

IMAGE RESOURCES NL

(ABN 57 063 977 579)

NOTICE OF 2011 ANNUAL GENERAL MEETING

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

to be held on

Tuesday 29 November 2011 at 11:00am (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 2011 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Shareholders of Image Resources NL (ABN 57 063 977 579) (**Image or the Company**) will be held at Level 2, 16 Ord Street, West Perth, Western Australia on Tuesday 29 November 2011 at 11:00am (WST) (**Meeting**). The *Explanatory Statement* that accompanies and forms part of this Notice of Meeting (**Notice of Meeting**) describes in more detail the matters to be considered.

AGENDA

FINANCIAL REPORT:

Tabling of the Company's Financial Report as prepared in respect of the year ended 30 June 2011 and the reports by directors and auditors thereon.

ORDINARY BUSINESS:

To consider and, if thought fit, to pass the following as ordinary resolutions:

Resolution No. 1 – Adoption of Remuneration Report:

That the Remuneration Report contained in the 2011 Annual Report be adopted.

Note: This resolution is advisory only and does not bind the directors or the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the key management personnel, details of whose remuneration are included in the remuneration report, or a closely related party of such a member ("KMP"). However, the Company need not disregard a vote if either the vote is cast by a KMP as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1 and the vote is not cast on behalf of a KMP.

Resolution No. 2 – Re-election of Director:

That Mr Thomas, a director retiring by rotation in accordance with the Constitution, being eligible and offering himself for re-election, is re-elected a director of the Company.

Resolution No. 3 – Ratification of Share Placement on 5 April 2011:

That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 1,200,000 fully paid ordinary shares in the capital of the Company on 5 April 2011 to Iluka Resources Limited in part satisfaction of the acquisition of mining tenements and otherwise on the basis set out in the Explanatory Statement accompanying this Notice of General Meeting, is ratified and approved.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by any of the persons, or an associate of those persons, who participated in the issue of the shares, the subject of Resolution 3 and a person who might obtain a benefit, except a benefit solely derived in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if either the vote 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 the vote 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 No. 4 – Ratification of Share Placement on 12 October 2011:

That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 3,000,000 fully paid ordinary shares in the capital of the Company on 12 October 2011 to Metal Sands Pty Ltd in part satisfaction of the acquisition of residual interests in mineral exploration tenements and otherwise on the basis set out in the Explanatory Statement accompanying this Notice of General Meeting, is ratified and approved.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by any of the persons, or an associate of those persons, who participated in the issue of the shares, the subject of Resolution 4 and a person who might obtain a benefit, except a benefit solely derived in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if either the vote 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 the vote 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 No. 5 – Approval for the Proposed Issue of Ordinary Fully Paid Shares:

That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves the allotment and issue of up to 20,000,000 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement at a price which is the higher of \$0.55 per share or a price that is at least 80% of the average market price for the Company's quoted shares, as calculated over the 5 trading days on which sales in the securities were recorded before the day on which the issue is to be made, to selected professional and/or sophisticated investors who satisfy either of the definitions contained in sections 708(8), 708(10) and 708(11) of the Corporations Act 2001.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by a person, or an associate of that person, who may participate in the proposed issue and a person who might obtain a benefit, the subject of Resolution 5, except a benefit derived solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if either the vote 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 the vote 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.

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SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following as ordinary resolutions:

Resolution No. 6 – Issue of Options to G Sakalidis:

That for the purposes of ASX Listing Rule 10.11, Section 195 and Chapter 2E of the Corporations Act 2001 and all other purposes, the directors be authorised to grant a total of 800,000 Options to subscribe for Shares (on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting) to G Sakalidis or his nominee(s).

Resolution No. 7 – Issue of Options to RM Thomson:

That for the purposes of ASX Listing Rule 10.11, Section 195 and Chapter 2E of the Corporations Act 2001 and all other purposes, the directors be authorised to grant a total of 750,000 Options to subscribe for Shares (on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting) to RM Thomson or his nominee(s).

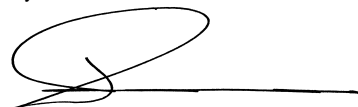
Resolution No. 8 – Issue of Options to PS Thomas:

That for the purposes of ASX Listing Rule 10.11, Section 195 and Chapter 2E of the Corporations Act 2001 and all other purposes, the directors be authorised to grant a total of 650,000 Options to subscribe for Shares (on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting) to PS Thomas or his nominee(s).

Voting Exclusion Statement

The Company will disregard any votes cast on resolutions 6, 7 and 8 by any director ("Director") who may benefit from those resolutions and any person who for the purposes of the Corporations Act 2001 would be regarded as a person ("Associate") associated with the Director. However the Company need not disregard a vote if it is cast by a Director or Associate 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 Director or Associate who is 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.

By order of the Board

A handwritten signature in black ink, appearing to be 'Rudolf Tieleman', written over a horizontal line.

RUDOLF TIELEMAN

COMPANY SECRETARY

DATED: 31 October 2011

PROXIES

For the purposes of determining voting entitlements at the general meeting, shares will be taken to be held by persons who are registered as holding shares at 5.00pm on Friday 25 November 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting

A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. A proxy may, but need not be, a shareholder of the Company. Proxy forms must reach the Registered Office of the Company by mail, or be received by facsimile on (08) 9485 2840, or be received by email at info@imageres.com.au at least 48 hours prior to the meeting. For the convenience of shareholders, a Proxy Form is enclosed.

NOTICE OF 2011 ANNUAL GENERAL MEETING

Explanatory Statement - 31 October 2011

1. Introduction

This Explanatory Statement has been prepared for the information of members of the Company in connection with the business to be conducted at the general meeting of members to be held at Level 2, 16 Ord Street, West Perth, Western Australia on Tuesday 29 November 2011 at 11:00am (WST).

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of 2011 Annual General Meeting.

2. Receiving Financial Statements and Reports

The Corporations Act 2001 requires that the Annual Company Financial Statements and reports of the directors and the auditor be laid before shareholders at every annual general meeting.

Shareholders will be given an opportunity to ask questions of the directors and the auditor in relation to the financial statements of the Company that have been provided to shareholders with this Notice and Explanatory Statement at the Annual General Meeting.

3. Adoption of the Remuneration Report (Resolution 1)

Section 250R(2) of the Corporations Act 2001 requires that at a listed company's AGM, a resolution that the remuneration report be adopted must be put to the vote. This resolution will be non-binding on the directors and the Company and will be advisory only. The Remuneration Report is incorporated into the Directors' Report which in turn appears in the Annual Report.

Shareholders will be given an opportunity to ask questions of the directors in relation to the Remuneration Report of the Company.

4. Re-election of PS Thomas as a Director (Resolution 2)

The Company's Constitution requires that one third of all directors (other than the managing director) retire by rotation each year. Mr Thomas will retire at the meeting and, being eligible, offers himself for re-election.

5. Ratification of Placement on 5 April 2011 (Resolution 3)

ASX Listing Rule Requirements

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of the Company is required to an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue and allotment of shares outlined in Resolution 3 does not exceed the 15% limit, however, ASX Listing Rules 7.1 and 7.4 provide that, where a company in general meeting ratifies an issue of equity securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby enabling the company to issue further equity securities without exceeding the 15% in 12 months limitation.

Shareholder approval is sought so as to refresh the Company's 15% equity security placement limit pursuant to ASX Listing Rule 7.1.

The information required by ASX Listing Rules 7.4 and 7.5 to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

Resolution 3 of the Notice of General Meeting proposes the ratification for the issue of 1,200,000 Shares as announced on 4 April 2011, thereby satisfying the requirements of ASX Listing Rule 7.4.

In compliance with the information requirements of ASX Listing Rule 7.5, members are advised of the following particulars in relation to the placement.

- (a) Number of securities issued: 1,200,000 Shares
- (b) Price at which the securities were issued: \$0.5124 cents per Share
- (c) The Shares rank equally in all respects with the existing shares on issue and have been voluntarily escrowed for 12 months until 4 April 2012.
- (d) The shares were issued to Iluka Resources Limited as part consideration for the acquisition of mining tenements;
- (e) No funds were raised from the issue of shares.

The Board recommends that shareholders vote in favour of Resolution 3.

6. Ratification of Placement on 12 October 2011 (Resolution 4)

ASX Listing Rule Requirements

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of the Company is required to an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue and allotment of shares outlined in Resolution 4 does not exceed the 15% limit, however, ASX Listing Rules 7.1 and 7.4 provide that, where a company in general meeting ratifies an issue of equity securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby enabling the company to issue further equity securities without exceeding the 15% in 12 months limitation.

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Shareholder approval is sought so as to refresh the Company's 15% equity security placement limit pursuant to ASX Listing Rule 7.1.

The information required by ASX Listing Rules 7.4 and 7.5 to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

Resolution 4 of the Notice of General Meeting proposes the ratification for the issue of 3,000,000 Shares as announced on 29 July 2011, thereby satisfying the requirements of ASX Listing Rule 7.4.

In compliance with the information requirements of ASX Listing Rule 7.5, members are advised of the following particulars in relation to the placement.

- (a) Number of securities issued: 3,000,000 Shares
- (b) Price at which the securities were issued: \$0.49 cents per Share
- (c) The Shares rank equally in all respects with the existing shares on issue and have been voluntarily escrowed for 12 months until 11 October 2012.
- (d) The shares were issued to Metal Sands Pty Ltd as part consideration for the acquisition of the 30% residual interests in the previously joint ventured mineral exploration tenements at Cooljarloo.
- (e) No funds were raised from the issue of shares.

The Board recommends that shareholders vote in favour of Resolution 4.

7. Proposed Issue of Ordinary Fully Paid Shares (Resolution 5)

ASX Listing Rule Requirements

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of the Company is required to an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue and allotment of shares outlined in Resolution 5 will exceed the 15% limit and therefore requires such approval.

In compliance with the information requirements of ASX Listing Rule 7.3, members are advised of the following particulars in relation to the proposed placement.

- (a) The maximum number of securities the Company may issue is 20,000,000 ordinary fully paid shares;
- (b) The Company will issue and allot the shares either simultaneously or progressively, in whole or in part (if at all) and will be completed by no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver;
- (c) The shares will be issued at a minimum issue price that is the higher of \$0.55 per share or a price that is at least 80% of the average market price for the Company's quoted shares, as calculated over the 5 trading days on which sales in the securities were recorded before the day on which the issue is to be made;
- (d) The shares are proposed to be issued to professional and/or sophisticated investors who satisfy either one of the definitions contained in sections 708(8), 708(10) or 708(11) of the Corporations Act 2001. No shares are to be issued to any related party of the Company. The participants are not yet known;
- (e) The Shares will rank equally in all respects with the existing fully paid ordinary shares on issue; and
- (f) The intended use of the funds raised will be directed towards advancing exploration on the Company's mineral sands projects in Western Australia, conducting project feasibility studies aimed at commercialising the resource base and provision of general working capital.

The Board recommends that shareholders vote in favour of Resolution 5.

8. Issue of Options (Resolutions 6, 7 and 8)

The Proposal

It is proposed to issue a total of 2,200,000 Options ("the Options") to:

George Sakalidis (Managing Director) - 800,000;

Roger Thomson (Executive Director) - 750,000; and

Peter Thomas (Non-executive Chairman) - 650,000;

free of charge and otherwise on the terms and conditions set out in Annexure "A" to this Explanatory Statement.

Corporations Act 2001 Requirements

Chapter 2E of the Corporations Act 2001 ("the Act") prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party or the company without prior shareholder approval.

The Act (Section 219) requires the approval of shareholders be obtained in circumstances where certain information has first been provided to them.

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Section 195 of the Act provides, in essence, that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered. As Messrs Sakalidis, Thomson and Thomas may be considered to have a material personal interest in the outcome of resolutions 6, 7 and 8, it was arguable whether a quorum could be formed to consider the matter at Board level other than under section 195(4) of the Act which permits directors to resolve (as they did in this instance) to put matters in which either one of them have a material personal interest to shareholders for consideration and resolution.

The Act prohibits a public company which is listed on ASX from giving a financial benefit to a related party of the public company unless the benefit falls within one of various exceptions to that general prohibition. Exceptions include where:

- the company first obtains the approval of shareholders in general meeting where the pre-conditions set out in the Act have been complied with in relation to the resolution; or
- the terms and conditions upon which the financial benefit is being given are not more favourable to the related party than those on which it is reasonable to expect that the company would give the benefit if dealing with the related party at arm's length in the same circumstances; or
- the financial benefit is paid or provided as remuneration to a person in a capacity as a director of the company and it is reasonable for a company in the company's circumstances to pay or provide that remuneration to a director in the person's circumstances.

A "related party" for the purposes of the Act is defined widely. It includes a director of the public company and specified members of the director's family. It also includes an entity over which a director maintains control.

A "financial benefit" for the purposes of the Act has a very wide meaning. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

ASX Listing Rule Requirements

ASX Listing Rule 10.11 requires, as a general rule, the issue of securities to a director to be approved first by shareholders in circumstances where certain information required by ASX Listing Rule 10.13 has been provided to shareholders; this Explanatory Statement provides that information. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Application of Corporations Act and ASX Listing Rules to Proposal

The provisions of Chapter 2E and ASX Listing Rule 10.11 apply to the proposed issue of Options to Messrs Sakalidis, Thomson and Thomas (the parties to whom resolutions 6, 7 and 8 relate) as they are related parties (by virtue of section 228 of the Act) to whom the proposed resolutions would permit financial benefits to be given.

ASX's Corporate Governance Guidelines

The granting of options to executive directors falls within the guidelines recommended in Principle 8 of the ASX's Corporate Governance Principles and Recommendations with 2010 Amendments. The Company is aware that the granting of options to non-executive directors is a departure from these guidelines. The Company's Corporate Governance and Policies Manual includes a Remuneration Policy which states that:

*"The Remuneration Committee ("**committee**") makes decisions with respect to appropriate and competitive remuneration and incentive policies (including basis for paying and the quantum of any bonuses), for key management personnel and others as considered appropriate to be singled out for special attention, which:*

- *motivates them to contribute to the growth and success of the Company within an appropriate control framework; and*
- *aligns the interests of key leadership with the interests of the Company's shareholders;*
- *are paid within the any limits imposed by the Constitution and make recommendations to the Board with respect to the need for increases to any such amount at the Company's annual general meeting;*
- *in the case of directors, only permits participation in equity-based remuneration schemes after appropriate disclosure to, due consideration by and with the approval of the Company's shareholders."*

This resolution is being put for consideration by the shareholders in compliance with that Policy and on the basis of disclosures made in this document.

Share Trading History

The price of the Company's shares quoted on the ASX over the twelve month period ending 20 October 2011 has ranged from a low of \$0.31 on 14 October 2010 and 8 August 2011 to a high of \$0.62 on 11 April 2011. The latest available closing price of the Company's shares quoted on the ASX, prior to the date of this Explanatory Statement on 28 October 2011 was \$0.345.

The exercise price for the Options will be 50% higher than (or 1.5 multiple of) the average of 5 days Volume Weighted Average Share Price ending on a date selected by the directors within one month after the Annual General Meeting at which the approval to issue the Options was given.

Valuation of equity based remuneration

An independent expert has determined a value of \$0.1514 for each Option proposed to be granted.

The Directors requested SomesCooke Chartered Accountants and Auditors of the Company, to provide, as an expert, the valuation of the

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Options proposed to be granted to the related parties for inclusion in this Explanatory Statement. That request was made and the resulting valuation is provided in compliance with ASIC's policy that options must, in the circumstances, be valued by an independent expert (in accordance with Australian Accounting Standards Board (AASB) accounting standard AASB 2 Share-based payment) and that value be disclosed to shareholders.

Accounting standard AASB 2 prescribes that if market prices are not available, the entity shall estimate the fair value of the equity instruments granted using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. The valuation technique shall be consistent with generally accepted valuation methodologies for pricing financial instruments, and shall incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

Accounting standard AASB 2 acknowledges the possibility that it may not be possible to estimate reliably the fair value of the equity instruments in accordance with the requirements of the standard. The directors endorse that acknowledgement and consider it directly relevant in the circumstances – in the result they do not adopt the independent expert valuation as which they believe manifestly exceeds the best sale price that could be achieved if the options were granted and sold today.

By letter dated 20 October 2011, SomesCooke valued the Options using a theoretical valuation being the Binomial Option Pricing Model. The model valued the Options as American Call Options with a strike price equal to 150% of the average of 5 days volume weighted average share price ending on the date of the valuation. The modelling took into account that it is expected that the Options will be held to expiry in five years time, there are no vesting conditions and the expected dividend yield is 0%. SomesCooke calculated the value using a volatility factor of 76% (calculated over a five year term ending on the day prior to the date of the valuation), an underlying share price of \$0.335, a strike price for the option of \$0.50 and then applied a discount factor of 20% to the resultant option pricing. The discount factor was applied on the basis that the Options will be unlisted and consequently there will be an associated lack of marketability.

Based on the above, SomesCooke have ascribed a discounted current value of \$0.1514 per Option for each of the 2.2 million Options giving a total valuation for all Options to be issued of \$333,080.

The Options will, at the date of approval, have a value determined by reference to the potential value that might be derived from any increase in the value of fully paid shares under the currency of the Options. It is this potential value uplift that is a key reason for the proposal that the Options be issued to the directors so as to motivate them to achieve that outcome which will likely benefit all shareholders.

Dilution Effect and Costs of Issue

The potential cost to the Company of the issue of 2,200,000 Options pursuant to resolutions 6, 7 and 8 is that there will be a dilution of the issued share capital if the Options are exercised. Based on 93,788,959 shares currently on issue, the exercise of the proposed Options would have a dilution effect of approximately 2.35% on non-associated shareholders' interests in the Company. The issue of the Options will not restrict the Company's ability to issue further securities as it sees fit and should it do so, that will further diminish the potential dilution impact of the Options.

The opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of Options are:

- the price at which the Options might have been issued pursuant to an arm's length transaction for cash (or other value);
- if the Options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the Options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have then been able to, with the result that less funds will be raised for the number of shares issued.

If the options are exercised they will raise approximately \$1,138,500 (based on the closing share price on the day prior to the date of this notice).

Capital Structure

The change in capital structure of the Company as a result of the proposed issue of Options will be as follows:

Before New Issues:

Shares	Number	Description
	93,788,959	Quoted fully paid ordinary shares

Options	Number	Exercise Price	Expiry Date
	2,200,000	\$2.12	20.11.2012
	2,345,000	\$1.1162	18.12.2014
	Includes 495,000 granted to non-directors		
	95,000	\$0.6995	21.12.2015
	All of which have been granted to non-directors		

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And in addition, on completion of new issues, the following Options:

Options	Number	Exercise Price	Expiry Date
	2,200,000	Say \$0.5175	Say 30.11.2016

Directors' emoluments and equity interests

The Directors' emoluments for the financial year ended 30 June 2011 were as follows:

	Cash fees and contractual payments	Statutory superannuation	Total cash and cash equivalent benefits	Non-cash equity-settled share based payments	Total
George Sakalidis Managing Director	\$135,480	\$3,600	\$139,080	-	\$139,080
Roger Thomson Executive Director	\$77,530	\$3,600	\$81,130	-	\$81,130
Peter Thomas Non-executive Chairman	\$40,000	\$3,600	\$43,600	-	\$43,600

It is expected that all directors' emoluments (assuming the equity remuneration proposed is provided) will continue to be paid at levels based on those applying in the year ended 30 June 2011 subject to review as provided for by the Companies Corporate Governance policies.

Based on their current holdings (which of course excludes any securities proposed to be issued to the related parties pursuant to resolutions 6, 7 and 8 or other intervening movements in their holdings), the parties will, at the time of the grant of the proposed options, have a relevant interest in the securities set out below:

Name	Fully Paid Ordinary Shares	Options to Acquire Fully Paid Ordinary Shares Exercisable by 20.12.2012	Options to Acquire Fully Paid Ordinary Shares Exercisable by 18.12.2014
George Sakalidis	2,781,372	800,000	800,000
Roger Thomson	2,143,969	750,000	550,000
Peter Thomas	1,100,306	650,000	500,000

Rationale for the proposal – the opportunity benefit

The issue of Options as proposed is thought by the board to be justified because:

- it will provide directors with an opportunity to participate in the Company's future growth thus incentivising and rewarding them for their future contribution to that growth;
- the directors will thereby have a vested interest in the affairs of the Company and in increasing the market value of its securities - thus they will have a common interest with all shareholders. If they benefit from the options then all shareholders will benefit;
- the issue of Options has the benefit of conserving cash whilst motivating the directors;
- the real cost to the Company will be the cost at which the options could actually be issued on arms length (not the theoretical valuation) terms; they will not result in dilution of shareholders' equity unless they are exercised;
- the exercise of the Options will provide working capital for the Company;
- if all the Options proposed to be issued pursuant to resolutions 6, 7 and 8 are exercised, and the exercise price happens to be \$0.5175, an amount of approximately \$1,138,500 will be raised;

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- the purpose is to provide the specified directors with an incentive and the success of the Company depends in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

Other Information

If approval is forthcoming, the Options will be issued to Directors free of charge and within one month after the date of the meeting.

There is no other information known to the Directors or the Company that is reasonably required by shareholders to make a decision whether or not it is in the Company's interests to pass resolutions 6, 7 and 8 other than as set out throughout this Explanatory Statement (including the current entitlements of the Directors to securities in the Company).

Recommendation

Messrs G Sakalidis, RM Thomson and PS Thomas, current directors of the Company, make no recommendation in respect of the issue of Options proposed by resolutions 6, 7 and 8 as they may each be regarded as having a material personal interest in the outcome of those resolutions.

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ANNEXURE "A"

TERMS AND CONDITIONS OF THE OPTION TO ACQUIRE FULLY PAID ORDINARY SHARES IN IMAGE RESOURCES NL (the Company)

Each Option entitles the holder to subscribe for and be issued with one fully paid ordinary share upon payment of an amount per Option of \$xxx [being the amount which is 50% higher than (or 1.5 times) the average of 5 days Volume Weighted Average Share Price ending on a date selected by the directors within one month after the Annual General Meeting at which the approval to issue the Options was given] (the **Exercise Price**) and is otherwise granted upon and subject to the terms and conditions which follow:

- (i) the Option shall lapse at 5.00pm Western Standard Time on the fifth anniversary of the date of issue;
- (ii) the Option shall be exercisable wholly or in part by notice in writing to the directors of the Company at any time until the expiry date together with payment of the Exercise Price per Option (in cleared funds);
- (iii) the Option will not be subject to any restrictions on transferability;
- (iv) the Option will not entitle the holder (by reason of being the holder of the Option) to participate in new issues of capital which may be offered to shareholders during the currency of the Option;
- (v) the Option confers on the right of the holder to exercise that Option prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Option, and will be granted a period of at least 9 business days before the date for determining entitlements to exercise that Option;
- (vi) the Company will issue a share within 5 business days of an Option being validly exercised;
- (vii) the share issued on the exercise of the Option will rank pari-passu with the then existing issued ordinary shares and the Company will apply for Official Quotation by ASX of the share within three business days after the date of issue;
- (viii) in the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Option will be reorganised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged;
- (ix) in the event of a bonus issue to the holders of Shares, the Share over which the Option is exercisable shall be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the bonus issue. The bonus issue must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the bonus issue and rank equally in all respects with other shares of that class at the date of issue of the bonus shares;
- (x) other than as set out in (ix) above, the Option does not confer any of the rights set out in ASX Listing Rule 6.22

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Proxy Form

Reference Number	
Number of Shares	

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 sees fit) at the annual general meeting of the Company to be held at the Level 2, 16 Ord Street, West Perth, Western Australia on Tuesday 29 November 2011 at 11.00am 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

- | | |
|---------------------|---|
| Resolution 1 | Adoption of Remuneration Report |
| Resolution 2 | Re-election of Director |
| Resolution 3 | Ratification of Share Placement – 5.4.2011 |
| Resolution 4 | Ratification of Share Placement – 12.10.2011 |
| Resolution 5 | Approval for Proposed Issue of Shares |
| Resolution 6 | Issue of Options to G Sakalidis |
| Resolution 7 | Issue of Options to RM Thomson |
| Resolution 8 | Issue of Options to PS Thomas |

For	Against	Abstain (1)	No Direction to Vote (2)

- (1) IF YOU MARK THE **ABSTAIN BOX** FOR A PARTICULAR ITEM, YOU ARE DIRECTING YOUR PROXY **NOT** TO VOTE ON THAT ITEM.
- (2) If the Chairperson of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of the resolution, please place a mark in the box next to that resolution. By marking this box, you acknowledge that the Chairperson may exercise your proxy even if they have an interest in the outcome of the resolution and that votes cast by them 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 Chairperson will **not** cast your votes on the resolution and your votes will **not** be counted in calculating the required majority if a poll is called on the resolution. The Chairperson intends to vote undirected proxies in favour of all Resolutions, including in relation to Resolutions 1, 6, 7 and 8 even though those resolutions are connected directly or indirectly with the remuneration of key management personnel.

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

Director

Shareholder 2

Director/Secretary

Shareholder 3

Sole Director and Secretary

Company Seal (if required)

Proxy Forms may be lodged with the Company either by facsimile on (08) 9485 2840, or 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.