image resources

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(ABN 57 063 977 579)

NOTICE OF GENERAL MEETING

incorporating **Explanatory Notes** and **Proxy Form**

to be held on

14 January 2011 at 10:00am (WST)

at

Level 2, 16 Ord Street, West Perth, Western Australia

This is an important document and should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

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NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN for a general meeting of Image Resources NL (**Image** or **Company**) to be held at Level 2, 16 Ord Street, West Perth, Western Australia on 14 January 2011 at 10:00am (WST) (**Meeting**).

The *Explanatory Notes* and *Proxy Form* accompanying this Notice of Meeting (**Notice of Meeting**) are hereby incorporated in, and comprise part of, this Notice of Meeting.

AGENDA

To consider and, if thought fit, pass the following as an ordinary resolution to enable Image to promote the listing of a company on the ASX to develop a potash project near Perth Western Australia.

Shareholders are urged to go straight to Annexure "A" for details of this exciting opportunity.

FLOAT OF POTASH WEST NL

That the entry by Image into an agreement with Potash West NL (**Potash**) under which Potash (contingent on Image shareholder approval in general meeting) acquired from Image the exclusive rights to prospect and explore for and mine glauconite and phosphate (and any by-products resulting from the processing of any glauconite or phosphate or both) on Quinns Hill (E70/3100), Fernview (ELA70/3999), Dunterry (ELA70/4000) and Whyona (ELA70/4001), be and is hereby ratified and the directors of Image be and are hereby authorised to cause Image, as contemplated by the Explanatory Notes hereto, to do (or not to do as they see fit in their sole discretion) all things which they consider to be necessary or desirable to give effect to the listing of Potash on the ASX and otherwise to give effect to the intent espoused in the Explanatory Notes (with such modifications to the proposal set out in the Explanatory Notes as they see fit).

By order of the Board of Directors

George Sakalidis

George Sakalidis
Managing Director

DATED this 16th day of December 2010

EXPLANATORY NOTES

Background

In or about October, Elsinore Energy Pty Ltd (**Elsinore**) approached Image and expressed interest in putting together a package of tenements to cover known and open glauconite/phosphate occurrences on and around the separate tenements holdings under the control of Image and Elsinore in the North Perth Basin. It was agreed to incorporate a new company to acquire rights to explore for and exploit such occurrences with a view to promoting the listing of that company on the ASX to which end Potash was incorporated.

Issued capital of Potash

The current and proposed issued capital of Potash is reflected in the table following:

Proposed Potash Post IPO Capital Structure				
Shares to be issued at $0.20 to raise a minimum of $4,500,000 and a maximum of $6,000,000				
	Minimum raising		Fully subscribed	
Category	% Issued cap	Shares	% Issued cap	Shares
Distributable Shares (to go pro rata to Image Resources NL shareholders)	18.52	12,500,000	16.67	12,500,000
Elsinore Energy Pty Ltd	18.52	12,500,000	16.67	12,500,000
Additional Subscriber Shares	5.19	3,500,000	4.66	3,500,000
Seed Capital	2.21	1,500,000	2.00	1,500,000
Sub-total	44.44	30,000,000	40.00	30,000,000
Contingent Entitlement Shares (distributable to Eligible Persons)	22.22	15,000,000	20.00	15,000,000
IPO Shares to be issued	33.33	22,500,000	40.00	30,000,000
Sub-total	55.56	37,500,000	60.00	45,000,000
Total	100.00	67,500,000	100.00	75,000,000

Distributable Shares

Image holds 12,500,000 shares issued to it by force of the incorporation of Potash as trustee of the Image Shareholders Trust (**IST**). By the terms of that trust, those shares (**Distributable Shares**) will be distributed by Image (as trustee of the IST) on a pro rata basis to the persons registered as holders of ordinary fully paid shares in Image as at the date nominated by the Board of Image for the purpose (namely, 31 December 2010) subject to:

- the shareholders of Image approving the same by passing the resolution proposed in the Notice of Meeting to which these Explanatory Notes relate;

- the ASX granting conditional approval to the listing of Potash on terms acceptable to Image.

If either such approval is not forthcoming, those shares will be cancelled.

Fractional entitlements arising on the calculation of the aforesaid pro rata entitlements will be rounded down. Any balance of Distributable Shares held in Potash by Image as trustee for the IST after the distribution will vest absolutely in the shareholder of Potash then holding the largest single parcel of Potash shares.

Elsinore Shares

Elsinore, as co-promoter of Potash, was issued 12,500,000 ordinary fully paid subscriber shares upon the incorporation of Potash.

Additional Subscriber Shares

Upon incorporation, Potash issued 3,500,000 ordinary fully paid shares, at a nominal issue price, to various parties anticipated to assist with the formation, promotion and operation of Potash.

Contingent Entitlement Shares

The Contingent Entitlement Shares were issued to Barclay Wells Ltd as bare trustee of the Contingent Entitlement Trust, the terms of which trust provide for the subject shares to be distributed on a pro rata basis to those persons (**Eligible Persons**) who both are registered as the holders of:

- a marketable parcel of Potash shares at the time of the listing of Potash; and
- Potash shares at the record date which is proposed to be the first business day immediately after the expiry date of all Restriction Agreements required as a condition to the listing of Potash;

subject to the ASX not objecting to the terms of that trust or, if it does or seeks to impose conditions unacceptable to any of Image, Elsinore or Potash, then the Contingent Entitlement Shares will be cancelled.

Fractional entitlements arising on the calculation of the aforesaid pro rata entitlements will be rounded down. Any balance of Contingent Entitlement Shares held in Potash by the trustee for the Contingent Entitlement Trust after the distribution will vest absolutely in the shareholder of Potash then holding the largest single parcel of Potash shares.

Seed Capital Raising by Potash

Potash will seek to raise total seed capital funds in the order of $150,000 (1,500,000 ordinary fully paid shares at $0.10 each) of which Image has agreed to procure seed capital subscriptions totalling $75,000 and it will use best endeavours to procure 75 marketable parcels of shares under the Potash IPO.

Image Agreement

By agreement deed dated 15 December 2010 (the Deed) Image agreed, subject to the shareholders of Image approving the same, to grant Potash the exclusive right (the Licence) to prospect and explore for and mine glauconite and/or phosphate (and any by-products resulting from the processing of any glauconite or phosphate or both) (Designated Minerals) on Quinns Hill (E70/3100), Fernview (ELA70/3999), Dunterry (ELA70/4000) and Whyona (ELA70/4001) (Image Tenements) on the following terms.

Potash will, conditional upon Potash being admitted to ASX by no later than 30 June 2011, acquire the Licence for the Licence Term commencing on and from the date that Potash is conditionally admitted to the official lists of the ASX and continuing until the earlier of:

- the surrender of the relevant Image Tenements by Image Resources, in accordance with the Deed;
- the withdrawal from the Deed or any Image Tenements by either Image or Potash; or
- the termination or expiry of the Deed for whatever other reason in accordance with the Deed.

Potash will be required during the Licence Term to keep the Image Tenements in good standing and full force and effect under the Mining Act 1978 (WA) including by, without limitation:

- paying all the costs of rents, rates and statutory fees to maintain the Image Tenements in good standing;
- ensuring that sufficient expenditure on the Image Tenements is incurred by it (or to obtain an exemption therefrom) such that when this expenditure is aggregated with any expenditure thereon by Image (if any) the minimum expenditure requirements prescribed in respect of the Image Tenements will be met; and
- rehabilitating the Image Tenements as may be required under any law to the extent that any rehabilitation is required due to any activities carried out by Potash on the Image Tenements.

During the Licence Term, each party will be required to give to the other (at the other party's cost) all mining information and any documents detailing its expenditure on the Image Tenements, provided that Image will not be required to give Potash any mining information which relates solely to minerals other than Designated Minerals.

The rights of the parties under the Deed will be concurrent provided that where any conflict occurs in the exercise of those rights Potash will, subject to the terms of the Deed, be deemed to have priority.

The parties must not grant to any other person any rights which are inconsistent with the rights of the other party under the Deed.

Image will meet the prescribed expenditure commitment (circa $170,000) applicable to Quinns Hill (E70/3100) for the first year of the term of that tenement (ending 3 May 2011) and upon listing Potash will reimburse Image.

AC Griffin Agreement

Adrian Christopher Griffin has also agreed to grant Potash the exclusive right to prospect and explore for and mine glauconite and/or phosphate (and any by-products resulting from the processing of any glauconite and/or phosphate on EL 70/3360 on essentially the same terms, mutatis mutandis, as appear in the Image Agreement.

Torbinup Resources Pty Ltd Agreement

Torbinup Resources Pty Ltd has also agreed to grant Potash the exclusive right to prospect and explore for and mine glauconite and/or phosphate (and any by-products resulting from the processing of any glauconite and/or phosphate on EL 70/3636 on essentially the same terms, mutatis mutandis, as appear in the Image Agreement.

Richmond Resources Pty Ltd Agreement

Richmond Resources Pty Ltd has also agreed to grant Potash the exclusive right to prospect and explore for and mine glauconite and/or phosphate (and any by-products resulting from the processing of any glauconite and/or phosphate on EL's 70/3987, 70/3988, 70/3989 and 70/3635 on essentially the same terms, mutatis mutandis, as appear in the Image Agreement.

Potash's Projects

In addition to the interests that Potash has under the agreements summarised above, it is in the process of negotiating to acquire further exploration interests which may be included in the tenement package prior to the IPO.

All of these tenements are collectively referred to as its **Project**.

Attached as Annexure "A" hereto is an Information Memorandum setting out the Potash proposal.

Rationale for proposal to Image shareholders

The object of the Potash proposal is to:

- unlock value for the benefit of Image shareholders;
- reduce Image's expenditure commitments on certain non core tenements;
- ensure a dedicated exploration focus (by Potash) for glauconite/phosphate potential;
- allow Image to maintain its focus on its core heavy mineral projects, generating new projects, and pursuing JV projects.

Steps to the Listing of Potash

The timetable for the listing of Potash has yet to be determined but currently there is a 30 June 2011 deadline.

The following sets out the proposed material key steps (the details of which may be varied as the directors see as appropriate to respond to professional advice and to changing circumstances – and there is no guarantee that any or all of them will happen as projected or at all), collectively referred to as the Float:

- Potash issuing a prospectus to undertake an initial public offering (IPO) of Ordinary Shares at 20 cents each seeking to raise, in aggregate, between $4.5 million and $6 million to explore and, if appropriate, develop the Projects and meet its commitments under the summarised agreements (the pricing and amount raised may be varied by the directors of Potash);
- Potash applying for admission to the official list of ASX;
- all the Distributable Shares being distributed on a pro rata basis to the shareholders of Image as at a record date nominated by the directors of Image;
- on receipt of the minimum subscription pursuant to the prospectus, Potash will, subject to satisfying any conditions to listing imposed by ASX, become listed.

Image shareholders are entitled to decline to accept the issue to them of Distributable Shares (so that they are not compelled to acquire those securities) by advising the Company in writing on or before the record date or such other date as the directors determine. The written communication may be effected electronically, must be unambiguous and properly executed by the relevant holder(s) of the Image shares.

Escrow

It is anticipated that subject to ASX approval and except for those securities issued to related parties, promoters of or consultants to Potash or Image (or associates of these related parties or promoters), the Distributable Shares will not be subjected to any ASX restrictions on transfer (i.e. escrow).

Image Tenements

Images' North Perth Basin heavy mineral project has targeted both shallow Pleistocene sediments, which host most of the heavy mineral (HM) mines in the region, but also the underlying Mesozoic sediments which are interpreted to host thick channel style HM mineralisation. It was also recognised that the Mesozoic (Upper Cretaceous) sediments of the Dandaragan Trough contain extensive glauconite greensands with potential for potash and phosphate in a region with good infrastructure close to ports. Glauconite contains an average 6.2%K2O, an essential ingredient of potash fertiliser. Consequently, Image has acquired or applied for tenements in the North Perth Basin which have potential for heavy minerals, potash and phosphate deposits.

Quinns Hill (E70/3100)

This large 487sq km licence is mostly underlain by Upper Cretaceous Coolyena Group sediments which contain the Molecap Greensand and Poison Hill Greensand which are comprised of glauconitic sand and clay. Numerous outcrops of the Poison Hill Greensand have been recorded in the northern half of the tenement, together with fewer outcrops of the underlying Molecap Greensand. However the presence of extensive, shallow horizons of Molecap Greensand can be interpreted from its known stratigraphic relationship to the Poison Hill Greensand. Phosphatic nodule and sand occurrences have also been reported associated with the greensands in the northern part of the licence. The geology of the southern part of the tenement is largely obscured by deposits of lateritic gravel and sand but is interpreted to be underlain at shallow depth of Coolyena Group sediments. Several interpreted paleo-shorelines with heavy mineral potential have been identified on the tenement parallel to and east of the Gingin Scarp, a feature which hosts significant heavy mineral deposits.

Fernview (E70/3999), Dunterry (E70/4000)

These two exploration licence applications, each 23 sq km in area, are situated at the southern end of the Dandaragan Trough just west of the Darling Fault which forms the eastern margin of the Upper Cretaceous sediments of the Perth Basin. The geology is obscured by lateritic gravel and sand but the type localities for the glauconitic sands of the Molecap Hill Greensand and the Poison Hill Greensand are situated about 15km to the south west of Fernview and about 15km to the north west of Dunterry. Both of these licence application areas are interpreted to be underlain at shallow depth by glauconitic greensands of the Coolyena Group.

Whyona (E70/4001)

This 309sq km exploration licence application is situated in the northern part of the Dandaragan Trough less than 20km north of where historical drilling intersected extensive glauconitic greensands of the Coolyena Group. The geology of the licence area is obscured by lateritic gravel and sand but is interpreted to be at least partly underlain by greensands of the Coolyena Group. On the far western margin of the tenement one outcrop of Lower Cretaceous to Middle Jurassic Yarragadee Formation sandstone has been recorded.

The information on geology and mineralisation contained above accurately reflects the information compiled or reviewed by Mr Roger Thomson BSc, ARSM, MAusIMM, MAIG, who is a competent person (as defined by the Australasian Code of Reporting of Identified Mineral Resources and Ore Reserves) with relevant experience in relation to such mineralisation. Please note that there are no identified mineral resources or ore reserves on any of the above four tenements.

Interests of Directors

Mr George Sakalidis is the managing director of Image and a non-executive director of Potash. He will receive fees for serving as a non-executive director of Potash.

The directors of Image, namely Messrs Sakalidis, Thomas and Thomson (and/or associates) will receive Distributable Shares on the same basis as other Image shareholders and they will also be entitled to Contingent Entitlement Shares on the same basis as other Eligible Persons.

If the resolution is passed and the Float proceeds as proposed, based on their security holdings in Image as at the date of this Notice of Meeting and representations they have made to the Company in that regard, the directors will obtain the following benefits:

Director	*Potash Ordinary Shares*		*Potash Annual Directors Fees*
	Distributable Shares	*Contingent Entitlement Shares**	*$*
George Sakalidis	*388,074*	*77,615*	*40,000*
Roger Thomson	*299,140*	*59,828*	-
Peter Thomas	*153,521*	*30,704*	-

*Assumes all Potash shareholders as at the date of its listing hold marketable parcels and such holders (and no others) are Potash shareholders at the record date for determining the final distribution of CES.

All of the Distributable Shares issued to the directors pursuant to the pro rata distribution will be received by the directors (and/or associates) in their capacity as members of Image and on the same terms as all other Image shareholders, with the adverse exception that the shares are all likely to be escrowed for a period of 24 months following Potash's admission (if applicable) to the official list of ASX.

Additional Information

The resolution is put to members for the purpose of informing shareholders and obtaining their approval generally, including for the purpose of satisfying, to the extent applicable, if at all, section 256B of the Corporations Act (reduction in share capital) and section 208 of the Corporations Act (provision of benefit to related parties).

If the Image Agreement becomes operative by reason of Potash listing on the ASX, there will be no effect on Image's balance sheet because the tenements the subject of that Agreement, have a zero book value. Commercially however, Image will potentially divest itself entirely of the rights otherwise conferred on it in respect of glauconite/phosphate contained in the Image Tenements. Subject to the Image Agreement, Image reserves all rights in relation to all other minerals (including any mineral sands (heavy minerals)) contained in those tenements.

The directors are satisfied that the Float will not materially prejudice Image's ability to pay creditors and is fair and reasonable to the Company's shareholders as a whole.

Tax Implications - Distributable Shares

Shareholders should, seek their own advice in relation to the tax consequences of receiving Distributable Shares and not rely on the following summary.

Shareholders will receive the Distributable Shares for no consideration.

The market value of the Distributable Shares may be assessable to shareholders as a capital gain under the CGT value shifting provisions. On the basis that the carrying value of the net assets of Potash was negligible when the Distributable Shares were issued, the market value of the Distributable Shares will be negligible at the record date and hence the total value of the shift will not exceed the threshold required to invoke the operation of the statutory taxing provisions.

Based on this analysis, the Company considers that the cost base of the Distributable Shares will be negligible and the Company does not generally expect there to be any material income tax consequences to an Image shareholder as a result of the distribution until the relevant Distributable Shares are disposed of by the recipient shareholder or are otherwise dealt with in a manner that would trigger a CGT event or other event relevant for income tax purposes.

Notwithstanding the above general statements, shareholders should be aware that the income tax laws that apply can be complex and are subject to differing interpretations. Further, the position may also depend on the circumstances applicable to each shareholder.

Nevertheless, shareholders should, seek their own advice in relation to the tax consequences of receiving Distributable Shares.

Tax Implications – Contingent Entitlement Shares

Shareholders should, seek their own advice in relation to the tax consequences of receiving Contingent Entitlement Shares and not rely on the following summary.

Recipients of Contingent Entitlement Shares will receive them for no consideration as a consequence of satisfying the conditions to participating in the distribution of the pool of Contingent Entitlement Shares.

Directors' Recommendation

Image's directors believe that the IPO will yield the following benefits for Image shareholders:

- the Distributable Shares will enable shareholders to retain an exposure to the Image Tenements and share in any upside thereof;
- shareholders will hold shares in two companies, each with a specific focus in the resources sector, instead of one – thus diversifying and spreading risk;
- new working capital will be raised to develop the Projects without diluting the shareholder's interest in Image's presently recognised core projects;
- it will promote active exploration on the Projects whilst freeing up Image's resources to focus on its core business;
- it will "unlock" the value in the Projects which your directors believe is not reflected in Image's market capitalisation;

- Potash will focus on exploiting the Projects;

- potential investors will be able to invest directly in the entity holding the tenement portfolio of greatest interest to them;

- Image's appeal as a possible mineral sands take-over target may be enhanced as a bidder will not have to pay for assets in which it has no interest (equally shareholders, in the event of a take-over, will not have "given away" the Projects).

The Directors recognise that each may be seen to have a material personal interest in the outcome of the resolution although none considers that to be the case. All of the directors recommend shareholders vote in favour of the resolutions set out in the accompanying Notice of Meeting.

Neither any of the directors nor the Company is aware of any information other than that set out in these Explanatory Notes that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass the resolutions the subject of the Notice of Meeting accompanying these Explanatory Notes.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by Potash (note that Potash is not presently and is not intended to become a shareholder of Image) or any of its directors and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for another person who is entitled to vote in accordance with the directions on the proxy form or if it is cast by a person chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

SCHEDULE OF IMAGE TENEMENTS

Name	Tenement ID	Area km²	Status	Expenditure Commitment
Quinns Hill	E70/3100	487	Granted 4 May 2010	$170,000
Fernview	ELA70/3999	23	Application	$20,000 upon grant
Dunterry	ELA70/4000	23	Application	$20,000 upon grant
Whyona	ELA70/4001	309	Application	$104,000 upon grant
Total Area		**842**		

ANNEXURE "A"

The information set out in the attached Information Memorandum was kindly provided by Potash and has not been verified by Image.

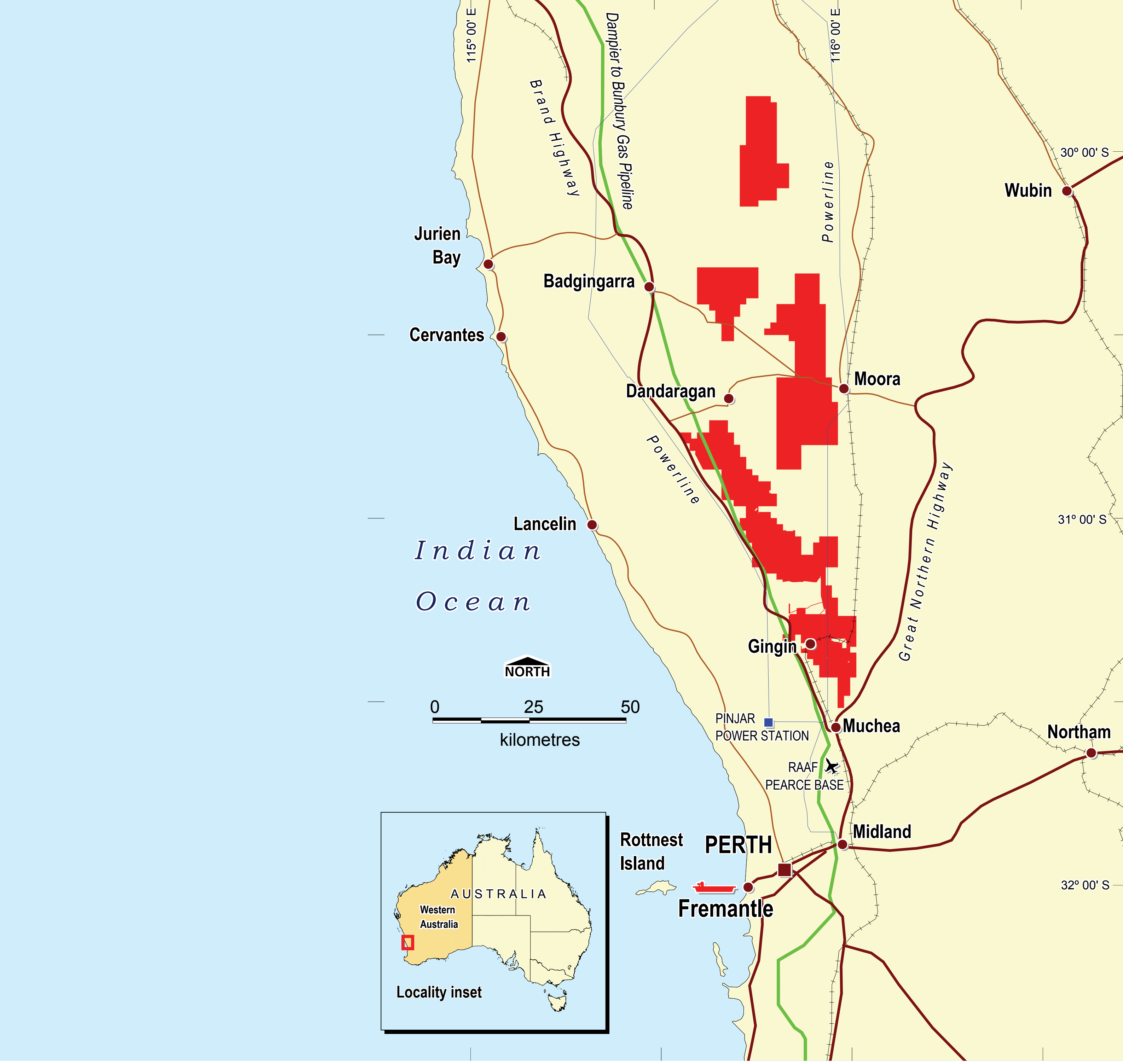
DECEMBER 2010

Information memorandum

Potash West NL aims to extract potassium – for the production of potash – from one of the world's largest greensand deposits.

Highlights

- Potash West NL controls over 2,000 km^2 of glauconite-bearing greensands between Gingin and Eneabba in Western Australia.
- Glauconite contains, on average, 6% K_2O, an essential ingredient of potash fertilisers.
- In 2008, Australia imported 400,000 t of potash fertiliser, valued at more than AU$225 million.
- In 2007-08, prices for potash in the form of KCl, rose sharply from historical levels of US$150/t to almost US$1000/t. KCl spot contract sales are currently between US$300 and US$400/t.
- Testwork dating back almost a decade demonstrated potassium recoveries of more than 50% from glauconite, and recent advances in mineral extraction technology provide the key to improvements in the efficiency of potassium recovery.
- Potash West NL controls much of the prospective ground within one of the largest glauconite deposits in the world. Global fertiliser demand, a change of price structure and a positive pricing outlook all provide a compelling case for re-evaluating and, if viable, commercialising these deposits.
- Potash West NL believes there are compelling reasons for the development of this project, including:
  - the Company's large, near-surface greensand deposit, which is favourably located;
  - the local market for fertiliser, which is large and import-dependent;
  - sighter testwork that shows potassium can be recovered from greensand;
  - the proposed application of recent advances in metallurgy, including fine-grind technologies, aimed at extracting potassium to produce commercial-grade potash, and
  - the projected escalation in the potash price.



Company overview

Strategy

The Company's Perth Basin Potash Project aims to:

- consolidate prospective ground in Western Australia;
- reduce competing market interests;
- dominate the Australian glauconite resource position;
- prove extraction, efficiency and cost profile;
- advance towards bankable feasibility, and
- establish the Company as Australia's largest supplier of potash.

Directors

Adrian Griffin
Chairman,
Mine production and corporate management

Patrick McManus
Managing Director,
Industrial minerals specialist

George Sakalidis
Non-executive Director,
Exploration targeting: bulk commodities

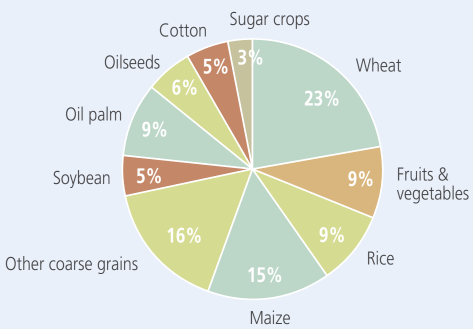
Gary Johnson
Non-executive Director,
Process and extraction specialist

Proposed share structure

Category	% Issued	Number
Image Resources NL shareholders	16.67	12,500,000
Elsinore Energy Pty Ltd	16.67	12,500,000
Additional subscriber shares	4.66	3,500,000
Seed capital	2.00	1,500,000
Contingent entitlement shares	20.00	15,000,000
IPO shares to be issued	40.00	30,000,000
Total	100.00	75,000,000

What is potash?

World potash consumption



The term 'potash' refers to a group of water-soluble potassium salts that are mined for use primarily in fertiliser production. Potassium is one of three key fertiliser 'macro-nutrients' essential for healthy soil and plant growth. It is generally used in combination with the other two macro-nutrients, nitrogen and phosphorus, to produce a range of fertilisers, the type used being dependent on the soil to which it will be applied. Such fertilisers must be used annually, since nutrients are depleted from the soil with the harvesting of crops. Thus, demand for these products is ongoing.

Potassium is essential to the workings of every living plant cell. It not only plays an important role in plants' water utilisation but also helps regulate the rate of photosynthesis. In addition, potassium promotes the growth of strong stalks, protects plants from extreme temperatures and enhances their ability to cope with stress; further, it extends the shelf life of agricultural products.

Importantly, there is no substitute for potash.

World potash consumption by crop can be seen in the chart at left, with wheat, fruit, vegetables, rice and maize accounting for the majority. Although potash ore reserves have been identified in 21 countries worldwide, in only 12 is the economic extraction of potash currently practised (principally in Russia and Canada).

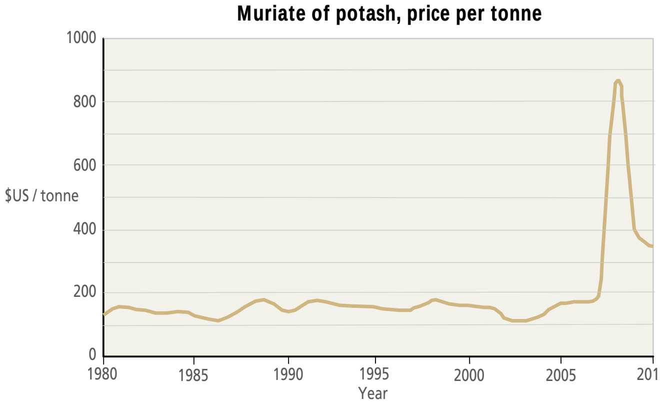
Current population growth – and the concomitant global demand for food – is placing immense pressure on fertiliser supplies for agriculture. As noted earlier, nitrogen, phosphorus and potassium are the three major plant nutrients delivered in fertilisers, and there are no substitutes for these elements. Hence, potash is a key element in the production of commercial fertilisers.

Perth Basin potash – why now?

*"**Pure Speculation** has harped on about those two fertiliser feedstocks (potash and phosphate), so it's nice to read that Fortis Bank Nederland and London-based Virtual Metals have declared that fertiliser is a leading candidate for the title of the 21st century's metacommodity. One of the main reasons, as we have pointed out on several occasions, is that -- as the report puts it -- "on current trends the world faces a serious arable land crunch." The Food & Agricultural Organisation forecasts that food production will have to grow by 70 per cent between now and 2050 to support the expected world population of 9.1 billion."* (The Australian, June 28, 2010)

The greensand deposits in the Dandaragan Trough, a portion of the Perth Basin in close proximity to Perth, the capital of Western Australia potentially contain one of the world's largest sources of readily recoverable potassium. The deposits are favourably located within agricultural land that currently consumes significant quantities of potassium-based fertiliser, mainly in the form of K_2SO_4. Relatively pure glauconite can be recovered from greensand by way of a simple de-sliming and magnetic separation procedure. The glauconite content of the greensand ranges from 20 to 50%. After magnetic separation, which yields a relatively pure product, the glauconite contains 5 to 6% K_2O. During periods when the supply of potash has been restricted, greensand has been directly applied as a fertiliser, but the low potassium grade and slow release rate make this style of use impractical.

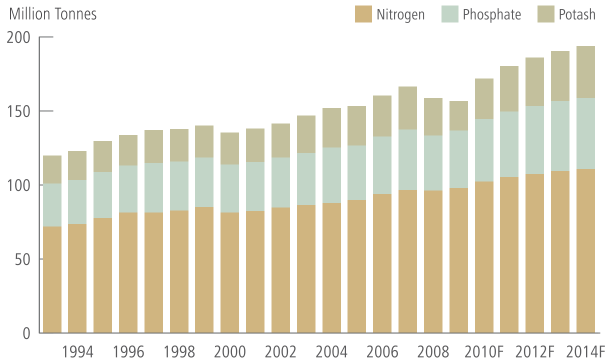
Muriate of potash, price per tonne



The most recent research dedicated to the extraction of potassium compounds from Perth Basin glauconite took place in 2002. Laboratory-scale glauconite calcination with sulphuric acid at temperatures ranging from 500 to 700 degrees Celsius demonstrated that potassium recoveries of greater than 50% can be achieved. While these results were considered encouraging, the potash price at the time provided no incentive to optimise the process.

The price of potash has changed dramatically since the last extensive tests on the Perth Basin deposits concluded. In 2009, the KCl price soared to US$870/t ($K_2SO_4$ about US$1350/t). More recently, the KCl price has stabilised at around US$350/t (US$650/t for K_2SO_4).

World fertiliser consumption



Data reported in a combination of fertiliser and calendar years. For example, 2010F is based on 2010 calendar year and 2010/11 fertiliser year data.

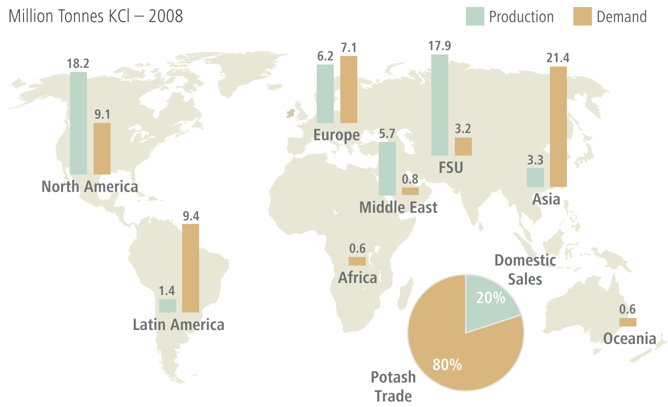
Source: Fertecon, IFA, PotashCorp

As noted previously, fertiliser consumption is closely related to increases in crop production worldwide, and advances in agricultural science have demonstrated that essential soil nutrients must be replaced if the rate of production is to be maintained.

The annual rate of growth in the use of potash is more than 3%, as farmers in the developing world seek to remedy their former under-application of potassium.

The global potash market

World potash production and demand



Source: Fertecon, PotashCorp

Although potash is widely used as a fertiliser, only two regions, Canada and the former Soviet Union, are responsible for 80% of global reserves and two-thirds of global production. Currently, there is little active trade in the commodity, contracts for potash deliveries are not listed on any exchange and a large community of 'spot' traders who could provide it on short notice is lacking. A consortium of Canadian potash producers, known as Canpotex, sets the benchmark for prices. In 2008, potash prices at the port of Vancouver hit a high of US$900/t but the price subsequently plunged during the global recession.

Throughout human history, farmers supplied their crops with potassium by scattering ash on the soil or adding animal waste to it. In today's world, however, only potash can provide the nutrient on a scale large enough to support the global food industry – and that is the main reason why modern mining giants are interested in acquiring reserves.

Because potash is available from only a few suppliers, the pricing power of those suppliers is significant. However, if prices become too high agricultural producers can suspend their use of potash, in the hope that the prices will fall before a lower level of potassium in the soil reduces crop yields. According to its website, Canpotex sells between 8 and 9 Mt of potash a year.

The International Fertiliser Association, an industry group, reported world potash production as totalling 32 Mt in 2008.

As only 12 countries have the potential for significant production, there is a massive export market.

Harry Vroomen, an economist with The Fertiliser Institute, an industry trade group, states: "The theory here is that demand for all three nutrients should increase over time, but there is potential for potash – particularly in the two largest countries, China and India – to grow even faster."

The potash market in Australia

Australia imports all its potash fertiliser requirements, some 400,000 t annually, with a value in 2008 of AU$225 million. While K_2SO_4 is preferred for use in the saline-prone soils of the West Australian wheat belt, its high price means that KCl is the product most used nationally.

Project location

The Project comprises 10 exploration licences, located between 50 and 230 km north of Perth, in Western Australia. These tenements lie between two major road transport corridors: the Brand Highway to the west, and the Great Northern Highway to the east. The Dampier-to-Bunbury gas pipeline passes along the western boundary of the Project, as does a major power transmission line.

Geology

Greensand deposits in the Dandaragan Trough, a portion of the Perth Basin close to Perth, contain large quantities of potassium. The deposits are well located within agricultural land that currently consumes significant quantities of potassium-based fertiliser, mainly in the form of K_2SO_4. The target geological formations are flat-lying, outcropping or near-surface, and extend between Gingin in the south and Hill River in the north.

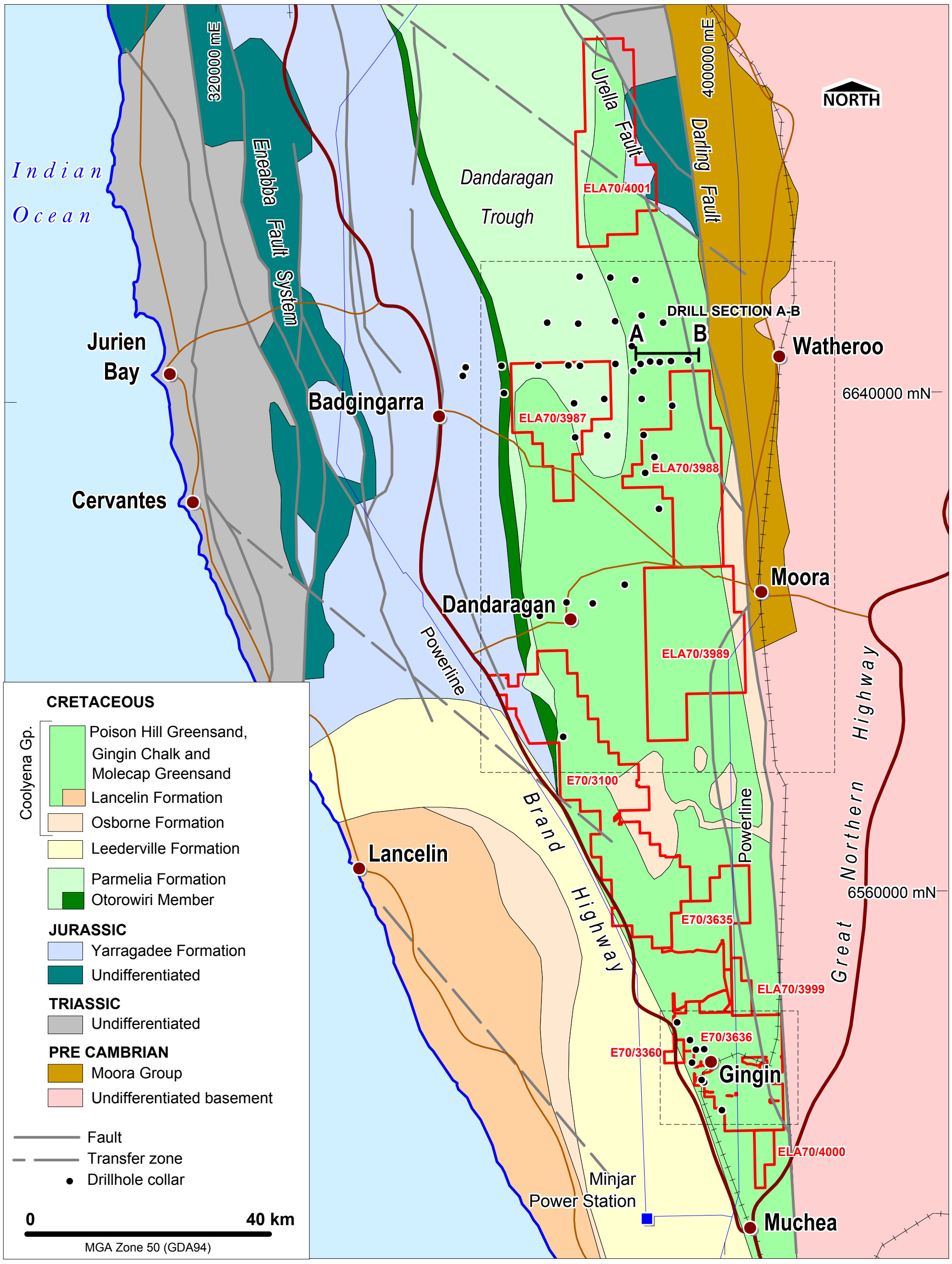
Potash West NL dominates the landholdings within the Dandaragan Trough. Its tenure extends over a length of 155 km, with an average width of close to 20 km (a total area of 2,107 km^2). The underlying glauconite beds generally range in thickness from 25 to 50 m in areas previously drilled. The maximum thickness appears to be about 200 m. These dimensions indicate a potential resource of hundreds of billions of tonnes of glauconite-bearing greensand.

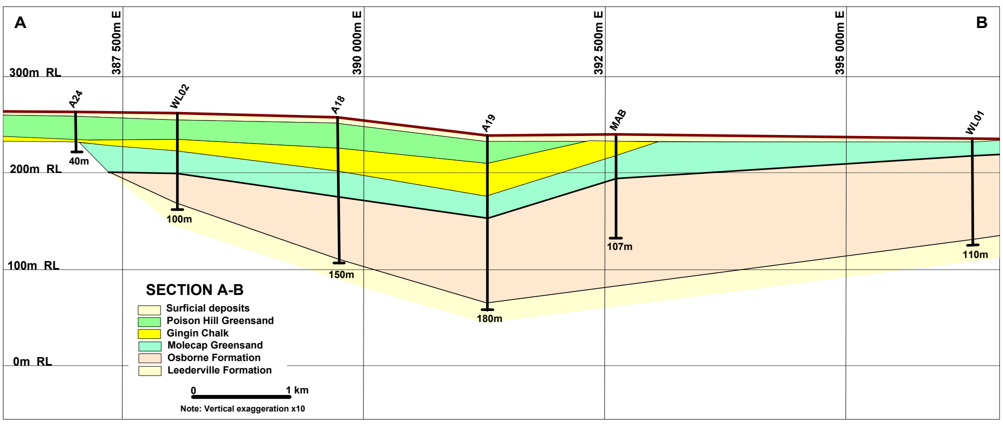
The greensand deposits of the Dandaragan Trough outcrop over much of the Project tenure, and the soft, flat-lying formations are amenable to low-cost open-pit mining.

What is greensand?

The term 'greensand' refers to a specific formation, generally sandstone, containing glauconite, from which the greensand gets its green colour. Glauconite is an iron potassium, aluminium silicate (mica) with very low weathering resistance; hence, greensand formations tend to be weak, friable and readily lateritised. Greensands are characterised by their high total iron content (Fe_2O_3) and high K_2O content (glauconite typically contains 6% K_2O).

Perth Basin greensand formations contain up to 50% glauconite. During the first phase of the extraction process, glauconite granules are separated from the mainly siliceous contaminants by way of magnetic separation, a technology that is well understood.

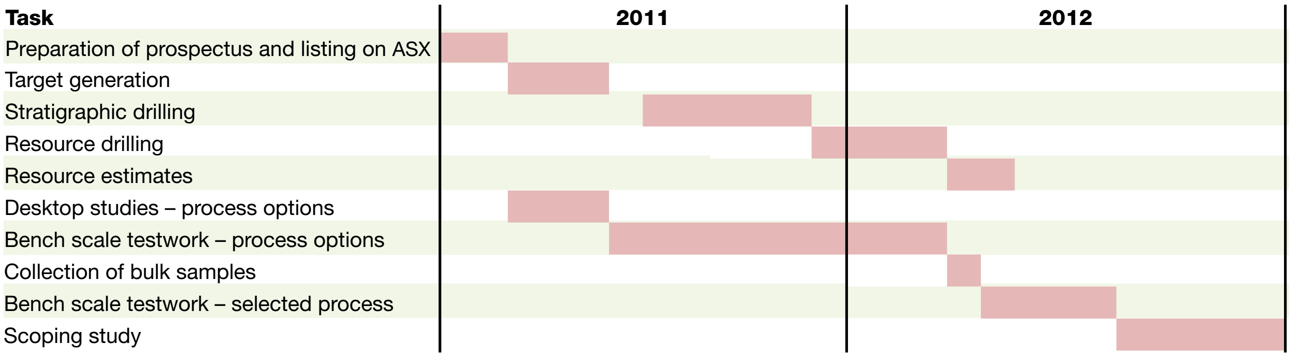

NORTH
Indian Ocean
320000 mE
400000 mE
Eneabba Fault System
Urella Fault
Darling Fault
Dandaragan Trough
ELA70/4001
DRILL SECTION A-B
A
B
Jurien Bay
Watheroo
Badgingarra
6640000 mN
ELA70/3987
ELA70/3988
Cervantes
Moora
Dandaragan
ELA70/3989
Powerline
E70/3100
Brand Highway
Great Northern Highway
Lancelin
6560000 mN
E70/3635
ELA70/3999
E70/3636
E70/3360
Gingin
ELA70/4000
Minjar Power Station
Muchea
CRETACEOUS
Coolyena Gp.
Poison Hill Greensand, Gingin Chalk and Molecap Greensand
Lancelin Formation
Osborne Formation
Leederville Formation
Parmelia Formation
Otorowiri Member
JURASSIC
Yarragadee Formation
Undifferentiated
TRIASSIC
Undifferentiated
PRE CAMBRIAN
Moora Group
Undifferentiated basement
Fault
Transfer zone
Drillhole collar
0
40 km
MGA Zone 50 (GDA94)


A
B
387 500m E
390 000m E
392 500m E
395 000m E
300m RL
200m RL
100m RL
0m RL
A24
WL02
A18
A19
MAB
WL01
40m
100m
150m
180m
107m
110m
SECTION A-B
Surficial deposits
Poison Hill Greensand
Gingin Chalk
Molecap Greensand
Osborne Formation
Leederville Formation
0
1 km
Note: Vertical exaggeration x10

Timeline and development schedule

Potash West NL proposes to carry out all work necessary to enable estimation of an Indicated Resource for the potassium-bearing mineral glauconite within a specific area of the Project. The Company further proposes to simultaneously carry out metallurgical testwork for a range of possible process routes, with flow-sheet development to follow.

The Company aims to commence a scoping study in the second half of 2012, to clarify development of, and process and marketing options for, the Project.



Resource definition

The exploration budget is based on a broad-based, three-stage approach leading to delineation of a JORC-compliant resource at the end of the second year. Based on a notional target production of 200,000 t of K_2SO_4 per annum, the resource assumed necessary to support a 10-year mine plan is 40 to 45 Mt.

Potash West NL will aim to schedule its approach as follows.

- Year 1: targeting of prospective areas using remote sensing techniques. Targeting and stratigraphic drilling over priority targets, to test continuity, depth of weathering, grade and stripping ratios.
- Year 2: detailed drill-out of selected targets, leading to the definition of between 40 and 45 Mt of resource at 3 to 4% K_2O.

Activity	**Year 1** (AU$)	**Year 2** (AU$)
Geology – target generation, drilling, resource estimation	610,000	1,615,000
Metallurgy – research, testwork, flow-sheet development	605,000	1,185,000
Tenement administration, rents, rates	90,000	140,000
Administration	490,000	490,000
Expenses of the issue	485,000	
Contingency @ ~5%	120,000	170,000
	2,400,000	3,600,000
	Total AU$6,000,000	

Summary of key points

- **Potash West NL has significant resource potential.**
- **The Company dominates tenure in one of the world's largest known glauconite deposits.**
- **The Project is close to well-established infrastructure.**
- **Glauconite deposits are recognised as potential potash feedstock.**
- **High recoveries of potassium are possible with simple extraction technology.**
- **Potash West NL has the benefit of a highly skilled management team.**
- **Investment provides exposure at low cost to the booming potash business.**

Summary of abbreviations

Company, the	Potash West NL	**K_2SO_4**	potassium sulphate
KCl	potassium chloride, also known as muriate of potash	**m**	metre/s
km	kilometre/s	**Mt**	million tonnes
km²	square kilometre/s	**Project, the**	Perth Basin Potash Project
K_2O	potassium oxide	**t**	tonne/s

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PROXY FORM

Shareholder's Name & Address

Please write your name(s) above

Number & Street/PO Box Number	City/Town	State	Post Code

Appointment of Proxy

I/We appoint as proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairperson see fit) at the general meeting of the Company to be held at Level 2, 16 Ord Street, West Perth, Western Australia on 14 January 2011 at 10:00am (WST) (**Meeting**) (and at any adjournment thereof). This proxy empowers the person appointed as proxy to vote on any other resolutions validly put to the Meeting as the proxy sees fit.

Name of person you are appointing (if not the Meeting Chairperson) OR *the Chairperson of the Meeting*

IF YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, PLEASE PLACE A MARK IN THIS BOX *

* **The Chairman intends to vote undirected proxies in favour of all resolutions.** By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box and you have not directed your proxy how to vote, the Chairman will not cast your vote on resolution 0.

	For	Against	Abstain [1]
FLOAT OF POTASH WEST NL			

[1] If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

Appointing a Second Proxy (if applicable)

The number of shares applicable to this proxy form or % The percentage of your voting rights

Signature(s)

Shareholder 1	Shareholder 2	Shareholder 3
Director	Director/Secretary	Sole Director and Secretary

Company Seal (if required)

Proxy Forms may be lodged with Image Resources NL either by facsimile on (08) 9485 2840, by mail to PO Box 644, West Perth WA 6872. To be valid, a Proxy Form must be received not less than 48 hours before the time appointed for the Meeting. For assistance in completing this form, please refer to the rear of this form.

Contact Telephone Number

Area Code | Telephone Number

INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

Shareholder's Name & Address

This is the name and address of the shareholder as it appears on the Company's share register. For the purposes of the Meeting, shares will be taken to be held by those persons who are the registered holders thereof 48 hours before the time appointed for the commencement of the Meeting.

Appointment of Proxy

A shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Meeting. The proxy has the same right as the shareholder to speak and vote at the Meeting. If you leave this section blank, the Chairperson of the Meeting will be your proxy to vote your shares even if you attend the Meeting (unless you revoke your proxy before the Meeting).

Vote on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution /s by inserting the number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting.

Appointing a Second Proxy

If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

Contact Telephone Number

This will help us if there are any problems with your proxy form.

Signature(s)

Each shareholder must sign this form. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory.