company proceeds to issue such addendum, full details will be supplied including all information prescribed by the Listing Rules for such resolutions.

### **General**

Resolution 3 seeks the approval of Shareholders for the Share Placement Facility of up to 300,000,000 Shares to raise the equity portion of the expected Project finance requirements.

Listing Rule 7.1 prohibits a company from issuing, or agreeing to issue, securities representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). The issue of all the Share Placement Facility Shares would require the Company to issue securities in excess of this 15% threshold and accordingly, Shareholder approval is being sought under Listing Rule 7.1 for the Share Placement Facility.

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.

### **Information required by Listing Rule 7.3**

The following information is provided in accordance with Listing Rule 7.3.

- (a) The maximum number of securities that may be issued under the Share Placement Facility is 300,000,000 Shares.

- (b) Any Shares issued in accordance with Resolution 3 will be allotted and issued within 3 months from the date of the Meeting (or such later date as approved by the ASX).
- (c) The Shares under the Share Placement Facility will be issued at a price which is 10 cents or not less than 80% of the VWAP of Shares, calculated over the 5 days on which sales in Shares were recorded on the ASX before the day on which the issue is made, whichever is the higher.
- (d) As at the date of this Notice, there has been no decision by the Directors to issue any Shares. Accordingly, the names of any allottees or proposed allottees are not known. However, any issue will be restricted to investors who are exempt under section 708 of the Corporations Act. No Shares will be issued to Directors or other related parties.
- (e) Any Shares issued pursuant to Resolution 3 will rank equally in all respects with existing Shares on issue in the Company.
- (f) Funds raised by the issue of any Shares under the Share Placement Facility will be used to fund the expected Project finance requirements to advance the Company's Boonanarring Project through the construction, commissioning and initial production phases.
- (g) Any issue of Shares under the Share Placement Facility will be made as a single allotment.
- (h) A voting exclusion statement is included in the Notice.

**Directors' recommendation**

Based on the information available, including the information contained in this Explanatory Memorandum, all the Directors consider that Resolution 3 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 3. The Directors have formed this view as the passing of this Resolution will provide adequate flexibility to raise the equity portion of the expected Project finance requirements to advance the Company's Boonanarring Project through the construction, commissioning and initial production phases.

**RESOLUTION 4 – APPROVAL OF EMPLOYEE SHARE PLAN**

**General**

Resolution 4 seeks Shareholder approval in accordance with Exception 9(b) of Listing Rule 7.2 for the Company to issue securities under the Employee Share Plan without prior Shareholder approval in reliance on the exception to Listing Rule 7.1. The principal terms of the Employee Share Plan are set out in Annexure A.

Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities. The effect is that shareholder approval is required before a company may issue certain securities representing more than 15% of the capital of that company within a 12 month period. However, certain issues are exempt from the restrictions of Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the employee incentive scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue when the notice of meeting contains or is accompanied by a summary of the terms of the employee incentive scheme (refer to Annexure A).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company flexibility to issue securities, Shareholders are requested to approve the issue of securities under the Employee Share Plan as an exception to Listing Rule 7.1. This approval will be effective for a period of 3 years from the date of the Resolution. It should be noted that approval of Resolution 4 does not in itself allow for the issue of securities under the Plan to a Director. Securities cannot be issued under the Plan to Directors or their Associates unless prior approval of Shareholders is obtained in accordance with Listing Rule 10.14.

As the Employee Share Plan is a new scheme, no securities have previously been issued under the Employee Share Plan.

The main purpose of the Employee Share Plan is to give an additional incentive to employees of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its employees for their efforts.

Shares issued under the Employee Share Plan will rank *pari passu* in all respects with the Company's existing Shares. The Company will make application to ASX for official quotation of Shares issued under the Employee Share Plan.



**Directors' recommendation**

Based on the information available, including the information contained in this Explanatory Memorandum, the Directors believe that Resolution 4 is in the best interests of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 4. The Directors have formed this view as the passing of this Resolution will provide the Company with flexibility to issue securities to employees (not Directors) pursuant to the Employee Share Plan without utilising the Company's placement capacity under Listing Rule 7.1.

**RESOLUTION 5 – APPROVAL OF FINANCIAL ASSISTANCE FOR EMPLOYEE SHARE PLAN**

**General**

**(a) Employee share scheme buy-back**

Section 257B(1) of the Corporations Act sets out the procedure for various forms of share buy-back, including an 'employee share scheme buy-back'. In order for the Company to undertake a buy-back of Shares under the Employee Share Plan (e.g. in situations where Shares are forfeited in accordance with the terms of issue) using the employee share scheme buy-back procedure under the Corporations Act, the Employee Share Plan must be approved by Shareholders.

Accordingly, Shareholders are asked to approve the Employee Share Plan to empower the Company to undertake a buy-back of Shares under the Plan using the employee share scheme buy-back procedure if need be.

**(b) Enable the Company to take security over its own Shares**

Section 259B(1) of the Corporations Act prohibits a company taking security over shares in itself or in a company that controls it, unless one of the exceptions in subsections 259B(2) or 259B(3) applies. Section 259B(2) provides that a company may take security over shares in itself under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Shareholders are asked to approve the Employee Share Plan in order for the Board to have the ability to take security over Shares issued under the Employee Share Plan and the respective loan agreement to be entered into between the Company and the eligible participant.

**(c) Financial assistance**

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (i) giving the assistance does not materially prejudice the interests of the company or its shareholders of the company's ability to pay its creditors;
- (ii) the assistance is approved by shareholders under section 260B; or
- (iii) the assistance is exempted under 260C.

Section 260C(4) of the Corporations Act provides for certain specific instances of exempted financial assistance, including a special exemption for employee share schemes that have been approved by a resolution passed at a general meeting of a company.

As an integral feature of the Employee Share Plan, the Company will provide financial assistance to participants in the form of loans, which will take the form of interest free and fee-free, limited recourse loans.

Whilst the Board does not believe that the provision of financial assistance to participants to enable them to participate in the Employee Share Plan will materially prejudice the interests of the Company or its Shareholders or the Company's ability to pay its creditors, the Board has recommended that Shareholder approval be sought to approve the Employee Share Plan to ensure that the Employee Share Plan qualifies for the special exemption under section 260C(4) of the Corporations Act.

**Directors' recommendation**

Based on the information available, including the information contained in this Explanatory Memorandum, the Directors believe that Resolution 5 is in the best interests of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 5. The relevant Directors have formed this view as the passing of this Resolution will allow the Company to utilise all the features of the Employee Share Plan to reward and incentivise eligible participants.

**GLOSSARY**

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

<b>Asset Sale Agreement</b>	means the asset sale and purchase agreement between the Company, Murray Zircon Pty Ltd and Guangdong Orient Zirconic Ind Sci Tech Co., Ltd entered into in February 2016 for the Company to acquire a wet concentration plant and ancillary mining and processing equipment for the processing of ore.
<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>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>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Decision to Mine</b>	has the meaning set out in the Share Consideration Deed, as summarised in the section of the Explanatory Memorandum titled 'RESOLUTION 3 – Background'.
<b>Director</b>	means a director of the Company.
<b>Employee Share Plan</b>	means the employee share plan proposed to be approved by Shareholders pursuant to Resolutions 4 and 5, a summary of the terms and conditions of which is set out at Annexure A.
<b>Explanatory Memorandum</b>	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
<b>Issue Price</b>	means 10 cents or not less than 80% of the VWAP of Shares, calculated over the 5 days on which sales in Shares were recorded on the ASX before the day on which the issue is made, whichever is the higher.
<b>July 2017 Placement Shares</b>	means 33,648,356 Shares issued at an issue price of \$0.09 per Share to qualified institutional and sophisticated investors to raise \$3,028,352 (before costs). 15,870,578 Shares were issued on 17 July 2017 and 17,777,778 Shares were issued on 1 August 2017.
<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).

<b>Listing Rules</b>	means the listing rules of ASX.
<b>Meeting</b>	has the meaning in the introductory paragraph of the Notice.
<b>Notice or Notice of Meeting</b>	means the notice of general meeting accompanying this Explanatory Memorandum.
<b>Placement Shares</b>	means 40,000,000 Shares at an issue price of \$0.10 per Share issued to qualified institutional and sophisticated investors on 19 December 2017 to raise \$4,000,000 (before costs).
<b>Project or Boonanarring Project</b>	means the Company's 100% owned high-grade Boonanarring mineral sands project in North Perth Basin in WA.
<b>Proxy Form</b>	means the proxy form attached to this Notice.
<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 Pty Ltd entered into in June 2016.
<b>Shareholder</b>	means the holder of a Share.
<b>Share Placement Facility</b>	means up to 300,000,000 Shares to be issued at the Issue Price pursuant to Resolution 3 if approved by Shareholders.
<b>VWAP</b>	means volume weighted average price.
<b>WST</b>	means Australian Western Standard Time.

**ANNEXURE A****TERMS AND CONDITIONS OF EMPLOYEE SHARE PLAN**

Subject to Shareholder approval, the Board proposes to adopt the Employee Share Plan to allow eligible participants to be issued Shares. The principal terms of the Employee Share Plan are summarised below.

**1. Background**

Under the Employee Share Plan, an Eligible Employee (see section 3) of the Company and its related bodies corporate (**Group**) may be offered the opportunity to acquire shares in the Company (**Shares**) on the basis the Company loans the participant an amount equal to the purchase price for those Shares.

**2. Purpose**

The purpose of the Employee Share Plan is to (among other things):

- (a) provide Eligible Employees with an opportunity to share in the growth in value of the Company and to encourage them to improve the performance of the Group and the Company's return to Shareholders; and
- (b) enable the Group to retain and attract skilled and experienced employees and provide them with the motivation to make the Group more successful.

**3. Eligibility**

3.1 Employees of the Group will be selected by the Company's board or a committee of the Company's board (**Board**) as entitled to participate in the Employee Share Plan (**Eligible Employees**).

3.2 Each Eligible Employee will be individually invited to participate in the Employee Share Plan.

**4. Acceptance**

In order to accept an invitation to participate in the Employee Share Plan, an Eligible Employee must complete, sign and return the application form accompanying their invitation.

**5. Maximum number of Shares to be acquired**

The maximum number of Shares that an Eligible Employee may be issued with under the Employee Share Plan will be set out in the invitation. The Board may not issue Shares under the Employee Share Plan if the total number of securities that would be issued under the Employee Share Plan during the previous 3 years exceeds 5% of the total number of issued securities in that class as at the date of the offer.

**6. Issue price of Shares and Loan**

6.1 The price at which Shares will be issued to an Eligible Employee under the Employee Share Plan will be determined by the Board and set out in the invitation.

6.2 The Company will advance (**Loan**) to the Eligible Employee the amount to be paid to acquire Shares under the Employee Share Plan under a loan agreement (**Loan Agreement**) to be entered by the Eligible Employee.

**7. Interest payable on the Loan**

There will be no interest or fees payable on the Loan.

**8. Repayment of Loan**

8.1 If any dividends are declared and paid on the Shares, or an Eligible Employee disposes of any Shares, the dividend or proceeds of sale must, to the extent necessary, be applied to repay the balance of the Loan.

8.2 An Eligible Employee must immediately repay the balance of the Loan on the earlier of the date:

- (a) they cease to be employed by the Group;
- (b) they fail to pay when due any money they are liable to pay under or in connection with the Loan;
- (c) they fail to comply with any of their other obligations under the Employee Share Plan or the Loan Agreement;
- (d) they commit an act of bankruptcy; or
- (e) they die or become incapable of managing their affairs.

**9. Limited Recourse**

Subject to condition 8.1, the only recourse that the Company has is against the Shares issued to the Eligible Participant under the Employee Share Plan. That is, the Company has no other right to make a claim against the Eligible Participant for failure to repay the Loan. It may only buyback the Shares and the consideration for the buyback will be used to repay the Loan.

**10. Rights as a Shareholder**

Once the Shares are issued to an Eligible Participant, they will have the same rights as other Shareholders (such as voting or dividend rights, subject to condition 8.1 above).

**11. Dealings with Shares**

An Eligible Employee must not sell or transfer any Share acquired by them under the Employee Share Plan, unless:

- (a) the Board gives its prior written approval for the sale; and
- (b) the sale is made in accordance with the Loan Agreement.

The Company may enter into arrangements with its share registry to enforce these transfer restrictions, including imposing a holding lock on the Shares.

**12. Conditions**

The Shares may be issued subject to certain conditions determined by the Board and set out in the invitation to participate in the Employee Share Plan.

**13. Employment**

13.1 The Loan Agreement, the Employee Share Plan, the invitation and any other relevant documents, and the Eligible Employee's participation in the Plan, does not form part of any employment contract.

13.2 Participation in the Employee Share Plan will not in any way affect an Eligible Employee's rights and obligations under the terms under which they are employed.

**14. Tax**

14.1 An Eligible Employee should seek independent advice as to the taxation implications arising from participating in the Employee Share Plan. Due to the complex nature of the taxation laws and the fact that the consequences will depend on an Eligible Employee's particular circumstances, the Company is unable to provide individual advice as to the taxation implications of participation.

14.2 Any advice given by or on behalf of the Company in connection with the Employee Share Plan (if any) is and shall be general in nature only. An Eligible Employee should consider obtaining financial advice from an independent person licensed by the Australian Securities and Investments Commission to give that advice. In addition, an Eligible Employee should consult a tax adviser about the consequences of participation in the Employee Share Plan.

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# IMAGE RESOURCES NL

ACN: 063 977 579

## REGISTERED OFFICE:

GROUND FLOOR  
23 VENTNOR AVENUE  
WEST PERTH 6005

+

«EFT\_REFERENCE\_NUMBER»

«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

## SHARE REGISTRY:

Security Transfer Australia Pty Ltd  
**All Correspondence to:**  
PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code:

IMA

Holder Number:

«HOLDER\_NUM

## 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](http://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.

«ONLINE

### 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**

[Empty box for proxy name]

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 General Meeting of the Company to be held at 11:00am WST on Tuesday 13 February 2018 at The Celtic Club, 48 Ord Street, West Perth WA 6005 and at any adjournment of that meeting.

### 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

1. Ratification of Prior Issue of Shares
2. Ratification of Prior Issue of Shares
3. Share Placement Facility
4. Approval of Employee Share Plan
5. Approval of Financial Assistance for Employee Share Plan

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<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

Security Holder 2

Security Holder 3

[Signature box]

[Signature box]

[Signature box]

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 11:00am WST on Sunday 11 February 2018.

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IMA

IMAPX1250118

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My/Our contact details in case of enquiries are:

Name:

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Number:

( 

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 )

**1. NAME AND ADDRESS**

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.

**2. APPOINTMENT OF A PROXY**

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.

**3. DIRECTING YOUR PROXY HOW TO VOTE**

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.

**4. APPOINTMENT OF A SECOND PROXY**

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.

To appoint a second Proxy you must:

- 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.

**5. SIGNING INSTRUCTIONS**

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

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

**6. LODGEMENT OF PROXY**

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

**Security Transfer Australia Pty Ltd**

**Online** [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**Postal Address** PO BOX 52  
Collins Street West VIC 8007

**Street Address** Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

**Telephone** 1300 992 916

**Facsimile** +61 8 9315 2233

**Email** [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

**PRIVACY STATEMENT**

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.

