

## **BIDDER'S STATEMENT**

This is an important document and requires your attention.  
If you are in any doubt about how to deal with this document,  
you should contact your broker, financial adviser or legal adviser.

# **Cash Offer**

by

**SHANXI DONGHUI COAL COKING & CHEMICALS  
GROUP CO., LTD**

for

**your ordinary shares in**

**INOVA RESOURCES LIMITED**  
ACN 107 689 878



Joint Financial  
Advisor



Joint Financial  
Advisor

**Thomsons**Lawyers

Legal Advisor

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## Key dates

<b>Announcement Date</b>	21 August 2013
<b>Date that this Bidder's Statement was lodged with ASIC, ASX and Inova</b>	29 August 2013
<b>Opening date of the Offer</b>	[insert date] 2013
<b>Offer closes (unless extended or withdrawn)</b>	7.00pm (Melbourne time)/5.00am Toronto on [insert date] 2013

## Key contacts

<b>Share Register for the Offer</b>	Computershare Investor Services Pty Limited
<b>Postal address</b>	Inova Takeover C/- Computershare Investor Services Pty Limited GPO Box 2115, Melbourne VIC 3001
<b>Offer Information Line</b>	1300 354 618 (toll-free within Australia) or +61 3 9415 4050 (for callers from outside Australia)

## Important notice

This Bidder's Statement is given by Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd (**Shanxi Donghui**) to Inova Resources Limited ACN 107 689 878 (**Inova**) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act, together with the terms of the Offer to acquire Your Shares. This Bidder's Statement is dated 29 August 2013. It includes an Offer dated [insert date] 2013 on the terms set out in this Bidder's Statement. A copy of this Bidder's Statement was lodged with ASIC on 29 August 2013. Neither ASIC nor its officers take any responsibility for the content of this Bidder's Statement.

## Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 13 of this Bidder's Statement, words and phrases in this Bidder's Statement that are used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

## Investment decisions

In preparing this Bidder's Statement, Shanxi Donghui has not taken into account the individual objectives, financial situation or particular needs of individual Inova Shareholders. Accordingly, before making a decision whether or not to accept the Offer, you should consider seeking independent financial, taxation or other professional advice.

## Disclaimer as to forward looking statements

Some of the statements appearing in this Bidder's Statement are in the nature of forward looking statements, including statements of current intention (which include those in section 9 of this Bidder's Statement), statements of opinion and predictions as to possible future events.

You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements and statements in the nature of forward looking statements are only predictions and are subject to inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties are not all within the control of Shanxi Donghui and cannot be predicted by Shanxi Donghui; and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Shanxi Donghui and Inova and their respective related bodies corporate operate and/or joint-ventures and associated undertakings operate. They also include general economic conditions, acts of terrorism, commodity markets, prevailing exchange rates and interest rates and conditions in the financial markets that may cause objectives to change or may cause outcomes not to be realised. Although Shanxi Donghui believes that the expectations reflected in any forward looking statements included in this Bidder's Statement are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual outcomes, events or results may differ materially from the outcomes, events or results expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement in this Bidder's Statement. None of Shanxi Donghui, its officers or advisers, the persons named in this Bidder's Statement with their consent, or any person involved in the

preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement. You are cautioned not to place undue reliance on any forward looking statement or any statement in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements and statements in the nature of forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

## **Notice to Canadian Inova Shareholders**

This Bidder's Statement, and the Offer contained in it, has been prepared in accordance with securities laws, stock exchange rules and other legal requirements of jurisdictions other than Canada or any province or territory of Canada. This Offer is being made in and to residents of Canada on the basis of an exemption from the formal takeover requirements of applicable Canadian provincial securities laws.

This Bidder's Statement is not a Canadian takeover bid circular and has only been filed in Canada with the applicable Canadian provincial securities commissions in order that Shanxi Donghui may rely on an exemption from the takeover bid requirements of applicable Canadian provincial securities laws.

This Bidder's Statement has not been reviewed by any provincial securities commission in Canada. Shareholders of Inova who accept the Offer will receive such shares pursuant to available exemptions from the takeover bid requirements of applicable Canadian provincial securities laws.

Accordingly, both the terms and conditions of the Offer and the disclosures and other information contained in this Bidder's Statement may not be comparable to the terms and conditions and disclosures and other information that would be contained in a Canadian takeover bid circular prepared in accordance with applicable Canadian provincial securities laws.

Inova Shareholders on the Canadian branch register should consult their professional financial or legal advisers regarding this Bidder's Statement and the Offer contained in it (including the tax and other implications of accepting such Offer).

This Bidder's Statement and associated shareholder materials are being sent to both registered and non-registered owners of Inova Shares. If you are a non-registered owner, and Shanxi Donghui (or its agent) has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

## **Notice to foreign Shareholders**

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

## **Information on Inova**

The information on Inova and Inova securities contained in this Bidder's Statement has been prepared by Shanxi Donghui using publicly available information (including information in documents filed by Inova or published by Inova on its website). None of the information in this Bidder's Statement concerning Inova's business has been commented on or verified by Inova or the Inova Board or independently verified by Shanxi Donghui or its directors for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, Shanxi Donghui does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Inova in this Bidder's Statement should not be considered comprehensive. Further information relating to Inova's business may be included in Inova's target's statement which Inova must provide to its Shareholders in response to this Bidder's Statement.

## **Privacy**

Shanxi Donghui has collected your information from the Inova register of Shareholders for the purpose of making the Offer and, if accepted, administering acceptance of the Offer on your holding of Accepted Shares. The Corporations Act requires the name and address of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Shanxi Donghui's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC.

## **Internet**

Shanxi Donghui does not maintain an internet site. The Inova internet site is [www.inovaresources.com](http://www.inovaresources.com). Information contained in, or otherwise accessible through, this internet site is not part of this Bidder's Statement. All references in this Bidder's Statement to this internet sites are inactive textual references to these sites and are for your information only.

## **How to accept**

Acceptances of the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. Acceptance Forms must be sent to the address stated on the Acceptance Form. To accept the Offer, you must follow the instructions set out in section 3 of this Bidder's Statement.

## **Enquiries**

If you have any queries in relation to the Offer, you can call the Offer Information Line on 1300 354 618 (toll-free within Australia) or +61 3 9415 4050 (for callers from outside Australia). If you are in any doubt as to how to deal with this document, you should contact your broker or your legal, financial or other professional adviser.

## Letter from the Chairman of Shanxi Donghui Group

Dear Inova Shareholder,

On behalf of the board of directors of Shanxi Donghui Group, I am pleased to present to you a cash offer (**Offer**) to acquire all Your Shares in Inova Resources Limited (**Inova**). The Offer is being made to you by Shanxi Donghui, a private mining company incorporated in the People's Republic of China. If and to the extent you accept our Offer you will be paid \$0.22 cash for each Share, subject to our Offer becoming unconditional.

The Offer provides highly attractive value for Inova Shareholders and is at a substantial premium to the recent and historical trading price of Inova shares. The Offer price of \$0.22 for each Inova Share represents:

- a 29% premium to \$0.170 per share, Inova's closing price on ASX on 20 August 2013 (the last trading day before the announcement of the Offer was made);
- a 23% premium to \$0.179 per share, Inova's one month volume-weighted average price (**VWAP**) on ASX as at 20 August 2013; and
- a 55% premium to \$0.142 per share, Inova's three month VWAP on ASX as at 20 August 2013.

Shanxi Donghui has entered into a pre-bid acceptance deed with Turquoise Hill Resources Ltd (**Turquoise Hill**) in relation to 14.9% (108,502,084) of Inova shares (on an undiluted basis). Turquoise Hill, via its wholly owned subsidiary IAL Holdings Singapore Pte Ltd (**IAL**), is Inova's largest Shareholder holding approximately 56.2% of Inova Shares on issue. Turquoise Hill has indicated it intends to accept Shanxi Donghui's offer in respect of all of the other Inova shares held by IAL in the absence of a superior proposal, but it does not intend to do so before IAL accepts in respect of the 108,502,048 Inova shares the subject of the pre-bid acceptance deed. Further details of the pre-bid acceptance deed are set out in the Bidders Statement

The Offer allows Inova Shareholders to eliminate the significant risk, funding uncertainty and the potential for further equity dilution associated with the development of Inova's assets in consideration for an attractive cash payment now. We believe Inova's Osborne, Merlin and Mt Elliot/Swan projects are capital intensive and their development will require a substantial commitment of resources and capital.

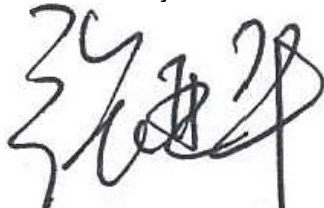
Details of the Offer, including its terms, are set out in this Bidder's Statement. I encourage you to read this Bidder's Statement carefully and in full, and then to accept the Offer as soon as possible. The Offer is open for your acceptance until 5.00pm (Melbourne time) on [insert date] 2013, unless otherwise extended.

To accept the Offer, you should follow the instructions in this Bidder's Statement and on the enclosed Acceptance Form.

If you have any questions about the Offer, please call the Offer information line on 1300 354 618 (toll-free within Australia) or +61 3 9415 4050 (for callers from outside Australia) between 9.00am and 5.00pm Monday to Friday (Melbourne time) during the Offer Period.

We look forward to receiving your favourable consideration of our Offer.

Yours sincerely



Ya Ping Zhang  
Chairman  
Shanxi Donghui Group

## 1 Features of the Offer

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This summary provides an overview of the Offer and is qualified by the detailed information contained in this Bidder's Statement. You should read this Bidder's Statement in full before deciding whether or not to accept the Offer.

<b>The bidder</b>	<p>Shanxi Donghui Coal Coking &amp; Chemicals Group Co., Ltd (<b>Shanxi Donghui</b>) is making the Offer.</p> <p>Shanxi Donghui currently holds a relevant interest in 108,502,084 Shares, comprising 14.9% of Inova Shares (on an undiluted basis).</p> <p>Shanxi Donghui is a private company incorporated in China. It is not listed on a financial market or stock exchange in or outside China. The company is privately owned by the Chairman Mr Ya Ping Zhang and his brother Mr Wei Dong Zhang. The company was formed in 2003 to carry on the mining and production of coking coal, metallurgical coke and chemicals in Shanxi province in China.</p> <p>As at 31 December 2012, the Shanxi Donghui Group had total assets of approximately \$1.1 billion (6.2 billion Chinese Renminbi) and net assets of approximately \$462 million (2.6 billion Chinese Renminbi).<sup>1</sup></p> <p>For the year ending 31 December 2012, the Shanxi Donghui Group made a profit after financial items of approximately \$69 million (381 million Chinese Renminbi).<sup>2</sup></p> <p>For further details about Shanxi Donghui, please refer to section 5 of this Bidder's Statement.</p>
<b>The Offer</b>	Shanxi Donghui is offering to buy all of Your Shares.
<b>Offer price</b>	Shanxi Donghui is offering to pay you \$0.22 for each of the Accepted Shares.
<b>Opening date</b>	The Offer opens on [insert] 2013.
<b>Closing date</b>	The Offer closes at 5.00pm Melbourne time on [insert] 2013, unless it is extended or withdrawn.
<b>Payment timing</b>	<p>If you accept the Offer, Shanxi Donghui will pay you the consideration to which you are entitled on or before the earlier of:</p> <ul style="list-style-type: none"><li>• If the Offer is subject to a bid condition when you provide your acceptance and associated acceptance documentation – the earlier of one month after the takeover contract with you becomes unconditional or 21 days after the end of the Offer Period; and</li><li>• If the Offer is unconditional when you provide your acceptance and associated documentation – the earlier of one month after Shanxi Donghui is given your acceptance documents or 21 days after the end of the Offer Period.</li></ul>
<b>Conditions</b>	<p>The Offer is subject to certain conditions including the following conditions:</p> <ul style="list-style-type: none"><li>• minimum acceptance for at least 51% of Inova Shares;</li></ul>

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<sup>1</sup> and <sup>2</sup> The Chinese Renminbi amount has been converted into an Australian dollar amount using the AUD/CNY closing exchange rate as at 20 August 2013 of 5.5561 as reported by Bloomberg.

- Inova not entering into any material agreements, acquisitions, sales or new commitments;
- no “prescribed occurrences” occurring in relation to Inova;
- no person being entitled to exercise any material “change of control” rights in relation to Inova as a result of the Offer; and
- FIRB and Chinese regulatory approval.

Full details of all of the conditions are set out in section 12.8 of this Bidder’s Statement.



## 2 Why you should accept the Offer

### 1. Inova's major Shareholder Turquoise Hill has entered into a pre bid acceptance deed with Shanxi Donghui.

Turquoise Hill is Inova's largest Shareholder holding approximately 56.2% of Inova Shares on issue, through its wholly owned subsidiary, IAL. On 21 August 2013 Turquoise Hill and Shanxi Donghui entered into a Pre-Bid Acceptance Deed (**Pre-Bid Agreement**) for part of Turquoise Hill's shares representing 14.9% of Inova Shares on issue (being 108,502,084 Shares) (**Pre-Bid Agreement Shares**). Under the Pre-Bid Agreement:

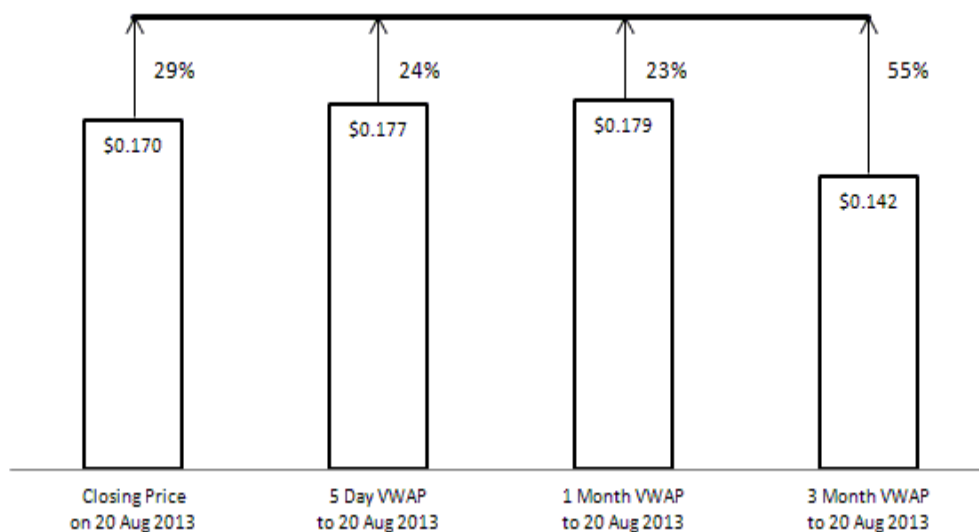
- (a) Turquoise Hill agrees to procure that IAL accepts the Offer in respect of the Pre-Bid Agreement Shares by not later than 5 business days after the day on which Shanxi Donghui declares or announces that (except for the 51% minimum ownership condition) all of the conditions to the Offer have been satisfied or waived (except that IAL will not be obliged to accept the Offer any earlier than 2 weeks after the Offer); and
- (b) IAL is not required to accept the Offer if, prior to it accepting the Offer, a Superior Third Party Offer is publicly announced or made which is not at least matched by Shanxi Donghui within 5 business days.

Turquoise Hill has advised Inova that, unless a superior proposal emerges, it intends to procure that IAL accept the Offer for all of the other Shares it holds in Inova but it does not intend to do so before IAL accepts for the Pre-Bid Agreement Shares.

### 2. The Offer price represents an attractive premium to recent weighted average trading prices on the ASX.

The Offer price of \$0.22 per Inova Share represents an attractive premium relative to Inova's trading prices on the ASX prior to Shanxi Donghui's announcement of the Offer. The graph below illustrates the premium relative to recent trading in Inova Shares on the ASX over a number of time periods.

Premium reflected in the \$0.22 cash offer per Inova Share



*Note: VWAP refers to the volume weighted average price over the indicated period. All premiums and VWAP's have been calculated up until close of trade on 20 August 2013 (1 day prior to Shanxi Donghui's announcement of the Offer).*

*Source: This trading data was sourced from IRESS. IRESS has not consented to the use of the references to this trading data in this Bidder's Statement.*

**3. The Offer allows Inova Shareholders to eliminate the significant risk associated with the development of Inova's assets and funding uncertainties in exchange for an attractive cash payment now.**

The Offer delivers certain value through 100% cash consideration and should be compared to the external and company specific risks and uncertainties to which Inova may be subject that could affect the trading price of Inova Shares.

Inova's external risks may include, but are not limited to:

- the future funding of Inova;
- Inova's Osborne, Merlin and Mt Elliot/Swan projects are capital intensive and their development will require a substantial commitment of resources and capital;
- exploring and proving up Inova's exploration tenements;
- being able to gain access to an appropriately skilled workforce at a reasonable cost to enable development of Inova's development projects;
- the risk of downturns in the economies in which Inova operates and/or intends to supply commodities;
- the risk of changes in interest rates, commodity prices (particularly copper and molybdenum), foreign exchange risk, employment rates and changes in government policy which may impact potential sales and operating profits; and
- the risk of an adverse change in the competitive landscape.

In addition, Shanxi Donghui believes that Inova's significant capital requirements will contribute to significant continued volatility in the trading price of Your Shares if the Offer is not successful.

**4. You will be paid cash for Accepted Shares.**

By accepting the Offer you will be paid \$0.22 cash per Accepted Share (subject to the conditions of the Offer being satisfied or waived).

**5. You will incur no brokerage charges.**

If Your Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Shanxi Donghui, you will not incur any brokerage charges by accepting the Offer, whereas you may incur brokerage costs and GST on those costs if you choose to sell Your Shares on the market.

If Your Shares are held in a CHESS Holding or you hold Your Shares through a bank, custodian or other nominee, you should ask your Controlling Participant or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.

**6. Inova's Share price is likely to trade at a discount to the Offer price of \$0.22 if the Offer is not successful.**

If Shanxi Donghui's Offer does not proceed, and no other takeover offers are made for Inova Shares, it is likely that Inova Shares would continue to trade at a discount to the Offer price of \$0.22.

**7. If a substantial number of other Shareholders accept the Offer, the remaining liquidity of Inova may become less liquid or less active.**

The market for your Inova Shares may become less liquid or less active, which may adversely impact the trading value of Inova Shares as well as the ability of remaining Inova Shareholders to sell their Shares. If there is limited spread or volume in the Inova Shares remaining at the end of the Offer Period, Shanxi Donghui may consider requesting removal of Inova from the official lists of the ASX and the TSX. Each of the ASX and TSX require listed entities to maintain a sufficient spread of Shareholders to ensure that there

is an orderly and liquid market in the listed entity's shares. The ASX and the TSX have power to suspend Inova Shares from quotation/trading if the spread requirement is not met.

**8. The Shanxi Donghui Offer is the only offer available for your Inova Shares.**

Inova has informed Shanxi Donghui that at the date of this Bidder's Statement, Shanxi Donghui's Offer was the only takeover offer that had been made for your Inova Shares and Inova had not received any formal and binding alternative approach from any party interested in making a Superior Third Party Offer. In Shanxi Donghui's view, it is unlikely that such a Superior Third Party Offer will materialise.

### **3 How to accept the Offer**

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You can accept the Offer for all or part of Your Shares.

How to accept the Offer will depend on whether you hold Your Shares in an Issuer Sponsored Holding (individually held) or a CHESS Holding (held through an intermediary).

**Issuer sponsored  
Shareholders**

If there is an "I" appearing next to your holder number on the enclosed Acceptance Form, then Your Shares are held in an Issuer Sponsored Holding.

To accept the Offer, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address specified on the form so that it is received before the Offer closes.

Acceptance Forms must be received with original signatures - copies or electronic forms of Acceptance Forms will not be accepted by Shanxi Donghui.

**CHESS  
Shareholders**

If there is an “X” appearing next to your holder number on the enclosed Acceptance Form, then Your Shares are held in a CHESS Holding.

To accept the Offer, you may either:

- complete and sign the Acceptance Form enclosed with this Bidder’s Statement and return it to the address specified on the form; or
- instruct your Controlling Participant (usually your Stockbroker) to accept the Offer on your behalf, before the Offer closes.

Acceptance Forms must be received with original signatures - copies or electronic forms of Acceptance Forms will not be accepted by Shanxi Donghui.

**Canadian  
Shareholders**

If Your Shares are held on the Canadian sub or branch register of Inova, including through a nominee or depositary identified on such register, you will need to move Your Shares to an Issuer Sponsored Holding or CHESS holding and then accept the Offer as set out in section 12.3.

Arrangements have not been made for acceptances to be made through CDS Clearing and Depositary Services Inc., the settlement agency for trades on the TSX, nor through physical (paper) acceptance procedures that sometimes apply for TSX listed companies. Acceptances of the Offer can only be made as described in this Bidder’s Statement.

Canadian Shareholders should contact their broker, financial advisor or call the Offer Information Line (details below) for assistance with respect to acceptance of the Offer.

Full details on how to accept the Offer are set out in section 12.3 of this Bidder’s Statement. If you have any questions on how to accept, please call the Offer Information Line on 1300 354 618 (toll-free within Australia) or +61 3 9415 4050 (for callers from outside Australia) between 9.00am and 5.00pm Monday to Friday (Melbourne time) during the Offer Period.

#### **4 Frequently asked questions in relation to the Offer**

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The table below answers some key questions that you may have about the Offer and is qualified by and should be read in conjunction with the detailed information contained in this Bidder’s Statement. You should read this Bidder’s Statement in full before deciding whether or not to accept the Offer.

<b>Questions</b>	<b>Answers</b>
<b>1 Who is Shanxi Donghui?</b>	<p>Shanxi Donghui Coal Coking &amp; Chemicals Group Co., Ltd is a private company incorporated in China. It is not listed on a financial market or stock exchange in or outside China. The primary activities of Shanxi Donghui involve the mining and production of coking coal in Shanxi province in China.</p> <p>Please refer to section 5 of this Bidder’s Statement for further information on Shanxi Donghui.</p>
<b>2 What is the Offer?</b>	<p>Shanxi Donghui is offering to buy Your Shares by way of an off-market takeover offer.</p> <p>The Offer price is \$0.22 cash for each Inova Share.</p>

Questions	Answers
<b>3 Can I accept the Offer for part of my holding?</b>	<p>Yes, you can accept for all or part of Your Shares.</p> <p>If you accept the Offer, unless indicated otherwise on the Application Form, your acceptance will cover all of Your Shares registered as held by you at the date your acceptance is processed. The Acceptance Form contains an alternative for you to elect to retain a specified number of Your Shares.</p> <p>However, if you hold one or more parcels of Shares as trustee or nominee, you may accept the Offer as if a separate offer had been made in relation to each of those parcels and any parcel you hold in your own right. A person holding Shares on trust or as nominee for, or on account of, another person should refer to section 12.1(f) of this Bidder's Statement.</p>
<b>4 How do I accept the Offer?</b>	<p>To accept the Offer, you should follow the instructions set out in section 3 of this Bidder's Statement and on the enclosed Acceptance Form.</p>
<b>5 If I accept the Offer, when will I be paid?</b>	<p>If you accept the Offer, Shanxi Donghui will pay you the consideration to which you are entitled on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• If the Offer is subject to a bid condition when you provide your acceptance and associated acceptance documentation – the earlier of one month after the takeover contract with you becomes unconditional or 21 days after the end of the Offer Period; and</li> <li>• If the Offer is unconditional when you provide your acceptance and associated documentation – the earlier of one month after Shanxi Donghui is given your acceptance documents or 21 days after the end of the Offer Period.</li> </ul> <p>Please refer to Section 12.6.</p>
<b>6 Will I need to pay brokerage or stamp duty if I accept the Offer?</b>	<p>You will not pay stamp duty on accepting the Offer.</p> <p>If Your Shares are registered in an Issuer Sponsored Holding (your SRN starts with an "I") in your name and you deliver them directly to Shanxi Donghui, you will not incur any brokerage fees in connection with your acceptance of the Offer.</p> <p>If Your Shares are registered in a CHESS Holding (your HIN starts with an "X"), or if you are a beneficial owner whose Shares are registered in the name of a sharebroker, bank, custodian or other nominee, you should ask your 'Controlling Participant' (usually your Stockbroker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p> <p>You may incur brokerage costs if you choose to sell Your Shares on ASX/TSX.</p>
<b>7 What are the tax implications for me of accepting Offer?</b>	<p>The tax consequences of accepting the Offer will depend on your individual circumstances and you should consult your financial, tax or other professional adviser on the tax</p>

Questions	Answers
	<p>implications of accepting the Offer. A general summary of certain Australian tax consequences of accepting the Offer is set out in section 10 of this Bidder's Statement.</p>
<b>8 What happens if I do not accept the Offer?</b>	<p>If you do not accept the Offer and the Offer proceeds, your Inova Shares may be compulsorily acquired if Shanxi Donghui acquires a relevant interest in at least 90% of Shares. In this event Inova will be paid your Offer consideration in trust and you will have to claim these proceeds from Inova and therefore you will receive the consideration at a later date.</p> <p>You will be paid the Offer consideration at the end of this process.</p> <p>You will be paid the Offer consideration for your Inova Shares sooner if you accept the Offer.</p>
<b>9 Can Shanxi Donghui extend the Offer Period?</b>	<p>Yes, the Offer Period can be extended at the election of Shanxi Donghui. Inova Shareholders will be sent written notice of any extension, and the extension will be announced to ASX/TSX.</p>
<b>10 Can I withdraw my acceptance?</b>	<p>Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Offer, the bid remains conditional and Shanxi Donghui varies the Offer in a way that postpones, for more than one month, the time when Shanxi Donghui has to meet its obligations under the Offer.</p>
<b>11 Can I sell my Shares on market?</b>	<p>Yes, but you may incur brokerage costs if you do.</p> <p>If you have already accepted the Offer, you will be unable to settle any subsequent sale of the Accepted Shares, subject to you withdrawing your acceptance - see "Can I withdraw my acceptance?" above.</p>
<b>12 Are there any conditions to the Offer?</b>	<p>Yes, the Offer is subject to conditions, which are set out in detail in section 12.8 of this Bidder's Statement.</p> <p>Shanxi Donghui may choose to waive certain of the conditions in accordance with the terms of the Offer set out in section 12 of this Bidder's Statement. Details as to how these conditions can be waived are set out in section 12.10 of this Bidder's Statement.</p>
<b>13 What happens if the conditions of the Offer are not satisfied or waived?</b>	<p>If the conditions of the Offer are not satisfied or waived before the Offer closes the Offer will lapse.</p> <p>Shanxi Donghui will make an announcement to ASX if the conditions of the Offer are satisfied or waived during the Offer Period.</p>
<b>14 What happens if I do not accept the Offer and Shanxi Donghui achieves a relevant interest in at least 51% but less than 90% of the Shares?</b>	<p>If you do not accept the Offer, the conditions of the Offer are satisfied or waived and Shanxi Donghui acquires a relevant interest in at least 51% but less than 90% of the Shares, Shanxi Donghui will not be entitled to proceed to compulsorily acquire your Inova Shares.</p> <p>However, if this occurs, you will be exposed to a variety of risks, including the risk that liquidity in trading Inova</p>

Questions	Answers
	Shares may decrease and it may become harder to sell your Inova Shares. See the section 2 of this Bidder's Statement headed "Why you should accept the Offer" and also section 9 for further details of the risks associated with not accepting the Offer and remaining an Inova Shareholder.
<b>15 Is the Offer subject to a financing condition?</b>	No. Shanxi Donghui's obligation to purchase Shares deposited to the Offer is not subject to any financing condition.

## **5 Information on Shanxi Donghui**

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### **5.1 Corporate Information**

Shanxi Donghui is a private company incorporated in China. It is not listed on a financial market or stock exchange in or outside China. Shanxi Donghui is privately owned by the Chairman Mr Ya Ping Zhang and his brother Mr Wei Dong Zhang. Shanxi Donghui was formed in 2003 to carry on the mining and production of coking coal, metallurgical coke and chemicals in Shanxi province in China.

### **5.2 Main Activities**

Shanxi Donghui operates across a number of different operations with two core areas including:

- Coal Mining – this area is the focus of the group with production capacity of up to 6.1 million tonnes of coal across 3 different mines in Shanxi province.
- Coke and chemicals – this area specialises in the production of metallurgical coke and chemicals including annual production of up to 2 million tonnes of metallurgical coke and up to 100,000 tonnes of methanol. Shanxi Donghui sells its metallurgical coke domestically and internationally to the United States, Japan, Europe and another thirteen countries.

### **5.3 Financial**

As at 31 December 2012, the Shanxi Donghui Group had total assets of approximately \$1.1 billion (6.2 billion Chinese Renminbi) and net assets of approximately \$462 million (2.6 billion Chinese Renminbi).<sup>3</sup>

For the year ending 31 December 2012, the Shanxi Donghui Group made a profit after financial items of approximately \$69 million (381 million Chinese Renminbi).<sup>4</sup> Shanxi Donghui is not listed on ASX or any foreign stock exchange.

The consolidated accounts of the Shanxi Donghui Group are audited by Shanxi Zhencheng Certified Public Accountants.

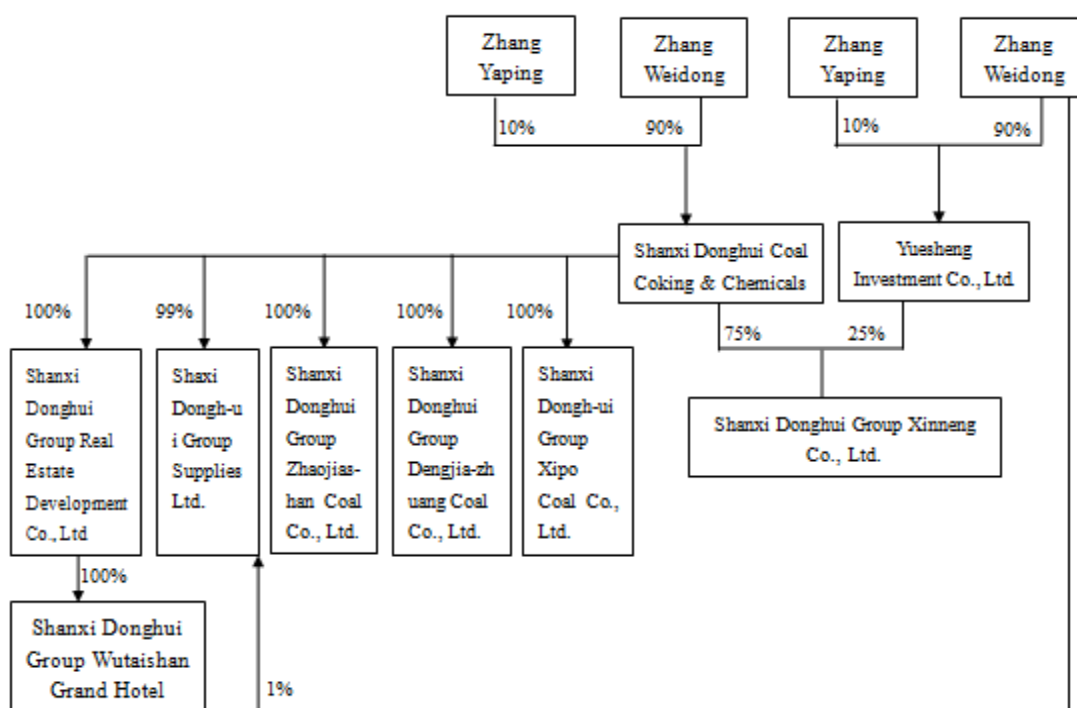
### **5.4 Employees**

At the date of the Offer, the Shanxi Donghui Group employs in excess of 3,000 employees.

### **5.5 Corporate Structure of Shanxi Donghui Group**

<sup>3</sup> The Chinese Renminbi amount has been converted into an Australian dollar amount using the AUDCNY closing exchange rate as at 20 August 2013 of 5.5561 as reported by Bloomberg.

<sup>4</sup> The Chinese Renminbi amount has been converted into an Australian dollar amount using the AUDCNY closing exchange rate as at 20 August 2013 of 5.5561 as reported by Bloomberg.



## 5.6 Overview of Shanxi Donghui's principal activities

Shanxi Donghui's portfolio of assets consists of:

### (a) Operating coking coal mines

Mine Holding Company	Name of Mine	Production Capacity	Location	Interest held by Shanxi Donghui
Shanxi Donghui Group Dengjiazhuang Coal Co., Ltd	Dengjiazhuang	0.9 Mtpa	Liulin County, Shanxi Province	100%
Shanxi Donghui Group Xipo Coal Co., Ltd	Xipo	4.0 Mtpa	Liulin County Shanxi Province	100%
Shanxi Donghui Group Zhaojiashan Coal Co., Ltd	Zhaojiashan	1.2 Mtpa	Qingxu County Shanxi Province	100%

### (b) 2012 Sales

In 2012, Shanxi Donghui Group sold approximately 462,000 tonnes of coke and 2.43 million tonnes of coking coal.

### (c) Other assets and activities of Shanxi Donghui Group

Shanxi Donghui has recently developed a hotel and leisure business in China under the name Donghui Group Wutaishan Grand Hotel. Shanxi Donghui holds a 100%



interest in this five star property with in excess of 60,000 square metres of gross floor area.

Various members of the Shanxi Donghui Group provide support and other services to Shanxi Donghui's coal mine construction projects, including:

- (i) Shanxi Donghui Xinneng Co., Ltd – producing coke, crude benzene and coal tar; and
- (ii) Shanxi Donghui Group Supplies Co., Ltd – marketing of building materials, paint, barrelled lubricating oil, labour protection appliance, office supplies, cement products, steel, cement, metal materials (excluding precious metal and rare metal), decoration materials, mine, mechanical equipment, mining accessories, chemical products (excluding hazardous products), wire and cable, electrical products and hardware and electronic equipment; marketing and maintenance of general machinery equipment.

## 5.7 Directors and senior management of Shanxi Donghui

### (a) Directors of Shanxi Donghui

The following are the directors of Shanxi Donghui:

#### **Mr Ya Ping Zhang – Chairman**

Mr Ya Ping Zhang is a Chinese national who was born in 1965, Chengdu City. Mr Ya Ping Zhang is an EMAB graduate of Beijing University, a prestigious Chinese university. He has been Chairman of Shanxi Donghui since its establishment. According to the 2012 Hurun Report (The Richest People in China), Mr Ya Ping Zhang ranks 571th in China with a reported net wealth of 3 billion Chinese Renminbi.

Mr Ya Ping Zhang has more than 10 years of industry experience in the mining sector.

#### **Mr Wei Dong Zhang – Managing Director**

Mr Wei Dong Zhang is a Chinese national who was born in 1969. Mr Wei Dong Zhang has been Managing Director of Shanxi Donghui since its establishment.

Mr Wei Dong Zhang has more than 10 years of industry experience in the mining sector.

### (b) Senior Management

Shanxi Donghui's senior management includes:

#### **Younian Wu – Chief Financial Officer**

Younian Wu is currently studying an EMBA at Nankai University, a prestigious Chinese university and has been employed by Shanxi Donghui since its foundation.

## 6 Information on Inova

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### 6.1 Disclaimer

This overview of Inova and all information concerning Inova contained in this Bidder's Statement has been prepared by Shanxi Donghui using publicly available information, including information in documents filed on the ASX or TSX by Inova or published by Inova on its website, and adjusted where considered appropriate by Shanxi Donghui based on its industry knowledge and expertise.

The information in this Bidder's Statement concerning Inova has not been independently verified.

Subject to the Corporations Act, Shanxi Donghui does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

Further information about Inova will be contained in Inova's target's statement.

## 6.2 Overview of Inova and its principal activities

### (a) Corporate Information

Inova is an Australian incorporated company based in Melbourne, Australia and was listed on ASX in 2008 following an initial public offering. Inova is a reporting issuer in Ontario, Canada, and the Shares trade under the symbol IVA on each of the ASX and TSX.

Inova is focused on the exploration for, development of, and production of minerals in northwest Queensland near Cloncurry, Australia. Its principal projects include the Osborne copper gold operation; the Merlin molybdenum rhenium project; and the Mount Elliott/Swan copper gold project. Inova was formerly known as Ivanhoe Australia Limited and changed its name to Inova Resources Limited in June 2013. Inova Resources Limited is a subsidiary of Turquoise Hill.

### (b) Overview of Inova's principal activities

Inova currently has interests in various mining and development projects located predominantly in Queensland, Australia with some minor projects in the Northern Territory, Australia. A summary of Inova's major projects are described in the table below:

Project	Osborne copper gold operation	Merlin molybdenum rhenium project	Mount Elliott/SWAN copper gold project
Direct Interest	100%	100%	100%
Stage of development	Mining/Producing	Feasibility study/ value engineering	Scoping Study
Locality	Qld	Qld	Qld
Target mining method	Underground	Underground	Open pit/ underground

### (c) Other assets and activities

In north-western Queensland, Inova has a 100% interest in 30 granted Mining Leases (MLs) with a total area of 109 square kilometres and one ML application (6 square kilometres). It has 44 granted Exploration Permits for Minerals (EPMs) with a total area of 5,686 square kilometres, including joint ventures, and three EPM applications (601 square kilometres). The granted EPMS include 12 EPMS in the joint venture among Inova and Exco Resources Limited (423 square kilometres) and two EPMS in the joint venture among Inova and Goldminco Corporation (70 square kilometres).

Following the acquisition of a 51% interest in some of Emmerson Resources Limited's tenements, in the Tennant Creek Region in the Northern Territory of Australia, Inova has a 51% interest in 30 granted Mineral Exploration Licences with a total area of 2,270 square kilometres, three Mineral Exploration Licence applications (129 square kilometres), 121 granted Mineral Claims (23 square kilometres), 224 granted Mineral Leases (61 square kilometres), six Mineral Lease applications (1.5 square kilometres) and two Mineral Authorities on Reserved Land (19 square kilometres).

## 6.3 Directors and senior management of Inova

The following are the directors of Inova:

Peter McMahon

**Chairman**

Bob Vassie

**Managing Director/CEO**

Kyle Wightman	<b>Non-executive Director</b>
Stephen McIntosh	<b>Non-executive Director</b>
James Edward Askew	<b>Non-executive Director</b>
Stewart Beckman	<b>Non-executive Director</b>

Ian Rutherford Plimer and Neville Henwood resigned as directors of Inova on 7 August 2013.

In addition, Inova's senior management includes:

**Chief Financial Officer** - Kerry Parker (replaced Brendan Gill on 26 August 2013).

#### 6.4 **Publicly available information about Inova**

Inova is a company listed on the ASX and is subject to periodic and continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. For more information concerning the financial position and affairs of Inova, you should refer to the full range of information that has been disclosed by Inova pursuant to those obligations.

A copy of Inova's annual report (including last audited financial statements) for the year ended 31 December 2012 was lodged with the ASX on 22 February 2013. Inova's half year report for the half year ended on 30 June 2013 was lodged with the ASX on 12 August 2013

Inova is a reporting issuer in Ontario, Canada and as a result is also subject to regular reporting and disclosure obligations in Canada.. A substantial amount of information about Inova is also available in electronic form at [www.inovaresources.com](http://www.inovaresources.com).

## 7 **Information on Inova securities**

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### 7.1 **Inova's issued securities**

According to documents provided by Inova to ASX, as at the date of this Bidder's Statement, Inova's securities consisted of:

- 728,618,577 Shares; and
- 5,553,966 performance rights over ordinary shares issued under the Inova long term incentive plan.

### 7.2 **Interests in Inova's securities**

As at close of trading on 20 August 2013, being the last full day of trading before the Announcement Date:

- Shanxi Donghui's voting power in Inova was nil; and
- Shanxi Donghui had a relevant interest in nil Shares.

Shanxi Donghui acquired its relevant interest in the Inova Shares on 21 August 2013 as a result of entering into the Pre-Bid Agreement.

As at the day immediately before the Offer:

- Shanxi Donghui's voting power in Inova was 14.9%; and
- Shanxi Donghui had a relevant interest in 108,502,084 Shares or 14.9% of the Shares.

No securities of Inova are held by any directors, officers, insiders or associates or affiliates of insiders of Shanxi Donghui, nor are any securities of Inova held by any person acting jointly or in concert with Shanxi Donghui.

### 7.3 Dealings in Shares

#### (a) Previous four months

None of Shanxi Donghui or any of its associates has provided, or agreed to provide, consideration for Shares under any purchase or agreement during the four months before the date of this Bidder's Statement.

#### (b) Period before Offer

None of Shanxi Donghui or any of its associates has provided, or agreed to provide, consideration for Shares or Performance Rights under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

### 7.4 Recent share price performance of Inova

The Shares are traded on the ASX and TSX under the trading symbol IVA. The following table sets out the Share price performance over the last 12 months on ASX:



Source: IRESS. IRESS has not consented to data and information attributed to it in this Bidder's Statement. This data and information have been accurately reproduced and, so far as Shanxi Donghui is aware, and so far as it is able to ascertain from information published by IRESS, no facts have been omitted which would render the reproduced data and information inaccurate or misleading.

The closing share price of Inova Shares on ASX on 20 August 2013, being the last full day of trading before the Announcement Date, was \$0.170 per Share.

### 7.5 Effect of the Offer on Performance Rights

The Offer extends to Shares that are issued on the exercise of Performance Rights during the period from the Register Date to the end of the Offer Period.

Shanxi Donghui does not presently intend to make any separate offer to acquire (or cancel) the Performance Rights but reserves the right to do so. However, if Shanxi Donghui has relevant interests in at least 90% of the Shares during or at the end of the Offer Period, it may seek to acquire (or cancel) any outstanding Performance Rights or, if possible, to seek to compulsorily acquire (or cancel) any outstanding Performance Rights under Part 6A.2 of the Corporations Act.

## 7.6 **No collateral benefits**

During the period of four months before the date of this Bidder's Statement, none of Shanxi Donghui or any of its associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of Shares,

and which is not offered to all holders of Inova Shares under the Offer.

During the period from the date of this Bidder's Statement to the date immediately before the date of the Offer, none of Shanxi Donghui or any of its associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of Shares,

and which is not offered to all holders of Inova Shares under the Offer.

## 7.7 **No escalation agreements**

None of Shanxi Donghui or any of its associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

# 8 **Funding**

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## 8.1 **Total cash consideration**

The Offer is a 100% cash offer.

The maximum amount of cash that Shanxi Donghui would be required to pay under the Offer if acceptances are received in respect of all the Shares on issue as at the date of this Bidder's Statement would be approximately \$160 million.

In addition, if holders of all Performance Rights on issue at the date of this Bidder's Statement exercise those Performance Rights so as to convert them into Shares and accept the Offer in relation to those Shares, then the additional consideration payable in respect of the additional Shares would be approximately \$1.2 million.

## 8.2 **Overview of funding arrangements**

The necessary funds to pay the consideration for acquisition of the Shares pursuant to the Offer will be met through Shanxi Donghui's existing cash reserves.

In aggregate, the funds available from Shanxi Donghui's existing cash reserves are more than sufficient to fund the maximum consideration payable pursuant to the Offer and all associated transaction costs.

Shanxi Donghui is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of Shares pursuant to the Offer to satisfy its obligations under the Offer.

The Offer is not subject to any financing conditions. However, one of the conditions to the Offer (refer section 12.8) requires Shanxi Donghui to obtain Chinese regulatory consent for the payment of the consideration for Shares under the Offer and transfer of that consideration out of China. As at the date of this Bidder's Statement Shanxi Donghui has applied for such approval and has no reason to believe that such approval will be denied.

### 8.3 Particulars of cash reserves<sup>5</sup>

As at the date of the Offer, Shanxi Donghui had cash reserves of approximately \$200 million (1.1 billion Chinese Renminbi) on deposit with the following Chinese and international financial institutions:

- (a) China Minsheng Banking Group; and
- (b) Shanghai Pudong Development Bank.

Shanxi Donghui intends to pay the consideration for the Shares under the Offer from these accounts. In addition, these cash reserves are not subject to any security interest or any other arrangement which will materially affect Shanxi Donghui's ability to use them.

Having had regard to the matters set out above, Shanxi Donghui is of the opinion that it has a reasonable basis for forming, and it holds, the view that it will be able to adequately fund the Offer through its existing cash reserves.

## 9 Shanxi Donghui's intentions in relation to Inova

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### 9.1 Introduction

This section 9 sets out Shanxi Donghui's intentions in relation to the following:

- the continuation of the business of Inova;
- any major changes to the business of Inova and any redeployment of the fixed assets of Inova; and
- the future employment of the present employees of Inova.

### 9.2 Review

The intentions set out in this section 9 have been formed on the basis of facts and information concerning Inova and the general business environment which are known to Shanxi Donghui and prevailing market conditions at the time of preparing this Bidder's Statement.

Shanxi Donghui and its advisers have reviewed information that is publicly available concerning Inova and its current business, operations, assets and plans for the future.

At the conclusion of the Offer Period, Shanxi Donghui will, to the extent to which it is able and assuming that it has been successful with its Offer, conduct a review of Inova and its operations, assets, liabilities, structure and employees following which it will, as required, review its intentions as set out in this section 9.

Final decisions will only be reached by Shanxi Donghui after that review and in light of circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and may change as new information becomes available or circumstances change, and the statements in this section should be read in this context.

### 9.3 Intentions if Shanxi Donghui acquires a relevant interest in 90% or more of Shares on issue

This section 9.3 sets out Shanxi Donghui's current intentions if at the end of the Offer Period it has relevant interests in 90% or more of the Shares and is entitled to proceed to compulsory acquisition of the outstanding Shares.

#### (a) Compulsory acquisition

If it becomes entitled to do so under the Corporations Act, Shanxi Donghui intends to proceed with compulsory acquisition in accordance with the Corporations Act,

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<sup>5</sup> All Australian dollars in this section 8 are calculated utilising an exchange rate of AUD/CNY 5.5561 as at 20 August 2013 closing rate as reported by Bloomberg.

including any Shares which are issued after the close of the Offer and as a result of the exercise of Performance Rights (see section 7.5).

(b) **Directors**

Shanxi Donghui intends to replace all members of the Inova Board with nominees of Shanxi Donghui. The identity of the Shanxi Donghui nominees has not yet been determined by Shanxi Donghui and will depend upon the relevant circumstances at the time.

(c) **ASX/TSX listing**

At the conclusion of the compulsory acquisition process, Shanxi Donghui intends to arrange for Inova to be removed from the official list of the ASX and the Inova Shares to be delisted from the TSX.

(d) **Integration and operations**

As at the date of this Bidder's Statement, Shanxi Donghui has conducted a due diligence investigation based predominantly on publically available information and certain confidential information about Inova provided by Inova. Consequently, Shanxi Donghui's knowledge of the assets and operations of Inova is limited to public information and any confidential information provided by Inova. Following the close of the Offer, if Shanxi Donghui acquires all of the Inova Shares, Shanxi Donghui intends to conduct a thorough and broad-based general review of Inova's corporate structure, assets, businesses, personnel and operations. This review will apply quantitative and qualitative factors to evaluate Inova's business with a view to maximising Inova's success and identifying opportunities to enhance the performance of, and expand, the enlarged group's business.

While Shanxi Donghui does not have any specific intentions in relation to this review or its outcomes, its current expectation is that the review will focus on:

- analysing the work done to date by Inova and determining the economic viability of all of Inova's current and potential projects;
- identifying profit improvement measures involving a wide range of initiatives including (but not limited to) overhead cost reductions and potential marketing arrangements for its commodities;
- identifying opportunities to minimise duplication in operational areas of the Shanxi Donghui and Inova;
- determine the most efficient management structure in the merged Shanxi Donghui/Inova group; and
- improving capital management through the implementation of common systems across the businesses of Shanxi Donghui and Inova.

(e) **Capital Raising**

Shanxi Donghui considers that Inova is required to incur significant capital expenditure in order to progress its current projects, including without limitation the Merlin and Mt Elliott/Swan projects. Shanxi Donghui will assess the optimal funding for these developments including whether or not to bring in third party equity and/or debt finance.

(f) **Divestment**

Shanxi Donghui has no present intention to sell any specific part of the business or fixed assets of Inova or to downsize any specific part of the Inova business.

(g) **Employees**

The status of Shanxi Donghui's existing employees will be considered as part of the review outlined in section 9.3(d). Shanxi Donghui's general policy is to fill all positions in the company with the best qualified personnel.

**9.4 Intentions if Shanxi Donghui acquires a relevant interest in at least 51% but less than 90% of Shares on issue**

This section 9.4 sets out Shanxi Donghui's current intentions if, at the end of the Offer Period, Shanxi Donghui has a relevant interest in less than 90% but more than 51% of the Shares.

**(a) Active major Shareholder**

Subject to the Corporations Act, Shanxi Donghui intends to become actively involved in determining and controlling the strategic direction of the business of Inova. Additionally, if Shanxi Donghui receives acceptances under the Offer that bring its shareholding to more than 75% of Inova Shares, it will be in a position to cast the votes required to determine the outcome of a "special resolution" at a meeting of Inova members. This would enable it to pass resolutions, for example, to amend the Inova constitution.

**(b) Directors**

If, at the end of the Offer Period, Shanxi Donghui is the majority Shareholder in Inova, it intends (subject to the formal requirements of the Corporations Act and of the Inova constitution) to procure the appointment of a majority of Shanxi Donghui nominees to the Inova Board so that the proportion of Shanxi Donghui nominees is broadly in line with Shanxi Donghui's voting power in Inova.

The identity of such nominee directors has not yet been determined, but nominees will be selected to bring financial, corporate advisory, technical and managerial expertise to the Inova Board. The Shanxi Donghui nominees will ensure that they comply with their fiduciary duties and obligations as directors of Inova, in particular in dealing with any potential conflicts of interest.

**(c) ASX/TSX listing**

If there is a limited spread or volume of Inova Shareholders remaining following completion of the Offer, Shanxi Donghui may seek to procure the removal of Inova from the official lists of the ASX and the delisting of Inova Shares from the TSX.

Whether Shanxi Donghui proceeds to seek to have Inova removed from the official list of the ASX will depend upon, among other things, its total voting power in Inova following the close of the Offer.

If Inova continues to be listed on ASX/TSX the trading liquidity of Inova Shares may be materially diminished given the reduced number of Inova Shares held by Shareholders other than Shanxi Donghui. As a result, certain investors may no longer wish to hold Inova Shares as part of their investment portfolios, which may also have a negative impact on the price of Inova Shares. Accordingly, the market for Inova Shares may become significantly less liquid or active.

**(d) Operations, assets and employees**

Shanxi Donghui will seek to procure that Inova's new board of directors implement the strategies and goals outlined in section 9.3 of this Bidder's Statement to the extent possible and appropriate in the circumstances.

**(e) Dividends**

It is Shanxi Donghui's current intention to continue Inova's present policy of not declaring dividends at least until the establishment of a long term profit stream which is capable of supporting both capital expenditure and dividend distribution.

**(f) Capital Raising**



Shanxi Donghui considers that Inova is required to incur significant capital expenditure in order to progress its current projects, including without limitation the Merlin and Mt Elliott/Swan projects. No decision has been made on how this funding will be obtained. Shanxi Donghui will assess the optimal funding for these developments including whether or not to bring in third party equity and/or debt finance.

(g) **Acquire additional Shares**

Shanxi may determine whether to acquire additional Shares under the "creep" provisions of the Corporations Act. In summary, these provisions would allow Shanxi Donghui (and its associates) to acquire up to 3% of Inova's Shares every 6 months. Shanxi Donghui has not decided whether it will acquire Inova Shares under the "creep" provisions, as that will be dependent on, amongst other things, the extent of the voting power of Shanxi Donghui in Inova and Inova's position at the time.

(h) **Limitations in giving effect to intentions**

The ability of Shanxi Donghui to implement the intentions set out in this section 9.4 will be subject to the legal obligation of Inova directors to have regard to the interests of Inova and all Inova Shareholders and the requirements of the Corporations Act, any applicable ASX/TSX Listing Rules and Canadian securities laws relating to transactions between related parties. These may limit or modify the implementation of the intentions outlined above.

Also, as a result of those requirements, the approval of minority Inova Shareholders may be required for the implementation of some of the intentions outlined above.

**9.5 Intentions on obtaining less than 50% of Inova's Shares**

If Shanxi Donghui decides to waive the 51% minimum acceptance condition and does not obtain a relevant interest in at least 50.1% of Inova's Shares, then Shanxi Donghui intends to reassess its position with respect to Inova in light of the outcome of the Offer and Inova's position at that time.

**9.6 Intentions generally**

Subject to the above, Shanxi Donghui intends, on the basis of the facts and information concerning Inova which are known to it:

- generally continue the business of Inova;
- not make any major changes to the business of Inova nor to redeploy any of the fixed assets of Inova; and
- continue the employment of Inova's present employees.

## **10 Taxation considerations**

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**10.1 Introduction**

The following is an outline of the principal Australian income tax consequences generally applicable to an Australian resident Inova Shareholder who disposes of Shares by accepting the Offer. The comments set out below are also relevant to those Australian resident Inova Shareholders who do not accept the Offer if Shanxi Donghui proceeds to compulsorily acquire their Shares following Shanxi Donghui acquiring a relevant interest in at least 90% of Shares on issue at any time during the Offer Period.

This outline reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) and the regulations made under those acts, taking into account Shanxi Donghui's understanding of the current administrative practices of the Australian Taxation Office (**ATO**). The outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

The following outline is not exhaustive of all possible Australian income tax considerations that could apply to particular resident Inova Shareholders. In particular, the summary is only relevant to those resident Inova Shareholders who hold their shares as capital assets for the purposes of investment. This tax outline does not address all tax considerations applicable to non-resident Inova Shareholders and Inova Shareholders that may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities or Inova Shareholders who acquired their Shares as part of an employee share scheme operated by Inova (if any).

Nothing in this section 10 addresses the Canadian tax implications of an Inova Shareholder who is a resident of Canada, accepting or rejecting the Offer or if their Shares are compulsorily acquired by Shanxi Donghui under Chapter 6A of the Corporations Act. Canadian resident Inova Shareholders are urged to obtain their own Canadian tax advice.

**This outline does not constitute tax advice. It is recommended that each Inova Shareholder consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their Shares in light of current tax laws and their particular circumstances.**

## 10.2 Taxation on the disposal of Shares

If you accept the Offer, you will be treated as having disposed of the Accepted Shares for tax purposes.

## 10.3 Australian resident Inova Shareholders – Capital Gains Tax (CGT) Shares

You would realise a capital gain on a Share to the extent that the amount you receive (or that you will receive) for the disposal of that Share is more than the cost base of that Share. You should realise a capital loss on a Share to the extent that the amount you receive (or that you will receive) for the disposal of that Share is less than the reduced cost base of that Share. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years.

Broadly, the cost base of a Share is the total of the amount you paid for the Share and your acquisition and disposal costs in respect of that Share. However, there are circumstances where this may not be the case and we recommend that you speak to your tax adviser to confirm the cost base of your Shares. The reduced cost base of a Share is usually determined in a similar, but not identical, manner.

Any net capital gain in respect of an income year would be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year would be calculated by aggregating all of your capital gains realised in respect of that income year and reducing that amount by your capital losses realised in that income year and any net capital losses from prior years that can be utilised. That amount may be further reduced by other concessions, particularly under the discount CGT rules.

Inova Shareholders who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of a Share if they have held that Share for more than 12 months at the time they are taken to have disposed of their Share. Companies are not eligible for discount capital gains treatment.

The above comments do not apply to you if you buy and sell shares in the course of a business, or if you acquired the Shares for resale at a profit. In those cases, any gain will generally be taxed as ordinary income. You should seek your own advice.

**Inova Shareholders should seek their own advice as to the tax consequences of disposing of their Shares, in particular as to the availability of the discount capital gains tax concession.**

## 10.4 Stamp duty

Any stamp duty payable on the transfer of Shares to Shanxi Donghui pursuant to the Offer will be paid by Shanxi Donghui.

## **11 Other material information**

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### **11.1 Shares issued on exercise of Performance Rights**

The Offer extends to Shares that are issued on the exercise of Performance Rights during the period from the Register Date to the end of the Offer Period.

Shanxi Donghui does not presently intend to make any separate offer to acquire (or cancel) the Performance Rights but reserves the right to do so. However, if Shanxi Donghui has relevant interests in at least 90% of the Shares during or at the end of the Offer Period, it may seek to acquire (or cancel) any outstanding Performance Rights or, if possible, to seek to compulsorily acquire (or cancel) any outstanding Performance Rights under Part 6A.2 of the Corporations Act.

Shanxi Donghui may consider making separate offers to acquire (or cancel) the Performance Rights depending on its voting power in Inova and other relevant circumstances following the end of the Offer Period.

### **11.2 Date for determining holders of Shares**

For the purposes of section 633 of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of subsection 633(1) is the Register Date.

### **11.3 On-market acquisitions**

Subject to the requirements of the Corporations Act, Shanxi Donghui may acquire Shares on-market at prices up to the Offer price during normal trading on ASX. Inova Shareholders who sell their Shares on ASX should be mindful that trades on the ASX settle on a T+3 settlement basis (being three Trading Days after the date of the trade).

Inova Shareholders who sell their Shares on ASX/TSX cannot subsequently accept the Offer in respect of Shares sold on ASX/TSX. Additionally, Inova Shareholders who sell their Shares on ASX/TSX may incur brokerage charges which they would not incur if their Shares are registered in their name, they accepted the Offer and they deliver their Shares directly to Shanxi Donghui.

### **11.4 Consents**

This Bidder's Statement contains references to, statements made by, and/or statements said to be based on statements made by Shanxi Donghui each of whom has consented to the inclusion of:

- each reference to its name;
- each statement it has made; and
- each statement which is said to be based on a statement it has made,

in the form and context in which each reference or statement (as applicable) appears and has not withdrawn that consent as at the date of this Bidder's Statement.

Sapphire and PwC have each acted as financial advisers and Thomsons has acted as legal adviser to Shanxi Donghui and Computershare Investor Services Pty Limited has acted as share registrar for Shanxi Donghui in relation to the Offer. Each of Sapphire, PwC, Thomsons and Computershare Investor Services Pty Limited has consented to be named in this Bidder's Statement in the form and context in which it is named and has not withdrawn that consent as at the date of this Bidder's Statement, but should not be regarded as authorising the issue of this Bidder's Statement or any statements in it.

### **11.5 ASIC modifications and exemptions**

ASIC has published various "class order" instruments providing for modifications and exemptions that apply generally to all persons, including Shanxi Donghui, in relation to the operation of Chapter 6 of the Corporations Act.

Among others, Shanxi Donghui has relied on the modification of section 617(2) Corporations Act as set out in ASIC Class Order [CO 13/521] (*Takeover bids*) to extend the Offer to Inova Shares issued on exercise or vesting of Performance Rights from the Register Date until the end of the Offer Period and the modification to section 636(3) Corporations Act set out in ASIC Class Order [CO 07/429] (*Consent to quote: Citing credit ratings agencies, trading data and geological reports in takeovers*) to include in this Bidder's Statement, without obtaining specific consents, the use of trading data relating to trading on a prescribed financial market (such as ASX/TSX) in a Bidder's Statement.

In addition, as permitted by ASIC Class Order [CO 13/521] this Bidder's Statement may include references to certain statements which are made or based on statements made in documents lodged with ASIC or the ASX. Pursuant to ASIC Class Order [CO 13/521], consent of the relevant person is not required for the inclusion of statements in this Bidders Statement.

As required under ASIC Class Order [CO 13/521], if you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements (free of charge) during the Offer Period, please contact the Offer Information Line on 1300 354 618 (toll-free within Australia) or +61 3 9415 4050 (for callers from outside Australia) between 9.00am and 5.00pm (Melbourne time) Monday to Friday during the Offer Period.

Shanxi Donghui has not obtained from ASIC any modifications or exemptions from the Corporations Act in relation to the Offer.

#### **11.6 Social security and superannuation implications of the Offer**

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist financial advice.

#### **11.7 Foreign investment approval**

Shanxi Donghui is a foreign person under the FATA because it is owned by foreign persons. Accordingly, the Offer is subject to the approval or non-objection of the Treasurer of the Commonwealth of Australia, who receives advice from Foreign Investment Review Board (**FIRB**), under the FATA. Approval will not be given to the Offer if the Treasurer, on advice from FIRB, considers that the result of the acquisition of Shares by Shanxi Donghui will be contrary to the national interest.

Shanxi Donghui has filed the necessary application, together with a detailed submission, with FIRB. Shanxi Donghui is confident that the Offer is consistent with the Commonwealth Government's foreign investment policy, and are not aware of any reason why foreign investment approval would not be given (and therefore why the relevant defeating condition of the Offer would not be satisfied) in due course.

#### **11.8 Other material information**

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that:

- is material to the making of a decision by an Inova Shareholder whether or not to accept the Offer;
- is known to Shanxi Donghui; and
- has not previously been disclosed to Inova Shareholders.

### **12 The terms of the Offer**

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#### **12.1 Offer**

- (a) Shanxi Donghui is offering to acquire all Your Shares on and subject to the terms set out in this section 12 of this Bidder's Statement.
- (b) The consideration under the Offer is \$0.22 cash per Share.

- (c) By accepting this Offer, you undertake to transfer to Shanxi Donghui not only the Shares to which the Offer relates, but also all Rights attached to those Shares (see section 12.5(c)(vi) and section 12.6(c) of this Bidder's Statement).
- (d) This Offer is being made to each person registered as the holder of Shares in the register of Inova Shareholders at 7.00pm (Melbourne time)/5.00am (Toronto time) on the Register Date. It also extends to:
  - (i) any Shares that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of Rights conferred by, securities which are on issue as at the Register Date; and
  - (ii) any person who becomes registered as the holder of Your Shares during the Offer Period.
- (e) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of the Shares to which this Offer relates:
  - (i) a corresponding offer on the same terms as this Offer is taken to have been made to that other person in respect of those Shares;
  - (ii) a corresponding offer on the same terms as this Offer is taken to have been made to you in respect of any other Shares you hold to which the Offer relates; and
  - (iii) this Offer is taken to have been withdrawn immediately at that time.
- (f) If at any time during the Offer Period you are registered as the holder of one or more parcels of Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct Offer on the same terms as this Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each distinct parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the Offer Information Line on 1300 354 618 (toll-free within Australia) or +61 3 9415 4050 (for callers from outside Australia) between 9.00am and 5.00pm (Melbourne time) Monday to Friday during the Offer Period.
- (g) If Your Shares are registered in the name of a Stockbroker, investment adviser or dealer or other nominee, you should contact them for assistance in accepting the Offer.
- (h) The Offer is dated [insert date] 2013.

## 12.2 Offer Period

- (a) Unless withdrawn, the Offer remains open for acceptance during the period commencing on the date of this Offer and ending at 7.00pm (Melbourne time)/5.00am Toronto time on the later of:
  - (i) [insert date] 2013; or
  - (ii) any date to which the Offer Period is extended.
- (b) Shanxi Donghui reserves the right to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period:
  - (i) the Offer is varied to improve the consideration offered, or
  - (ii) Shanxi Donghui's voting power in Inova increases to above 50%,

then the Offer Period is automatically extended so that it ends 14 days after the event in accordance with section 624(2) of the Corporations Act.

## 12.3 How to accept this Offer

### (a) General

- (i) You may accept this Offer for all or part of Your Shares.
- (ii) You may accept this Offer at any time during the Offer Period.

### (b) Shares held in your name on Inova's issuer sponsored sub-register

To accept this Offer for Shares held in your name on Inova's issuer sponsored sub-register (in which case your Security Holder Reference Number will commence with 'I'), you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address specified in the Acceptance Form.

Acceptance Forms must be received with original signatures - copies or electronic forms of Acceptance Forms will not be accepted by Shanxi Donghui.

### (c) Shares held in your name in a CHESS Holding

- (i) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you should instruct your broker or Controlling Participant (this is normally your Stockbroker) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (ii) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you should initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iii) Alternatively, to accept this Offer for Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you may sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address specified in the Acceptance Form.
- (iv) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASX Settlement Operating Rules.

Acceptance Forms must be received with original signatures - copies or electronic forms of Acceptance Forms will not be accepted by Shanxi Donghui.

### (d) Canadian Shareholders

If Your Shares are held on the Canadian sub or branch register of Inova, including through a nominee or depositary identified on such register, you will need to move Your Shares to an Issuer Sponsored Holding or CHESS holding and then accept the Offer as set out above in section 12.3(b) or 12.3(c).

Arrangements have not been made for acceptances to be made through CDS Clearing and Depositary Services Inc., the settlement agency for trades on the TSX, nor through physical (paper) acceptance procedures that sometimes apply for TSX listed companies. Acceptances of the Offer can only be made as described in this Bidder's Statement.

Canadian Shareholders should contact their broker, financial advisor or call the Offer Information Line (details below) for assistance with respect to acceptance of the Offer.

(e) **Acceptance Form and other documents**

- (i) The Acceptance Form forms part of the Offer.
- (ii) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Shanxi Donghui at the address specified in the Acceptance Form before the end of the Offer Period.
- (iii) When using the Acceptance Form to accept this Offer in respect of Shares in a CHESS Holding, you must ensure that the Acceptance Form and any documents required by the terms of this Offer and the instructions on the Acceptance Form are received by Shanxi Donghui in time for Shanxi Donghui to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iv) If you return the Acceptance Form and other documents by post you do so at your risk.

**12.4 Validity of acceptances**

- (a) Your acceptance of the Offer is not valid unless it is made in accordance with the procedures set out in section 12.3 unless Shanxi Donghui determines otherwise pursuant to this section 12.4.
- (b) Shanxi Donghui may determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Shanxi Donghui is not required to communicate with you prior to making this determination. The determination of Shanxi Donghui will be final and binding on all parties.
- (c) Notwithstanding section 12.3, Shanxi Donghui may, in its sole discretion, at any time and without further communication to you, treat any Acceptance Form it receives to be a valid acceptance in respect of the Accepted Shares, even if a requirement for acceptance has not been complied with but payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Shanxi Donghui.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of Your Shares, Shanxi Donghui may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Shares (i.e., the Accepted Shares) but not the remainder.
- (e) Shanxi Donghui will provide the consideration to you in accordance with section 12.6, in respect of any part of an acceptance determined by Shanxi Donghui to be valid.

**12.5 The effect of acceptance**

- (a) Once you have accepted this Offer in respect of any or all of Your Shares (**Accepted Shares**), you will be unable to revoke your acceptance, the contract resulting from your acceptance of the Offer in respect of the Accepted Shares will be binding on you and you will be unable to withdraw the Accepted Shares from the Offer or otherwise dispose of the Accepted Shares, except in the following circumstances:

- (i) if, by the relevant times specified in section 12.5(b), the conditions in section 12.8 have not all been fulfilled or freed, this Offer will automatically terminate and the Accepted Shares will be released to you; or
  - (ii) if the Offer Period is varied in a way that postpones for more than one month the time when Shanxi Donghui has to meet its obligations under the Offer and, at the time, this Offer is subject to one or more of the conditions in section 12.8, you may be able to withdraw your acceptance and the Accepted Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purpose of section 12.5(a)(i) are:
- (i) in relation to the condition in section 12.8(h), not later than three Business Days after the end of the Offer Period; and
  - (ii) in relation to all other conditions in section 12.8, the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 12.3, you are taken to have:
- (i) subject to all the conditions to this Offer in section 12.8 being fulfilled or freed, accepted this Offer (and any variation of it) in respect of the Accepted Shares, and agreed to transfer the Accepted Shares to Shanxi Donghui, subject to section 12.1(e) and section 12.1(f);
  - (ii) warranted to Shanxi Donghui, as a fundamental condition of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of the Accepted Shares (including any Rights) to Shanxi Donghui is registered, that the Accepted Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in the Accepted Shares (including any Rights) to Shanxi Donghui, and that you have paid to Inova all amounts which at the time of acceptance have fallen due for payment to Inova in respect of the Accepted Shares;
  - (iii) irrevocably authorised Shanxi Donghui (and any director, secretary or nominee of Shanxi Donghui) to alter the Acceptance Form on your behalf by inserting correct details of the Accepted Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Shanxi Donghui to make it an effective acceptance of this Offer or to enable registration of the Accepted Shares in the name of Shanxi Donghui;
  - (iv) if you signed the Acceptance Form in respect of the Accepted Shares which are held in a CHESS Holding, irrevocably authorised Shanxi Donghui (or any director, secretary or agent of Shanxi Donghui) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of the Accepted Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
  - (v) if you signed the Acceptance Form in respect of the Accepted Shares which are held in a CHESS Holding, irrevocably authorised Shanxi Donghui (or any director, secretary or agent of Shanxi Donghui) to give any other instructions in relation to the Accepted Shares to your Controlling Participant, as determined by Shanxi Donghui acting in its own interests as a beneficial owner and intended registered holder of those Shares;
  - (vi) irrevocably authorised and directed Inova to pay to Shanxi Donghui, or to account for all Rights in respect of the Accepted Shares, subject, if this Offer is rescinded or rendered void, to Shanxi Donghui accounting to you for any such Rights received by Shanxi Donghui ;



- (vii) irrevocably authorised Shanxi Donghui to notify Inova on your behalf that your place of address for the purpose of serving notices upon you in respect of the Accepted Shares is the address specified by Shanxi Donghui in the notification;
- (viii) irrevocably appointed Shanxi Donghui (and any director, secretary or nominee of Shanxi Donghui) severally with effect from the date on which all the conditions to this Offer in section 12.8 have been fulfilled or freed, as your attorney to exercise all powers and rights that you have as the registered holder of the Accepted Shares, including:
  - (A) attending any meeting of Inova and voting in respect of the Accepted Shares, proposing or seconding any motion and demanding a poll for any vote at, any such meeting;
  - (B) requisitioning the convening of any general meeting of Inova and convening a general meeting pursuant to any such requisition;
  - (C) signing any form, notice, instrument or other document (including any proxy appointment) relating to the Accepted Shares; and
  - (D) requesting that Inova register, in the name of Shanxi Donghui or its nominee, the Accepted Shares, as appropriate, with full power of substitution; such appointment terminates on the earlier of the withdrawal of your acceptance of this Offer under section 650E of the Corporations Act and the end of the Offer Period or, if all the conditions of this Offer have been fulfilled or waived, the registration of Shanxi Donghui as the holder of the Accepted Shares;
- (ix) agreed that, in exercising the powers and rights conferred by you under section 12.5(c)(viii), each authorised person may act in the interests of Shanxi Donghui as the intended registered holder and beneficial owner of the Accepted Shares;
- (x) with effect from the date on which all the conditions to this Offer in section 12.8 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of Inova or to exercise or purport to exercise any of the powers and rights conferred on Shanxi Donghui (and its directors, secretaries and nominees) in section 12.5(c)(viii);
- (xi) agreed to do all such acts, matters and things that Shanxi Donghui may require to give effect to the matters the subject of this section 12.5(c) (including the execution of a written form of proxy to the same effect as this section 12.5(c) which complies in all respects with the requirements of the constitution of Inova) if requested by Shanxi Donghui;
- (xii) agreed to indemnify Shanxi Donghui in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Security Holder Reference Number or in consequence of the transfer of your Acceptance Shares to Shanxi Donghui being registered by Inova without production of your Holder Identification Number or your Security Holder Reference Number for the Accepted Shares;
- (xiii) represented and warranted to Shanxi Donghui that, unless you have notified it in accordance with section 12.1(f), the Accepted Shares do not consist of separate parcels of Shares;
- (xiv) irrevocably authorised Shanxi Donghui (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer the Accepted Shares to Shanxi Donghui "Takeover Transferee Holding", regardless of whether it has paid the consideration due to you under this Offer;

- (xv) irrevocably authorised Shanxi Donghui (and any nominee) to transfer the Accepted Shares held in the Issuer Sponsored subregister to Shanxi Donghui, regardless of whether it has paid the consideration due to you under this Offer; and
  - (xvi) agreed, subject to the conditions of this Offer in section 12.8 being fulfilled or freed, to execute all documents, transfers and assurances, and do all other acts, matters and things that Shanxi Donghui may consider necessary or desirable to convey the Accepted Shares registered in your name and Rights to Shanxi Donghui.
- (d) The undertakings and authorities referred to in section 12.5(c) remain in force after you receive the consideration for the Accepted Shares and after Shanxi Donghui becomes registered as the holder of the Accepted Shares.

## 12.6 Payment of consideration

- (a) Subject to this section 12.6 and the Corporations Act, Shanxi Donghui is to provide the consideration due to you for the Accepted Shares on or before the earlier of:
- (i) If the Offer is subject to a bid condition when you provide your acceptance and associated acceptance documentation – the earlier of one month after the takeover contract with you becomes unconditional or 21 days after the end of the Offer Period; and
  - (ii) If the Offer is unconditional when you provide your acceptance and associated documentation – the earlier of one month after Shanxi Donghui is given your acceptance documents or 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
- (i) if that document is given with your Acceptance Form, Shanxi Donghui will provide the consideration in accordance with section 12.6(a);
  - (ii) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Shanxi Donghui will provide the consideration within 21 days after the takeover contract becomes unconditional.
  - (iii) if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Shanxi Donghui will provide the consideration due to you within 21 days after the takeover contract becomes unconditional.
- (c) If you accept this Offer, Shanxi Donghui is entitled to all Rights in respect of the Accepted Shares. Shanxi Donghui may require you to provide all documents necessary to vest title to those Rights in Shanxi Donghui, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Shanxi Donghui, or if you have received the benefit of those Rights, Shanxi Donghui will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Shanxi Donghui) of those Rights, together with the value (as reasonably assessed by Shanxi Donghui) of the franking credits, if any, attached to the Rights.
- (d) The consideration payable by Shanxi Donghui to you under the Offer is to be paid to you by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas Shareholders, by airmail) at the registered address shown on Shanxi Donghui's copy of the Inova Shareholder register.
- (e) If at the time you accept the Offer any of the following:
- (i) *Banking (Foreign Exchange) Regulations 1959 (Cth)*;
  - (ii) *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)*; or

- (iii) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for any of Your Shares, or would make it unlawful for Shanxi Donghui to provide any consideration to you for any of Your Shares, you will not be entitled to receive any consideration for any of Your Shares until all requisite authorities, clearances or approvals have been received by Shanxi Donghui.

## 12.7 Rounding of cash consideration

If you are entitled to receive a fraction of a cent under the Offer, the cash consideration you are entitled to receive will be rounded up to the next whole cent.

## 12.8 Conditions of this Offer

Subject to section 12.9 the Offer and any contract resulting from acceptance of the Offer is subject to fulfilment (or waiver by Shanxi Donghui in its discretion, which in relation to each Condition may be in whole or in part) of each of the following Conditions:

- (a) (Minimum ownership) during, or at the end of, the Offer Period, the number of Target Shares in which Bidder and its associates together have relevant interests is at least 51% (by number) of all Target Shares on issue;
- (b) (Chinese regulatory approval) prior to the end of the Offer Period:
  - (i) (NDRC) the Chinese National Development and Reform Commission (Central Level and Shanxi Level) approves the Bidder's acquisition of Target Shares under the Bid;
  - (ii) (MOFCOM) the Chinese Ministry of Commerce approves the Bidder's acquisition of Target Shares under the Bid; and
  - (iii) (SAFE) the Chinese State Administration of Foreign Exchange approves of any member of the Bidder Group paying the aggregate price for the Target Shares under the Bid and transferring funds in AUD or another approved currency out of China to Australia for that purpose,

and such approvals are granted, given, made or obtained by Bidder on an unconditional basis and at the end of the Offer Period remain in force and effect in all respects and do not become subject to any notice or indication of intention from a Chinese public authority (national, provincial or otherwise) to revoke, suspend, restrict, modify or not renew;

- (c) (Foreign Acquisitions and Takeovers Act) prior to the end of the Offer Period, the Treasurer of the Commonwealth of Australia or their agent consents under the Foreign Acquisitions and Takeovers Act 1974 (Cth) (Act) to the proposed acquisition by Bidder of Target Shares under the Bid and the Treasurer is taken to have so consented:
  - (i) if Bidder receives written notice from or on behalf of the Treasurer to the effect that the acquisition of Target Shares is not inconsistent with the Australian Government's foreign investment policy or is not objected to under the Act; or
  - (ii) if notice of the Bid or proposed acquisition of Target Shares is given to the Treasurer and the Treasurer has ceased to be empowered to make any order under Part II of the Act in relation to the proposed acquisition by Bidder of Target Shares under the Bid because of lapse of time;
- (d) (No Public Authority intervention) that between the Announcement Date and the end of the Offer Period (each inclusive):
  - (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
  - (ii) no application is made to any Public Authority (other than by any member of Bidder and any of its Subsidiaries); and

- (iii) no action or investigation is instituted or threatened by any Public Authority with respect to any member of the Target Group,

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer), which:

- (iv) restrains or prohibits (or, if granted, could restrain or prohibit), or otherwise materially adversely affect the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Bidder in respect of Target and the Target Shares to be acquired under the Offer; or
  - (v) requires the divestiture by any member of the Bidder Group of any Target Shares, or the divestiture of any material assets of the Target Group or any member of the Bidder Group;
- (e) (No material acquisitions, disposals, cancellations or new commitments) except for any proposed transaction or item fairly disclosed in writing to the Bidder, or publicly announced by Target, before the Announcement Date, none of the following events occurs during the period on and from the Announcement Date to the end of the Offer Period:
- (i) Target or another member of the Target Group acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets, other than an interest in a member of the Target Group which is held by another person for the benefit of any other member of the Target Group) or makes an announcement in relation to such an acquisition or agreement for an amount or consideration in excess of AUD 1,000,000 for any individual item or in excess of AUD 5,000,000 in aggregate;
  - (ii) Target or another member of the Target Group disposes of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) or makes an announcement in relation to such a disposition or agreement for an amount or consideration in excess of AUD 1,000,000 for any individual item or in excess of AUD 5,000,000 in aggregate;
  - (iii) a member of the Target Group enters into or agrees to enter into any offtake or marketing agreement in relation to any of the commodities currently produced or forecast to be produced by the Target that is either not on arms' length terms or that lasts for a period of longer than 6 months;
  - (iv) a member of the Target Group enters into or agrees to enter into any farm-in, farm-out, joint venture or partnership or other management agreement that requires or is reasonably likely to involve payments, expenditure or the foregoing of revenue, by a member of the Target Group in excess of AUD 2,000,000 in aggregate; or
  - (v) a mining lease, permit or licence granted to or held by any member of the Target Group relating to the Merlin Project, the Mt Elliott Project or the Osborne Project is revoked, surrendered or terminated or a member of the Target Group agrees to the same without there being a reasonable likelihood of such tenement, permit or licence being allowed to continue, renewed or extended on terms which are no less favourable to the member of the Target Group;
- (f) (No persons exercising rights under certain agreements or instruments) after the Announcement Date and before the end of the Offer Period, no person exercises or announces its intention to exercise any rights under any provision of any agreement or other instrument to which a member of the Target Group is a party, or by or to which a member of the Target Group or any of its assets may be bound or be subject (which, if

exercised, will have or is reasonably likely to have a material adverse effect on the Target Group taken as a whole), to:

- (i) require monies borrowed by, or other financial accommodation provided to, a member of the Target Group to be paid or repaid immediately or earlier than the repayment or maturity date stated in such agreement or other instrument;
- (ii) terminate or modify any such agreement or instrument or require that any action be taken thereunder (including the acceleration of the performance of any obligation thereunder);
- (iii) terminate or modify the interest of a member of the Target Group in any farm-in, farm-out, partnership, joint venture, trust, corporation or other entity (or any arrangements relating to such interest); or
- (iv) require that any assets, shares or business of a member of the Target Group be sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions,

as a result of the acquisition of Target Shares by Bidder;

- (g) (Distributions) during the period commencing on the Announcement Date and ending at the end of the Offer Period, Target does not make or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), except for any distribution which has been publicly announced by Target on the ASX before the Announcement Date;
- (h) (Prescribed occurrences) during the period beginning on the date the Bidder's Statement is given to Target and ending at the end of the Offer Period, none of the following events happen:
  - (i) Target converts all or any of its shares into a larger or smaller number of shares;
  - (ii) a member of the Target Group resolves to reduce its share capital in any way;
  - (iii) a member of the Target Group:
    - (A) enters into a buy-back agreement; or
    - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
  - (iv) a member of the Target Group issues Shares, or grants an option over its Shares, or agrees to make such an issue or grant such an option, in each case other than:
    - (A) an issue of Shares: (A) as a result of the vesting and exercise of an EPRP right on issue as at the Announcement Day by an eligible member of the plan in accordance with the EPRP plan rules, or (B) otherwise in accordance with the EPRP plan rules where there is no exercise of any Target Board discretion to permit early vesting, or pursuant to the exercise of Target Board discretion taking effect under the EPRP plan rules upon the Offer becoming unconditional; or
    - (B) an issue or grant of options over Shares (including EPRP rights) to any of the officers, directors, executives or employees of the Target Group pursuant to offers that were made prior to the Announcement Date or contractual arrangements in existence prior to the Announcement Date;
  - (v) a member of the Target Group issues, or agrees to issue, convertible notes;
  - (vi) a member of the Target Group disposes, or agrees to dispose, of the whole, or a substantial part, of the Target Group's business or property;

- (vii) a member of the Target Group resolves to be wound up;
  - (viii) a liquidator or provisional liquidator of a member of the Target Group is appointed;
  - (ix) a court makes an order for the winding up of a member of the Target Group;
  - (x) an administrator of a member of the Target Group is appointed under sections 436A, 436B or 436C of the Corporations Act;
  - (xi) a member of the Target Group executes a deed of company arrangement;
  - (xii) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of a member of the Target Group; or
  - (xiii) a member of the Target Group grants or agrees to grant an Encumbrance in or over the whole, or a substantial part, of the Target Group's business or property.
- (i) (No prescribed occurrence prior to dispatch) none of the events referred to in condition (h)(i) (xiii) happens during the period commencing on the Announcement Date and ending at the end of the day immediately preceding the day the Bidder's Statement is given to Target;
- (j) (Conduct of Target's affairs) during the period commencing on the Announcement Date and ending on the end of the Offer Period no member of the Target Group without the prior written consent of the Bidder:
- (i) changes its constitution or passes any special resolution;
  - (ii) enters into any guarantee, indemnity or guarantee and indemnity on behalf of any member of the Target Group in relation to amount in excess of AUD 10,000,000;
  - (iii) increases the remuneration or otherwise materially varies the engagement terms of or employment arrangements with any director of a member of the Target Group or any key management personnel of the Target Group where the total annual employment cost of that director or employee equals or exceeds AUD 200,000, except in accordance with contractual arrangements in existence on the Announcement Date or any determination of a board of a member of the Target Group made prior to the Announcement Date; or
  - (iv) without prejudice to conditions (e) and (f) above and paragraphs (i) to (iii) above enters into or agrees to enter into any agreement or commitment with a third party that would require expenditure, the foregoing of revenue or the incurring of a liability by one or more members of the Target Group in excess of AUD 10,000,000.

(k) Definitions

The following definitions apply in interpreting the Conditions:

**Announcement Date** means the date on which the Bidder publicly proposes to make the Bid;

**associate** has the meaning given to that term in the Corporations Act;

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited ABN 98 008 624 691;

**Bid** means an off-market takeover bid by Bidder for all Target Shares under Chapter 6 of the Corporations Act;

**Bidder** means Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd;

**Bid Condition** means each condition set out above;

**Bidder Group** means the Bidder and each of its 'related bodies corporate' (as defined in the Corporations Act);

**Bidder's Statement** means the bidder's statement to be issued by Bidder in respect of the Bid;

**Corporations Act** means the Corporations Act 2001 (Cth);

**Encumbrance** means an interest or power:

- (i) reserved in or over any interest in any asset including any retention of title; or
- (ii) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and includes any agreement to grant or create any of the above;

**EPRP** means the Target Employee Share Plan adopted by the Target Board in 2008 as amended by the Target Board from time to time;

**Offer** means each offer to acquire Target Shares to be made by Bidder to Target Shareholders in connection with the Bid;

**Offer Period** means the period during which Offers are open for acceptance;

**Public Authority** means any federal, provincial, state or other government, governmental or public department, court, tribunal, administrative, statutory or judicial entity, arbitral body, securities commission or stock exchange (such as ASX or TSX) whether of or in Australia or Canada;

**Register** means the register of Target Shareholders maintained by Target in accordance with the Corporations Act;

**Subsidiary** has the meaning given in the Corporations Act;

**Takeovers Panel** means the Takeovers Panel referred to in Division 2, Part 6.10 of the Corporations Act;

**Target Board** means the board of directors of Target;

**Target Group** means Target and each of its Subsidiaries;

**Target** means Inova Resources Limited ACN 107 689 878;

**Target Shares** means fully paid ordinary shares in Target;

**Target Shareholder** means a person who is registered as the holder of Target Shares in the Register;

(I) Interpretation

- (i) Headings are for convenience only, and do not affect the interpretation of this document.
- (ii) The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply:
  - (A) the singular includes the plural, and the converse also applies;
  - (B) a gender includes all genders;
  - (C) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

- (D) unless otherwise stated references in this document to sections, paragraphs and sub-paragraphs are to sections, paragraphs and sub-paragraphs of this document;
  - (E) a reference to a person includes a corporation; and
  - (F) a reference to dollars, \$ or AUD is to Australian currency.
- (iii) References to time are references to the time in Melbourne, Australia on the relevant date, unless stated otherwise.

## **12.9 Nature and benefit of conditions**

- (a) Each of the conditions in section 12.8 (other than the condition specified in section 12.8(c)) to which this Offer is subject is a condition subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, or, in the case of the condition in section 12.8(h) (Prescribed occurrences), until the third Business Day after the end of the Offer Period, prevent a contract to sell Your Shares from arising, but entitles Shanxi Donghui by written notice to you, to rescind the contract resulting from your acceptance of this Offer.
- (b) The condition specified in section 12.8(c) is a condition precedent and, as a result, no contract resulting from acceptance of this Offer will become binding unless and until that condition is fulfilled.
- (c) Subject to the Corporations Act, Shanxi Donghui alone is entitled to the benefit of the conditions in section 12.8, or to rely on any non fulfilment of any of them.
- (d) Each condition in section 12.8 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

## **12.10 Freeing the Offer of conditions**

Shanxi Donghui may free this Offer, and any contract resulting from its acceptance, from the conditions in section 12.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Inova and to TSX and ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:

- (a) in the case of the condition in section 12.8(h) (Prescribed occurrences), not later than three Business Days after the end of the Offer Period; and
- (b) in the case of all other conditions in section 12.8, not less than 7 days before the end of the Offer Period.

If, at the end of the Offer Period (or, in the case of the condition in section 12.8(h) (Prescribed occurrences), at the end of the third Business Day after the end of the Offer Period) the conditions in section 12.8 have not been fulfilled and Shanxi Donghui has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be void automatically.

## **12.11 Notice on status of conditions**

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is [insert date] 2013 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

## **12.12 Withdrawal of this Offer**

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Shanxi Donghui will give notice of the withdrawal to ASX and to Inova and will comply with any other conditions imposed by ASIC.



- (b) If, at the time this Offer is withdrawn, this offer has been freed from all the conditions in section 12.8, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in section 12.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to this section 12.12 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, after the date that consent in writing is given by ASIC; or
  - (ii) if the withdrawal is subject to conditions imposed by ASIC, after the date those conditions are satisfied.

#### 12.13 Variation of this Offer

Shanxi Donghui may vary this Offer in accordance with the Corporations Act.

#### 12.14 No stamp duty or brokerage charges

- (a) Shanxi Donghui will pay any stamp duty on the transfer of the Accepted Shares to it.
- (b) As long as Your Shares are registered in your name and you deliver them directly to Shanxi Donghui, you will not incur any brokerage charges in connection with your acceptance of this Offer.

#### 12.15 Governing laws

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Victoria, Australia.

## 13 Definitions and interpretation

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### 13.1 Definitions

In this Bidder's Statement and in the Acceptance Form unless the context otherwise appears, the following terms have the meanings shown below:

**Acceptance Form** means the acceptance form enclosed with this Bidder's Statement.

**Accepted Shares** has the meaning set out in section 12.5(a).

**Announcement Date** means the date of the announcement of the offer to acquire all of the shares in Inova by Shanxi Donghui, being 21 August 2013.

**ASIC** means the Australian Securities and Investments Commission.

**Associates** has the meaning given to it in section 12 of the Corporations Act.

**ASX** means ASX Limited ABN 98 008 624 691, or the financial products market it administers, as the context requires.

**ASX Listing Rules** means the listing rules of ASX as amended or varied from time to time.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of the settlement facility provided by ASX Settlement as amended or varied from time to time.

**Bidder's Statement** means this document, being the statement of Shanxi Donghui under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

**Business Day** means a day on which banks are open for business in Melbourne, Australia, excluding a Saturday, Sunday or public holiday.

**CGT** means capital gains tax.

**CHESS** means the clearing house electronic sub register system operated by ASX Settlement.

**CHESS Holding** means a holding of Shares which are registered on the Inova share register being a register administered by ASX Settlement and which records uncertificated holdings of Shares.

**Controlling Participant** in relation to Your Shares has the same meaning as in the ASX Settlement Operating Rules.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**EPM** means Exploration Permit for Minerals granted under the *Mineral Resources Act 1989* (QLD).

**FATA** means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

**FIRB** means the Australian Foreign Investment Review Board.

**GST** means goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.

**GST Act** means A New Tax System (Goods and Services Tax) Act 1999 (Cth).

**GST Law** has the same meaning as in the GST Act.

**Holder Identification Number or HIN** has the same meaning as in the ASX Settlement Operating Rules.

**IAL** means IAL holdings Singapore Pte Ltd (a company incorporated in Singapore).

**Inova** means Inova Resources Limited ACN 107 689 878.

**Inova Board** means the board of directors of Inova.

**Inova Share Plan** means the Employee Share Plan adopted by the Inova board in 2008 as amended by the Inova board from time to time.

**Issuer Sponsored Holding** means a holding of Shares on the Inova issuer sponsored sub-register.

**Mineral Authority** on Reserved Land means a Mineral Authority on reserved Land granted under the *Mineral Titles Act 2010* (NT).

**Mineral Exploration Licence** means a Mineral exploration Licence granted under the *Mineral Titles Act 2010* (NT).

**Mineral Lease** means a Mineral Lease granted under the *Mineral Titles Act 2010* (NT).

**ML** means mining lease granted under the *Mineral Resources Act 1989* (QLD).

**Mtpa** means million tonnes per annum.

**Offer** or **the Offer** means the offer for Shares under the terms contained in section 12 of this Bidder's Statement.

**Offer Period** means the period during which the Offer will remain open for acceptance in accordance with section 12.2 of this Bidder's Statement.

**Participant** means an entity admitted to participate in the Clearing House Electronic Sub-register system under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

**Performance Rights** means performance rights issued and vested under the Inova Share Plan which once exercised convert to Shares.

**Pre-Bid Agreement** means the Pre-bid Acceptance Deed dated 21 August 2013 between Turquoise Hill and Shanxi Donghui.

**PwC** means PricewaterhouseCoopers Securities Limited.

**Register Date** means the date set by Shanxi Donghui under section 633(2) of the Corporations Act, being 29 August 2013.

**relevant interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Rights** means all accreditations, rights or benefits of whatever kind attaching or arising from Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Inova or any of its subsidiaries).

**Sapphire** means Sapphire International Capital.

**Security Holder Reference Number or SRN** has the same meaning as in the ASX Settlement Operating Rules.

**Shanxi Donghui** means Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd (a company incorporated in the People's Republic of China).

**Shanxi Donghui Group** means the group set out in Section 5.5.

**Share** or **Inova Share** means a fully paid ordinary share in the capital of Inova and **Shareholder** and **Inova Shareholder** have a corresponding meaning.

**Share Registrar** means Computershare Investor Services Pty Limited ABN 48 078 279 277.

**Stockbroker** means a member organisation admitted to participate in the CHESS under rule 2.1.1 of the ASX Settlement Operating Rules.

**Superior Third Party Offer** means a Third Party Offer which:

- (a) provides for a price per Share which exceeds the price per Share offered under the Offer; and
- (b) is reasonably capable of being valued and implemented, taking into account all aspects of the Third Party Offer, including its conditions,

as determined in accordance with the Pre-Bid Agreement.

**Takeover Transferee Holding** has the same meaning as in the ASX Settlement Operating Rules.

**Third Party Offer** means offers under a takeover bid pursuant to Chapter 6 of the Corporations Act, a scheme of arrangement pursuant to Part 5.1 of the Corporations Act or any other transaction which is subject to approval by Shareholders or has been approved by the board of directors of Inova, which, if completed, would mean that a person other than Shanxi Donghui or its associate would:

- (a) directly or indirectly, acquire or have a right to acquire an interest, a relevant interest in or become the holder of:
  - (i) more than 50% of the Shares; or
  - (ii) whole or a material part of the business or property of Inova; or
- (b) acquire "control" (as defined in section 50AA of the Corporations Act) of Inova.

**Thomsons** means Thomsons Lawyers.

**Trading Days** has the meaning given in the ASX Listing Rules.

**TSX** means Toronto Stock Exchange.

**Turquoise Hill** means Turquoise Hill Resources Limited (a company incorporated in Canada).

**VWAP** means volume weighted average price.

**Your Shares** means, subject to section 12.1(e) and section 12.1(f), the Shares:

- (a) in respect of which you are registered, or entitled to be registered, as holder in the register of Shareholders of Inova at 7.00pm (Melbourne time)/5.00am (Toronto time) on the Register Date;
- (b) in respect of which you are registered, or entitled to be registered, as holder during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to any Performance Rights; or
- (c) to which you are able to give good title at the time you accept this Offer during the Offer Period.

### 13.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, the following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) A reference to time is a reference to Sydney time.
- (b) Headings are for convenience only and do not affect interpretation.
- (c) The singular includes the plural and conversely.
- (d) A reference to a section is to a section of this Bidder's Statement.
- (e) A gender includes all genders.
- (f) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (g) \$, dollars or cents is a reference to the lawful currency in Australia, unless otherwise stated.
- (h) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (i) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (j) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (k) A reference to any instrument or document includes any variation or replacement of it.
- (l) A term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, as the case may be.
- (m) A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.

## 14 Approval of Bidder's Statement

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The contents of this Bidder's Statement has been approved and the sending of this Bidders Statement and associated Application Form has been authorised by resolutions passed by the directors of Shanxi Donghui.

Date: 29 August 2013

Signed for and on behalf of  
Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd

A handwritten signature in black ink, appearing to be 'Zhang Ya Ping', written in a cursive style.

Mr Zhang Ya Ping  
Chairman of Directors

# Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd

(Incorporated in the People's Republic of China)

## Return your Form:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 2115 Melbourne  
Victoria 3001 Australia

## For all enquiries:



### Phone:

(within Australia) 1300 354 618  
(outside Australia) +61 3 9415 4050

000001 000 IVA\_TK  
MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

## Takeover and Acceptance Form

## ISSUER



### Your form must be received by the end of the Offer Period.

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd ("Shanxi Donghui") to acquire all of your Ordinary Shares in Inova Resources Limited ("Inova") ABN (ACN 107 689 878) the terms of which are set out in the Bidder's Statement from Shanxi Donghui dated 29 August 2013 as replaced or supplemented (the "Bidders Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

### Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the Inova register, as provided to Shanxi Donghui. The current address recorded by Shanxi Donghui is printed above and overleaf. If you have recently bought or sold Ordinary Shares your holding may differ from that shown. If you have already sold all your Ordinary Shares in Inova, do not complete or return this form.

### Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL or PART of your Ordinary Shares. You will be deemed to have elected to receive Cash in consideration for ALL of your Ordinary Shares if you do not complete, or make an invalid election in, Step 2 on the reverse of this form.

### Step 3: Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders must sign.

**Power of Attorney:** Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

**Overseas Companies:** Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

**Turn over to complete the form** ➔




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# Takeover and Acceptance Form

STEP 1

## Registration Name & Offer Details

 For your security keep your SRN/  
HIN confidential.

Registration Name: MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

Offer Details: Securityholding as at 29 August 2013:

2000

By accepting the Offer for ALL of your Ordinary Shares, you are accepting the Offer for ALL Inova Ordinary Shares as recorded by Shanxi Donghui as being held by you at the date your acceptance is processed (even if different to the number stated above).

STEP 2

## Accept the Offer

You will be deemed to have elected to receive Cash in consideration for ALL of your Ordinary Shares if you do not complete, or make an invalid election below. The consideration applicable is set out in the terms of Shanxi Donghui's Offer.

1. ☐ CASH consideration for ALL of my/our Ordinary Shares

2.  The number of Ordinary Shares being accepted in respect of which you would like to receive the CASH consideration

STEP 3

## Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer made by Shanxi Donghui for Ordinary Shares in Inova and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL or PART of my/our Ordinary Shares as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/  
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary  
(cross out titles as applicable)

Contact  
Name

Contact  
Daytime  
Telephone

Date / /

## Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

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# Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd

(Incorporated in the People's Republic of China)

## Return your Form:



**To Your Controlling Participant:**

Return this form directly to your stockbroker



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 2115 Melbourne  
Victoria 3001 Australia

## For all enquiries:

**Phone:**



(within Australia) 1300 354 618

(outside Australia) +61 3 9415 4050

000002 000 IVA\_TK  
MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

## Takeover and Acceptance Form

CHESS



**Your form must be received with sufficient time to allow processing prior to the end of the Offer Period.**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd ("Shanxi Donghui") to acquire all of your Ordinary Shares in Inova Resources Limited ("Inova") ABN (ACN 107 689 878) the terms of which are set out in the Bidder's Statement from Shanxi Donghui dated 29 August 2013 as replaced or supplemented (the "Bidders Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

### Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the Inova register, as provided to Shanxi Donghui. The current address recorded by Shanxi Donghui is printed above and overleaf. If you have recently bought or sold Ordinary Shares your holding may differ from that shown. If you have already sold all your Ordinary Shares in Inova, do not complete or return this form.

### Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL or PART of your Ordinary Shares. You will be deemed to have elected to receive Cash in consideration for ALL of your Ordinary Shares if you do not complete, or make an invalid election in, Step 2 on the reverse of this form.

As your Inova Ordinary Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf. If you want Shanxi Donghui to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise Shanxi Donghui and Computershare Investor Services Pty Limited ("CIS") to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By signing this form, you warrant to Shanxi Donghui (and authorise Shanxi Donghui to warrant on your behalf) that you have full legal and beneficial ownership of the Ordinary Shares to which this form relates and that Shanxi Donghui will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

You should allow sufficient time for your Controlling Participant or Shanxi Donghui to initiate the acceptance of Shanxi Donghui's Offer on your behalf. Neither Shanxi Donghui or CIS will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

### Step 3: Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders must sign.

**Power of Attorney:** Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

**Overseas Companies:** Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

**Turn over to complete the form** ➔






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# Takeover and Acceptance Form

**STEP 1****Registration Name & Offer Details** For your security keep your SRN/  
HIN confidential.

**Registration Name:** MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

Controlling Participant Identifier:

**Offer Details:** Securityholding as at 29 August 2013:


**2000**

By accepting the Offer for ALL of your Ordinary Shares, you are accepting the Offer for ALL Inova Ordinary Shares as recorded by Shanxi Donghui as being held by you at the date your acceptance is processed (even if different to the number stated above).

**STEP 2****Accept the Offer**

You will be deemed to have elected to receive Cash in consideration for ALL of your Ordinary Shares if you do not complete, or make an invalid election below. The consideration applicable is set out in the terms of Shanxi Donghui's Offer.

1.  **CASH consideration for ALL of my/our Ordinary Shares**

2.  **The number of Ordinary Shares being accepted in respect of which you would like to receive the CASH consideration**

**STEP 3****Signature of Securityholder(s)** *This section must be completed.*

I/We accept the Offer made by Shanxi Donghui for Ordinary Shares in Inova and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL or PART of my/our Ordinary Shares as per the above instruction.

**Individual or Securityholder 1**

**Sole Director and Sole Company Secretary/  
Sole Director (cross out titles as applicable)**

**Securityholder 2**

**Director**

**Securityholder 3**

**Director/Company Secretary  
(cross out titles as applicable)**

**Contact  
Name**

**Contact  
Daytime  
Telephone**

**Date**    /    /

## Privacy Statement

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