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IMA EXPLORATION INC
Form 6-K
November 13, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of NOVEMBER, 2007.

Commission File Number: 001-32558

IMA EXPLORATION INC.

(Translation of registrant's name into English)

#709 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6, Canada

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F: FORM 20-F FORM 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether the registrant by furnishing the information
contained in this Form, is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
YES NO

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b): 82-_____

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the
registrant has duly caused this report to be signed on its behalf of the
undersigned, thereunto duly authorized.

IMA EXPLORATION INC.

Date: November 2, 2007

/s/ Joseph Grosso

Joseph Grosso,
President & CEO

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IMA EXPLORATION INC.

709 - 837 West Hastings Street
Vancouver, B.C. V6C 3N6

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting (the "Meeting") of the shareholders (the "Shareholders") of IMA Exploration Inc. (the "Company") will be held in The Ferguson Room at the Terminal City Club, 837 West Hastings Street, Vancouver, British Columbia, on Tuesday, December 4, 2007 at the hour of 10:00 A.M. (Vancouver time), for the following purposes:

1. To receive the report of the directors;
2. To receive the audited financial statements of the Company for its most recently completed financial year (with comparative statements relating to the preceding fiscal period) together with the related Management's Discussion and Analysis and report of the Auditors thereon;
3. To determine the number of directors at eight (8);
4. To elect directors;
5. To re-appoint auditors and to authorize the Audit Committee of the Company to fix their remuneration;
6. To pass an ordinary annual resolution to ratify, confirm and approve the Company's stock option plan; and
7. To transact such other business as may properly come before the Meeting, or any adjournment thereof.

Following this Notice of Meeting is a Management Information Circular and Form of Proxy for Shareholders. The Management Information Circular provides information relating to the matters to be addressed at the Meeting.

Shareholders are entitled to vote at the Meeting either in person or by proxy. Those Shareholders who are unable to attend the Meeting in person are requested to read, complete, sign and return the enclosed Form of Proxy in accordance with the instructions set out in the Proxy and the Management Proxy Circular. Please advise the Company of any change in your mailing address. A proxy will not be valid unless the completed form of proxy is received by Computershare Investor Services, Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, or by fax at 1-866-249-7775 not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.

DATED at Vancouver, British Columbia as of November 2, 2007.

By Order of the Board of Directors

/s/ JOSEPH GROSSO
Joseph Grosso

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President and Chief Executive Officer

IMA EXPLORATION INC.

SUITE 709 - 837 WEST HASTINGS STREET
VANCOUVER, BRITISH COLUMBIA
CANADA V6C 3N6

INFORMATION CIRCULAR

THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF IMA EXPLORATION INC. (THE "COMPANY") FOR USE AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY TO BE HELD ON TUESDAY, DECEMBER 4, 2007 AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING AND ANY ADJOURNMENT THEREOF (THE "MEETING").

Unless otherwise indicated, the information in this Circular is given as of November 2, 2007.

SOLICITATION OF PROXIES

The solicitation of proxies will be primarily by mail, however, proxies may also be solicited personally or by telephone by the directors, officers and employees of the Company. The Company has also retained Georgeson Shareholder Communications Canada, Inc. to assist with the meeting, including the solicitation of proxies. In addition, the Company may reimburse brokers or other intermediaries holding Common Shares ("Shares") of the Company in their names or the names of their nominees for their reasonable expenses in forwarding meeting materials to beneficial owners of Shares for the purpose of obtaining proxies or voting instructions. All costs of solicitation will be borne by the Company which anticipates the cost to be approximately \$50,000 up to a maximum of \$175,000.

PARTICULARS OF MATTERS TO BE CONSIDERED AT THE MEETING

PRESENTATION OF 2006 ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Company for its most recently completed financial year and the report of the auditor therein will be placed before the Meeting. The 2006 Annual Report containing the consolidated audited financial statements, the report of the auditor and Management's Discussion and Analysis ("MD&A") were mailed to shareholders who had previously requested that copies be sent to them.

ELECTION OF DIRECTORS

The Board of Directors presently consists of eight directors and it is intended to propose a motion to pass an ordinary resolution at the Meeting to fix the number of directors at eight and then to elect at the Meeting eight directors for the ensuing year.

The term of office of each of the present directors will end at the conclusion of the Meeting. Each director elected at the meeting will hold office until his successor is elected or appointed, unless his office is earlier vacated in

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accordance with the Articles of the Company or the provisions of the Business Corporations Act (British Columbia).

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Management of the Company proposes to nominate each of the persons named below for election at the Meeting.

NAME, POSITION AND PLACE OF RESIDENCE (1)	PRINCIPAL OCCUPATION (1)	DIRECTOR SINCE
JOSEPH GROSSO President, Chief Executive Officer and Director Burnaby, British Columbia	Director and officer of the Company since February 1990; President of Oxbow International Marketing Corp., a private BC company.	1990
ART LANG Chief Financial Officer, Vice-President, Secretary and Director Vancouver, British Columbia	Chief Financial Officer of the Company since April 2, 2004; President, Arthur G. Lang Inc., providing financial management services to various clients from 1999 to March 2004.	2004
R. STUART (TOOKIE) ANGUS (3) (4) Director Vancouver, British Columbia	Independent business consultant to the Mining Industry since January 1, 2006; Managing Director, Mergers & Acquisitions, Endeavour Financial Ltd., November 2003 to December 31, 2005; Partner, Fasken Martineau DuMoulin LLP from 2001 to 2003;	2003
CHET IDZISZEK (3) Director Powell River, British Columbia	President, CEO and director of Madison Minerals Inc. from 1993 to present.	2003
DAVID TERRY Director Maple	Vice President, Exploration for the Company and for Amera Resources Ridge, British Columbia Corporation from March 2004 to present; Regional geologist with the BC Ministry of Energy and Mines in Cranbrook, BC from May 2001 to March 2004.	2004
DAVID HORTON (3) (4) Director Vancouver, British Columbia	Senior Vice-President of Canaccord Capital Corporation from 1996 to present.	2004

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LEONARD HARRIS Director Colorado, U.S.A.	Retired Mining Consultant and Chairman, Resource Development Inc. and Chairman Emeritus, Mining, Energy and Petroleum Task Force, Chamber of the Americas. Serves as a director on the board of several mining companies.	2005
JERRY MINNI Nominee for election as Director West Vancouver, British Columbia	Partner of Minni, Clark & Company since 1988. CEO of Raytec Development Corp. since 1992.	----

NOTES:

- (1) This information has been furnished by the respective nominee.
- (2) Includes Shares beneficially owned or over which the nominee exercises control or direction.
- (3) Denotes member of the Company's Audit Committee.
- (4) Denotes member of the Company's Compensation Committee.

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All of the nominees listed above are ordinarily resident in Canada other than Mr. Harris who resides in the United States.

Unless otherwise instructed, the persons named as proxyholder in the enclosed form of proxy intend to vote the Shares represented by such a proxy for the election of the nominees named above.

The Company has not been advised that any of the above nominees will be unable or unwilling to serve. However, should the Company become aware of such an occurrence before the election of directors takes place at the Meeting and if one of the persons named in the enclosed form of proxy is appointed as proxyholder, it is intended that the discretionary authority granted under such proxy will be used by that proxyholder to vote for any substitute nominee or nominees who management of the Company, in its discretion, may chose to nominate.

APPOINTMENT AND REMUNERATION OF AUDITORS

At the Meeting, management of the Company intend to propose that PricewaterhouseCoopers, LLP, 7th Floor, 250 Howe Street, Vancouver, British Columbia V6C 3S7, be re-appointed as auditors of the Company and to authorize the Audit Committee of the Company to fix their remuneration.

PricewaterhouseCoopers LLP have been the auditors of the Company since 1997. To be effective, the resolution appointing auditors must be passed by a majority of the votes cast by the shareholders who vote in respect of that resolution.

Unless otherwise instructed, the persons named as proxyholder in the enclosed form or proxy intend to vote for the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company, at a remuneration to be fixed by the Audit Committee of the Company.

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The mandate of the Company's Audit Committee provides that the Committee must review and pre-approve the scope and engagement of PricewaterhouseCoopers LLP for all non-audit services. For the periods ending December 31, 2006 and December 31, 2005, the Company has paid PricewaterhouseCoopers the following fees:

	Year Ended December 31, 2006	Year Ended December 31, 2005
Audit Fees	\$ 65,000	\$ 45,000
Audit Related Fees(1)	\$ 33,000	\$ 10,700
Tax Fees(2)	\$ 17,000	\$ 7,500

NOTES:

- (1) Audit related fees include fees for review of quarterly financial statements, management's discussion and analysis or any review provided in connection with any public financing carried out by the Company.
- (2) Includes advice for tax filing, transaction analysis and advice, and tax aspects of employee compensation matters.

RATIFICATION OF STOCK OPTION PLAN

At the Annual and Extraordinary General Meeting of Shareholders held on June 26, 2003, shareholders approved the adoption of the Company's Stock Option Plan (the "Stock Option Plan"). Complete details regarding the Stock Option Plan are set out in the Information Circular disseminated in connection with that meeting.

Under the Stock Option Plan, a total of ten percent (10%) of the issued and outstanding Shares of the Company are available for issuance upon the exercise of options granted under the Stock Option Plan.

Under the rules of the TSX Venture Exchange, all listed companies who have adopted a rolling stock option plan must obtain shareholder approval of such a plan on an annual basis. Accordingly, at the Meeting, the Shareholders will be asked to consider and, if thought fit, to pass a resolution to ratify and confirm the Company's Stock Option Plan substantially in the form of the resolution set out below.

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A copy of the Stock Option Plan will be available for inspection at the Meeting. Shareholders may also obtain a copy of the Stock Option Plan upon written request to the Secretary of the Company at Suite 709, 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6.

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the Stock Option Plan, in the form approved by the Shareholders of IMA Exploration Inc. at the Annual and Extraordinary General Meeting held on June 26, 2003, is hereby ratified, confirmed and approved;
2. the Company is authorized to grant stock options pursuant and subject to the terms and conditions of the Stock Option Plan up to that number of common shares of the Company equal to ten percent (10%) of the number of common shares of the Company issued and outstanding on the grant date of any option and all such grants are hereby ratified, confirmed and approved; and

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3. the Compensation Committee is authorized to make such amendments to the Stock Option Plan from time to time as the Compensation Committee may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities.

The approval of the Stock Option Plan requires an affirmative vote of a majority of the votes cast at the Meeting either in person or by proxy. Management of the Company recommends that shareholders vote in favour of the foregoing resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote for the approval of the foregoing resolution at the Meeting.

OTHER BUSINESS

Management of the Company is not aware of any other matters that may come before the Meeting other than those set out in the accompanying Notice of Meeting. If any other matter properly comes before the Meeting, a proxy in the form attached confers discretionary authority on the proxyholder so named to vote the shares represented thereby in accordance with their judgment on such matter.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In 2005, the Canadian securities regulatory authorities adopted National Instrument 58-101 "Disclosure of Corporate Governance Practices" requiring issuers to annually disclose their systems of corporate governance based on certain guidelines and practices suggested in National Policy 58-201 "Corporate Governance Guidelines."

In accordance with the foregoing disclosure requirements, the Board of Directors of the Company has adopted the following Statement of Corporate Governance Practices:

THE BOARD OF DIRECTORS

The Board of Directors has responsibility for the stewardship of the Company, specifically to oversee the operation of the Company and to supervise management.

The actions of the Board are governed by the requirements under the Business Corporations Act (British Columbia) to act honestly, in good faith and in the best interests of the shareholders of the Company and to exercise care, diligence and skill in doing so.

The Board endeavors to ensure that its composition complies with the Company's Articles of Incorporation, applicable securities rules and regulations of Canada and the U.S. Securities and Exchange Commission and the policies of the TSX Venture Exchange and the American Stock Exchange.

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BOARD MANDATE

Every director takes part in the process of establishing policies for the Company and its subsidiaries. The Board of Directors has assumed the responsibility for developing the Company's approach to governance and responding to current governance guidelines. To that end, the Board has adopted the following mandate and objectives:

- (a) The Strategic Planning Process

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The Board participates in the Company's strategic planning by considering and, if deemed appropriate, adopting plans as proposed and developed by management, with management having the primary responsibility for initially developing a strategic plan.

(b) Principal Risks

The Board considers the risks inherent in the mining industry and receives periodic assessments from management and others as to these risks and the Company's strategies to manage those risks.

(c) Policies

The Board reviews and approves key policy statements, codes of conduct or practices developed by management to promote ethical business conduct, regulatory compliance and public disclosure practices, among others, and monitors or oversees compliance with those policies, codes or practices.

(d) Committees

The Board is responsible for appointing and reviewing the mandate and composition of any Committee of the Board and considering and approving any changes to the composition, charter or mandate of any Committee of the Board.

(e) Independence

The Board is responsible for establishing appropriate structures and procedures so that the Board and its Committees can function independently of management.

(f) Compensation Practices

The Board will review the recommendations of the Compensation Committee regarding the Company's compensation practices including Stock Option Grants.

(g) Material Agreements and Documents

The Board will approve or ratify significant projects, investments, dispositions, acquisitions or other material agreements proposed to be entered into by the Company and review and approve all documents required by law to be reviewed and approved by the Board, including annual audited financial statements, Management's Discussion and Analysis of financial results, the Company's Annual Information Form, Information Circulars to be disseminated in connection with any meeting of shareholders and any prospectus, registration statement or other similar documents.

(h) Succession Planning

The Board reviews the personnel needs of the Company from time to time, having particular regard to succession issues relating to senior management. The training and development of personnel is generally left to management. The Board appoints the President, Chief Executive Officer and Chairman, as well as the officers of the Company.

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(i) Communications Policy

The Board assesses the effectiveness of the Company's communications with shareholders and has established a Disclosure and Insider Trading Policy to ensure that material matters are disseminated in a timely manner.

(j) Integrity of Internal Controls

The Board, through the Audit Committee and in conjunction with its auditors, assesses the adequacy of the Company's internal control systems and has instituted the controls required by the U.S. Sarbanes-Oxley Act of 2002, as applicable. The internal control review process is undertaken on an annual basis during of the year end financial audit. The Audit Committee also reviews and assesses the financial statements on a quarterly basis and annually reviews the adequacy of the Company's Disclosure and Insider Trading Policy.

(k) General

The Board will generally assume such responsibility and authorities as the Board sees fits, consistent with its duties and responsibilities to the Company and its shareholders.

The Board has approved written mandates for its two standing Committees, namely, the Audit Committee and Compensation Committee. In order to foster a corporate culture of excellence, the Board has also adopted a written Code of Business Conduct and Ethics applicable to all employees, officers and directors.

The Board has not adopted a formal system which would enable an individual director to engage an outside advisor at the expense of the Company. If such an engagement were deemed appropriate, it is anticipated that such a request would be brought by the particular director to the Board or Audit Committee for consideration.

BOARD INDEPENDENCE

The Board consists of eight directors, the majority of whom would be considered "independent" in that the person has no direct or indirect material relationship with the Company which, in the view of the Board, would be reasonably expected to interfere with the exercise of the director's independent judgment.

In determining if a person is independent, the Board has compiled, reviewed and discussed the existence, nature and materiality of any direct or indirect relationship between the member and the Company. Messrs. Idziszek, Angus, Horton and Harris are independent directors. If elected at this meeting, Mr. Jerry Minni will join the Board as an independent director. The other three directors, Messrs. Grosso, Lang and Terry, because of their management positions, would not be considered independent.

The Board considers that, given the entrepreneurial nature of the Company, and the current stage of the Company's development, the present number and composition of directors is appropriate. The Board as presently constituted includes considerable experience in the mining industry as well as financial experience. The Board believes that when balanced against the attendant increase in cost to the Company and possible reduction in the efficiency with which decisions are made, it would not be warranted to significantly increase the size of the Board or change the Board's composition at this time.

The current Chairman of the Board, Mr. Gerald Carlson, has decided not to stand

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for reelection. A new Chairman of the Board will be elected at the first meeting of the directors after the Annual General Meeting. The Chairman's role and responsibility is to facilitate meetings of the directors so as to allow the Board to discharge its mandate and duties to the Company and its shareholders.

The Chief Executive Officer and President of the Company, Mr. Joseph Grosso, is a member of management and a director of the Company. In view of the size of the Company, management representation on the Board, and the nature of its business, it is essential that those having an intimate knowledge of the Company's operations be present during most important Board discussions. Notwithstanding the foregoing, when the Board considers it appropriate, the independent directors meet without management present at the meeting. The Board is of the view that it can function independently of management when required to do so.

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INDIVIDUAL DIRECTORS

The following provides further information regarding the background, experience and other directorships and business interests of the directors and nominee.

Since 1990, Mr. Grosso has been a director, President and Chief Executive Officer of the Company. He is also President, CEO, Chairman and a Director of Golden Arrow Resources Corporation, and Chairman and Director of Amera Resources Corporation and Gold Point Energy Corp. He is also President, CEO and Director of Oxbow International Marketing Corp.

Mr. Art Lang has been a director and Chief Financial Officer of the Company since 2004. He is also currently the Corporate Secretary of the Company. Mr. Lang is a director, Chief Financial Officer and Vice-President of Golden Arrow Resources Corporation and Chief Financial Officer of Amera Resources Corporation, Astral Mining Corporation and Blue Sky Uranium Corp. Mr. Lang is a Chartered Accountant and before joining the Company he provided financial management services to various clients through his consulting company, Arthur G. Lang Inc.

Mr. Chet Idziszek is President, CEO and a director of Lund Gold Ltd. He is director and President of Madison Minerals Inc. and he is also President, CEO and a director of Oromin Explorations Ltd.

Mr. R. Stuart ("Tookie") Angus is an independent business adviser to the mining industry and other issuers. He is a director and Chairman of Dynasty Gold Corp., Nevsun Resources Ltd. and Tequila Minerals Corp. Mr. Angus serves as a director on the boards of CMQ Resources Inc., Plutonic Power Corporation, Blackstone Ventures Inc., Crescent Gold Limited, Polaris Minerals Corporation, Tsodilo Resources Limited, Uranium North Resources Corp., Ventana Gold Corp., Coro Mining Corp., SouthGobi Energy Resources Ltd., Stealth Energy Inc., Tirez Resources Ltd., Wildcat Silver Corp. and Bolero Resources Corp. He has also been a partner in the law firms of Fasken Martineau DuMoulin and Stikeman Elliott.

Mr. David Horton has been Senior Vice-President for Canaccord Capital Corporation since 1996. He is also a director of Golden Arrow Resources Corporation.

Mr. David Terry has been a director and VP Exploration for the Company since 2004. He is also VP Exploration for Amera Resources Corporation and a director and VP Exploration for Golden Arrow Resources Corporation and Astral Mining

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Corporation.

Mr. Leonard Harris, a mining industry consultant, joined the Board in August 2005. He is Chairman of Resource Development Inc. and Chairman Emeritus, Mining, Energy and Petroleum Task Force, Chamber of the Americas. Mr. Harris also serves as a director of Aztec Metals Corp. Solitario Resources Ltd., Cardero Resource Corp., Canarc Resource Corp., Sulliden Exploration Inc., Endeavour Silver Corp., Alamos Gold Inc. and Indico Resources Ltd.

Mr. Jerry Minni has agreed to stand for election to the Board as an independent director. He is a Certified General Accountant and currently serves as a director of Amera Resources Corporation and Avantes Technologies Inc. Mr. Minni is CEO and director of Raytec Development Corp. and a director and CFO of Weststar Resources Corp. and Mantra Mining Inc.

BOARD ATTENDANCE

The information below sets out Board meetings held and attendance for the year ended December 31, 2006.

Director	Board Meetings Attended
Gerald D. Carlson	7 of 7
Joseph Grosso	7 of 7
Art Lang	5 of 7

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Director	Board Meetings Attended
R. Stuart (Tookie) Angus	6 of 7
Chet Idziszek	4 of 7
David Terry	6 of 7
David Horton	7 of 7
Leonard Harris	6 of 7

POSITION DESCRIPTIONS

The Company has not formally developed position descriptions for the directors, Chairman of the Board, the Chairman of each standing committee of the Board or the Chief Executive Officer. However, the Board is satisfied that the directors and senior management are fully aware of their responsibilities and those matters that are within their authority.

NOMINATION OF DIRECTORS

The Board has not constituted a separate nominating committee to propose new

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nominees to the Board or for assessing directors' performance as the Board considers the Company too small to justify a more formal process. The Board as a whole from time to time discusses potential candidates for the Board, taking into account the overall composition, skills and experience of the Board as a whole.

ORIENTATION AND EDUCATION OF DIRECTORS

The Company does not have a formal process of orientation and education for new members of the Board. The independent Board members currently have considerable experience as members of the boards of other public companies. Senior management regularly provides updates to all directors on material developments in the Company's business.

BOARD COMMITTEES

The Board has two standing committees of its directors, namely the Audit Committee and the Compensation Committee. A formal written mandate has been approved by the Board for each such Committee. The Board may at any time constitute and appoint such other Committees and delegate such functions or responsibilities as it sees fit.

Compensation Committee

The Compensation Committee members are Messrs. Angus and Horton, both of whom are independent directors. The Compensation Committee meets at least twice a year and otherwise as required. The Compensation Committee has responsibility for oversight of the Company's overall human resources policies and procedures as well as review of executive and key employee compensation and compensation of the Company's independent directors. The Compensation Committee is also responsible for the administration of the Stock Option Plan.

The Audit Committee

The Audit Committee consists of Messrs. Angus, Idziszek and Horton, all of whom are independent directors. Mr. Horton is Chairman of the Committee. The Audit Committee meets at least quarterly to review the annual and interim financial statements and Management's Discussion and Analysis before the Board approves them.

Due to its size, the Company has no formal internal audit process. The Audit Committee has direct communication channels with the external auditors and is responsible for setting the auditor's remuneration and recommending to the Board the appointment of the auditor. The external auditors report directly to the Audit Committee.

The full charter of the Audit Committee is attached hereto as Schedule "A".

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ETHICAL BUSINESS CONDUCT

The Board has adopted a written Code of Business Conduct and Ethics (the "Code") and a Whistle-Blower Policy and Procedures. A copy of the Code and Whistle-Blower Policy can be found on the Company website at <http://www.imaexploration.com> under the Corporate Governance section.

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The Board has appointed a Compliance Officer who is responsible for monitoring compliance with the Code, investigating and resolving all reported complaints and allegations concerning violations of the Code. The Compliance Officer has direct access to the Audit Committee and the Board and the Compliance Officer is required to report to the Board at least annually on compliance activity.

Where any director has an interest, direct or indirect in a material contract or material transaction relating to the Company, the Business Corporations Act (British Columbia) requires that the director disclose his or her interest to the Board in advance and thereafter abstain from voting as a director on that matter. The Code adopted by the Board goes further by imposing more stringent disclosure and approval requirements than those imposed under the Business Corporations Act (British Columbia).

Where a director has a material interest in a transaction or agreement concerning the Company, the Board takes such steps as may be prudent to isolate and eliminate or reduce the potential for such a conflict of interest to interfere with the Board's exercise of independent judgment. This may include requiring the director to excuse himself or herself from deliberations of the Board or referring that matter for consideration by a committee of independent directors of the Board.

DIRECTOR ASSESSMENTS

The Chairman of the Board has responsibility for ensuring the effective operation of the Board and its committees and for ensuring the Board's directors are performing effectively.

STATEMENT OF EXECUTIVE COMPENSATION

The Company is required, under applicable securities legislation in Canada, to disclose to its shareholders details of compensation paid to each of its Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), regardless of the amount of compensation of those individuals, and each of the Company's four most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000.

During the Company's most recently completed financial year ended December 31, 2006, Mr. Joseph Grosso, President and CEO and Mr. Art Lang, CFO were the Company's only Named Executive Officers.

SUMMARY COMPENSATION TABLE

The following table sets forth all annual and long term compensation for services in all capacities to the Company for the financial years ended December 31, 2006, 2005, and 2004 (excluding the value of perquisites or other benefits worth less than \$50,000 and 10% of the Named Executive Officer's aggregate compensation) in respect of the Named Executive Officers:

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	LONG TERM COMPENSATION
ANNUAL COMPENSATION	AWARDS

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NAME AND PRINCIPAL POSITION	YEAR ENDED DECEMBER 31	SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPEN-SATION (\$)	SECURITIES UNDER OPTIONS/ SARs GRANTED (#) (1)	RESTRICTED SHARES OR RESTRICTED SHARE UNITS (#)
Joseph Grosso President and CEO(2)	2006	200,667	150,000	-	48,000	-
	2005	102,000	-	-	150,000	-
	2004	102,000	-	-	150,000	-
Arthur Lang CFO	2006	98,471 (3)	-	-	35,000	-
	2005	68,927	-	-	100,000	-
	2004	58,671	-	-	50,000	-

NOTES:

- (1) Represents Shares issuable under options granted during a particular year; see "Aggregate Option" table for the aggregate number of options outstanding at year end. The Company does not have any stock appreciation rights ("SARs").
- (2) See "Management Contracts" below regarding agreement with Oxbow International Marketing Corp.
- (3) Mr. Lang's total compensation from Grosso Group Management Ltd. (the "Grosso Group") was \$135,021, of which \$98,471 was allocated to the Company as part of the total fees paid to the Grosso Group for the year. See "Management Contracts" below.

LONG TERM INCENTIVE PLAN AWARDS

The Company does not have any long term incentive plans ("LTIP"), namely, any plan providing compensation intended to motivate performance over a period longer than one financial year not including option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale.

OPTION/STOCK APPRECIATION RIGHT ("SAR") GRANTS AND REPRICINGS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

The following table sets forth stock options granted by the Company during the financial year ended December 31, 2006 to the Named Executive Officers of the Company:

NAME	SECURITIES UNDER OPTIONS GRANTED (#)	% OF TOTAL OPTIONS GRANTED IN FINANCIAL YEAR (1)	EXERCISE OR BASE PRICE (\$/SECURITY) (2)	MARKET VALUE OF SECURITIES UNDERLYING OPTIONS ON DATE OF GRANT (\$/SECURITY)
Joseph Grosso	48,000	17%	\$3.21	\$3.21
Arthur Lang	35,000	12%	\$3.21	\$3.21

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NOTES:

- (1) Represents percentage of all options granted during the financial year.
- (2) Represents the exercise price of stock options was set according to the rules of the TSX Venture Exchange and the Company's Stock Option Plan..

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AGGREGATED OPTION EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION/SAR VALUES

The following table sets forth details of all stock options exercised during the most recently completed financial year by the Named Executive Officers, and the financial year end value of unexercised options on an aggregated basis:

NAME	SECURITIES ACQUIRED ON EXERCISE (1) (#)	AGGREGATE VALUE REALIZED (2) (\$)	UNEXERCISED OPTIONS AT FINANCIAL YEAR END (3) (#) EXERCISABLE/ UNEXERCISABLE	VALUE IN TH AT FI
Joseph Grosso	Nil	Nil	595,500/nil	
Arthur Lang	Nil	Nil	185,000/nil	

NOTES:

- (1) Represents the number of Shares of the Company acquired on the exercise of stock options.
- (2) Calculated using the closing price of the Shares of the Company on the TSX Venture Exchange on the date of exercise.
- (3) Value of unexercised in-the-money options were calculated using the closing price of Shares of the Company on the TSX Venture Exchange on December 31, 2006 of \$0.52 per share, less the exercise price of in-the-money stock options.

DEFINED BENEFIT OR ACTUARIAL PLAN DISCLOSURE

The Company does not have any defined benefit or actuarial plans under which benefits are determined primarily by final compensation (or average final compensation) and years of service of the Named Executive Officer.

MANAGEMENT CONTRACTS

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By agreement, made effective as of July 1, 1999, Oxbow International Marketing Corp., a private company owned by Mr. Joseph Grosso, was paid a consulting fee of \$8,500 per month for making available the services of Mr. Grosso. On April 12, 2006 the Board accepted the recommendation from the Compensation Committee to increase the monthly consulting fee effective May 1, 2006 to \$20,833 (\$250,000 per annum) and to pay a bonus of \$150,000. During the financial year ended December 31, 2006, Oxbow was paid a total of \$350,667 (2005 - \$102,000).

By agreement dated April 23, 2004, Mr. Arthur Lang, the Chief Financial Officer and a director of the Company, was paid a salary of \$80,000 per year for professional services rendered and was entitled to be reimbursed for certain monthly club dues. During the financial year ended December 31, 2004, Mr. Lang was paid \$58,671. In January, 2005, Mr. Lang became an employee of Grosso Group Management Ltd., which provides certain accounting and administrative services to various issuers, including the Company. During the year ended December 31, 2005, Mr. Lang's total compensation from the Grosso Group was \$94,667, of which \$68,927 was allocated to the Company as part of the Grosso Group fees for the year. On April 12, 2006 the Board accepted the recommendation from the Compensation Committee to increase Mr. Lang's annual salary effective May 1, 2006 and to pay him a bonus of \$50,000. During the financial year ended December 31, 2006, Mr. Lang's total compensation from the Company was \$148,471.

Effective January 1, 2006 the Company entered into a one-year agreement with KGE Management Ltd., pursuant to which Mr. Gerald Carlson, a director of the Company, would be paid a fee of \$600 per day for advisory services requested by the Company. That agreement was not renewed. For the financial year ended December 31, 2006, the Company paid \$3,300 to KGE Management Ltd.

Effective January 1, 2006, the Company entered into an agreement with RSA Holdings Ltd., pursuant to which Mr. R. Stuart ("Tookie") Angus, a director of the Company, agreed to provide advisory services to the Company for the monthly fee of US\$5,000. During the financial year ended December 31, 2006, the Company paid \$63,900 to RSA Holdings Ltd.

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TERMINATION OF EMPLOYMENT OR CHANGE OF CONTROL

The agreement between the Company and Oxbow International Marketing Corp. provides arrangements with respect to remuneration to be received or that may be received by Mr. Grosso in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) In the event the contract is terminated by the Company or as a result of a change of control, a payment is payable to the President consisting of (i) any monthly compensation due to the date of termination, (ii) options as determined by the board of directors (iii) three years of monthly compensation (which may be adjusted annually) and (iv) bonus of \$461,500. If the termination had occurred on December 31, 2006, the amount payable under the contract would be \$1,211,500.

In the event the contract is terminated by the Company as a result of the President's death or permanent disability while providing services to the Company, a bonus in the amount of \$461,500 is payable.

REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board is composed of Messrs. Angus and Horton, each of whom is an independent director. None of the Committee members were or are employees or officers of the Company.

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The following is a report of the Compensation Committee on the Company's executive compensation practices.

The Company's executive compensation program is comprised of two components: base salary and annual incentives. In considering these key aspects the Committee attempts to set standards that will attract, reward, motivate and retain key executives and, at the same time, provide a competitive total compensation package relative to industry standards.

The Compensation Committee:

- o discusses as required and reviews annually all aspects of compensation
- o takes into consideration competitiveness and common sense in their review
- o separately reviews the compensation and incentives for all Executives
- o administers the Stock Option Plan
- o carefully assesses the performance of the Chief Executive Officer considering both financial and non-financial components based on competitive and comparable information

Submitted by the Compensation Committee

R. Stuart ("Tookie") Angus
David. Horton

DIRECTOR COMPENSATION

The Company does not provide cash compensation to its directors in their capacities as such, although directors of the Company are reimbursed for their expenses incurred in connection with their services as directors.

Directors are entitled to participate in the Company's Stock Option Plan. The following table sets forth stock options granted by the Company during the financial year ended December 31, 2006 to the directors other than the Named Executive Officers of the Company:

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NAME	SECURITIES UNDER OPTIONS GRANTED (#)	EXERCISE OR BASE PRICE (\$/SECURITY) (1)	MARKET VALUE OF SECURITIES UNDERLYING OPTIONS ON DATE OF GRANT (\$/SECURITY)	EXPIRATION DA
Leonard Harris	50,000	\$3.21	\$3.21	June 22, 201
R. S. (Tookie) Angus	40,000	\$3.21	\$3.21	June 22, 201

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David Horton	30,000	\$3.21	\$3.21	June 22, 201
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NOTES:

(1) The exercise price of stock options was set according to the rules of the TSX Venture Exchange.

The following table sets forth details of all exercises of stock options during the financial year ended December 31, 2006 by the directors other than the Named Executive Officers, and the financial year end value of unexercised options:

NAME	SECURITIES ACQUIRED ON EXERCISE (1) (#)	AGGREGATE VALUE REALIZED (2) (\$)	UNEXERCISED OPTIONS AT	VALUE
			FINANCIAL YEAR END (2) (#)	THE FIN
			EXERCISABLE/ UNEXERCISABLE	
Gerald Carlson	200,000	\$24,000	1,140,000/nil	

NOTES:

(1) Number of common shares of the Company acquired on the exercise of stock options.

(2) Value of unexercised in-the-money options calculated using the closing price of common shares of the Company on the TSX Venture on December 31, 2006 at \$0.52 per share, less the exercise price of in-the-money stock options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is its Stock Option Plan which was previously approved by shareholders on June 26, 2003. The Plan is meant to provide the Company with a share-related mechanism to attract, retain and motivate qualified executives, employees and consultants, to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as a long term investment. The Stock Option Plan is administered by the Compensation Committee of the Board. The Stock Option Plan provides that the number of Shares issuable under the Plan may not exceed ten percent (10%) of the total number of issued and outstanding Shares.

The following table sets forth details of options granted under the Stock Option Plan during the Company's most recently completed financial year.

NUMB

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PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	REMAI FUTU EQUITY (EXC REFLEC
	(A)	(B)	
Equity compensation plans approved by securityholders	4,624,000	\$2.69	
Equity compensation plans not approved by security holders	N/A	N/A	
Total	4,624,000	\$2.69	

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS OF THE COMPANY

Except as otherwise disclosed herein, no director or senior officer of the Company, proposed nominee for election as a director of the Company nor any associate or affiliate of any such director, senior officer or nominee is or has been indebted to the Company or any of its subsidiaries or had indebtedness to another entity which is, or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding

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provided by the Company or any of its subsidiaries at any time during the Company's most recently completed financial year, other than routine indebtedness, as that term is used under Canadian Securities law.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, to the knowledge of management of the Company, no informed person (including a director, officer or holder of 10% or more of the Shares of the Company), proposed nominee for election as a director of the Company nor any associate or affiliate of any such informed person or proposed nominee had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the most recently completed financial year, or has any interest in any material transaction in the current year.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed, no person who has been a director or senior officer of the Company since the beginning of the Company's most recently completed financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the ratification of the Company's Stock Option Plan.

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SHARE PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative total shareholder return on the Common Shares of the Company for the last five years as of December 31 of each year with the cumulative total return of the TSX Venture Composite Index. The Common Share trading data is as reported on the TSX Venture Exchange.

[GRAPHIC OMITTED] [GRAPHIC OMITTED] [GRAPHIC OMITTED]

Omitted graphic is bar chart showing the Company's stock price as compared to the S&P / TSX Composite for the Fiscal years 2001 through 2006. To view visit the Company's website www.imaexploration.com and click on Information Circular for 2006 AGM.

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VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

Issued and Outstanding: 52,132,064 Common Shares without par value
Authorized Capital: Unlimited Common Shares without par value

The Board of Directors of the Company has fixed October 25, 2007 as the record date (the "Record Date") for determination of persons entitled to receive notice of and to vote at the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and return a form of proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their Shares voted at the Meeting.

Each Shareholder is entitled to one vote for each Share registered in their name on the list of shareholders.

To the knowledge of the directors and senior officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, Shares carrying more than 10% of the voting rights attached to all of the outstanding Shares of the Company.

GENERAL PROXY INFORMATION

APPOINTMENT OF PROXYHOLDERS

The individuals named in the accompanying form of proxy are directors and officers of the Company. A SHAREHOLDER MAY APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT THEM AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY. You may do so by inserting the person's name in the blank space provided in the form of proxy or by completing another suitable form of proxy.

DEPOSIT OF PROXIES

To be valid, completed proxies must be deposited with Computershare Investor Services, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (facsimile: 416-249-7775) no later than 48 hours (excluding Saturdays, Sundays or holidays) before the time for holding the Meeting. The Chairman of the Meeting may, but is not obliged to, accept proxies deposited after that time.

VOTING BY PROXYHOLDERS

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If appointed as proxyholder, the person named in the enclosed form of proxy will vote or withhold from voting the Shares represented by the proxy in accordance with your instructions.

IF NO CHOICE IS SPECIFIED IN THE ENCLOSED FORM OF PROXY AND ONE OF THE PERSONS NAMED THEREIN IS APPOINTED AS PROXYHOLDER, THE SHARES REPRESENTED BY THAT PROXY WILL BE VOTED IN FAVOUR OF EACH OF THE MATTERS IDENTIFIED THEREIN.

DISCRETIONARY AUTHORITY

Management of the Company is currently not aware of any amendment to or variation in any of the matters identified in the accompanying Notice of Meeting nor of any other matter that may be brought before the Meeting. However, a proxy in the form enclosed confers discretionary authority on the person named as proxyholder with respect to:

- (a) each matter or group of matters identified in the proxy for which no choice is specified,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

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VALIDITY OF PROXIES

A form of proxy will not be valid unless it is dated and signed by the shareholder or by the shareholder's attorney duly authorized in writing. In the case of a shareholder that is a corporation, a proxy will not be valid unless it is executed under its seal or by a duly authorized officer or agent of, or attorney for, such corporate shareholder. If a proxy is executed by an attorney or agent for an individual shareholder, or by an officer, attorney, agent or authorized representative of a corporate shareholder, the instrument empowering the officer, attorney, agent or representative, as the case may be, or a notarial copy thereof, should be deposited along with the proxy.

A vote cast in accordance with the terms of a proxy will be valid notwithstanding the previous death, incapacity or bankruptcy of the shareholder or intermediary on whose behalf the proxy was given or the revocation of the appointment, unless written notice of such death, incapacity, bankruptcy or revocation is received by the Chairman of the Meeting at any time before the vote is cast.

VOTING PROCEDURES FOR REGISTERED AND NON-REGISTERED SHAREHOLDERS

A shareholder may vote at the Meeting by attending in person, if a registered shareholder, or appointing a proxyholder to attend and vote on their behalf.

The procedure a shareholder must follow in order to vote in person or by proxy will depend on whether they are a registered or a non-registered shareholder. A registered shareholder is a person whose Shares are recorded in their name on the books of the Company. Registered shareholders do not hold their Shares through and in the name of a brokerage firm, securities dealer, bank, trust company or their nominee or depository. Registered shareholders may attend and vote in person at the Meeting by registering their attendance with the Scrutineer of the Meeting on the day of the Meeting. A registered shareholder who intends to vote in person need not submit a proxy, although it is

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recommended that they do so in the event they are unable to attend on the day of the Meeting.

Most shareholders of the Company are "non-registered" or "beneficial" shareholders because the Shares they own are not registered in their names but are instead registered and held by and in the name of the brokerage firm, securities dealer, bank or trust company of their nominees or depositories ("Intermediaries") who holds those shares for their clients. Those Intermediaries cannot vote the Shares registered in their name except with the specific voting instructions from their clients, the beneficial holders. In order to facilitate this, the Company is required to arrange the distribution of copies of the Notice of Meeting and Information Circular (collectively, the "Meeting Materials") to non-registered holders. The Company may distribute the Meeting Materials directly to you if you are a "non-objecting beneficial owner" or NOBO and have allowed your Intermediary to give your name and the number of Shares held by you to the Company in accordance with applicable securities rules. If not, the Company will distribute the Meeting Materials to your Intermediary who, in turn, is required to forward the Meeting Materials to you if you have advised that you do not wish to disclose your name to the Company (namely, you are an "objecting beneficial owner" or OBO). In some cases, non-registered shareholders have directed their Intermediary not to send them any such materials.

All non-registered beneficial shareholders who receive Meeting Materials will also receive either a form of proxy or a "voting instruction form" ("VIF").

If you are a NOBO, you should expect to receive and you should properly complete and sign the proxy or VIF that will be sent to you and return it to Broadridge Investor Communications Solutions, Canada, as directed. Broadridge will tabulate the results of VIFs delivered to them on behalf of NOBOs and provide that tabulation to the Company. By sending the Meeting Materials and VIF directly to NOBOs, the Company, and not your Intermediary, has assumed responsibility for the delivery of those materials to you and executing your proper voting instructions.

If you are an OBO, you should expect to receive and you should properly complete and sign the proxy or VIF that will be sent to you and return it to the Intermediary or its service agent, as directed. Your Intermediary will, in turn, submit a form of proxy to the Company on your behalf, based on the voting instructions you provide. Every Intermediary has its own procedures for completing and returning these forms in order for the votes of non-registered shareholders to be submitted and recorded at the Meeting. These procedures may

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allow for voting in different manner, including over the internet or by telephone. Those instructions should be carefully followed. If you have any questions, you should contact your broker, bank or other Intermediary or any service provider identified by them.

The instructions provided along with the VIF or proxy will also specify how non-registered shareholder may complete those documents if the shareholder wishes to attend the Meeting or appoint someone else to attend on their behalf and vote in person at the Meeting and how to revoke or change your vote.

REVOCAION OF PROXIES

A shareholder who has given a proxy may revoke it by an instrument in writing

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executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivering it to the registered and records office of the Company at 709 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6, at any time up to and including the last business day preceding the day of the Meeting or to the Chairman of the Meeting on the day of the Meeting or in any other manner provided by law. A revocation of a proxy will not affect any matter on which a vote has already been taken prior to the receipt of the revocation.

ADDITIONAL INFORMATION

The Company's comparative financial statements for the financial year ended December 31, 2006, the annual MD&A and the Company's Annual Information Form is available on SEDAR at www.sedar.com or on the Company's website at www.imaexploration.com or may be obtained by written request to Mr. Arthur Lang, the Company's CFO and Corporate Secretary.

APPROVAL OF CIRCULAR

The contents of this Information Circular and its distribution to shareholders have been approved by the Board of Directors of the Company.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement misleading in the light of the circumstances in which it was made.

DATED at Vancouver, British Columbia, as of this 2nd day of November, 2007.

/s/ JOSEPH GROSSO

Chief Executive Officer

/s/ ARTHUR LANG

Chief Financial Officer

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SCHEDULE "A"

AUDIT COMMITTEE CHARTER (AS OF APRIL 21, 2005)

A. Mandate

The Board of Directors of the Company has an overall responsibility to oversee the affairs of the Company for the benefit of the shareholders. The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Audit Committee has been established (within the meaning of section 3(a)(58)(A) of the Exchange Act) with the following duties and responsibilities:

- Ensure the effectiveness of the overall process of identifying and addressing principal business risk and the adequacy of the related disclosure
- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance

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- Monitor the independence and performance of the Company's independent auditors
- Provide an avenue of communications among the independent auditors, management and the Board of Directors
- Encourage adherence to, and continuous improvement of, the Company's policies, procedures and practices at all levels

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

B. Composition and Meetings

Audit Committee members shall meet the requirements of the TSX and US Securities and Exchange Commission. The Audit Committee will have, at least, one member who meets the definition of "audit committee financial expert" (as defined under Section 407 of the Sarbanes-Oxley Act of 2002) and that he is independent (in accordance with the criteria set forth in the American Stock Exchange Company Guide). The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent non-executive directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial expertise.

Audit Committee members shall be appointed by the Board. If the Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet, at least annually, with management, the independent auditors and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed. In addition, on a quarterly basis, the Committee or its Chair, should communicate with management the Company's financial statements and any significant findings based upon the Auditors limited review procedures, if any.

C. Responsibilities and Duties

ARTICLE I. REVIEW PROCEDURES

1. Review the Company's annual audited financial statements and management discussion and analysis prior to filing or distribution.

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Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgments.

2. In consultation with management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors

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together with management's responses.

3. In consultation with management, review the Company's quarterly financial results and management discussion and analysis prior to the release of earnings. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors.

ARTICLE II. INDEPENDENT AUDITORS

4. The independent auditors are directly accountable to the Audit Committee. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.
5. Approve the fees and other significant compensation to be paid to the independent auditors, and pre-approve any non-audit services that the auditor may provide.
6. On an annual basis, the Committee should review and discuss with the independent auditors all significant relationships they have with the Company or any member of management, that could impair the auditor's independence.
7. Review the independent auditors audit plan and engagement letter.
8. Discuss the year end results with the Committee before releasing.
9. The Committee shall consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

ARTICLE III. RESPONSIBILITIES

10. At least on an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
11. The Chairman, with the assistance of the entire Committee, shall annually produce a report to shareholders to be included in the Company's information circulars. The Chairman of the Audit Committee will review all disclosure documents to be issued by the Company relating to financial matters, including news releases, any financial documents submitted to the TSX in Canada or the Securities and Exchange Commission in the United States and information circulars.
12. Oversee the establishment and implementation of the Company's Code of Business Conduct and Ethics and Whistle-Blower Policy and Procedures.

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PLEASE DIRECT ALL INQUIRIES TO:

If you have any questions about the information contained in this document or require assistance in completing your proxy form, please contact the proxy

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solicitation agent at:

GEORGESON

100 UNIVERSITY AVENUE
11TH FLOOR, SOUTH TOWER
TORONTO, ONTARIO
M5J 2Y1

North American Toll Free Number: 1-888-605-8398

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SPLAY: inline; FONT-FAMILY: arial; FONT-SIZE: 10pt">§ You are willing to forgo the interest payments that are paid on conventional interest bearing debt securities.

§ You are willing to forgo dividends or other benefits of owning the stocks included in the Index.

§ You are willing to accept a limited market for sales prior to maturity, and understand that the market prices for the notes, if any, will be affected by various factors, including our actual and perceived creditworthiness, the internal funding rate and fees and charges on the notes.

§ You are willing to assume our credit risk, as issuer of the notes, for all payments under the notes, including the Redemption Amount.

§ You are willing to consent to be bound by any Resolution Measure imposed by our competent resolution authority.

§ You want to hold your notes for the full term.

§ You believe that the notes will not be automatically called and the Index will decrease from the Starting Value to the Ending Value.

§ You seek 100% principal repayment or preservation of capital.

§ You seek interest payments or other current income on your investment.

§ You want to receive dividends or other distributions paid on the stocks included in the Index.

§ You seek an investment for which there will be a liquid secondary market.

§ You are unwilling or are unable to take market risk on the notes or to take our credit risk as issuer of the notes.

§ You are unwilling to consent to be bound by any Resolution Measure imposed by our competent resolution authority.

We urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

Autocallable Market-Linked Step Up Notes

TS-6

Autocallable Market-Linked Step Up Notes
Linked to the Russell 2000® Index, due March 27, 2020

Hypothetical Payout Profile and Examples of Payments at Maturity

These hypothetical values show a payout profile at maturity, which would only apply if the notes are not called on any Observation Date.

Market-Linked Step Up Notes

This graph reflects the returns on the notes, based on the Threshold Value of 85% of the Starting Value, the Step Up Payment of \$3.50 per unit and the Step Up Value of 135% of the Starting Value. The green line reflects the returns on the notes, while the dotted gray line reflects the returns of a direct investment in the stocks included in the Index, excluding dividends.

This graph has been prepared for purposes of illustration only.

The following table and examples are for purposes of illustration only. They are based on hypothetical values and show hypothetical returns on the notes, assuming the notes are not called on any Observation Date. They illustrate the calculation of the Redemption Amount and total rate of return based on a hypothetical Starting Value of 100, a Threshold Value of 85, a Step Up Value of 135, the Step Up Payment of \$3.50 per unit and a range of hypothetical Ending Values. The actual amount you receive and the resulting total rate of return will depend on the actual Starting Value, Threshold Value, Ending Value, Step Up Value, whether the notes are called on an Observation Date, and whether you hold the notes to maturity. The following examples do not take into account any tax consequences from investing in the notes.

For recent actual levels of the Market Measure, see “The Index” section below. The Index is a price return index and as such the Ending Value will not include any income generated by dividends paid on the stocks included in the Index, which you would otherwise be entitled to receive if you invested in those stocks directly. In addition, all payments on the notes are subject to issuer credit risk.

Autocallable Market-Linked Step Up Notes

TS-7

Autocallable Market-Linked Step Up Notes
 Linked to the Russell 2000® Index, due March 27, 2020

Ending Value		Percentage Change from the Starting Value to the Ending Value	Redemption Amount per Unit	Total Rate of Return on the Notes
0.00		-100.00 %	\$1.50	-85.00 %
50.00		-50.00 %	\$6.50	-35.00 %
60.00		-40.00 %	\$7.50	-25.00 %
70.00		-30.00 %	\$8.50	-15.00 %
75.00		-25.00 %	\$9.00	-10.00 %
80.00		-20.00 %	\$9.50	-5.00 %
85.00	(1)	-15.00 %	\$10.00	0.00 %
90.00		-10.00 %	\$10.00	0.00 %
94.00		-6.00 %	\$10.00	0.00 %
95.00		-5.00 %	\$10.00	0.00 %
97.00		-3.00 %	\$10.00	0.00 %
100.00	(2)	0.00 %	\$13.50 (3)	35.00 %
102.00		2.00 %	\$13.50	35.00 %
105.00		5.00 %	\$13.50	35.00 %
110.00		10.00 %	\$13.50	35.00 %
120.00		20.00 %	\$13.50	35.00 %
130.00		30.00 %	\$13.50	35.00 %
135.00	(4)	35.00 %	\$13.50	35.00 %
140.00		40.00 %	\$14.00	40.00 %
150.00		50.00 %	\$15.00	50.00 %
154.00		54.00 %	\$15.40	54.00 %
160.00		60.00 %	\$16.00	60.00 %

(1) This is the hypothetical Threshold Value.

(2) The hypothetical Starting Value of 100 used in these examples has been chosen for illustrative purposes only. The actual Starting Value is 1,231.990, which was the closing level of the Market Measure on the pricing date.

(3) This amount represents the sum of the principal amount and the Step Up Payment of \$3.50.

(4) This is the hypothetical Step Up Value.

Autocallable Market-Linked Step Up Notes
Linked to the Russell 2000® Index, due March 27, 2020

Redemption Amount Calculation Examples

Example 1

The Ending Value is 75.00, or 75.00% of the Starting Value:

Starting Value:	100.00
Threshold Value:	85.00
Ending Value:	75.00
Redemption Amount per unit	

Example 2

The Ending Value is 95.00, or 95.00% of the Starting Value:

Starting Value:	100.00
Threshold Value:	85.00
Ending Value:	95.00

Redemption Amount per unit = \$10.00, the principal amount, since the Ending Value is less than the Starting Value, but is equal to or greater than the Threshold Value.

Example 3

The Ending Value is 110.00, or 110.00% of the Starting Value:

Starting Value:	100.00
Step Up Value:	135.00
Ending Value:	110.00

Redemption Amount per unit, the principal amount plus the Step Up Payment, since the Ending Value is equal to or greater than the Starting Value, but less than the Step Up Value.

Example 4

The Ending Value is 154.00, or 154.00% of the Starting Value:

Starting Value:	100.00
Step Up Value:	135.00
Ending Value:	154.00

Redemption Amount per unit

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Risk Factors

There are important differences between the notes and a conventional debt security. An investment in the notes involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the notes in the “Risk Factors” sections beginning on page PS-7 of product supplement EQUITY INDICES SUN-1, page PS-3 of the prospectus supplement and page 2 of the prospectus addendum identified above. We also urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

§ If the notes are not automatically called, depending on the performance of the Index as measured shortly before the maturity date, your investment may result in a loss; there is no guaranteed return of principal.

§ Your return on the notes may be less than the yield you could earn by owning a conventional fixed or floating rate debt security of comparable maturity.

§ Payments on the notes are subject to our credit risk, and actual or perceived changes in our creditworthiness are expected to affect the value of the notes. If we become insolvent or are unable to pay our obligations, you may lose your entire investment.

§ The notes may be written down to zero, be converted into equity or other instruments or become subject to other Resolution Measures. You may lose some or all of your investment if any such measure becomes applicable to us. The imposition of any Resolution Measure does not constitute a default or an event of default under the notes, the senior indenture or for the purpose of the Trust Indenture Act of 1939 or give you any other right to accelerate or terminate the notes. You may have limited or circumscribed rights to challenge any decision of our competent resolution authority to impose any Resolution Measure. Please see “Consent to Potential Imposition of Resolution Measures” in this term sheet and the “Risk Factors” on page 2 of the accompanying prospectus addendum for more information.

§ If the notes are called, your investment return is limited to the return represented by the applicable Call Premium.

§ Your investment return may be less than a comparable investment directly in the stocks included in the Index.

§ The initial estimated value of the notes is an estimate only, determined as of a particular point in time by reference to an internal funding rate and our pricing models. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities of comparable maturity. As a result of this difference, the initial estimated value of the notes would likely be lower if it were based on the rate we would pay when we issue conventional debt securities of comparable maturity. This difference in funding rate, as well as the underwriting discount and the estimated cost of hedging our obligations under the notes (which includes the hedging related charge described below), reduces the economic terms of the notes to you.

§ Our internal pricing models consider relevant parameter inputs such as expected interest rates and mid-market levels of price and volatility of the assets underlying the notes or any futures, options or swaps related to such underlying assets. Our pricing models are proprietary and rely in part on certain forecasts about future events, which may prove to be incorrect. Because our pricing models may differ from other financial institutions’ valuation models, and because funding rates taken into account by other financial institutions (including those with similar creditworthiness) may vary materially from the internal funding rate used by us, our initial estimated value of the notes may not be comparable to the initial estimated values of similar notes of other financial institutions.

§ The public offering price you pay for the notes exceeds the initial estimated value. The difference is due to the inclusion in the public offering price of the underwriting discount and the estimated cost of hedging our obligations under the notes (which includes the hedging related charge described below), all as further described in “Structuring the Notes” on page TS-15. These factors are expected to reduce the price at which you may be able to sell the notes in any secondary market and, together with various credit, market and economic factors over the term of the notes, including changes in the level of the Index, will affect the value of the notes in complex and unpredictable ways.

§ The initial estimated value of the notes on the pricing date does not represent the price at which we, MLPF&S, or any of our respective affiliates would be willing to purchase your notes in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we, MLPF&S, or any of our respective affiliates would be willing to purchase the notes from you in secondary market transactions, if at all, would generally be lower than both the public offering price and the initial estimated value of the notes on the pricing date. MLPF&S has advised us that any repurchases by them or their affiliates will be made at prices determined by reference to their pricing models and at their discretion. These prices will include MLPF&S’s trading commissions and mark-ups and may differ materially from the initial estimated value of the notes determined by reference to our internal funding rate and pricing models.

§ A trading market is not expected to develop for the notes. None of us, MLPF&S, or any of our respective affiliates is obligated to make a market for, or to repurchase, the notes. There is no assurance that any party will be willing to purchase your notes at any price in any secondary market.

§ Our business, hedging and trading activities, and those of MLPF&S and our respective affiliates (including trading in securities of companies included in the Index), and any hedging and trading activities we, MLPF&S or our respective affiliates engage in for our clients’ accounts, may affect the market value and return of the notes and may create conflicts of interest with you. Our economic interests in determining the initial estimated value of the notes on the pricing date and the price, if any, at which we

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or our affiliates would be willing to purchase the notes from you in secondary market transactions, are potentially adverse to your interests as an investor in the notes.

§ The Index sponsor may adjust the Index in a way that affects its level, and has no obligation to consider your interests.

§ You will have no rights of a holder of the securities represented by the Index, and you will not be entitled to receive securities or dividends or other distributions by the issuers of those securities.

§ While we, MLPF&S or our respective affiliates may from time to time own securities of companies included in the Index, we, MLPF&S and our respective affiliates do not control any company included in the Index, and are not responsible for any disclosure made by any company.

§ There may be potential conflicts of interest involving the calculation agent. We have the right to appoint and remove the calculation agent.

§ The U.S. federal income tax consequences of an investment in the notes are uncertain, and may be adverse to you. See “Summary Tax Consequences” below and “U.S. Federal Income Tax Consequences” beginning on page PS-28 of product supplement EQUITY INDICES SUN-1.

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The Index

All disclosures in this term sheet regarding the Index have been derived from publicly available sources, which we have not independently verified. The information summarizes the current index methodology as published by Russell Investments (“Russell,” or the “Index sponsor”) and may be changed by Russell at any time. Additional information on the Index is available at the following website: <http://www.russell.com>. No information on that website is deemed to be included or incorporated by reference in this term sheet. Russell has no obligation to continue to publish, and may discontinue publication of, the Index. The consequences of Russell discontinuing publication of the Index are discussed in the section entitled “Description of the Notes - Discontinuance of an Index” beginning on page PS-22 of product supplement EQUITY INDICES SUN-1. None of us, the calculation agent, or MLPF&S accepts any responsibility for the calculation, maintenance or publication of the Index or any successor index.

“Russell 2000®” and “Russell 3000®” are trademarks of Russell and have been licensed for use by us. The notes are not sponsored, endorsed, sold, or promoted by Russell, and Russell makes no representation regarding the advisability of investing in the notes.

Russell began dissemination of the Index (Bloomberg L.P. index symbol “RTY”) on January 1, 1984 and calculates and publishes the Index. The Index was set to 135 as of the close of business on December 31, 1986. The Index is designed to track the performance of the small capitalization segment of the U.S. equity market. As a subset of the Russell 3000® Index, the Index consists of the smallest 2,000 companies included in the Russell 3000® Index. The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. equity market. The Index is determined, comprised, and calculated by Russell without regard to the notes.

Selection of Stocks Composing the Index

All companies eligible for inclusion in the Index must be classified as a U.S. company under Russell’s country-assignment methodology. If a company is incorporated, has a stated headquarters location, and trades in the same country (American Depositary Receipts and American Depositary Shares are not eligible), then the company is assigned to its country of incorporation. If any of the three factors are not the same, Russell defines three Home Country Indicators (“HCIs”): country of incorporation, country of headquarters, and country of the most liquid exchange (as defined by a two-year average daily dollar trading volume from all exchanges within a country) (“ADDTV”). Using the HCIs, Russell compares the primary location of the company’s assets with the three HCIs. If the primary location of its assets matches any of the HCIs, then the company is assigned to the primary location of its assets. If there is insufficient information to determine the country in which the company’s assets are primarily located, Russell will use the primary country from which the company’s revenues are primarily derived for the comparison with the three HCIs in a similar manner. Russell uses the average of two years of assets or revenues data to reduce potential turnover. If conclusive country details cannot be derived from assets or revenues data, Russell will assign the company to the country of its headquarters, which is defined as the address of the company’s principal executive offices, unless that country is a Benefit Driven Incorporation “BDI” country, in which case the company will be assigned to the country of its most liquid stock exchange. BDI countries include: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, Bonaire, British Virgin Islands, Cayman Islands, Channel Islands, Cook Islands, Curacao, Faroe Islands, Gibraltar, Isle of Man, Liberia, Marshall Islands, Panama, Saba, Sint Eustatius, Sint Maarten, and Turks and Caicos Islands. For any companies incorporated or headquartered in a U.S. territory, including countries such as Puerto Rico, Guam, and U.S. Virgin Islands, a U.S. HCI is assigned.

All securities eligible for inclusion in the Index must trade on a major U.S. exchange. Bulletin board, pink-sheets, and over-the-counter (“OTC”) traded securities are not eligible for inclusion. Stocks must trade at or above \$1.00 on their primary exchange on the last trading day in May to be eligible for inclusion during annual reconstitution. However, in order to reduce unnecessary turnover, if an existing member’s closing price is less than \$1.00 on the last day of May, it will be considered eligible if the average of the daily closing prices (from its primary exchange) during the month of May is equal to or greater than \$1.00. Initial public offerings are added each quarter and must have a closing price at or above \$1.00 on the last day of their eligibility period in order to qualify for index inclusion. If a stock, new or existing, does not have a closing price at or above \$1.00 (on its primary exchange) on the last trading day in May, but does have a closing price at or above \$1.00 on another major U.S. exchange, that stock will be eligible for inclusion.

An important criteria used to determine the list of securities eligible for the Index is total market capitalization, which is defined as the market price as of the last trading day in May for those securities being considered at annual reconstitution times the total number of shares outstanding. Where applicable, common stock, non-restricted exchangeable shares and partnership units/membership interests are used to determine market capitalization. Any other form of shares such as preferred stock, convertible preferred stock, redeemable shares, participating preferred stock, warrants and rights, or trust receipts, are excluded from the calculation. If multiple share classes of common stock exist, they are combined. In cases where the common stock share classes act independently of each other (e.g., tracking stocks), each class is considered for inclusion separately. If multiple share classes exist, Russell will determine a primary trading vehicle, and the price of that primary trading vehicle (usually the most liquid) is used to calculate market capitalization.

Companies with a total market capitalization of less than \$30 million are not eligible for the Index. Similarly, companies with only 5% or less of their shares available in the marketplace are not eligible for the Index. Royalty trusts, limited liability companies, closed-end investment companies, blank check companies, special purpose acquisition companies, and limited partnerships are also ineligible for inclusion. Business development companies, exchange traded funds and mutual funds are also excluded. In addition, preferred and convertible preferred stock, redeemable shares, participating preferred stock, warrants, rights, and trust receipts are not eligible for inclusion.

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Annual reconstitution is a process by which the Index is completely rebuilt. Based on closing levels of the company's common stock on its primary exchange on the last trading day of May of each year, Russell reconstitutes the composition of the Index using the then existing market capitalizations of eligible companies. Reconstitution of the Index occurs on the last Friday in June or, when the last Friday in June is the 29th, or 30th, reconstitution occurs on the prior Friday. In addition, Russell adds initial public offerings to the Index on a quarterly basis based on market capitalization guidelines established during the most recent reconstitution. After membership is determined, a security's shares are adjusted to include only those shares available to the public. This is often referred to as "free float." The purpose of the adjustment is to exclude from market calculations the capitalization that is not available for purchase and is not part of the investable opportunity set.

The following graph shows the daily historical performance of the Index in the period from January 2008 through February 2015. We obtained this historical data from Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg L.P. On the pricing date, the closing level of the Index was 1,231.990.

Historical Performance of the Index

This historical data on the Index is not necessarily indicative of the future performance of the Index or what the value of the notes may be. Any historical upward or downward trend in the level of the Index during any period set forth above is not an indication that the level of the Index is more or less likely to increase or decrease at any time over the term of the notes.

Before investing in the notes, you should consult publicly available sources for the levels and trading pattern of the Index.

License Agreement

"Russell 2000®" and "Russell 3000®" are trademarks of Russell and have been licensed for use by us. The notes are not sponsored, endorsed, sold, or promoted by Russell, and Russell makes no representation regarding the advisability of investing in the notes.

We have entered into a non-exclusive license agreement with Russell providing for the license to us, in exchange for a fee, of the right to use indices owned and published by Russell in connection with some securities, including the notes. The license agreement provides that the following language must be stated in this term sheet:

The notes are not sponsored, endorsed, sold, or promoted by Russell. Russell makes no representation or warranty, express or implied, to the holders of the notes or any member of the public regarding the advisability of investing in securities generally or in the notes particularly or the ability of the Index to track general stock market performance or a segment of the same. Russell's publication of the Index in no way suggests or implies an opinion by Russell as to the advisability of investment in any or all of the securities upon which the Index is based. Russell's only relationship to us is the licensing of certain trademarks and trade names of Russell and of the Index, which is determined, composed, and calculated by Russell without regard to us or the notes. Russell is not responsible for and has not reviewed the notes nor any associated literature or publications and Russell makes no representation or warranty express or implied as to their accuracy or completeness, or otherwise. Russell reserves the right, at any time and without notice, to alter, amend, terminate, or in any way change the Index. Russell has no obligation or liability in connection with the administration, marketing, or trading of the notes.

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RUSSELL DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN AND RUSSELL SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. RUSSELL MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY US, HOLDERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN. RUSSELL MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL RUSSELL HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

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Supplement to the Plan of Distribution

Under our distribution agreement with MLPF&S, MLPF&S will purchase the notes from us as principal at the public offering price indicated on the cover of this term sheet, less the indicated underwriting discount.

We will deliver the notes against payment therefor in New York, New York on a date that is greater than three business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes more than three business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The notes will not be listed on any securities exchange. In the original offering of the notes, the notes will be sold in minimum investment amounts of 100 units. If you place an order to purchase the notes, you are consenting to MLPF&S acting as a principal in effecting the transaction for your account.

MLPF&S has advised us that they or their affiliates may repurchase and resell the notes, with repurchases and resales being made at prices related to then-prevailing market prices or at negotiated prices, and these prices will include MLPF&S's trading commissions and mark-ups. MLPF&S may act as principal or agent in these market-making transactions; however, it is not obligated to engage in any such transactions. At MLPF&S's discretion, for a short, undetermined initial period after the issuance of the notes, MLPF&S may offer to buy the notes in the secondary market at a price that may exceed the estimated value of the notes at the time of repurchase. Any price offered by MLPF&S for the notes will be based on then-prevailing market conditions and other considerations, including the performance of the Index, the remaining term of the notes, and our creditworthiness. However, none of us, MLPF&S, or any of our respective affiliates is obligated to purchase your notes at any price or at any time, and we cannot assure you that we, MLPF&S, or any of our respective affiliates will purchase your notes at a price that equals or exceeds the estimated value of the notes at the time of repurchase.

MLPF&S has also advised us that, if you hold your notes in a MLPF&S account, the value of the notes shown on your account statement will be based on MLPF&S's estimate of the value of the notes if MLPF&S or another of its affiliates were to make a market in the notes, which it is not obligated to do. That estimate will be based upon the price that MLPF&S may pay for the notes in light of then-prevailing market conditions and other considerations, as mentioned above, and will include transaction costs. This price may be higher than or lower than the initial estimated value of the notes.

The distribution of the Note Prospectus in connection with these offers or sales will be solely for the purpose of providing investors with the description of the terms of the notes that was made available to investors in connection with their initial offering. Secondary market investors should not, and will not be authorized to, rely on the Note Prospectus for information regarding Deutsche Bank or for any purpose other than that described in the immediately preceding sentence.

Structuring the Notes

The notes are our debt securities, the return on which is linked to the performance of the Index. As is the case for all of our debt securities, including our market-linked notes, the economic terms of the notes reflect our actual or perceived creditworthiness at the time of pricing. The internal funding rate we use in pricing the market-linked note is

typically lower than the rate we would pay when we issue conventional debt securities of comparable maturity. This generally relatively lower internal funding rate, which is reflected in the economic terms of the notes, along with the fees and charges associated with market-linked notes, resulted in the initial estimated value of the notes on the pricing date being less than their public offering price.

Payments on the notes, including the amount you receive at maturity or upon an automatic call, will be calculated based on the \$10 per unit principal amount and will depend on the performance of the Index. In order to meet these payment obligations, at the time we issue the notes, we expect to enter into certain hedging arrangements (which may include call options, put options or other derivatives) with MLPF&S or one of its affiliates. The terms of these hedging arrangements are determined by seeking bids from market participants, which may include us, MLPF&S and one of our respective affiliates, and take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the Index, the tenor of the notes and the tenor of the hedging arrangements. The economic terms of the notes and their initial estimated value depend in part on the terms of these hedging arrangements.

MLPF&S has advised us that the hedging arrangements will include a hedging related charge of approximately \$0.075 per unit, reflecting an estimated profit to be credited to MLPF&S from these transactions. Since hedging entails risk and may be influenced by unpredictable market forces, additional profits and losses from these hedging arrangements may be realized by us, MLPF&S or any other hedge providers.

For further information, see “Risk Factors—General Risks Relating to the Notes” beginning on page PS-7 and “Use of Proceeds and Hedging” on page PS-17 of product supplement EQUITY INDICES SUN-1.

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Summary Tax Consequences

In the opinion of our special tax counsel, Davis Polk & Wardwell LLP, which is based on prevailing market conditions, it is more likely than not that the notes will be treated for U.S. federal income tax purposes as prepaid financial contracts that are not debt. Generally, if this treatment is respected, (i) you should not recognize taxable income or loss prior to the taxable disposition of your notes (including at maturity or pursuant to a call) and (ii) the gain or loss on your notes should be capital gain or loss and should be long-term capital gain or loss if you have held the notes for more than one year. The Internal Revenue Service (the “IRS”) or a court might not agree with this treatment, however, in which case the timing and character of income or loss on your notes could be materially and adversely affected.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether beneficial owners of these instruments should be required to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. persons should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” regime, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose a notional interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect.

You should review carefully the section of the accompanying product supplement entitled “U.S. Federal Income Tax Consequences.” The preceding discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel regarding the material U.S. federal income tax consequences of owning and disposing of the notes.

Under current law, the United Kingdom will not impose withholding tax on payments made with respect to the notes.

For a discussion of certain German tax considerations relating to the notes, you should refer to the section in the accompanying prospectus supplement entitled “Taxation by Germany of Non-Resident Holders.”

You should consult your tax advisor regarding the U.S. federal tax consequences of an investment in the notes (including possible alternative treatments and the issues presented by the 2007 notice), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Validity of the Notes

In the opinion of Davis Polk & Wardwell LLP, as special United States products counsel to the Issuer, when the notes offered by this term sheet have been executed and issued by the Issuer and authenticated by the authenticating agent, acting on behalf of the trustee, pursuant to the senior indenture, and delivered against payment as contemplated herein, such notes will be valid and binding obligations of the Issuer, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors’ rights generally, concepts of reasonableness

and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith) and possible judicial applications giving effect to governmental actions or foreign laws affecting creditors' rights, provided that such counsel expresses no opinion as to the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above. This opinion is given as of the date hereof and is limited to the laws of the State of New York. Insofar as this opinion involves matters governed by German law, Davis Polk & Wardwell LLP has relied, without independent investigation, on the opinion of Group Legal Services of Deutsche Bank AG, dated as of January 1, 2015, filed as an exhibit to the letter of Davis Polk & Wardwell LLP, and this opinion is subject to the same assumptions, qualifications and limitations with respect to such matters as are contained in such opinion of Group Legal Services of Deutsche Bank AG. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the senior indenture and the authentication of the notes by the authenticating agent and the validity, binding nature and enforceability of the senior indenture with respect to the trustee, all as stated in the letter of Davis Polk & Wardwell LLP dated as of January 1, 2015, which has been filed by the Issuer on Form 6-K dated January 5, 2015.

Where You Can Find More Information

We have filed a registration statement (including a product supplement, a prospectus supplement, a prospectus and a prospectus addendum) with the SEC for the offering to which this term sheet relates. Before you invest, you should read the Note Prospectus, including this term sheet, and the other documents that we have filed with the SEC, for more complete information about us and this offering. You may get these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, we, any agent, or any dealer participating in this offering will arrange to send you these documents if you so request by calling MLPF&S toll-free at 1-800-294-1322.

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Market-Linked Investments Classification

MLPF&S has advised us that it classifies certain market-linked investments (the “Market-Linked Investments”) into categories, each with different investment characteristics. The following description is meant solely for informational purposes and is not intended to represent any particular Enhanced Return Market-Linked Investment or guarantee any performance.

Enhanced Return Market-Linked Investments are short- to medium-term investments that offer you a way to enhance exposure to a particular market view without taking on a similarly enhanced level of market downside risk. They can be especially effective in a flat to moderately positive market (or, in the case of bearish investments, a flat to moderately negative market). In exchange for the potential to receive better-than market returns on the linked asset, you must generally accept market downside risk and capped upside potential. As these investments are not market downside protected, and do not assure full repayment of principal at maturity, you need to be prepared for the possibility that you may lose all or part of your investment.

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