



# Inova Resources Limited Company Presentation October 2013



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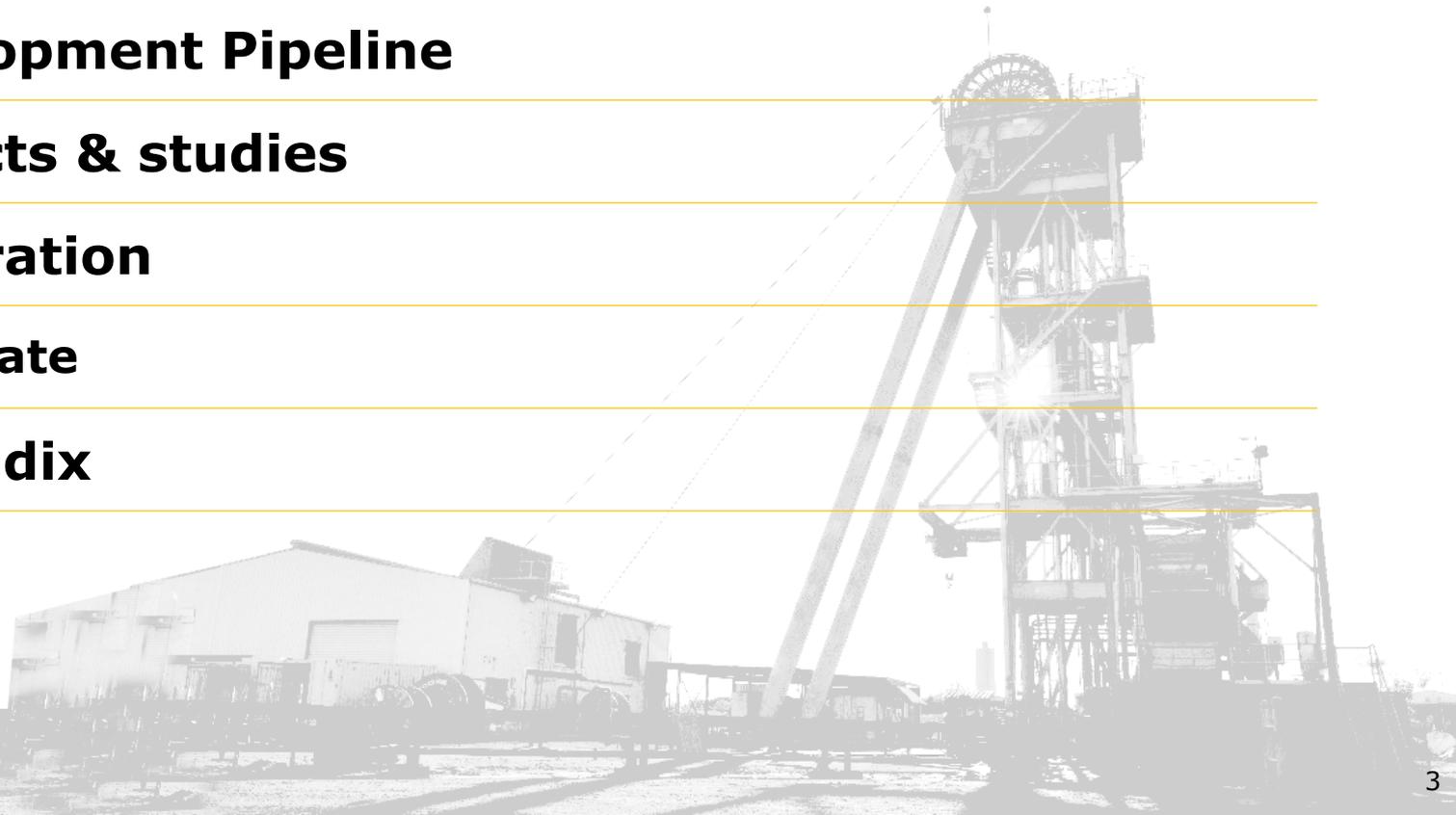
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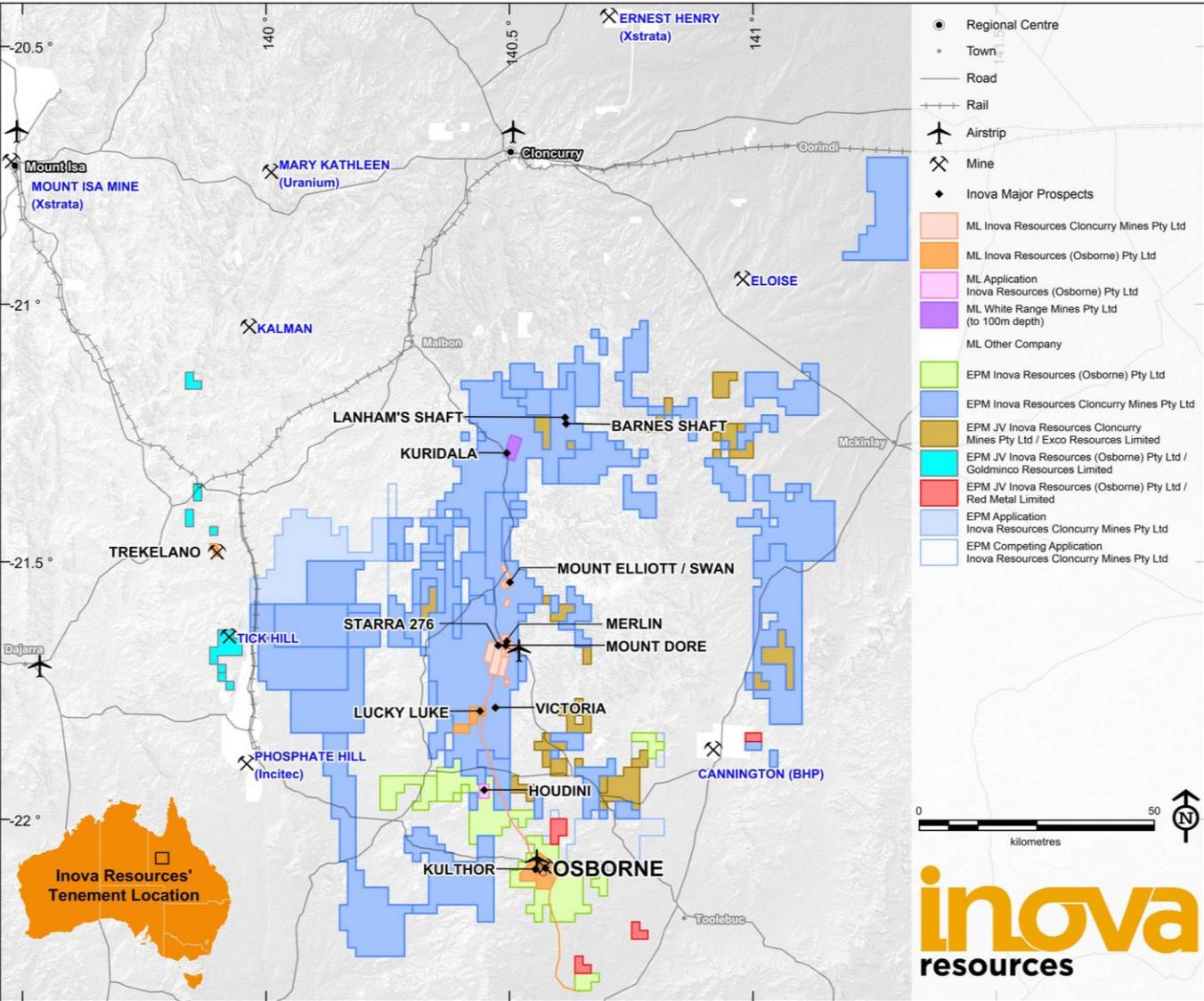


# Overview

- Queensland-based mining, development and exploration company
- Exploring in one of the world's best geological belts
- Osborne Project successfully producing and selling copper & gold
  - 2013 throughput: 1.4 to 1.6 million tonnes ore
  - 2013 production: approx 20 kt Cu (44Mlbs), 25 koz Au
- Merlin is a very high grade molybdenum and rhenium deposit
- Mount Elliott / SWAN is a large copper-gold project
- Tenements highly prospective for copper, gold, molybdenum/rhenium and uranium
- Exploration is an important growth driver
  - innovative exploration using multiple geo-scientific techniques



# Inova Resources' exploration tenements - In one of the world's best geological belts



- Mt Isa Inlier – highly prospective
- Over 5,600 km<sup>2</sup> of tenements in QLD
- Surrounded by a number of major projects  
e.g. Mt Isa (Xstrata), Ernest Henry (Xstrata), Cannington (BHP), Phosphate Hill (Incitec)



# Inova Resources 2013 Outlook

## 2013 expected production from Osborne copper-gold operation

- Starra 276 production fully ramped-up
- 1.4 -1.6 million tonnes mill throughput
  - @ 1.3 – 1.5% copper and 0.8 – 1.0 grams/tonne gold
- Expected 2013 production: approx 20 kt Cu (44Mlbs), 20 koz Au

## Cash position

- Cash at 30 June 2013: \$32.8 million

## Takeover Offer

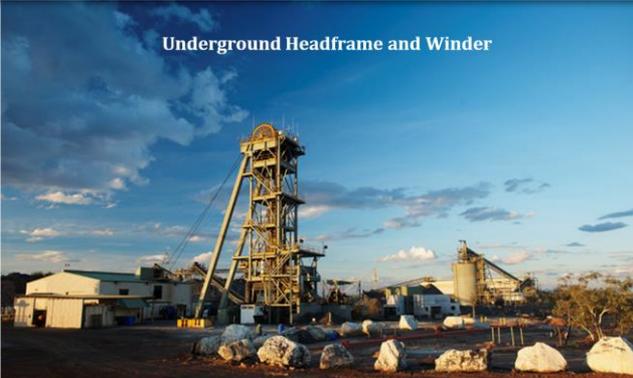
- Company currently under conditional takeover offer @ A\$0.22 cents per share
  - On 27 August 2013, private Chinese coking coal and chemicals company, Shanxi Donghui group lodged a conditional takeover offer for all of Inova Resources' shares
  - Pre-bid agreement with Turquoise Hill Resources (56.2%) entered into
  - Australian FIRB approval granted (9 Oct) and partial Chinese regulatory approval granted (17 Oct)



# Osborne Operations



# Osborne processing plant



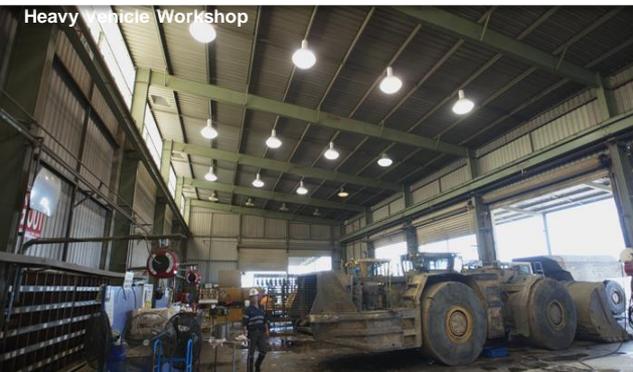
Underground Headframe and Winder



Fine Ore Bin



Mill Concentrator



Heavy Vehicle Workshop



Power Station



Control Room



Jet-capable Airport



Swimming Pool



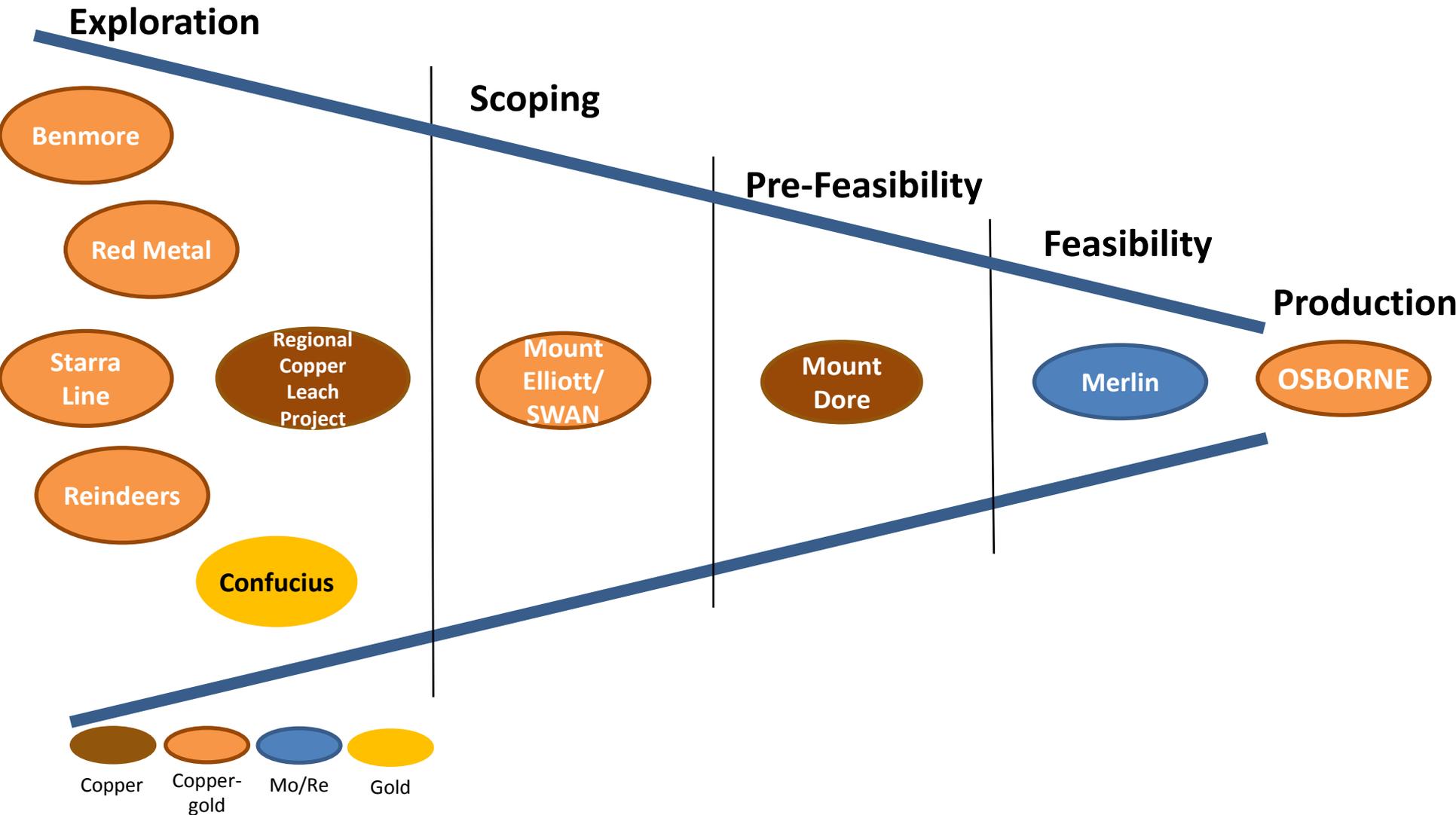
Osborne Mine Office & Administration Facilities



# Development Pipeline



# Development Pipeline





## Projects and studies

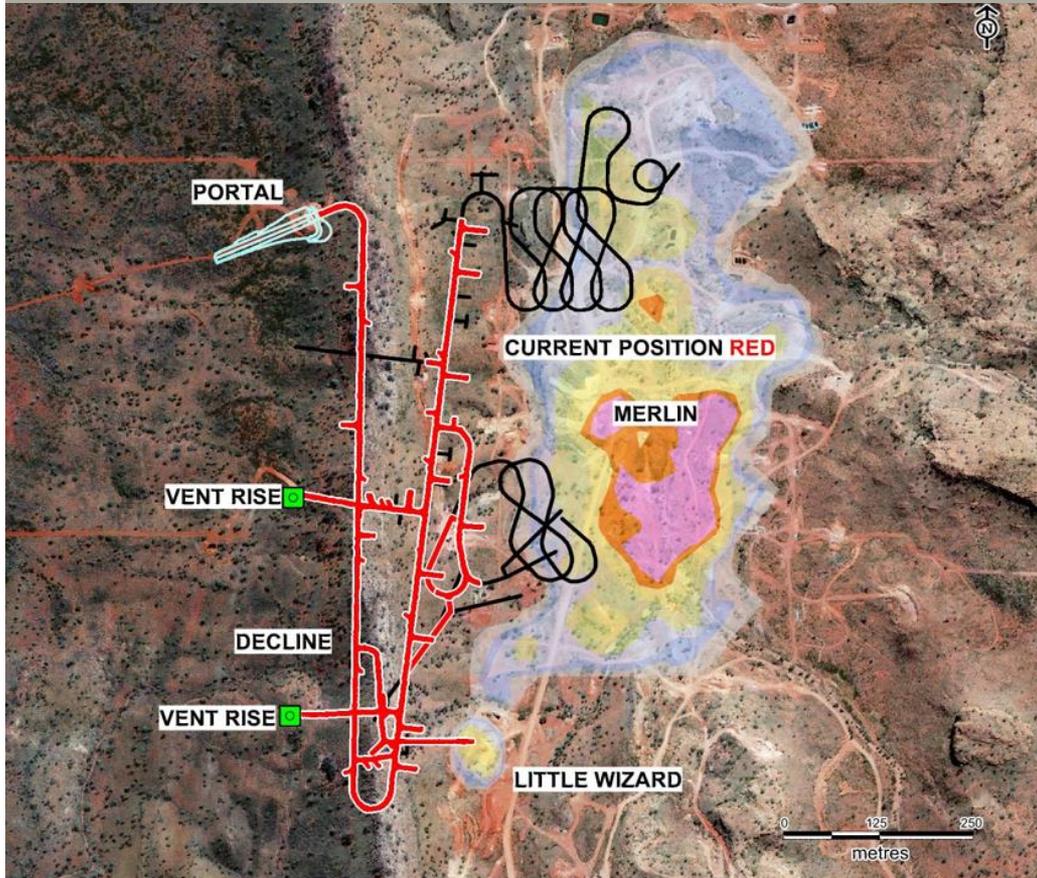


# Merlin Project – Summary

- Very high grade, late stage development project
- Leverage existing infrastructure – reducing capex
  - Power station, jet air strip, 400 bed mine camp
  - Workshops, offices, roads, tailings facilities, water
- Leverage company capabilities
  - operating, technical, management
- Significantly de-risked through existing permits and decline access - \$50M invested to date
- Current work program is specifically targeted at reducing project capital and operating cost, and risk, to ensure robust project economics throughout the commodity price cycle
- Significant further resource potential that could increase throughput and extend life

# Merlin—Development to-date

Merlin – Decline progress showing completed (red) and planned (black) development



- Completed development to-date will save substantial project completion time
  - 12 months decline development complete (~A\$25m)
  - existing Mining Lease granted
  - Government permits granted (including traditional owners, etc.)
- More than A\$50 million spent on Merlin to-date
- Development has centred around the following:
  - Merlin Phase 1 decline development (completed on time/budget in January 2012) following commencement in December 2010.
  - access to the Little Wizard orebody (gained late December 2011).

# Merlin – Value Engineering Program

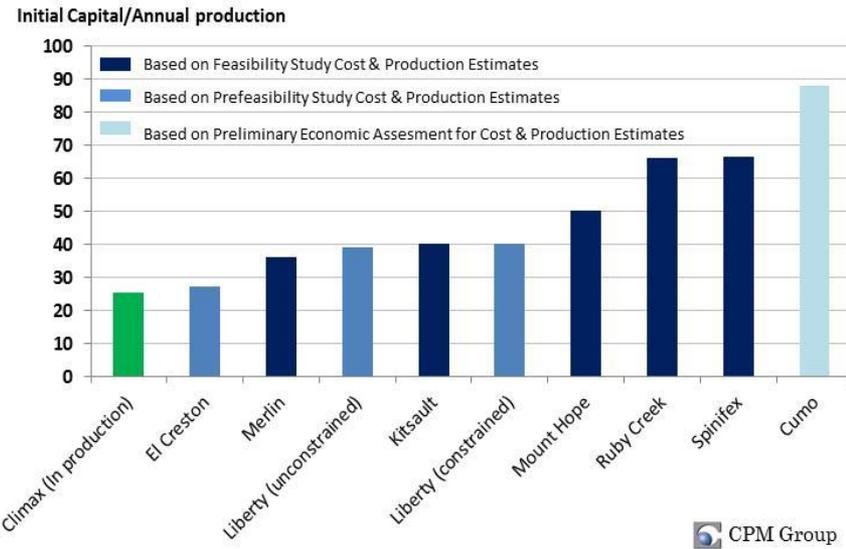
- Value Engineering Phase 1 completed to 'Scoping Study' accuracy, enhancing 2012 Feasibility Study
- Mine Optimisation increases production rate by 10% and reduces mine OPEX by 5%. Potential for mining inventory to increase by 5%.
- Concentrate grade increased to 38 – 45% Mo through operating strategy changes.
- Post Roast processing eliminated with higher concentrate grade and revised product specification.
- Additional operating cost savings identified.
- Potential to market Mo/Re concentrate – reducing requirement for Roaster and substantially reducing initial capex (to ~A\$215 million).

# Merlin – Project comparisons

## Comparable project analysis indicates Merlin's potential

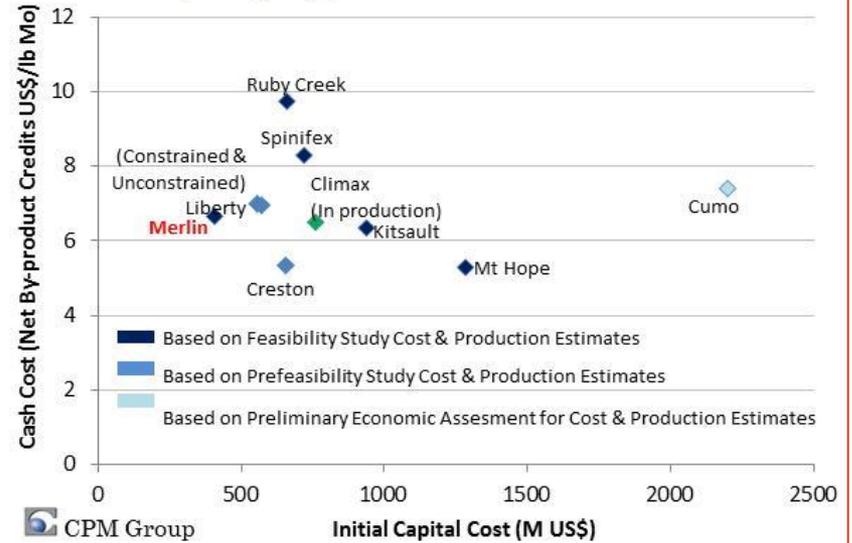
Comparison of Initial Capital Costs/Annual Mo Production Rates for Select Projects

*No credits are made for by-product production*

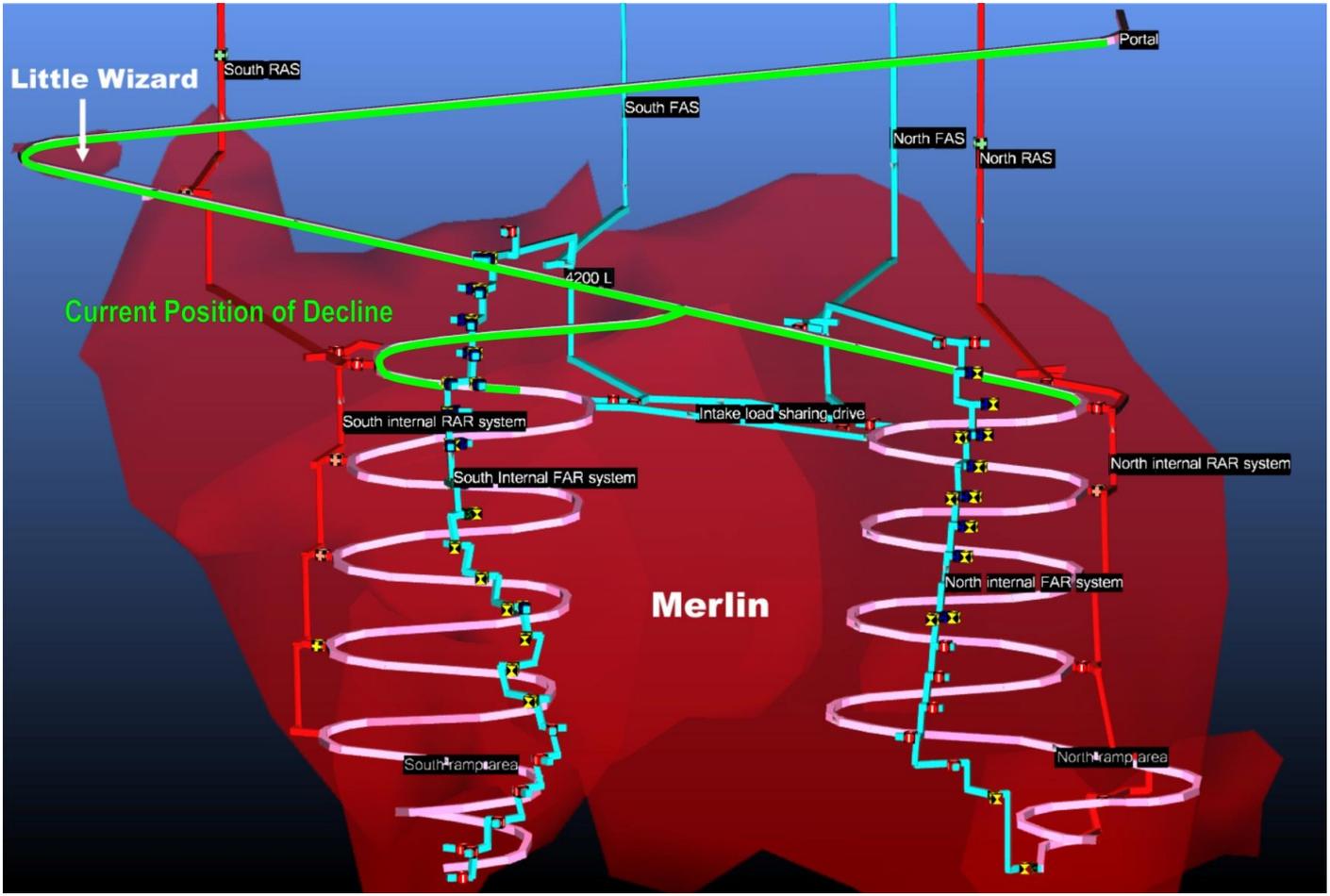


Comparison of Cash Costs & Initial Capital Costs for Select Projects

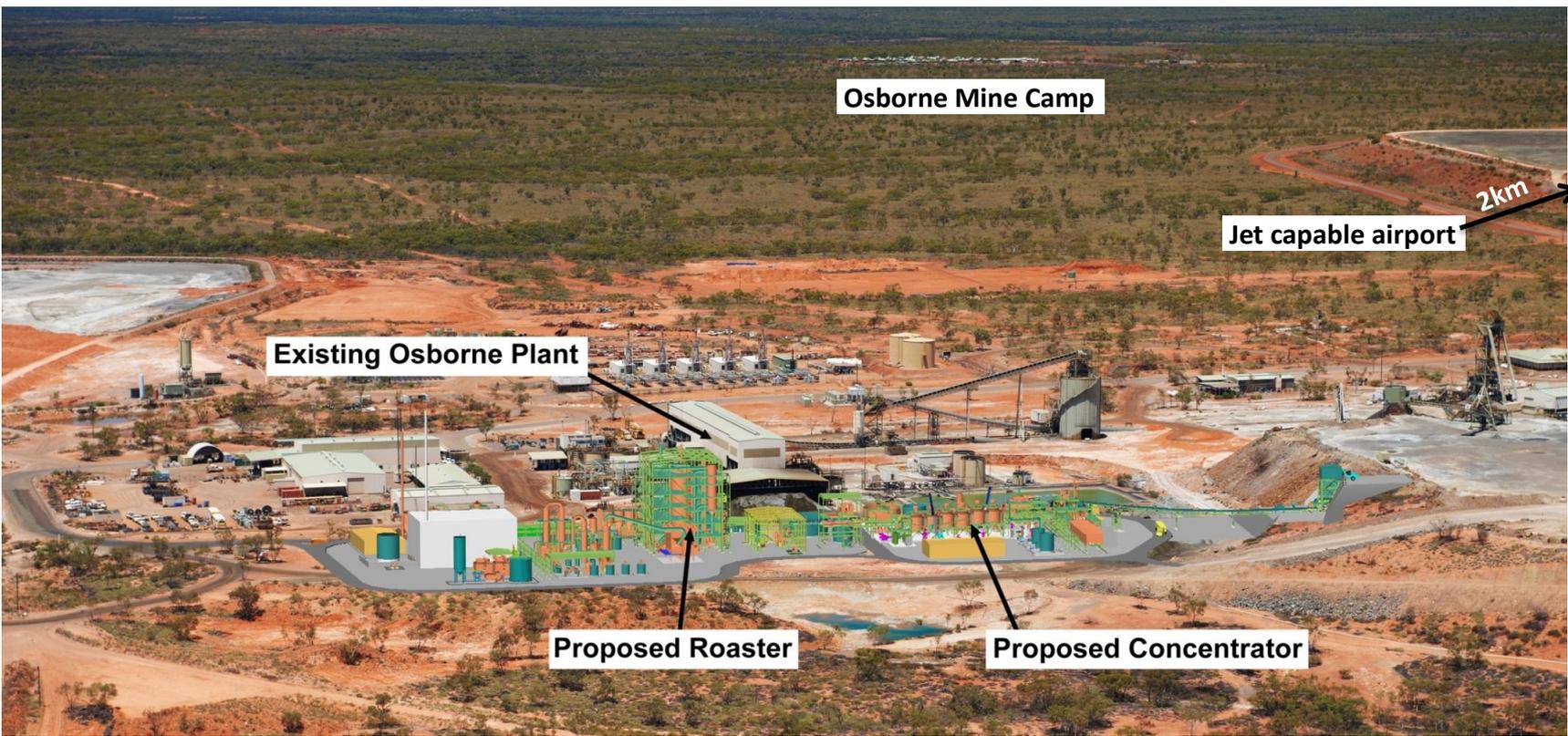
*Cash cost are adjusted for by-product credits*



# Merlin—Development Plan



# Merlin Concentrator/Roaster at Osborne



# 70 km Geological Belt – A New Molybdenum / Rhenium Province

## Metal Ridge



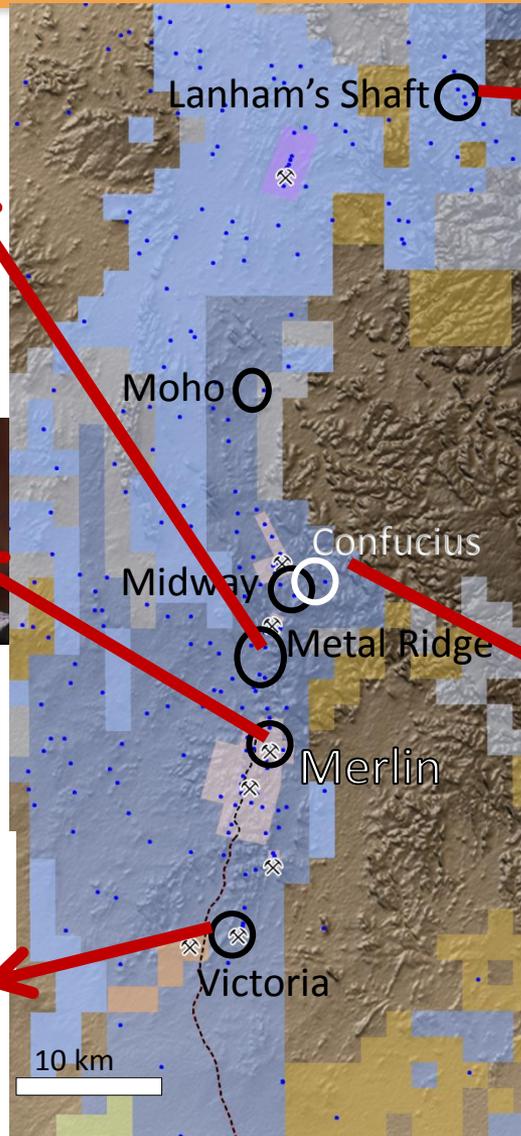
## Merlin



MDQ0264 – 0.9m @ 46.4% Mo, 446 g/t Re  
 Little Wizard: Ultra high-grade Mo/Re.  
 Included in Merlin Mineral Reserves

## Victoria

- 14 km south of Merlin
- Geological setting identical to Merlin
- VCD0008 – 1m @ 0.52% Mo, 3.26 g/t Re from 260m
- VCD0004 – 1m @ 0.93% Mo, 14.8 g/t Re from 110.5m



## Lanham's Shaft

- Molybdenum intersections (and copper)
- LAD0001 – 34m @ 0.74% Mo, 3.1 g/t Re from 143m
- LAD0003 – 36m @ 1.1% Mo, 1.7 g/t Re from 116m

Confucius: Coarse grained molybdenite in rock chip samples



# Regional Copper Leach Potential

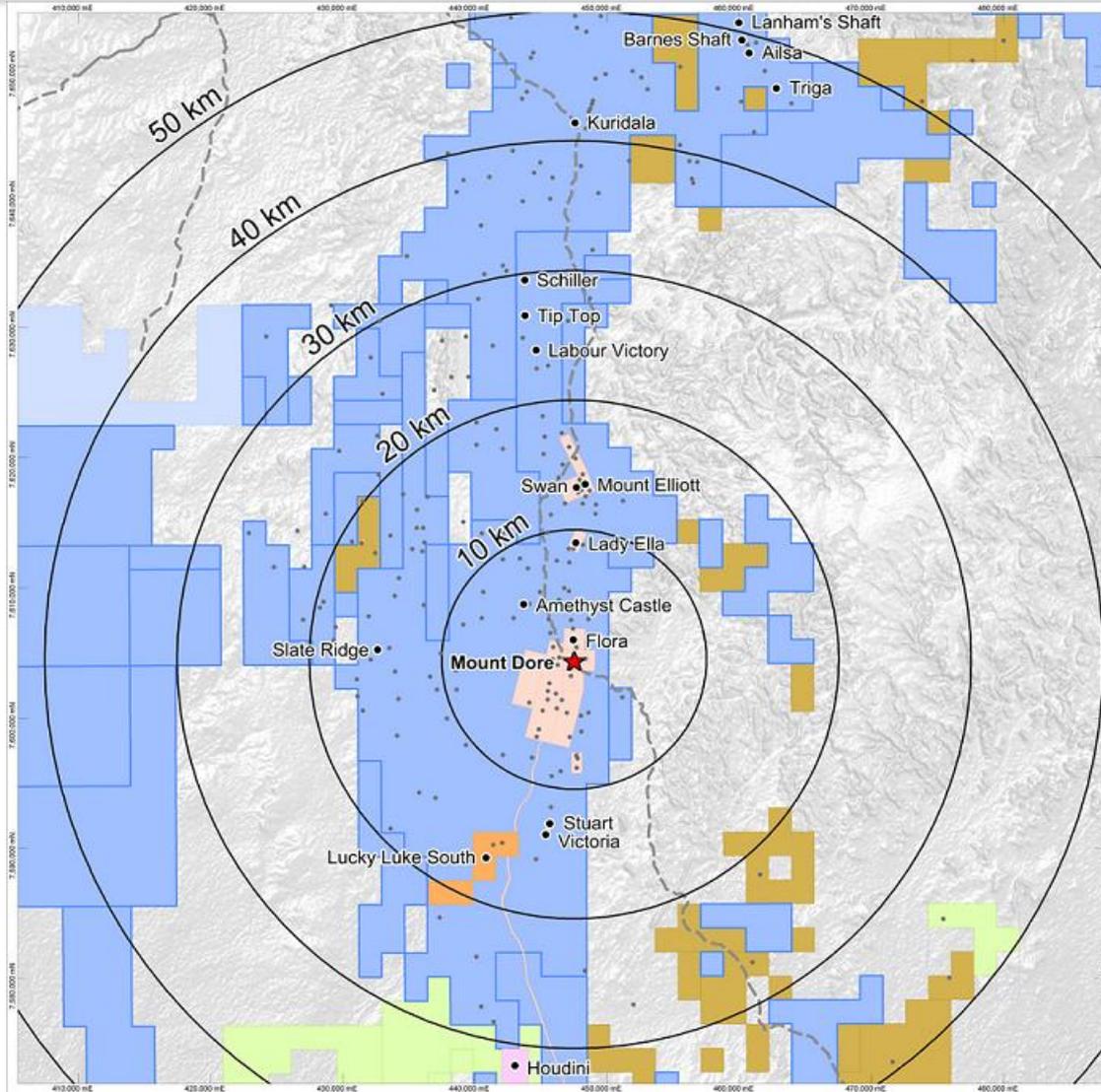
- Inova Resources currently undertaking company-wide review of prospects for Copper Leach potential – either standalone or regional project possible
- Numerous target deposits identified:
  - SWAN oxide
  - Mount Dore
  - Schiller
  - Victoria/Stuart
  - Lucky Luke
  - Barnes Shaft
  - Kuridala
  - Lady Ella
  - Triga
  - Tip Top
  - Houdini
  - Flora
- For example: near-surface oxide mineralisation at Mount Elliott/SWAN includes:

<b>Mount Elliott/SWAN Oxide and Transitional Mineral Resources</b> (0.5% eCu cutoff <sup>1</sup> )			
	Ore (Mt)	Copper Grade (%)	Contained Copper (kt)
Indicated	42.5	0.67	283
Inferred	6.6	0.60	40

- Potential Leachable Copper Prospects assessment underway

1. Equivalent copper cutoff grade (eCu% = Cu% + 0.6\*Au g/t)

# Regional Copper Leach Prospects



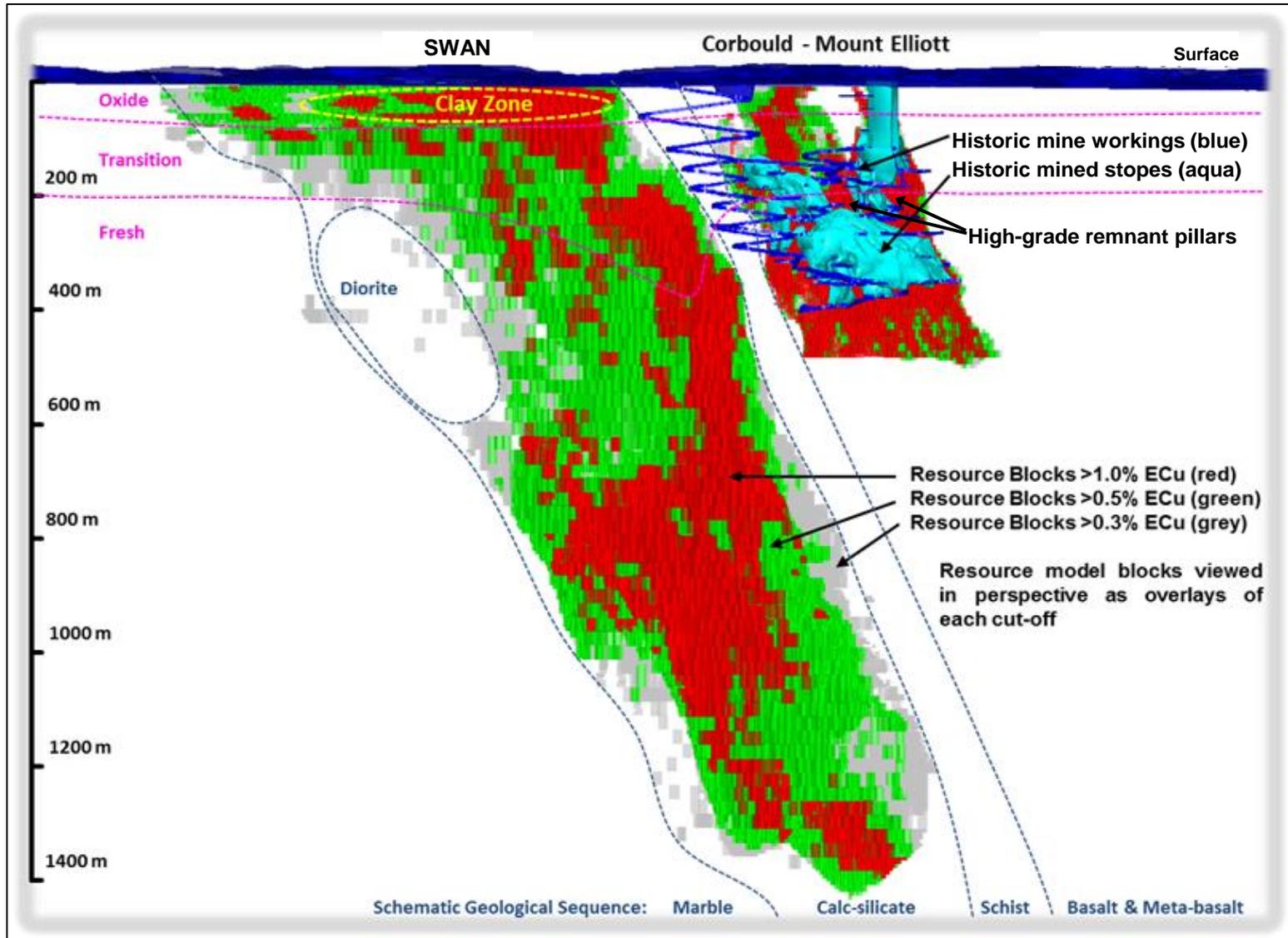
# Mt Elliott/SWAN project

- Large deposit with favourable mineralogy that can leverage existing infrastructure and company capabilities.
- Update to Mount Elliott/SWAN Mineral Resource estimate undertaken in 2012/13
- Revised Mineral Resource provides tighter, more robust estimate. Combines previous drilling (132,000 metres) with recent drilling and revisions of geological interpretation to provide a completely re-worked block model
- Contains continuous higher grade copper zones  
(e.g. MEHQ1130 90m @ 1.95% Cu, 1.31 g/t Au - 2008)
- Further work underway to progress project and to update the Mount Elliott / SWAN Scoping Study
- 2013 Mineral Resource estimate (at a 0.5% eCu<sup>1</sup> cutoff grade):

<b>Mount Elliott/SWAN 2013 Mineral Resources</b> (0.5% eCu cutoff <sup>1</sup> )					
	Ore (Mt)	Grade		Contained Metal	
		Copper (%)	Gold (g/t)	Copper (Mt)	Gold (Moz)
Indicated	157	0.67	0.40	1.1	2.0
Inferred	107	0.54	0.31	0.58	1.1

1. Equivalent copper cutoff grade (eCu% = Cu% + 0.6\*Au g/t)

# Mt Elliott/SWAN: revised block model

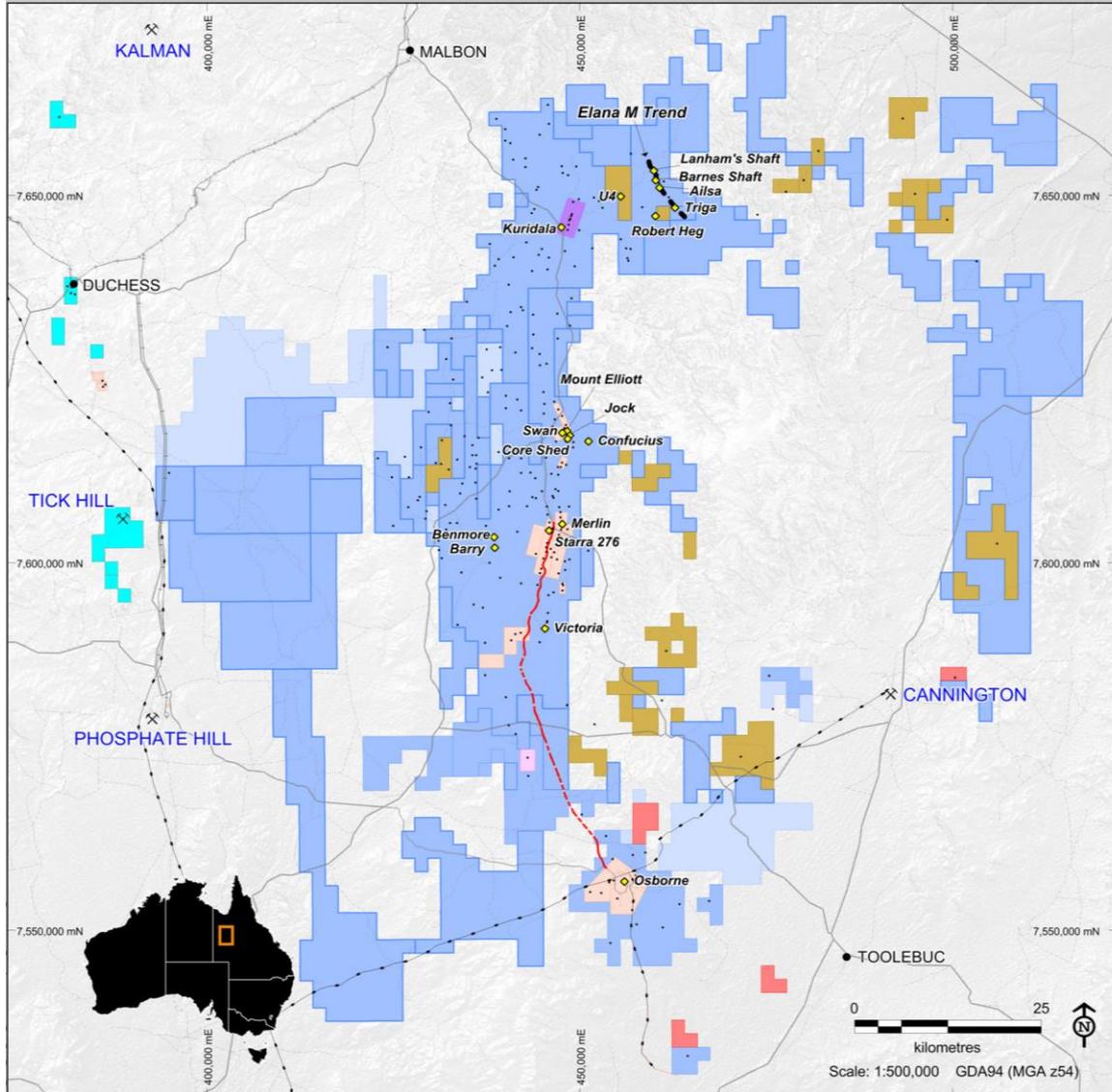




# Exploration

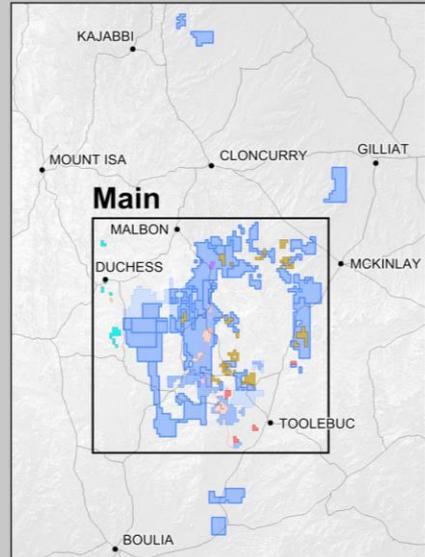


# Projects & exploration prospects



- Haul Road
- Road / Track
- Railway
- Gas Pipeline
- Major Prospects
- Other Prospects
- Regional Town
- Mining Lease Inova Resources Limited
- Mining Lease White Range Mines Pty Ltd to 100m depth
- Mining Lease Application Inova Resources Limited
- Exploration Permit Minerals Inova Resources Limited
- Exploration Permit Minerals Joint Venture Inova Resources Limited / Red Metal Ltd
- Exploration Permit Minerals Joint Venture Inova Resources Ltd / Exco Resources Ltd
- Exploration Permit Minerals Joint Venture Inova Resources Limited / Goldminco Ltd
- Exploration Permit Minerals Application Inova Resources Limited

18 October 2013

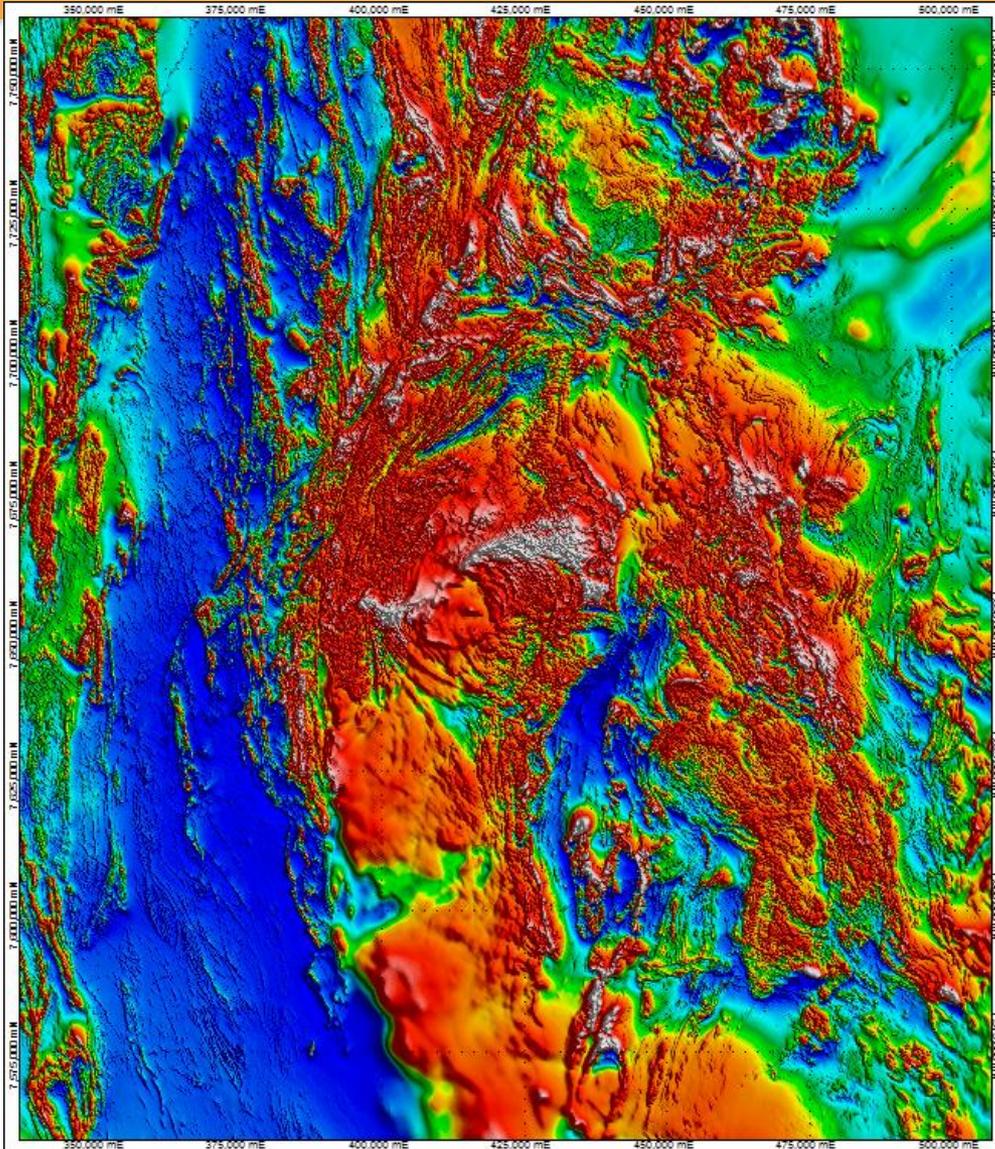


# Exploration at Inova Resources

- Substantial exploration program review undertaken
  - Identify areas previously drilled with higher-grade, near-surface results
  - Focus exploration on large greenfields targets and follow up on other exploration targets such as the Elana M Trend and the Mount Elliott Trend
  - Focus resource definition on brownfields targets (including SWAN and Kulthor resource extensions)
  - Use multiple geoscience techniques to improve targeting and feedback
- Plan to leverage off substantial exploration expenditure over past five years: with further data analysis and re-interpretation
- New look at gold opportunities to leverage Osborne processing infrastructure
- Examining potential earn-ins by other parties



# We can use these features to find large Cu-Au deposits



Choose regions with the right geology to produce large deposits

Map the magnetic and density properties of the basement

Use electrical properties to define targets

Combine this with the known geology and structure

Test these targets with geochemistry and drilling

# Exploration Targets

## Standalone Mines

40Mt @ >2%eCu

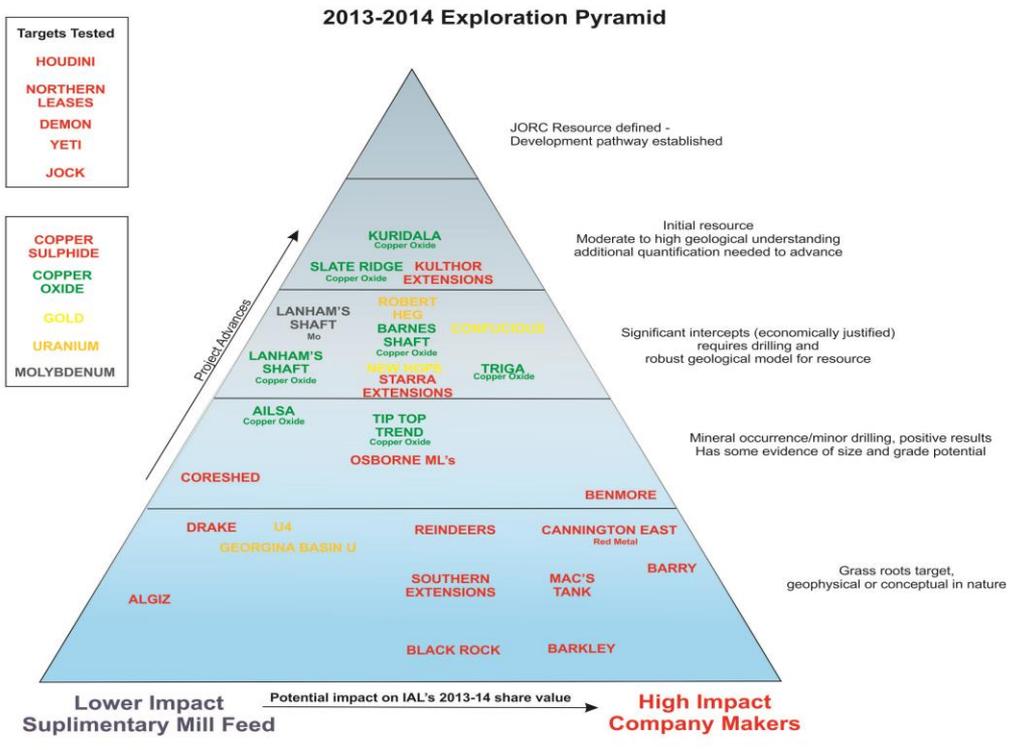
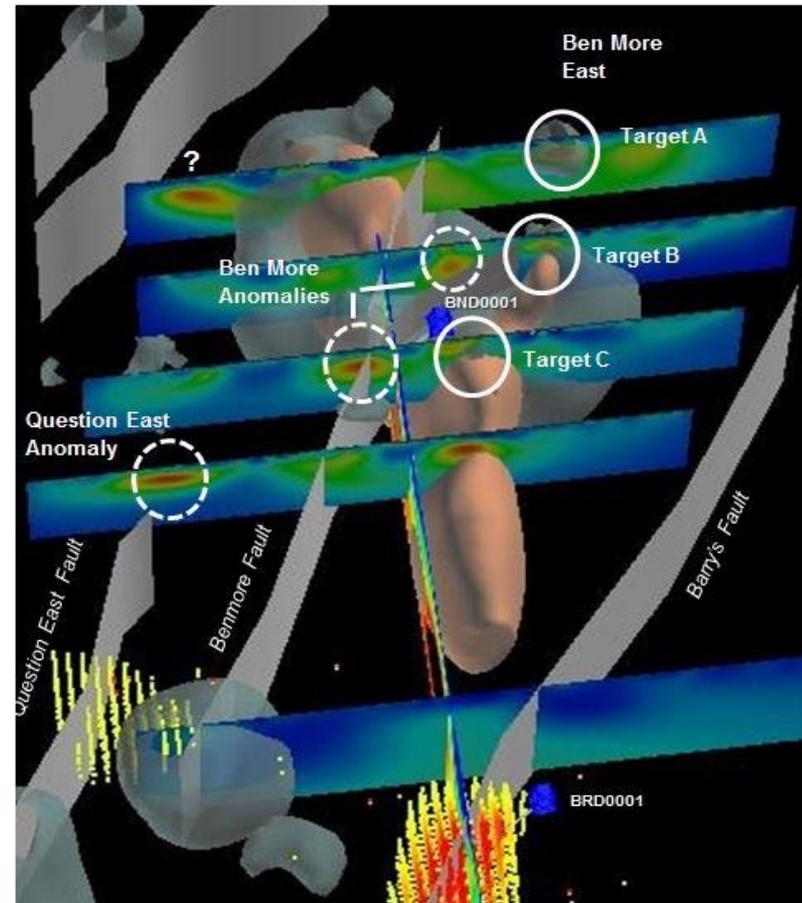
8Mt @ 4g/t Au (1moz)

10Mt @ 0.1% U3O8

10Mt @ 1% Mo

## Barry & Benmore IOCG Targets

First defined by seismic and coincident IP chargeability, magnetic and gravity results. Targets to be drilled shortly

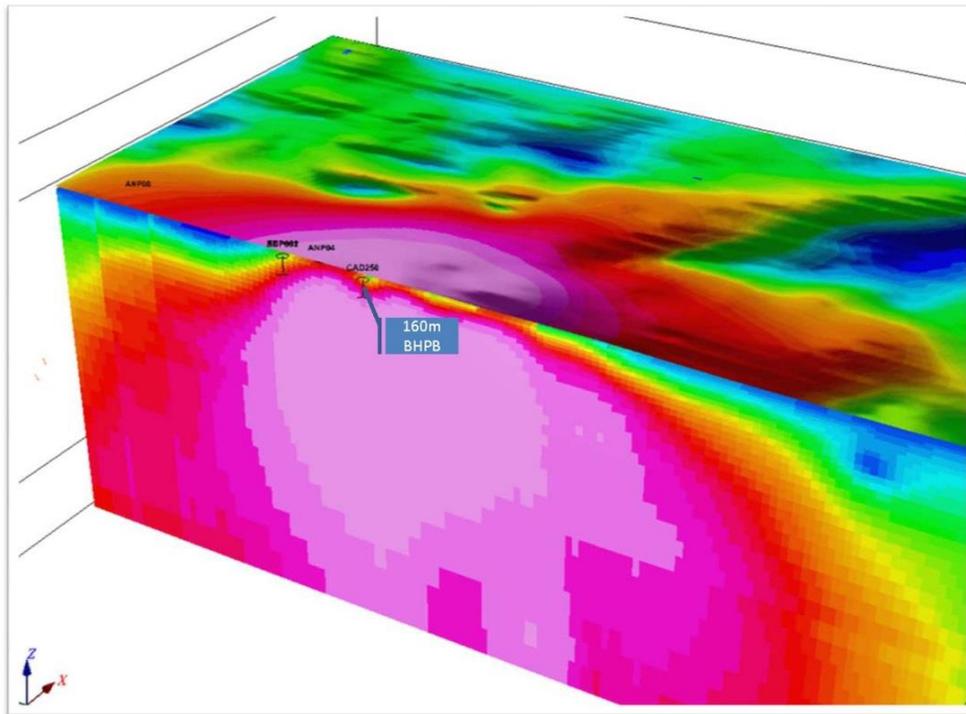


# Other Targets

## Emu Creek-Large IOCG Cu-Au target

Large magnetic feature, adjacent to Cannington not tested by drilling

Section 500600E through drill holes suggests target was never tested



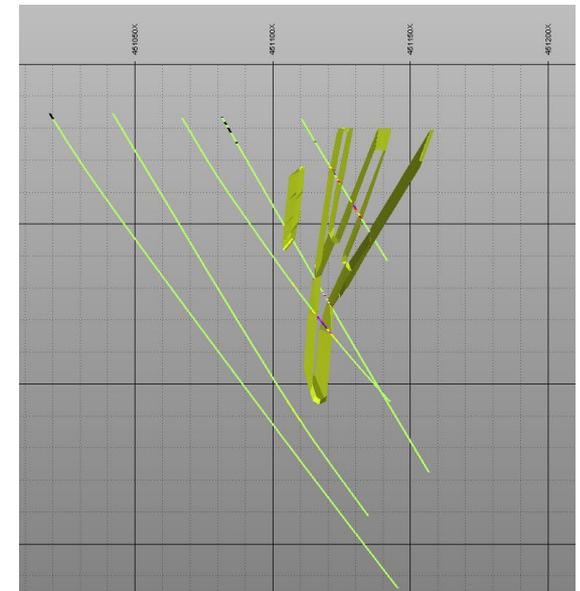
JV with Red Metal

## Confucius-Gold Target

CFD 005 5.3m @ 3.8g/t Au

CFD 006 8m @ 10g/t Au

CFD 016 3m @ 7.8g/t Au



Large area still to be tested

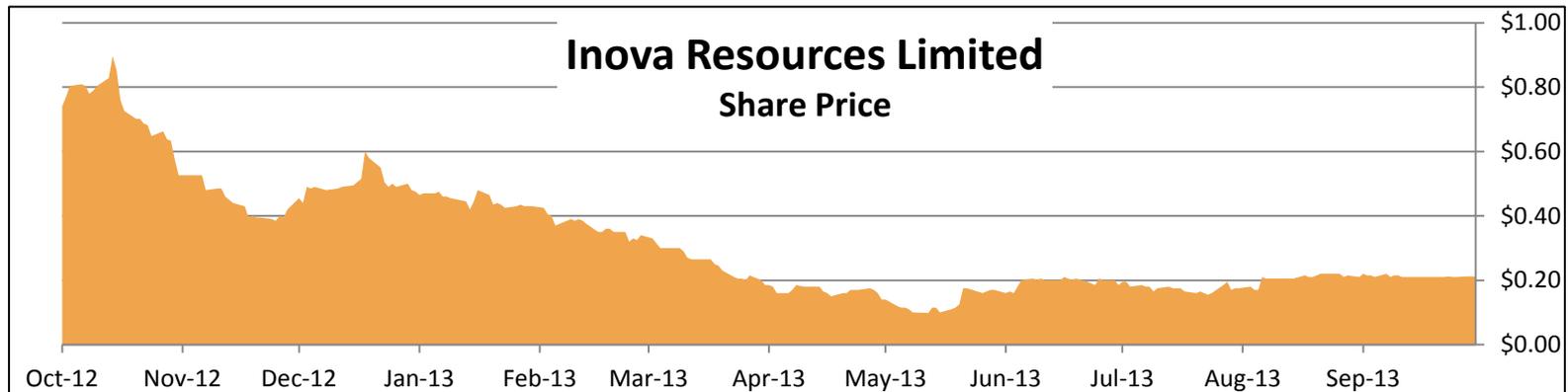


# Inova Resources Corporate



# Inova Resources Corporate

- **ASX & TSX listed Australian Public Company**



- **ASX/ TSX code: IVA**
- **Shares: 728 million**
- **Share price: A\$0.21 (@ 17 Oct 2013)**
- **Market Capitalisation: A\$153 million (@ 17 Oct 2013)**
- **Major Shareholder: Turquoise Hill Resources Limited holding 56%**
- **Cash at 30 June 2013: A\$32.8 million**
- **Company currently under conditional takeover offer @ A\$0.22 cents per share**
  - On 27 August 2013, private Chinese coking coal and chemicals company, Shanxi Donghui group lodged a conditional takeover offer for all of Inova Resources' shares
  - Pre-bid agreement with Turquoise Hill Resources (56.2%) entered into
  - Australian FIRB approval granted 9 Oct and partial Chinese regulatory approval granted 17 Oct

# Inova Resources Board & Management

- Chairman (Peter McMahon) and 3 Turquoise Hill representative board members appointed May 2012
- CEO, Bob Vassie, appointed January 2013



**Peter McMahon**  
Chairman  
Non-Executive Director



**James Askew**  
Independent Non-Executive Director



**Kyle Wightman**  
Independent Non-Executive Director



**Bob Vassie**  
CEO and  
Managing Director



**Stuart Beckman**  
Non-Executive  
Director



**Stephen McIntosh**  
Non-Executive  
Director

## Executive Leadership Team



**Neal Valk**  
GM Operations



**Kerry Parker**  
Chief Financial  
Officer



**Stephen Nossal**  
Snr VP Corporate  
Development



**Mark McGeough**  
GM Exploration

# Investment highlights

## Established Copper-Gold Producer

- Copper-gold operations approaching full production
- 2013 expected throughput of 1.4 – 1.6 Mt
- 2013 production guidance approx. 20 kt Cu and 25 koz Au
- Mining from Osborne and Kulthor underground. Starra 276 ramp up complete and full scale mining commenced
- Strategy in place to optimise Osborne project

## Exploration

- Inova Resources has a substantial tenement holding in one of the world's most prospective geological belts
- Substantial database of compiled valuable information to target quality, long-term mill feed for Osborne and standalone discoveries

## Projects

- Mount Elliott / SWAN hosts a very large copper-gold mineralised system
- Revised Mount Elliott/SWAN Mineral Resource produced
- Potential for SWAN to provide copper leach feed for regional leach project
- Merlin Project value engineering / optimisation testwork continuing

## Finance

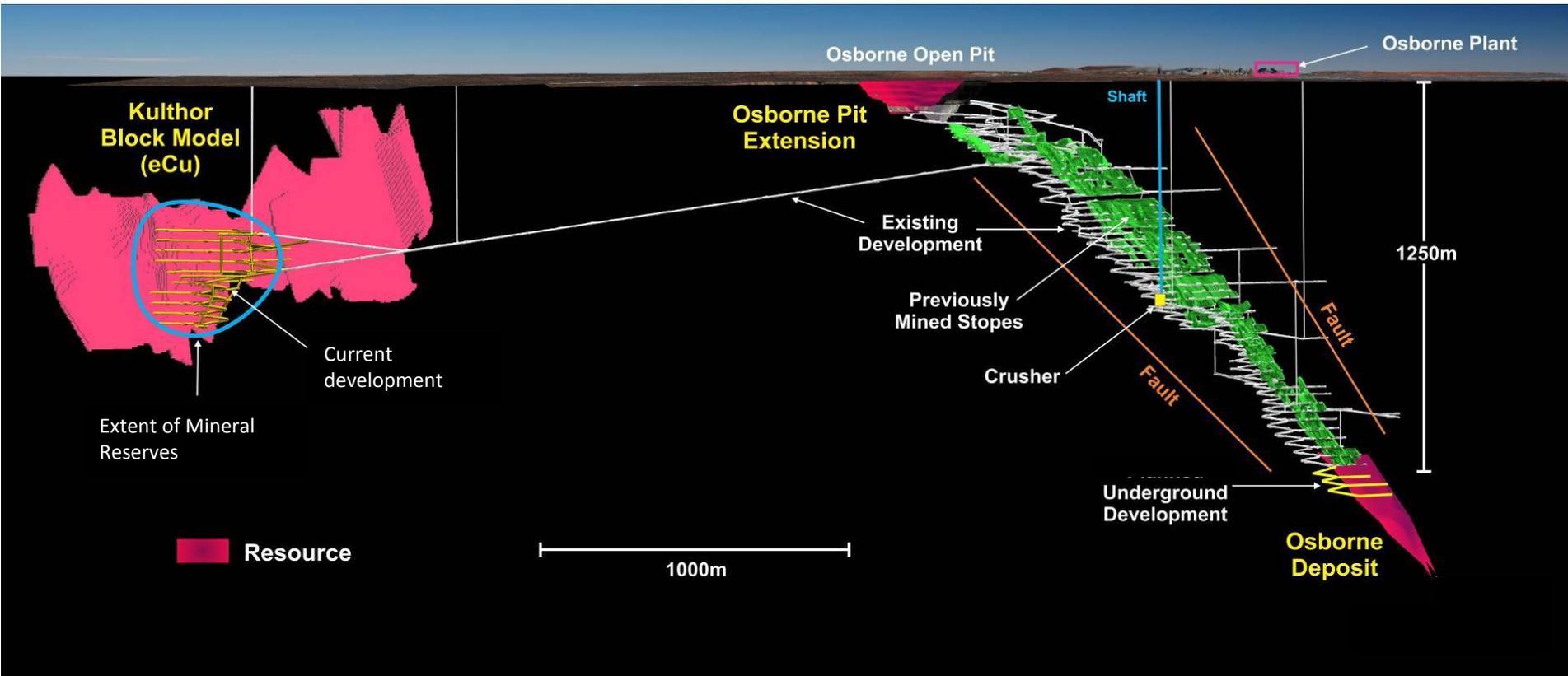
- Cash and operational cash flow to fund company based on the current operating plan for Osborne
- 30 June 2013 cash balance of \$32.8 million



**Appendix**



# Osborne & Kulthor underground development



# Merlin

## – Leveraging Osborne infrastructure

- Existing refurbished Osborne processing plant - sharing infrastructure with proposed Merlin processing plant

