



# Inova Resources Limited Company Presentation June 2013



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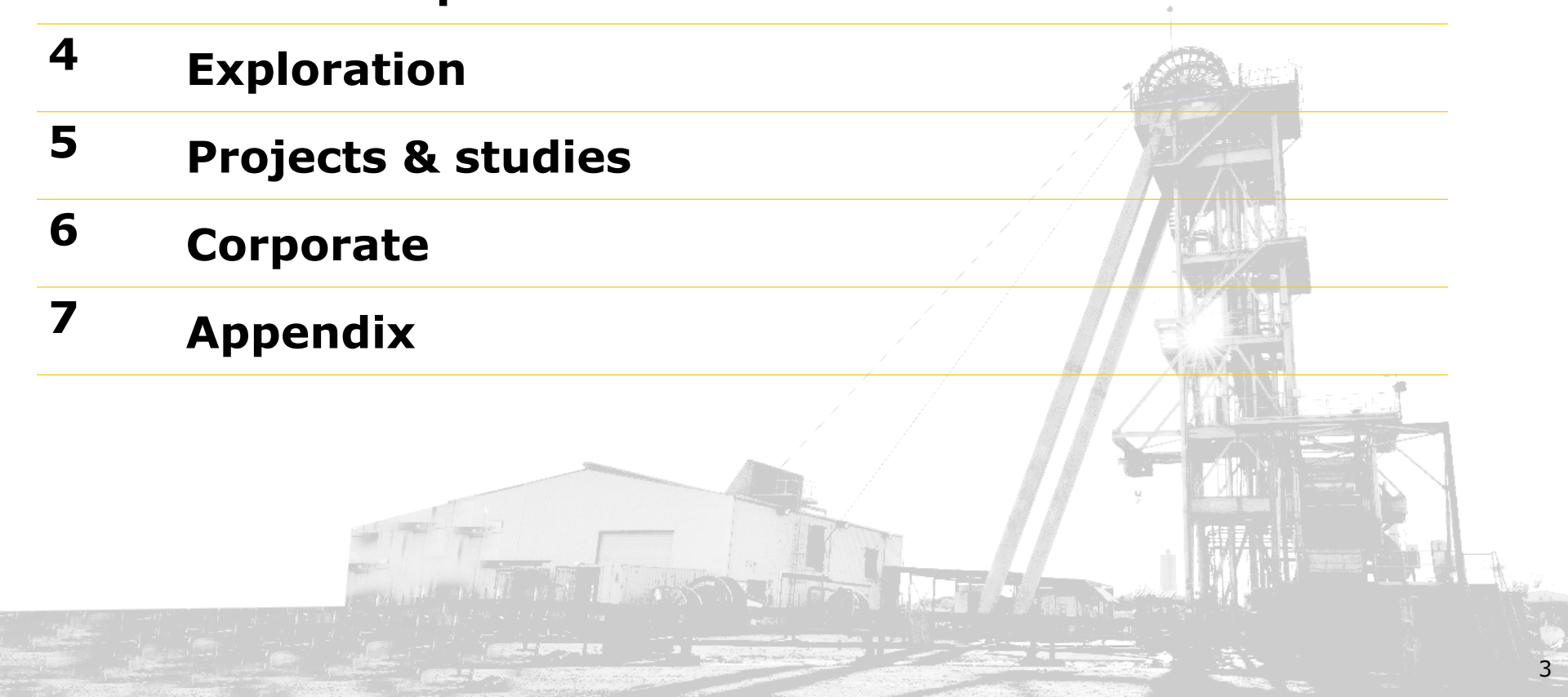
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# Overview

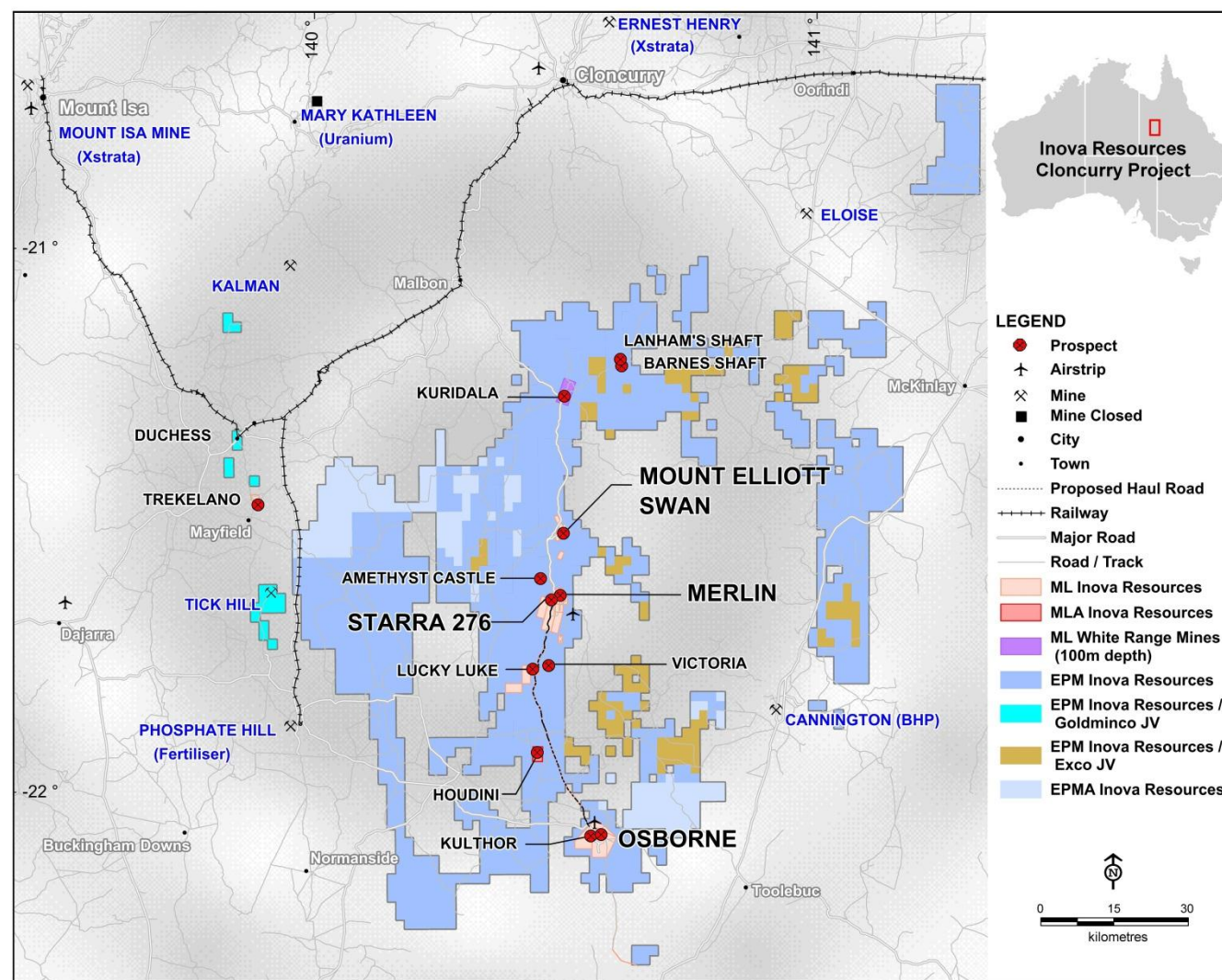
- Exploring in one of the world's best geological belts
- Osborne Project successfully producing and selling copper & gold
  - 2013 throughput: 1.4 to 1.6 million tonnes ore
- Targeting C1 costs at Osborne ~US\$2.00/lb Cu (at steady-state)
  - under review due to gold (by-product) price & recoveries
- 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 5,700 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)

- Additional 2,270 km<sup>2</sup> of tenements in Emmerson Resources Ltd JV (51%) in Northern Territory



**Delivering on strategy**



### **Focus**

- on producing copper and gold at Osborne
- on the high-grade Merlin Mo/Re Project to deliver the value engineering outcomes and enhanced project economics
- on better understanding the SWAN higher grade resource to progress the Mount Elliott / SWAN copper-gold project

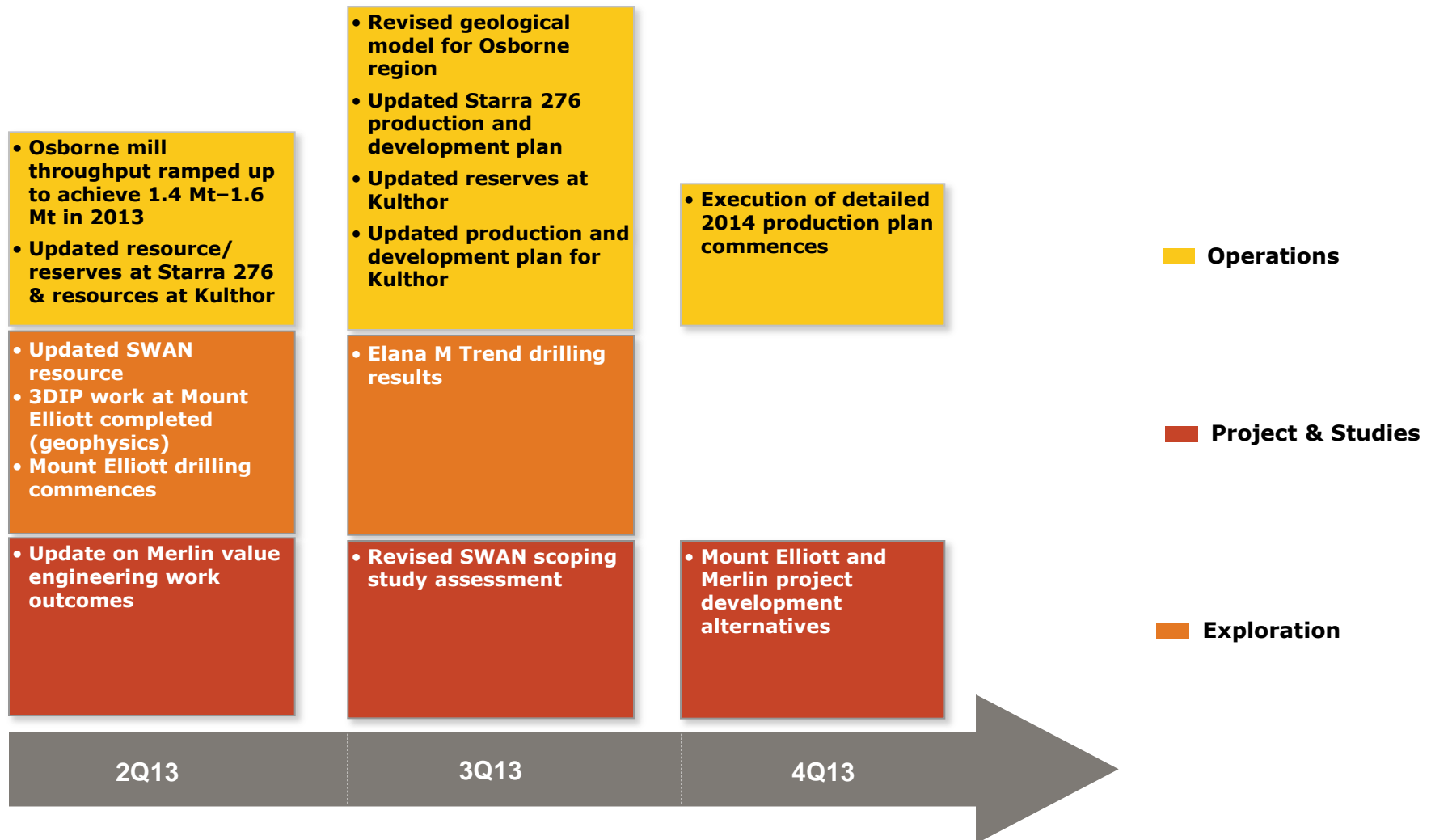
### **Discipline**

- financial discipline to deliver cost savings and ensure profitable operations at Osborne; savings outlined in 2012 strategic review substantially delivered
- maintain financial and cash position, toward future growth
- maintain operating discipline at all sites

### **Discover**

- leverage off the substantial amount of accumulated drilling and targeting data for exploration planning
- prioritise exploration effort within budgeted parameters
- exploration funded from operational cash flow

# Key planned milestones 2013





# Inova Resources 2013 Outlook

## 2013 expected production

- 1.4 -1.6 million tonnes mill throughput
  - @ 1.3 – 1.5% copper and 0.8 – 1.0 grams/tonne gold
- C1 cash operating costs targeting ~US\$2.00/lb Cu from mid-year
- Starra 276 production commenced – with full ramp-up expected during Q2 2013
- Ten shipments of copper-gold concentrate expected for 2013

## Cash position

- Cash at 30 March 2013: \$37.6 million
- Two further shipments of copper-gold concentrate in May & June

# Inova Resources 2013 Outlook (cont.)

## **C1 cash operating costs target of ~\$2.00 per pound**

- Q4 2012 C1 cash costs US\$2.11/lb Cu – post gold credits
  - throughput rate Q4 2012 of 1.0 million tonnes per annum
- C1 costs higher in Q1 2013 due to:
  - costs associated with commencement of mining at Starra 276
  - gold credits impacted by lower gold recovery and large gold price falls in early 2013
- From mid-year, C1 target is ~\$2.00 per pound
  - throughput rate of 1.4 million tonnes per annum and rising
  - gold recoveries expected to improve as plant adjusted to Starra 276 ore

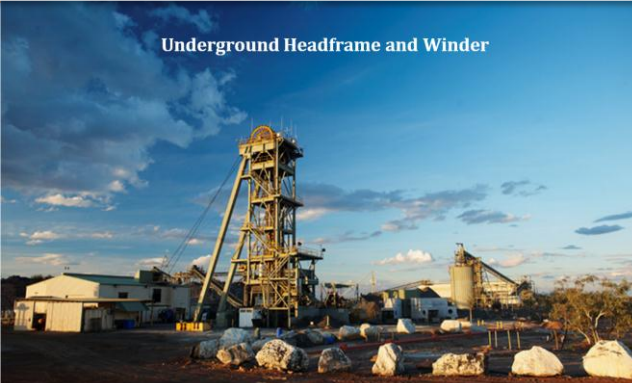


## Osborne Operations

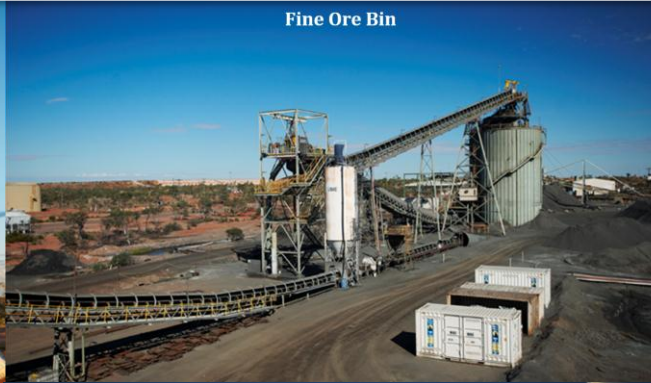


# Osborne processing plant

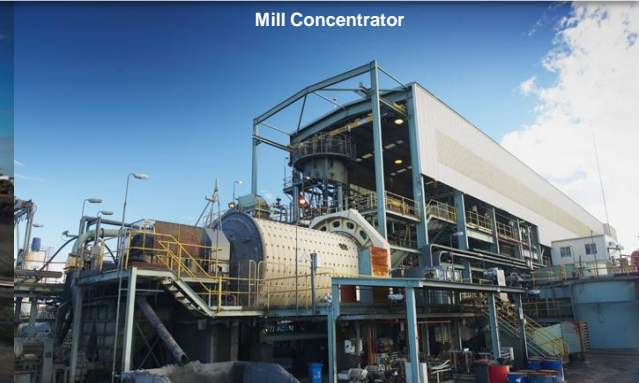
Underground Headframe and Winder



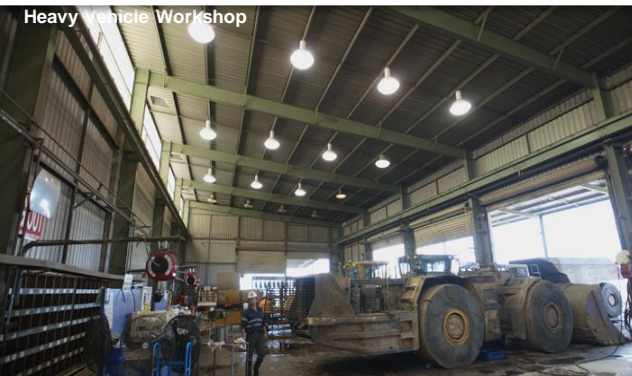
Fine Ore Bin



Mill Concentrator



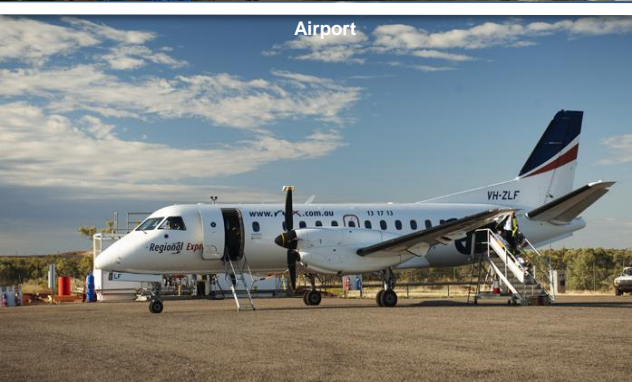
Heavy Vehicle Workshop



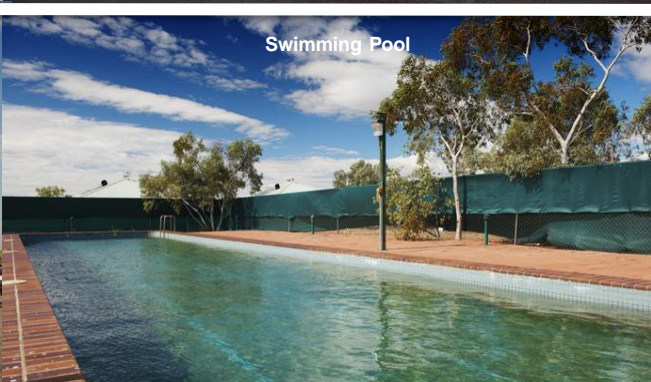
Power Station



Airport



Swimming Pool



Osborne Mine Office & Administration Facilities





# Osborne copper-gold operation update

## Production

- Copper-gold concentrate production on track with Starra 276 mine ramp up complete
- Total 2012 production: 12,200 tonnes copper and 17,300 oz gold from 789,000 tonnes throughput (9 months including ramp-up)

## Infrastructure

- Existing power station converted to gas from diesel (~50% power costs reduction)
- Haul road between Osborne and Starra 276 complete and operational

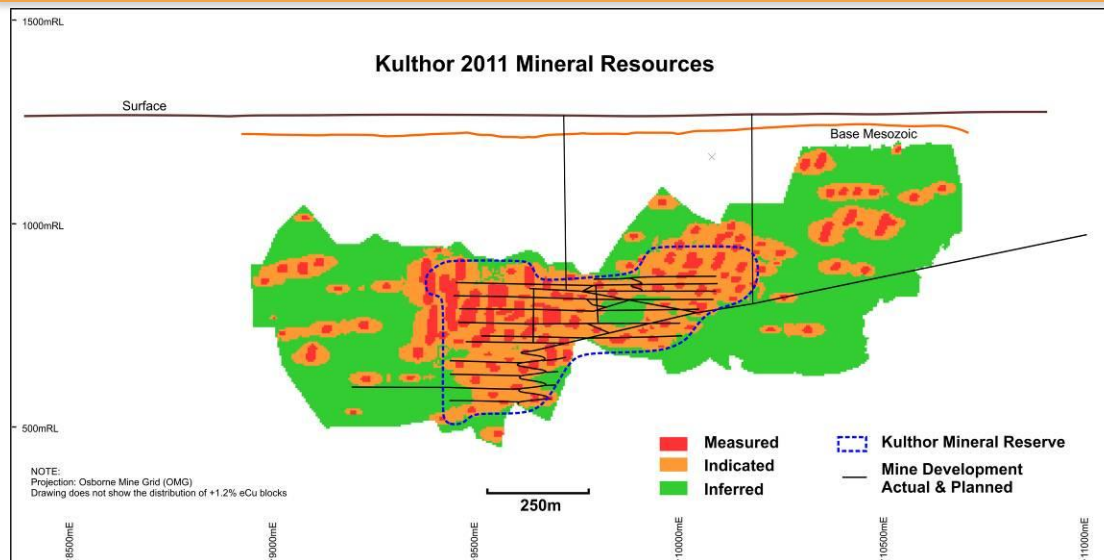
## Kulthor

- 2012 mineral resource upgrade suggests Kulthor potential to extend production to 2016 at 750,000 tonnes per year – beyond the current production plans
- Updated resource later in Q2 2013

## Starra 276

- Ramping up to full production rates during Q2 2013
- Ongoing resource drilling at Starra 276 – updated resource later in Q2 2013

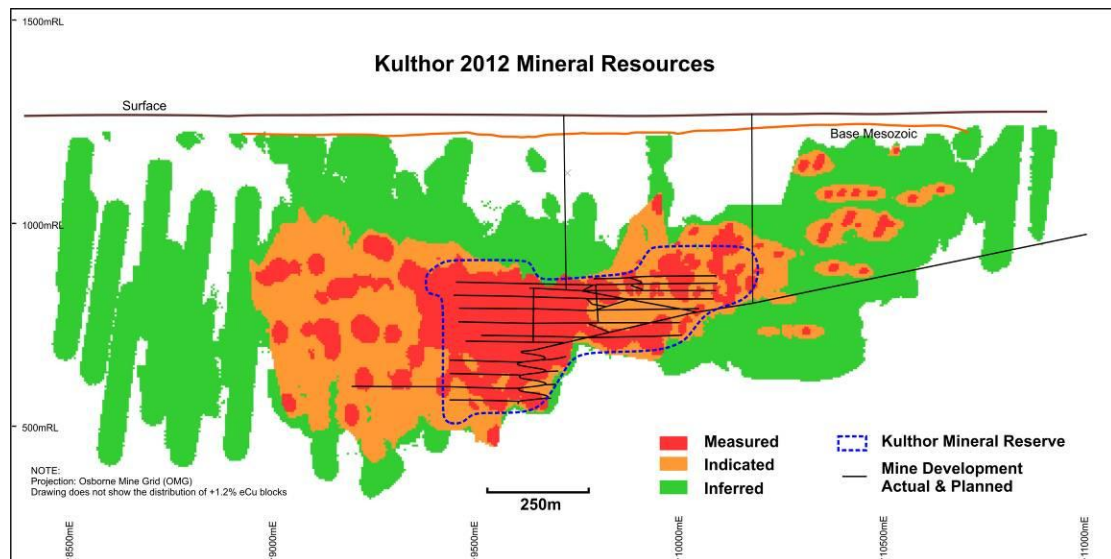
# Kulthor mineral resources upgrade



KULTHOR MINERAL RESOURCES - 2011					
		Grade		Contained	
	Ore (Mt)	Copper (%)	Gold (g/t)	Copper ('000t)	Gold ('000oz)
Measured & Indicated	4.7	1.5	1.0	70.5	143.6
Inferred	5.5	1.2	0.8	68.6	147.7

KULTHOR MINERAL RESOURCES - 2012					
		Grade		Contained	
	Ore (Mt)	Copper (%)	Gold (g/t)	Copper ('000t)	Gold ('000oz)
Measured & Indicated	7.4	1.6	1.0	116.5	234.4
Inferred	5.4	1.3	0.9	72.8	148.2

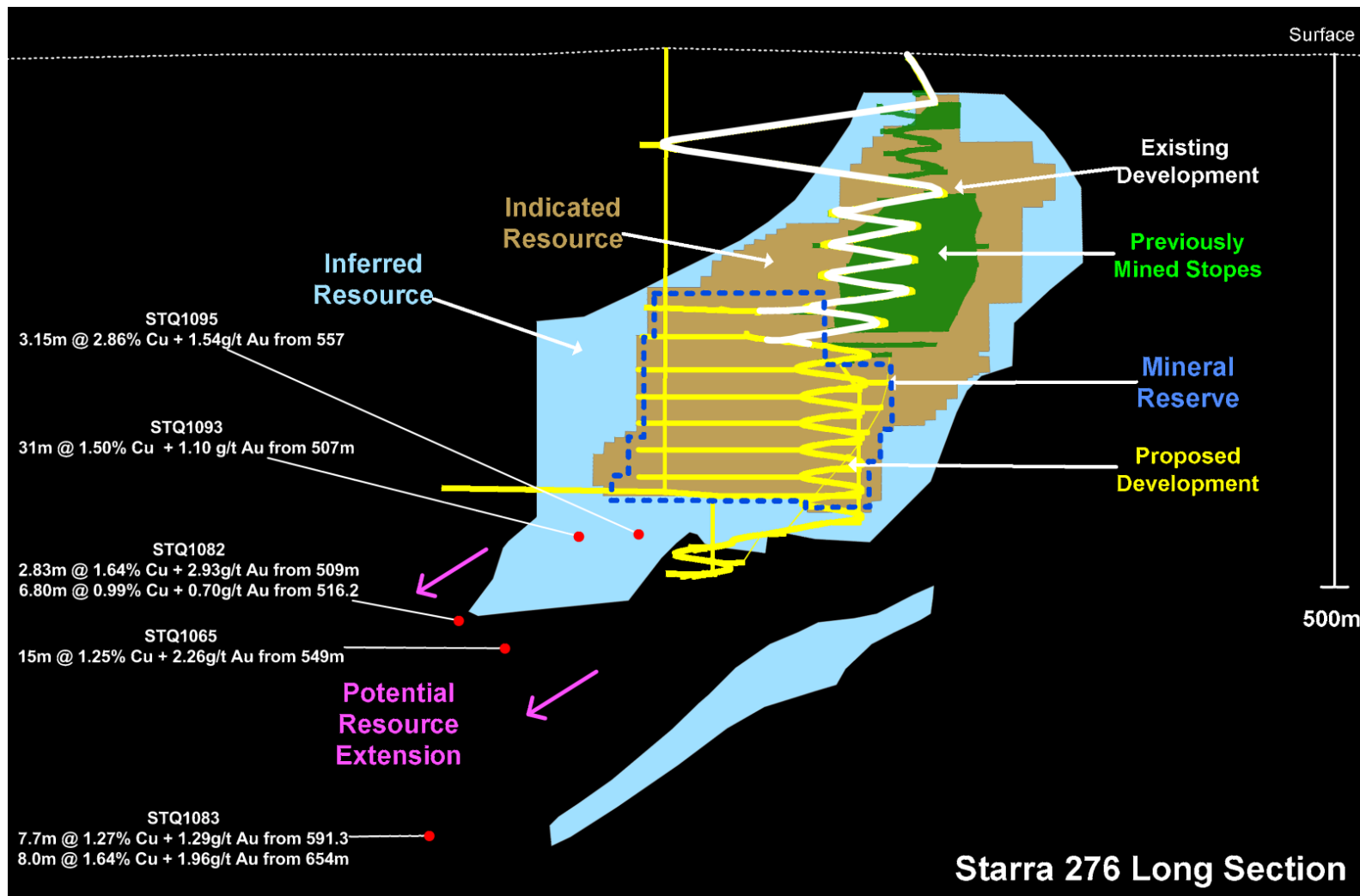
- 60% increase in Measured & Indicated copper & gold resources and improved grades
- Studies underway to update Kulthor Mineral Reserves, aiming to include upgraded Mineral Resources





# Starra 276 development and resource potential

- Drilling indicates potential to increase Mineral Resource at Starra 276



# Osborne Copper-Gold Project

## Mine life extension opportunities



Potential targets for mine-life extensions have been identified and are being assessed for feasibility – only value enhancing prospects will be progressed

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### **Kulthor and Starra 276 resource extensions**

- Potential for low-capex extensions being assessed
  - Ongoing work at Kulthor to update Mineral Reserves from the Indicated Mineral Resource
  - Mineral Resource updates at Starra 276 from 2012 drilling to be released in Q2 2013
- 

### **Mount Elliott Open Pit**

- Mount Elliott open pit – retrieving pillars from historical mining
  - Scoping study indicated potential mining inventory of 7.8 Mt @1.5% Cu and 0.8 g/t Au
- 

### **Other potential sources**

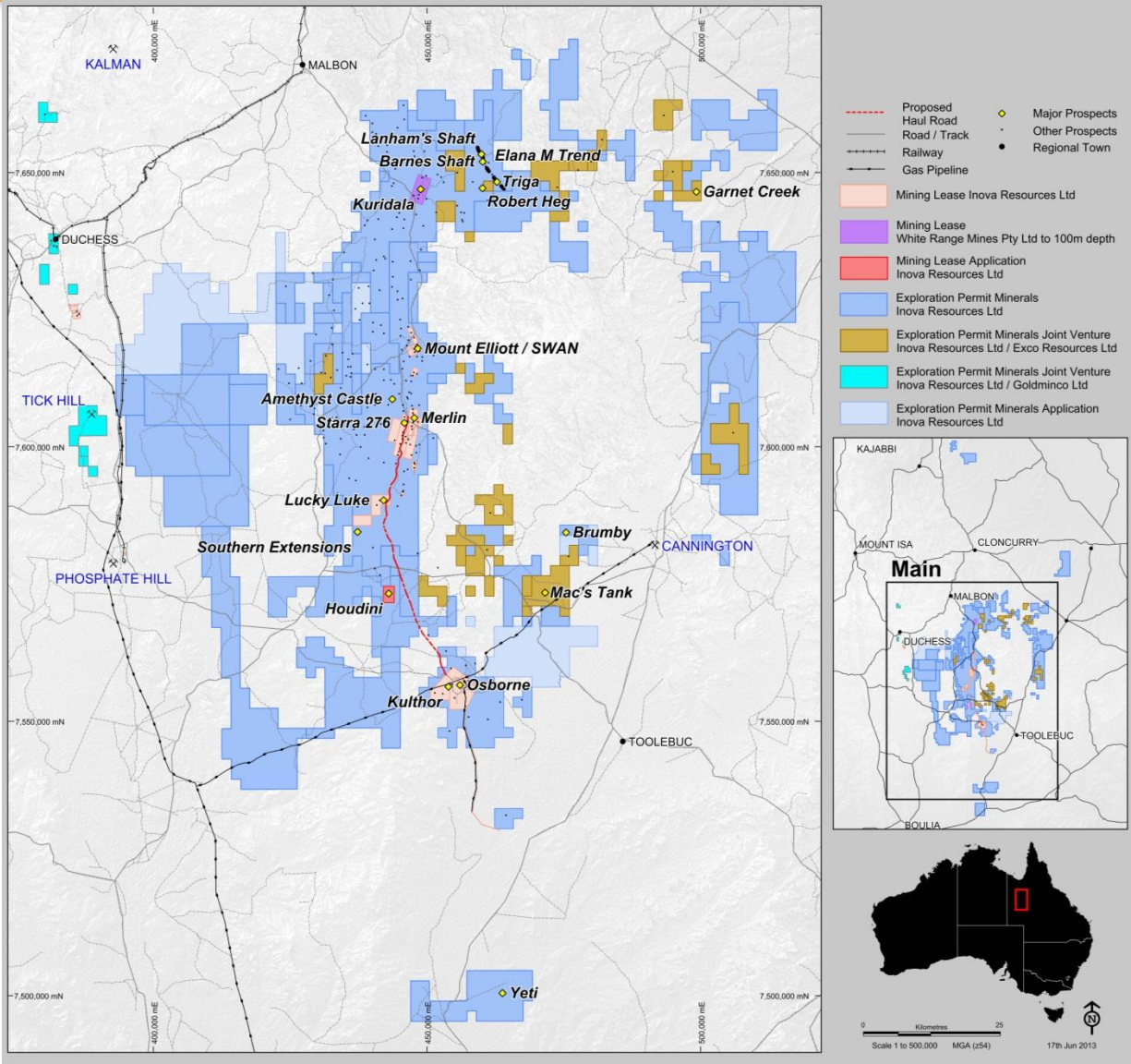
- Assessment of a number of prospects being undertaken, including:
    - Victoria/Stuart: Approximately 30 kms from Osborne mill adjacent to the Osborne-Mount Dore haul road. Initial drilling program commenced
    - Starra Line: Other historical Starra mines being assessed: Starra 222, 251 and 257
-



# Exploration



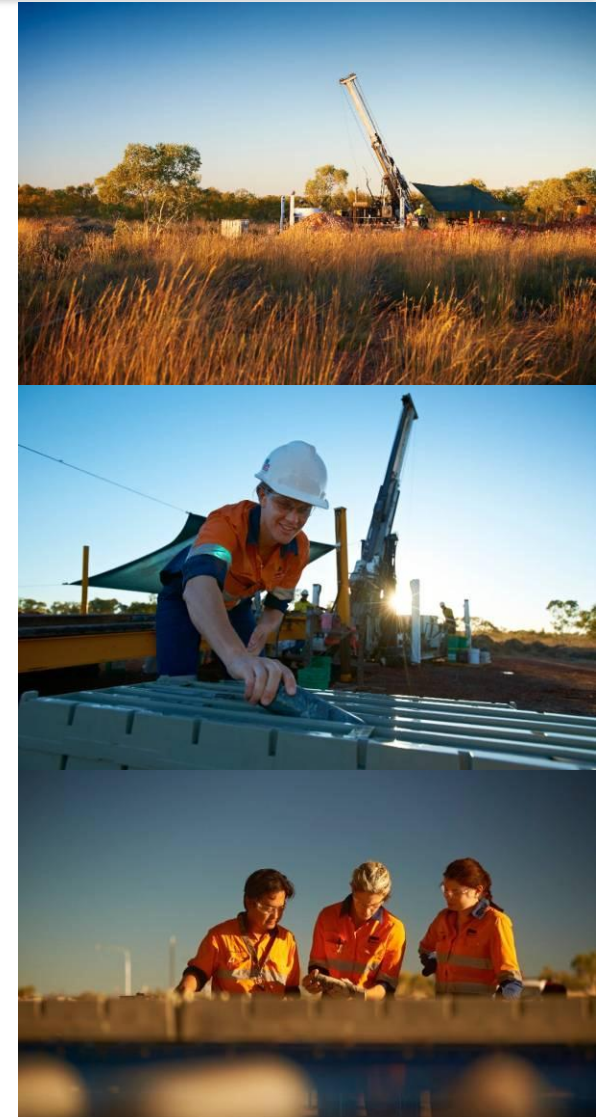
# Projects & exploration prospects





# 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, Starra 276 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

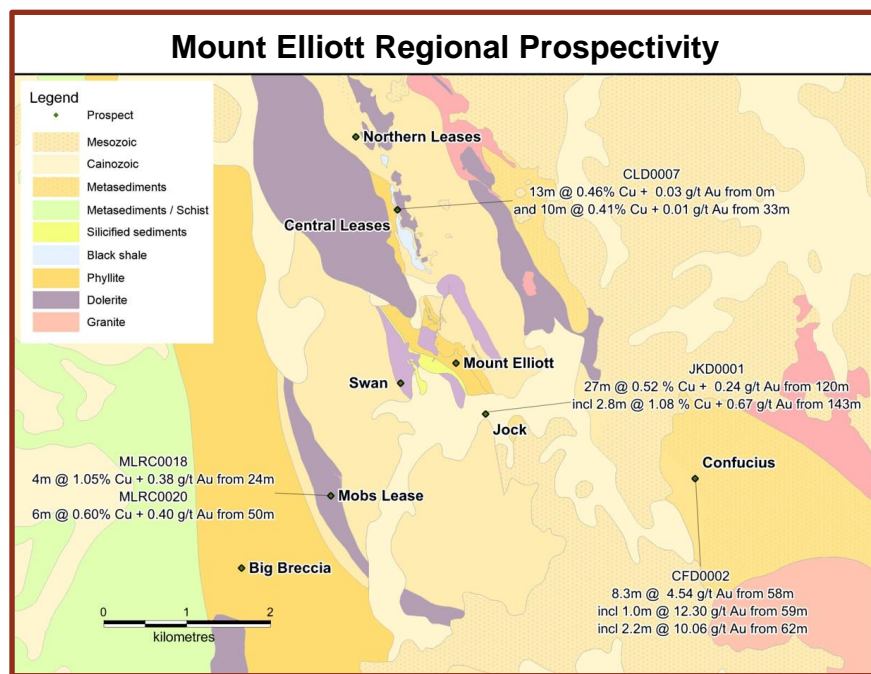


# Exploration targets

## Mount Elliott Region

The Mount Elliott region hosts a number of tested and untested prospects targeting large-scale copper & gold deposits.

These include the SWAN higher grade zone, Mobs Lease, Big Breccia, Drake and Northern & Central Leases



## Confucius

Confucius is a gold mineralisation target returning early positive results including the following shallow intercept from diamond drilling:

- **CFD0002** 8.3m @ 4.54 g/t Au from 58m

## Elana M Trend

The Elana M Trend covers 10 km of highly prospective IOCG targets. These include prospects such as:

### Barnes Shaft

- **BAD0018** 29m @ 3.2% Cu, 3.37 g/t Au, 383 ppm Co from 210m
- **BAD0005** 29m @ 1.1% Cu, 0.60 g/t Au, 361 ppm Co from 88m
- **BAD0006** 34m @ 1.1% Cu, 0.59 g/t Au, 371 ppm Co from 28m

### Lanham's Shaft

- **LAD0008** 24m @ 1.0% Cu, 0.78 g/t Au, 303 ppm Co from 161m
- **LAD0002** 21m @ 1.37% Cu, 1.14 g/t Au, 226 ppm Co from 136m

## Barry

Two distinct areas of significant (potential sulphide) anomalism identified – coincident IP chargeability, magnetic and gravity results. 3DIP and drilling planned to progress this target.

## Uranium

Program to be designed to assess a number of highly prospective Uranium assets. Historic drilling includes:

### Robert Heg

- **RH001** 22m @ 4,079 ppm  $U_3O_8$  (CRAE hole 1993)  
- incl. 11m @ 7,925 ppm  $U_3O_8$
- **RHDD0019** 11m @ 3,979 ppm  $U_3O_8$  (Inova hole 2007)  
- incl. 9m @ 4,791 ppm  $U_3O_8$





## Projects and studies



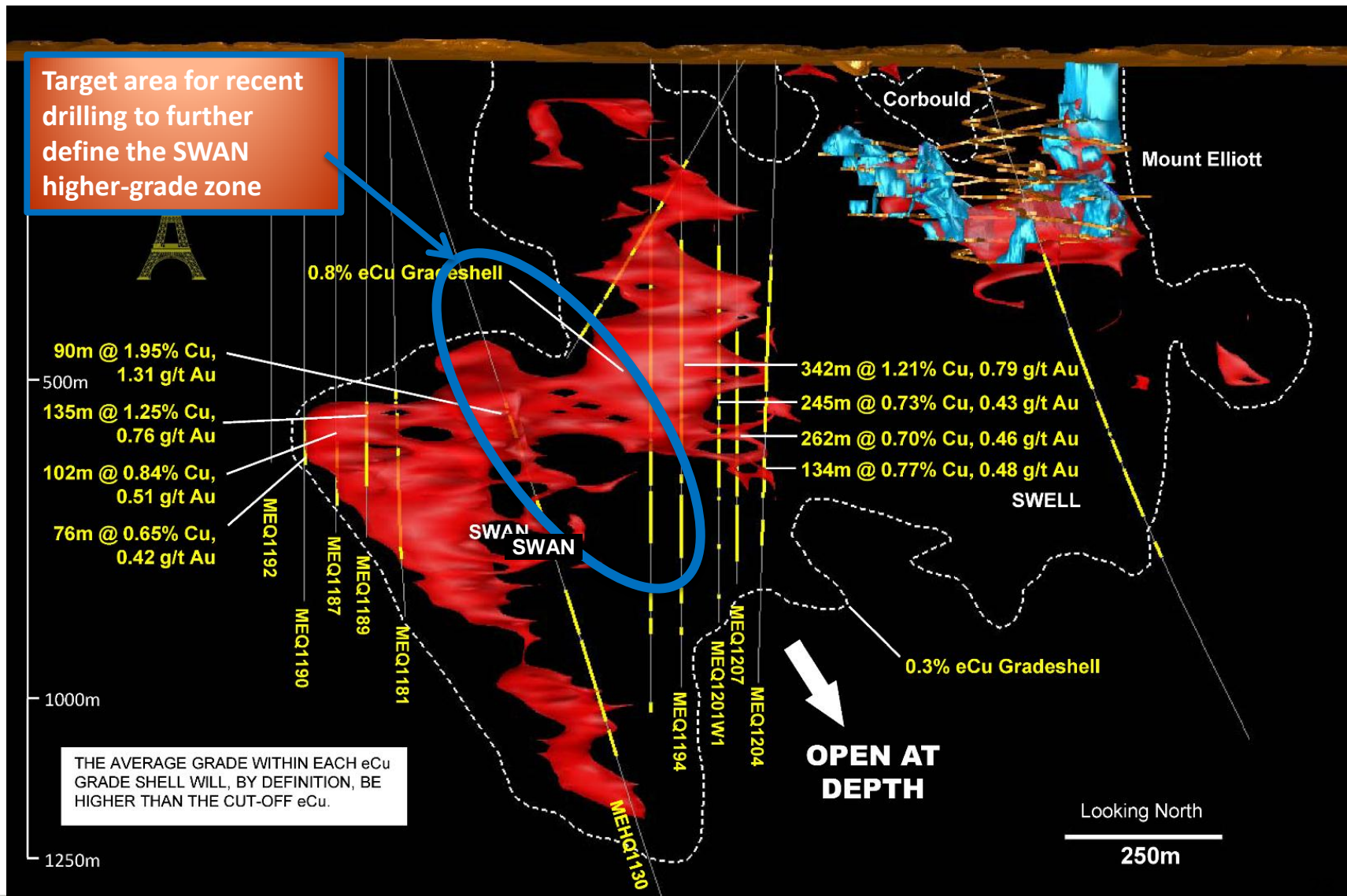
# Mt Elliott/SWAN project

- Large deposit with favourable mineralogy that can leverage existing infrastructure and company capabilities.
- Total resource of 210 Mt @ 0.71% eCu<sup>1</sup> in Indicated Mineral Resources plus 360 Mt @ 0.53% eCu<sup>1</sup> in Inferred Mineral Resources
- Mount Elliott higher-grade SWAN zone contains Indicated Mineral Resource of 65 Mt @ 1.2% eCu<sup>1</sup> with further upside potential from Inferred Mineral Resources of 49 Mt @ 1.0% eCu<sup>1</sup>
- Contains continuous higher grade copper zones (e.g. MEHQ1130 90m @ 1.95% Cu, 1.31 g/t Au)
- Drilling to further define the continuity of the higher grade zones
- Further Scoping Study work includes:
  - Work to further understand the geology and define the higher-grade SWAN zone
  - New resource model
  - The mine and development plan will be optimised using the updated resource
  - Updated scoping study

Mount Elliott Mineral Resources (0.3% eCu cut off) (Incl SWAN)					
		Grade		Contained	
	Ore (Mt)	Copper (%)	Gold (g/t)	Copper (Mt)	Gold (Moz)
Indicated	210	0.52	0.32	1.1	2.2
Inferred	360	0.40	0.22	1.4	2.5

SWAN Mineral Resources (0.8% eCu cut off)					
		Grade		Contained	
	Ore (Mt)	Copper (%)	Gold (g/t)	Copper (Mt)	Gold (Moz)
Indicated	65	0.90	0.52	0.6	1.1
Inferred	49	0.75	0.44	0.4	0.7

# Mt Elliott: SWAN higher grade zone

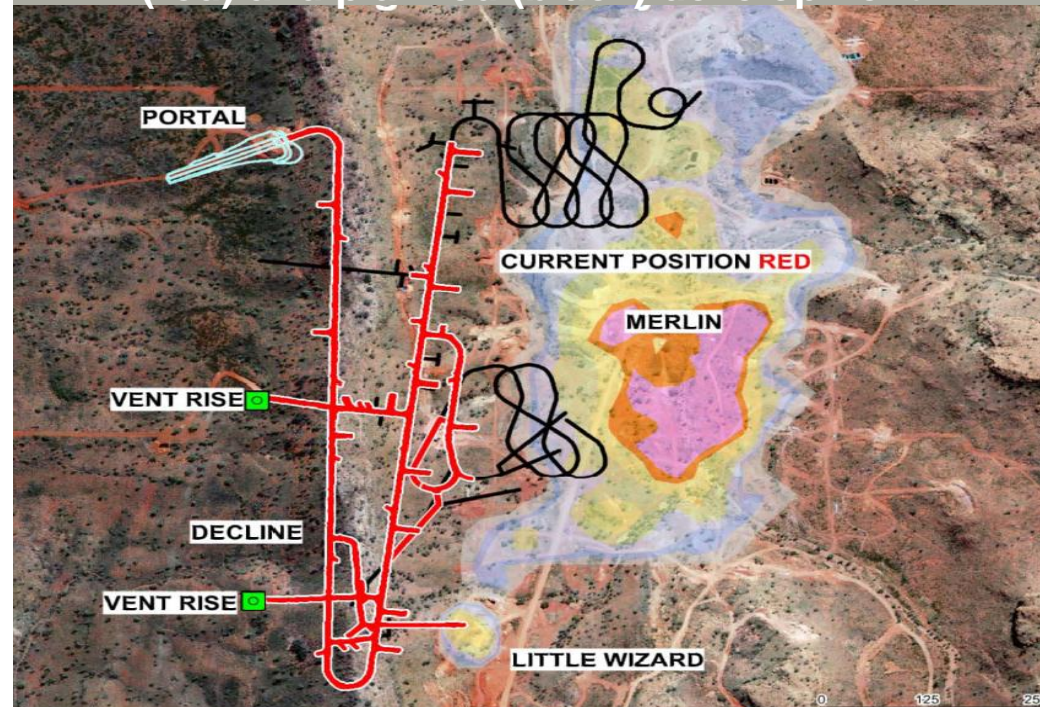




# Merlin Molybdenum & Rhenium Project

- High grade Molybdenum-Rhenium deposit:
  - Mineral Reserve of 7.1 Mt @ 1.1% Mo & 18 g/t Re
  - Substantially higher grades than other Mo producing mines – e.g. Henderson mine (Freeport-McMoRan) operates at ~0.25% Mo
- Production-size decline completed to a total length of 2,400 metres
- Existing feasibility study shows a robust and positive project:
  - Mine life 15 years
  - Annual production<sup>1</sup>
    - 5,100 t molybdenum
    - 7,300 kg rhenium
  - Initial capex to first production \$345m

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



- Ongoing metallurgical testwork and value engineering effort to further improve project economics, finalise product strategy and to ensure robust project returns throughout the commodity price cycle
- Ability to leverage existing infrastructure and company skills/capabilities
- Considerable resource prospectivity at Merlin, adjacent to Merlin and along a 70km geological belt

<sup>1</sup> Average steady state production for first seven years following ramp-up

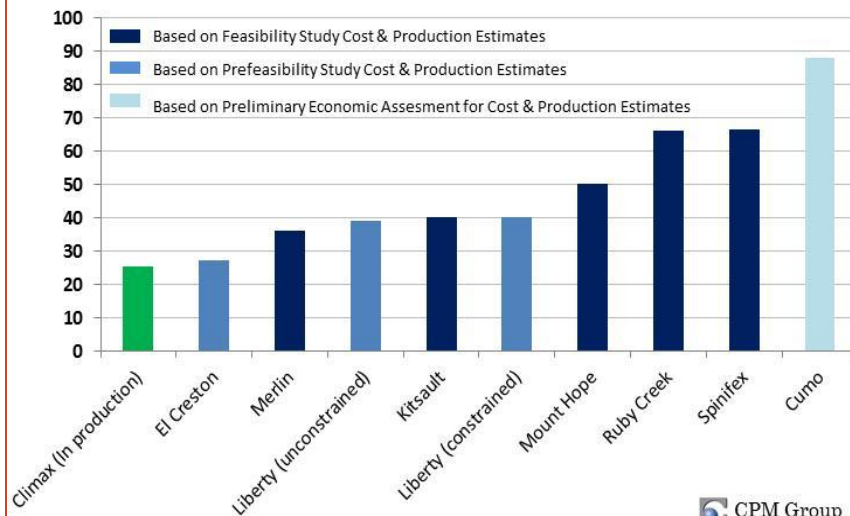
# Merlin – Project comparisons

## Comparable project analysis indicates Merlin's potential

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

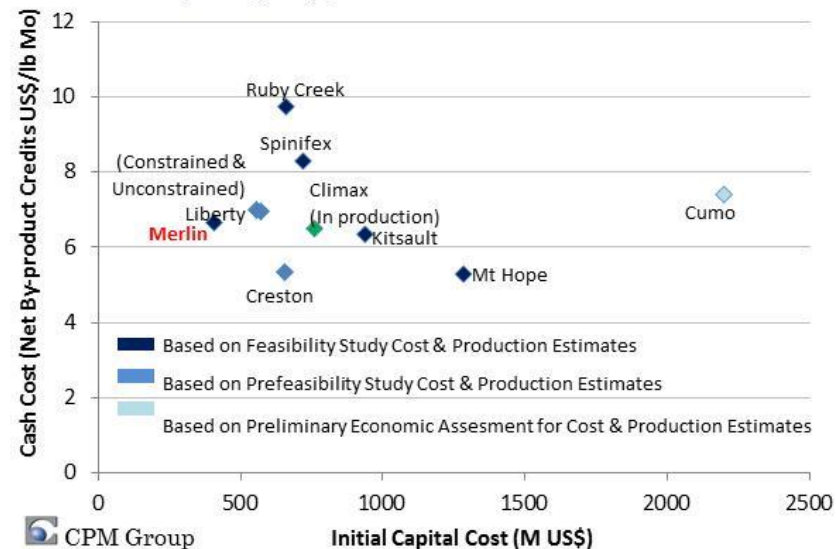
*No credits are made for by-product production*

Initial Capital/Annual production



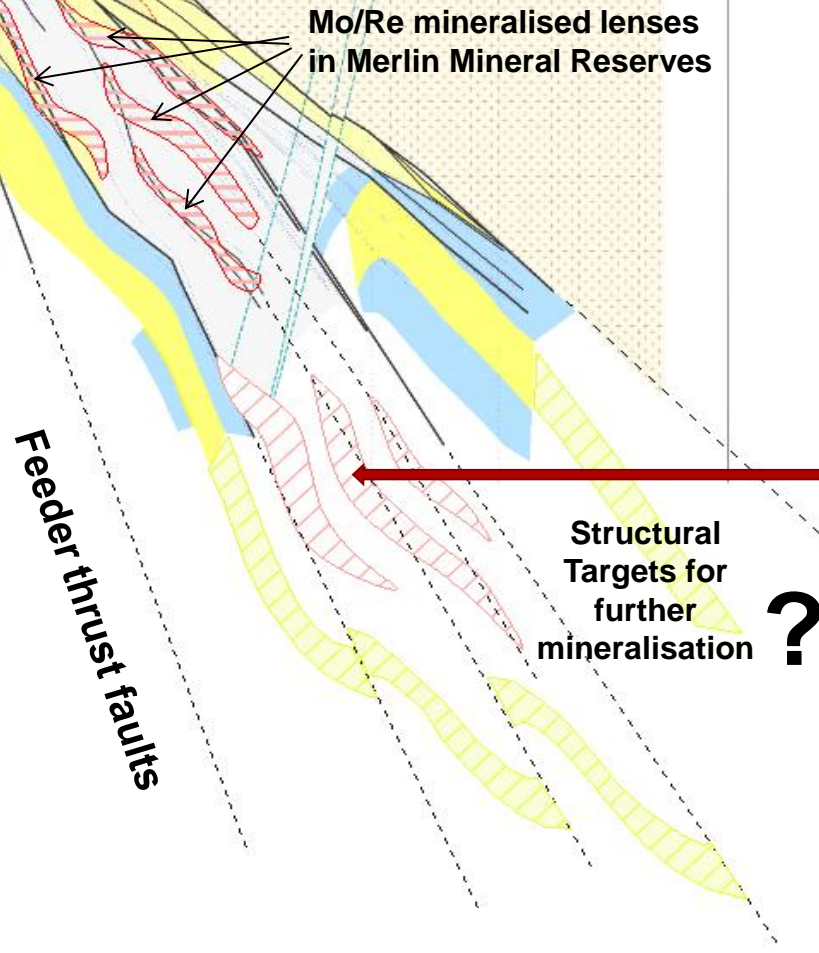
Comparison of Cash Costs & Initial Capital Costs for Select Projects

*Cash cost are adjusted for by-product credits*



# Merlin exploration upside – Geology

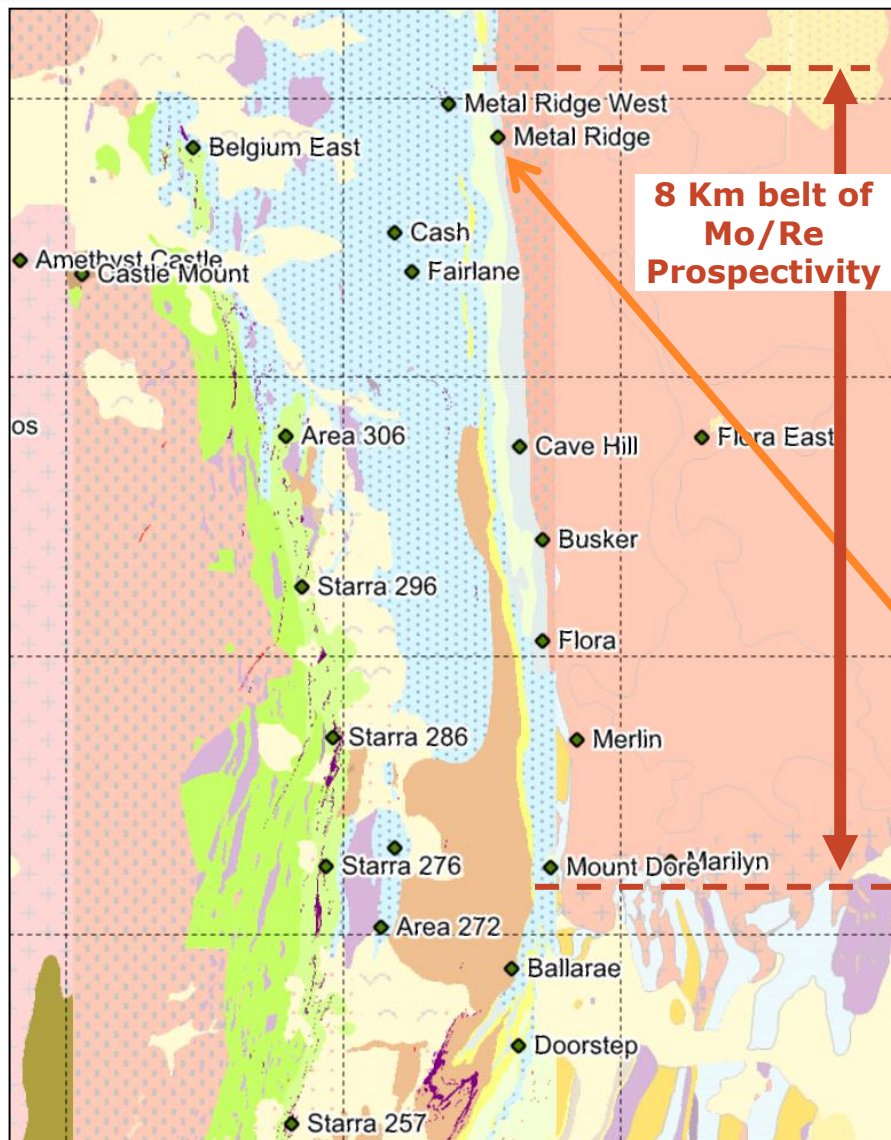
## Merlin Orebody Cross Section



- Detailed Structural Study at Merlin has identified:
  - Feeder structures for mineralising fluids
  - Main control on mineralisation
- Mineralising fluids at Merlin focused along thrust fault breccias
- Mineralisation deposited where thrust faults intersect reduced black shale
- Potential deeper parallel systems below / adjacent to Merlin
- Down-dip potential from Merlin
- MDQ0252 and MDQ0248 deepest/most easterly Merlin holes drilled
  - **MDQ0252** - 29m @ 1.1% Mo, 10.1g/t Re from 385m
  - **MDQ0252** - 15m @ 1.6% Mo, 24.4g/t Re from 457m
  - **MDQ0248** - 11m @ 1.1% Mo, 9.1g/t Re from 473m



# Merlin exploration upside – Repeat find



- Widespread molybdenum along belt for up to 8 km north of Merlin
- Similar geological conditions exist along belt:
  - Calc-silicate/black shale contact
  - Continuing extensive thrust regime

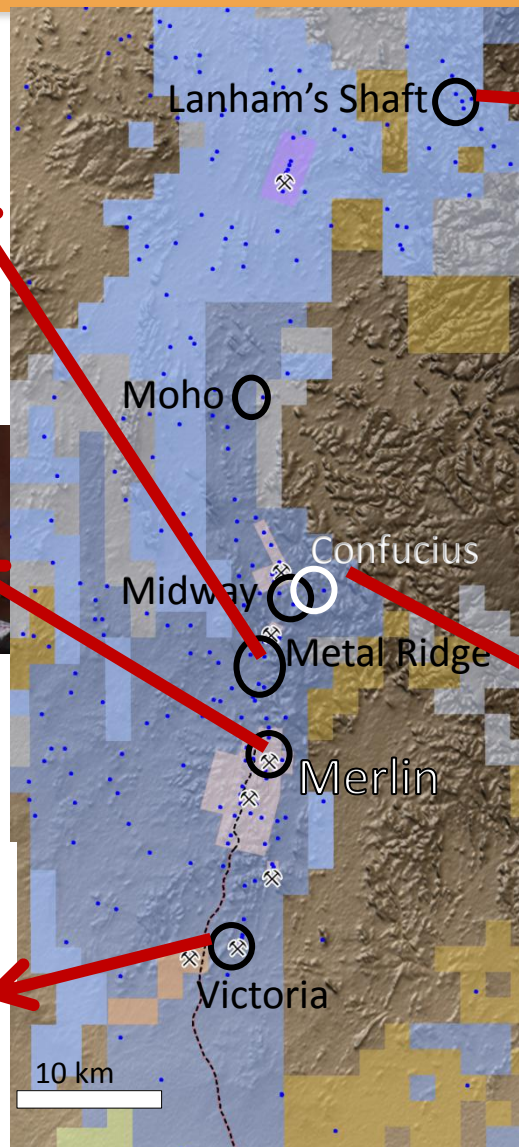
## eg. METAL RIDGE

**MRR0001** – 22m @ 0.19% Mo from 131m  
incl. 12m @ 0.35 %Mo from 131m

**MRR0002A** – 1.2m @ 0.65% Mo from 128 m  
incl. 0.27m @ 2.36%Mo from 129m

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

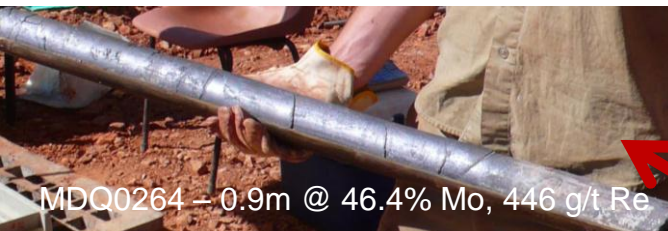
## Metal Ridge



## 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

## 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

Confucius: Coarse grained molybdenite in rock chip samples



# Merlin – Value Engineering Program

- Phase 1 of the Value Engineering Study complete
- Outcomes include potential for:
  - Concentrate grade increase from 30% to 38%-45% Mo
  - Mining production rate potential to increase by 10% to 550 ktpa (from 500 ktpa): Increased metal production and reduced operating costs
  - Capex reductions possible by altered product mix and consideration of removal of Roaster (sale of Mo/Re concentrate vs. more purified products)
- Phase 2 Value Engineering Study to provide data for updated Merlin Feasibility Study

# Merlin – Summary

- Very high grade deposit
- Long mine life
- Leverage existing infrastructure – reducing capex
- Leverage company capabilities
  - operating, technical, management
- 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





# Inova Resources Corporate

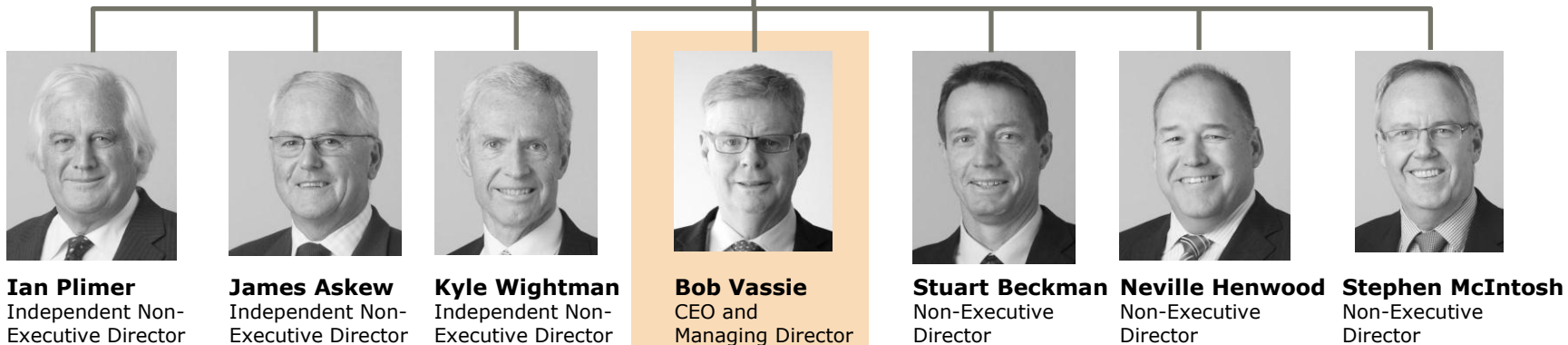


# Inova Resources Board & Management

- 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



## Executive Leadership Team





# Investment highlights

## Established Copper-Gold Producer

- Copper-gold operations approaching full production
- 2013 production guidance of 1.4 – 1.6 Mt @ 1.3% - 1.5% Cu, 0.8 – 1.0 g/t Au
- Mining from Osborne and Kulthor underground. Starra 276 ramp up complete and full scale mining commenced
- Strategy in place to target extending Osborne project life (beyond 2015)

## 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
- Drilling underway to further define higher-grade SWAN zone
- Potential for Mount Elliott open pit to provide mill feed to Osborne plant
- Merlin Project value engineering / optimisation testwork continuing

## Finance

- Capex and opex savings substantially implemented
- Cash and operational cash flow to fund company based on the current operating plan for Osborne

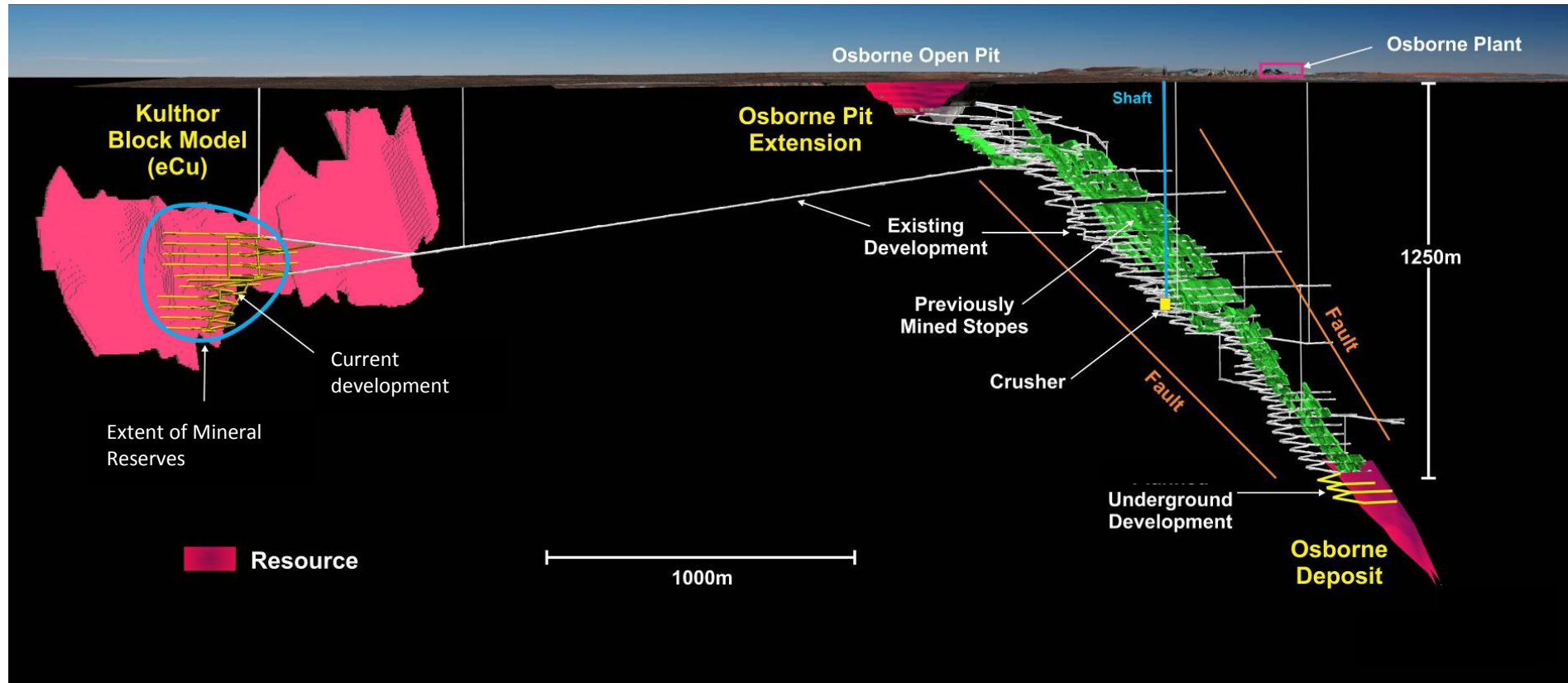
## Appendix



# Mineral Reserves & Mineral Resources

Mineral Reserves		<ul style="list-style-type: none"> <li>Osborne Project<sup>1</sup>    6.7 Mt    @ 1.2 % copper, 0.77 g/t gold</li> <li>Merlin                      7.1 Mt    @ 1.1 % molybdenum, 18 g/t rhenium</li> </ul>			
Mineral Resources	Osborne Project		Million Tonnes	Copper (%)	Gold (g/t)
	Osborne & Kulthor	Measured & Indicated	12	1.4	0.88
		Inferred	5.8	1.3	0.87
	Starra <sup>2</sup>	Measured & Indicated	7.6	0.99	1.1
		Inferred	12.3	0.69	0.99
	Mount Elliott	Measured & Indicated	210	0.52	0.32
		Inferred	360	0.39	0.22
	Mount Dore	Measured & Indicated	70	0.58	0.08
		Inferred	38	0.51	0.13
			Million Tonnes	Molybdenum (%)	Rhenium (g/t)
	Merlin	Measured & Indicated	6.7	1.4	23
		Inferred	0.18	0.78	13

# Osborne & Kulthor underground development

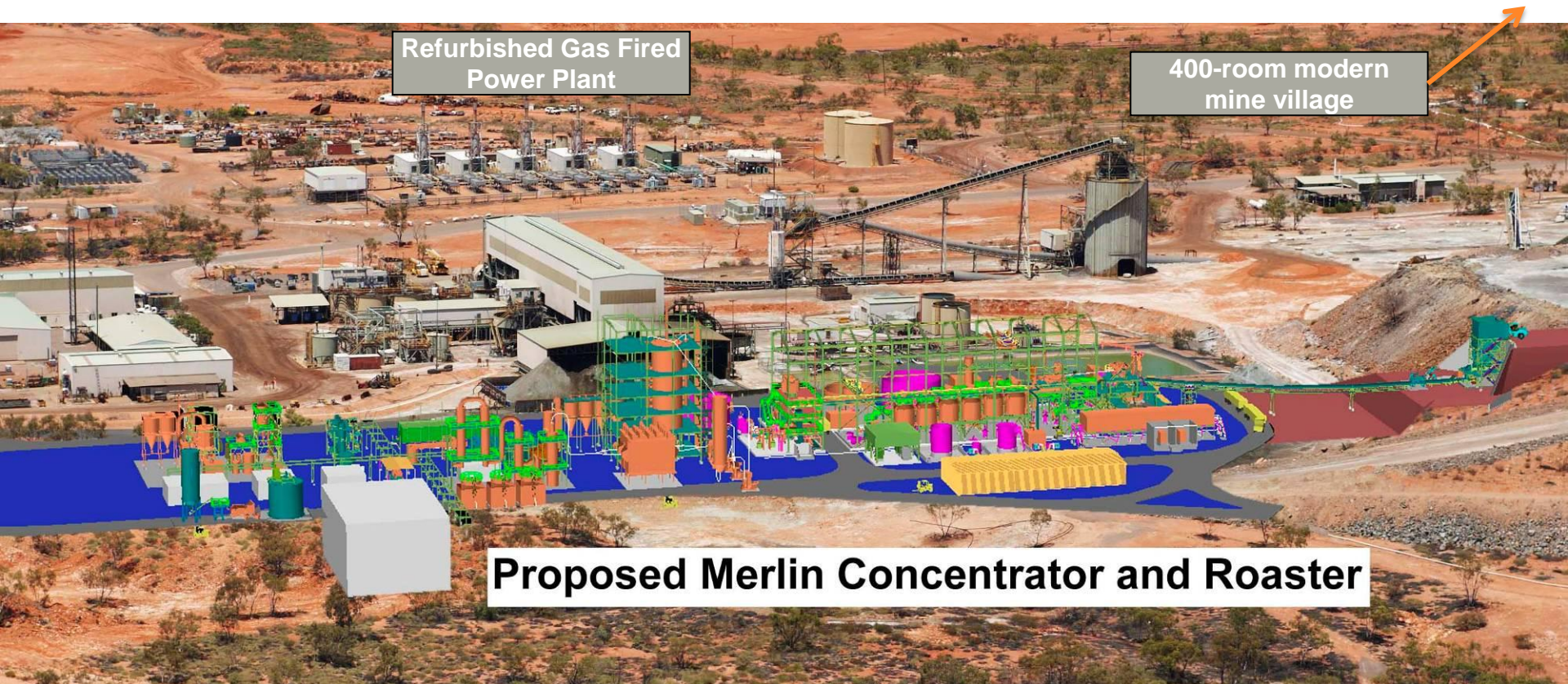




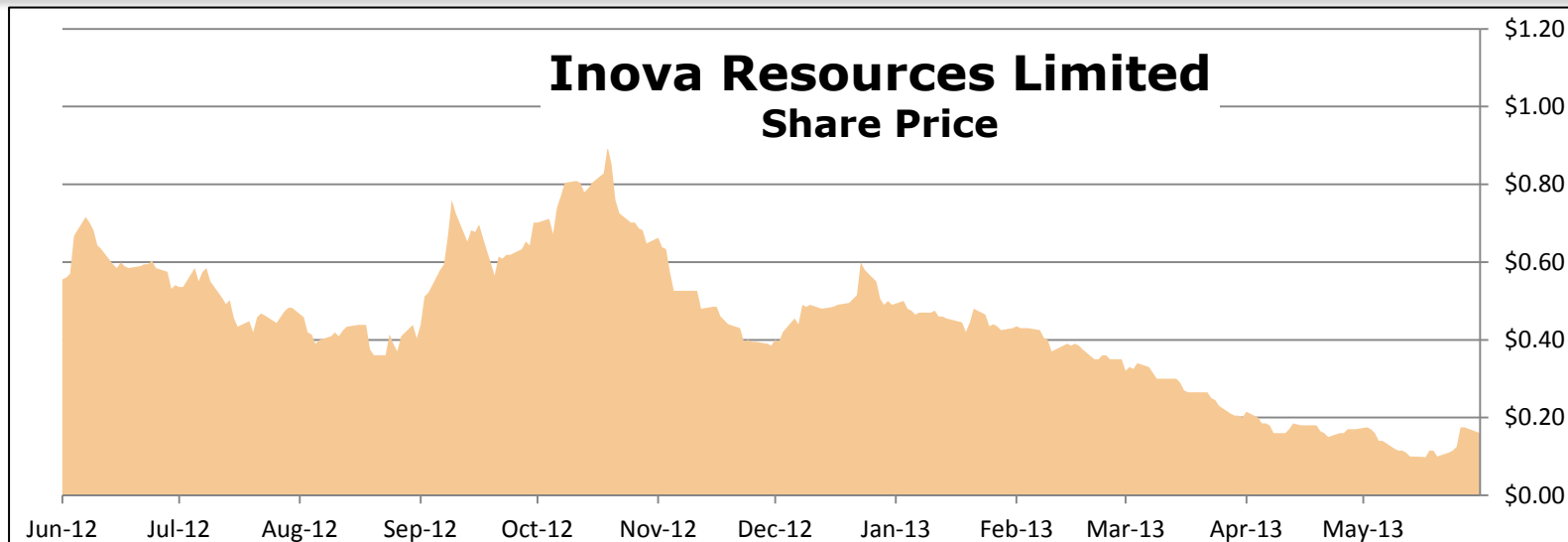
# Merlin

## – Leveraging Osborne infrastructure

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



# Inova Resources Corporate



- **ASX/ TSX code:** **IVA**
- **Shares:** **725 million**
- **Share price:** **\$0.165 (@ 12 June 2013)**
- **Market Capitalisation:** **A\$120 million (@ 12 June 2013)**
- **Major Shareholder:** **Turquoise Hill Resources Limited holding 56%**

## Distribution of 44% freefloat:

Foreign Institutions	64%
Australian Institutions	9%
Retail	27%