Market Release

Monday, 12 August 2013

Updated Mount Elliott / SWAN Resource Statement Provides a Robust Basis for Revised Scoping Study

SWAN Oxide Zone Identified for Possible Leaching Project

MELBOURNE, AUSTRALIA – Inova Resources Limited (**IVA**:ASX/TSX) is pleased to provide a revised Mineral Resource statement for its large-scale copper-gold deposit at the Mount Elliott / SWAN Project.

Summary

The Mineral Resource update for the Mount Elliott / SWAN Project revises the previously announced 2010 Mineral Resource statement and includes the results from the recent drilling by Inova Resources in 2012/13, as well as substantial revisions to the geological and mineralisation interpretations for the deposit and surrounding area.

The overall result from this update provides a tighter, more constrained mineral resource estimate which integrates previous information with the new work completed over the period from late 2012 through to July 2013.

The total Mineral Resource estimate for the Mount Elliott / SWAN Project, at a 0.5% equivalent copper cutoff grade ("eCu")[1], is:

- Indicated Mineral Resource: 157 Mt @ 0.67 % copper and 0.40 g/t gold
- Inferred Mineral Resource: 107 Mt @ 0.54 % copper and 0.31 g/t gold

Table 1 provides full details of the Mineral Resource estimate at Mount Elliott / SWAN.

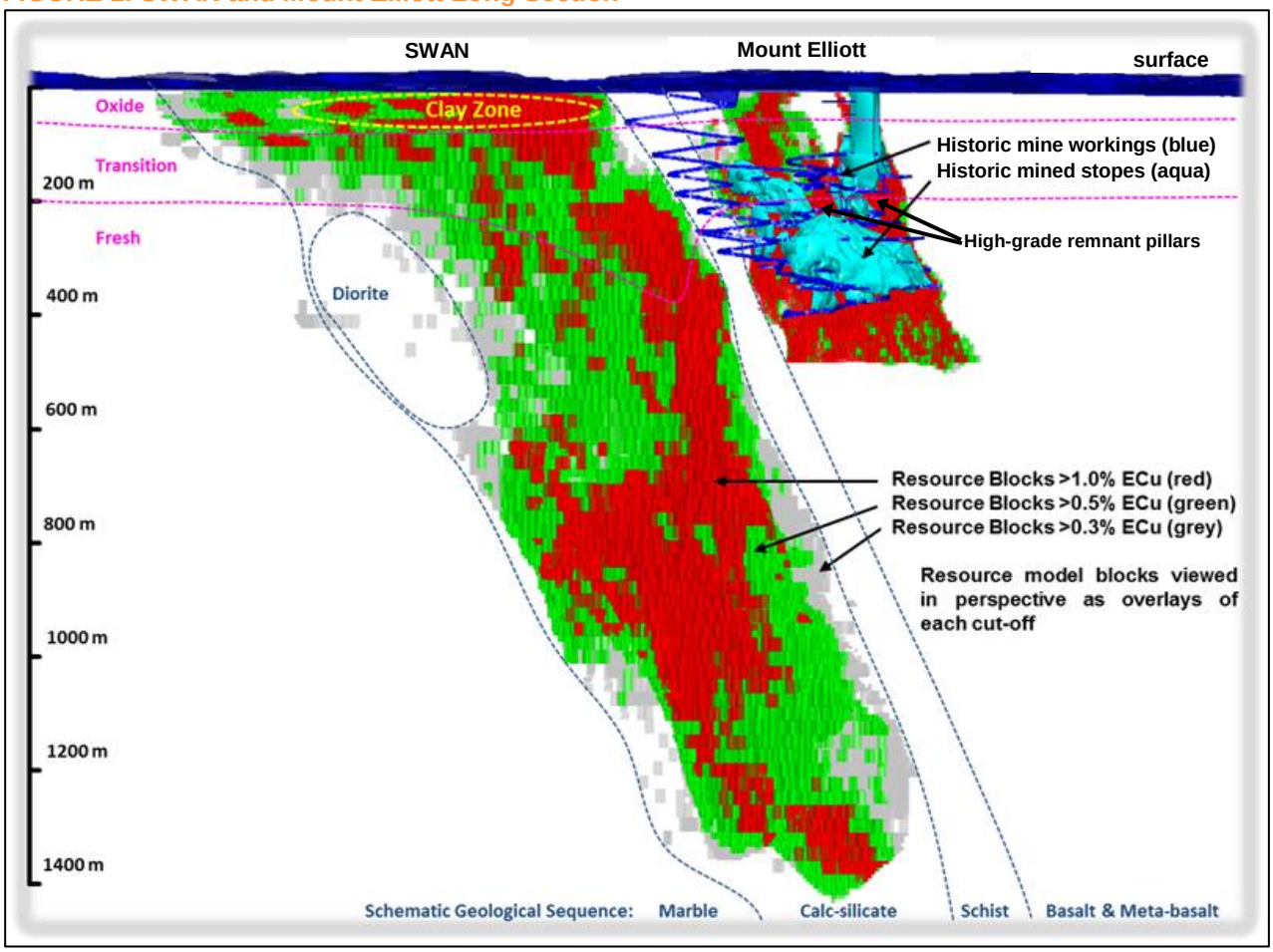
The previously published Mineral Resource estimate was completed in 2010 and used cutoff grades of 0.3% eCu and 0.8%eCu[2]. The updated Mineral Resource has been evaluated at the higher cut-off of 0.5% eCu reflecting the outcomes from the 2012 Mount Elliott Scoping Study to

[1] Equivalent copper cutoff grade (eCu% = Cu% + 0.6*Au g/t).
[2] 2010 Mineral Resource Estimate cutoff grades calculated as (eCu% = Cu% + 0.7*Au g/t + U ppm*0.0017 (where U >100ppm))

provide a better comparison to likely mining methods. At comparable cutoff grades, the results from the current estimate have increased the tonnage and grade of the Indicated Mineral Resources and reduced the tonnage of the Inferred Mineral Resources. While the overall assessment does not provide a significant change to the previous resource, the tighter, more constrained resource interpretation provides a more robust estimate and a higher level of confidence for input into the revised Mount Elliott / SWAN Scoping Study that is currently underway.

Figure 1, below, depicts a long section of the SWAN zone, created from the revised Mineral Resource estimate and reworked block model.

FIGURE 1. SWAN and Mount Elliott Long Section



Oxide Zone at SWAN

As detailed in Table 1, and depicted in Figure 1 above, the updated Mineral Resource at the SWAN deposit contains oxide and transition material totalling approximately 40 million tonnes.

The drilling of two surface drill holes to gather samples for further metallurgical testing of the oxide and transition zones is underway. The results of this testwork will be used to evaluate the economic potential of the leachable resources at SWAN.

This oxide and transition zone includes near-surface oxide mineralisation at SWAN that has a high clay content and includes:

- Indicated category: 8.9 Mt @ 0.73 % copper
- Inferred category: 1.5 Mt @ 0.53 % copper

These resources will be included in the Potential Leachable Copper Prospects assessment currently underway aiming to provide an overview of the potential for the Company's prospects to support either a standalone or regional heap leach copper project.

Background of the Mount Elliott / SWAN Project

The Mount Elliott /SWAN Project is located entirely on a granted mining lease and is situated approximately 70 kilometres north of Inova Resources' Osborne copper-gold processing complex, and 17 km north of the Merlin Molybdenum-Rhenium Project / Mount Dore camp (see Figure 2). A Mineral Resource for the deposit was prepared and issued by Inova Resources in October 2010. The current update to the Mineral Resource for Mount Elliott /SWAN has been prepared by Inova Resources and its consultant, Golder Associates Pty Ltd.

The original Mount Elliott deposit has been the site of historical mining activities since the early 1900's, with a number of historic structures still standing within the project area. Mining last occurred at Mount Elliott in 2003.

Attached as an Annexure is an independent assessment of the Mineral Resource prepared by Golder Associates Pty Ltd. This report provides a detailed description of the property and the resource estimate, including the basis of the copper equivalent calculations used in the cutoff grades.

A breakdown of the Mineral Resource estimate is provided in Table 1, by material type. The fresh zones and potentially some of the transition zones contain copper sulphide minerals that are considered suitable for effective recovery using traditional flotation methods. The oxide zones and potentially a proportion of the transition zones may be suitable for alternative acid heap leaching extraction (as noted above).

Exploration drilling and mapping by Inova Resources and previous owners has demonstrated that the main mineralised zones identified in the Mount Elliott / SWAN Project area are part of a single system that can be classed with the iron oxide copper gold (IOCG) models of mineralisation. The current drilling and geological interpretation of the Mount Elliott area generally shows a north dipping (local grid) sequence comprising (from the base up) metasediments, calc-silicate breccia, banded calc-silicates, marble, schist, basalt, phyllite, and black shale.

Since 2004 Inova Resources has drilled 234 holes totalling 132,000 metres of drilling. Most of these holes have targeted SWAN and the adjacent SWELL zone, with a limited number testing other mineralisation. The 2013 Mineral Resource update incorporates revisions of the geology and mineralisation interpretations completed by Inova Resources geologists and reviewed and modified by Golder. The geological revisions include the re-logging of approximately 30,000 metres of core samples. In addition to the prior drilling, this update includes the following additional drilling data:

- 5 surface diamond drill holes by Inova Resources totalling 4,700 metres and the results from the resurveys of 15 holes at SWAN in 2012 and 2013;
- 202 drill holes by Selwyn Mines between 2001 and 2003 at Mount Elliott;
- 9 surface drill holes by Inova between 2010 and 2012 intersecting Mount Elliott while targeting SWAN; and
- 11 surface RC holes targeting Mount Elliott near surface areas.

Comparison to the 2010 Mineral Resource Estimates

The 2013 Mineral Resource update includes the following changes in the modelling approach:

- A change in eCu equivalence calculation (reduction of the gold weighting from 0.7 to 0.6 and removing U) this brings the assessment of the property into line with other Inova Resources copper resource estimates and has only a small negative impact.
- At SWAN the principal block size has been reduced from 50 x 50 x 10 m to 20 x 10 x 20 m to allow the assessment of more selective mining methods and improve block orientation relative to drilling and the deposit.
- At SWAN, copper grade and tonnes have now been estimated for the clay zone within the oxide material to allow the economic assessment of this metallurgically distinct but generally high-grade mineralisation. In the 2010 Mineral Resources estimate copper was not modelled for the clay zone.
- At Mount Elliott the principal block size remains the same at 10 x 5 x 10 m but the estimation method has changed from inverse distance squared to ordinary kriging.
- At both deposits locally varying mineralisation orientations (dynamic anisotropy) was used to better capture the changes in mineralisation orientation.

Figures 3 & 4 depict the tonnage changes between the 2010 Mineral Resource estimate published by the Company and the current 2013 estimate. As detailed in these Figures, the majority of the tonnage changes are due to the changed copper equivalent cutoff grades.

Revised Scoping Study

The 2012 scoping study on the Mount Elliott / SWAN Project will be revised using the updated geological interpretations and resource estimate reported here to further assess the mining potential at surface and at depth. It is envisaged that the revised scoping study will be completed by the end of 2013, with any material results announced thereafter.

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Figure 2: Inova Resources Tenement Location: Mount Elliott / SWAN

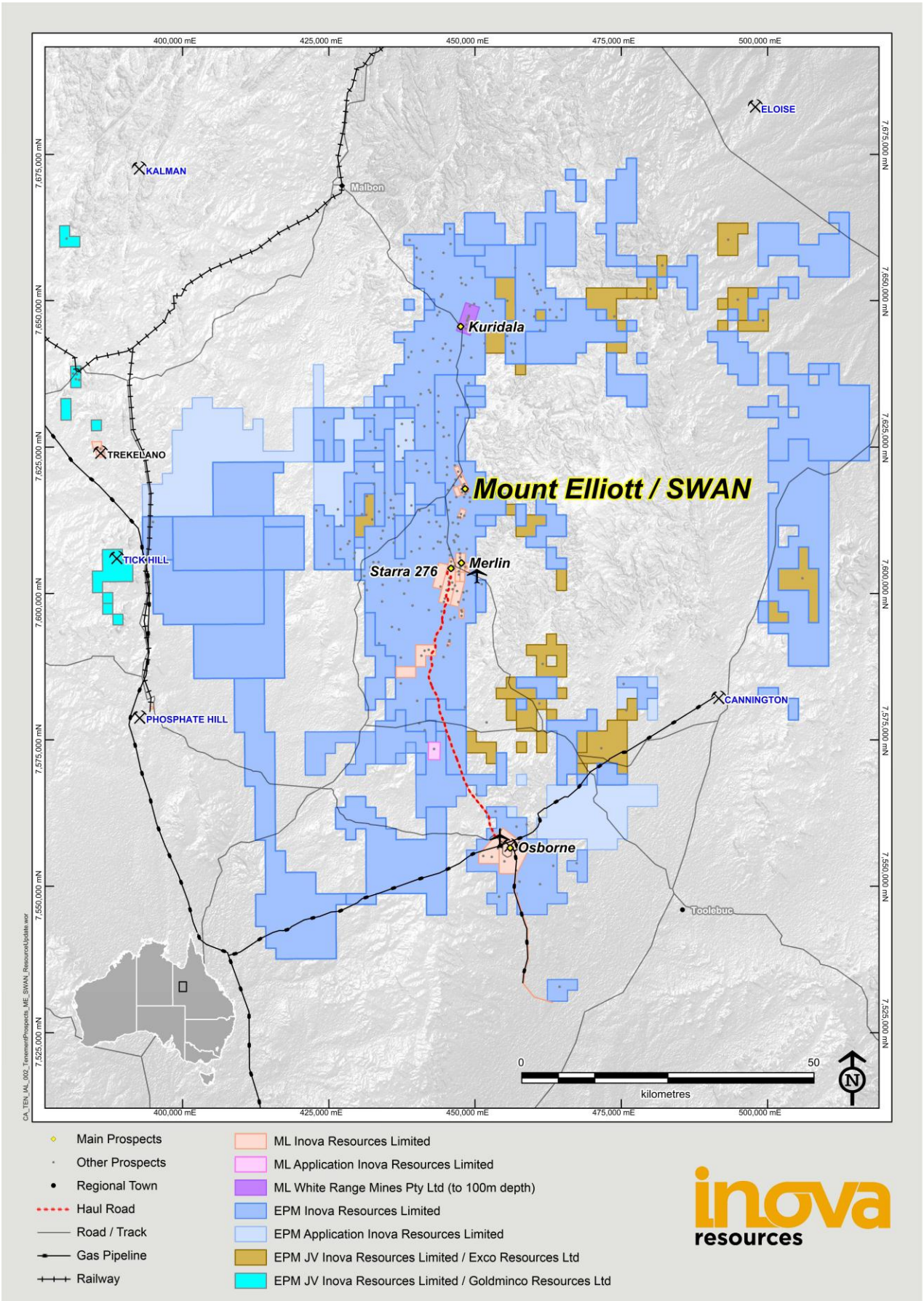

FIGURE 3. Changes in the combined Indicated Mineral Resource tonnage

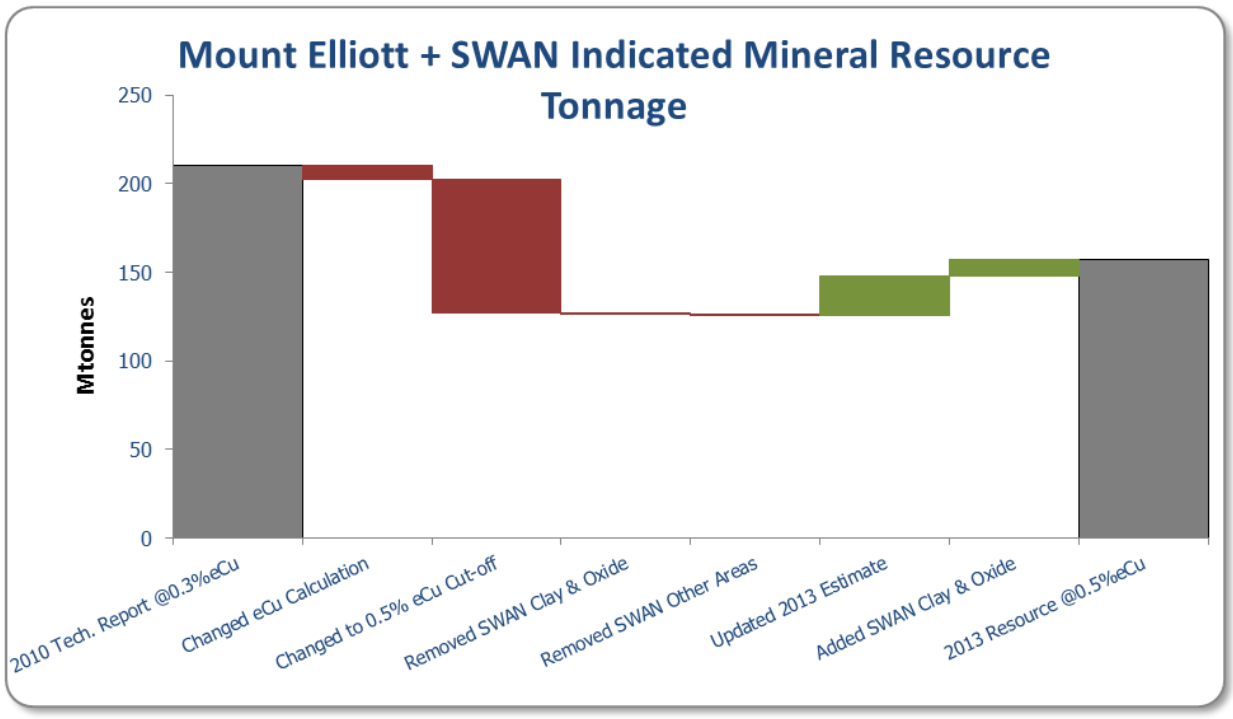

FIGURE 4. Changes in the combined Inferred Mineral Resource tonnage

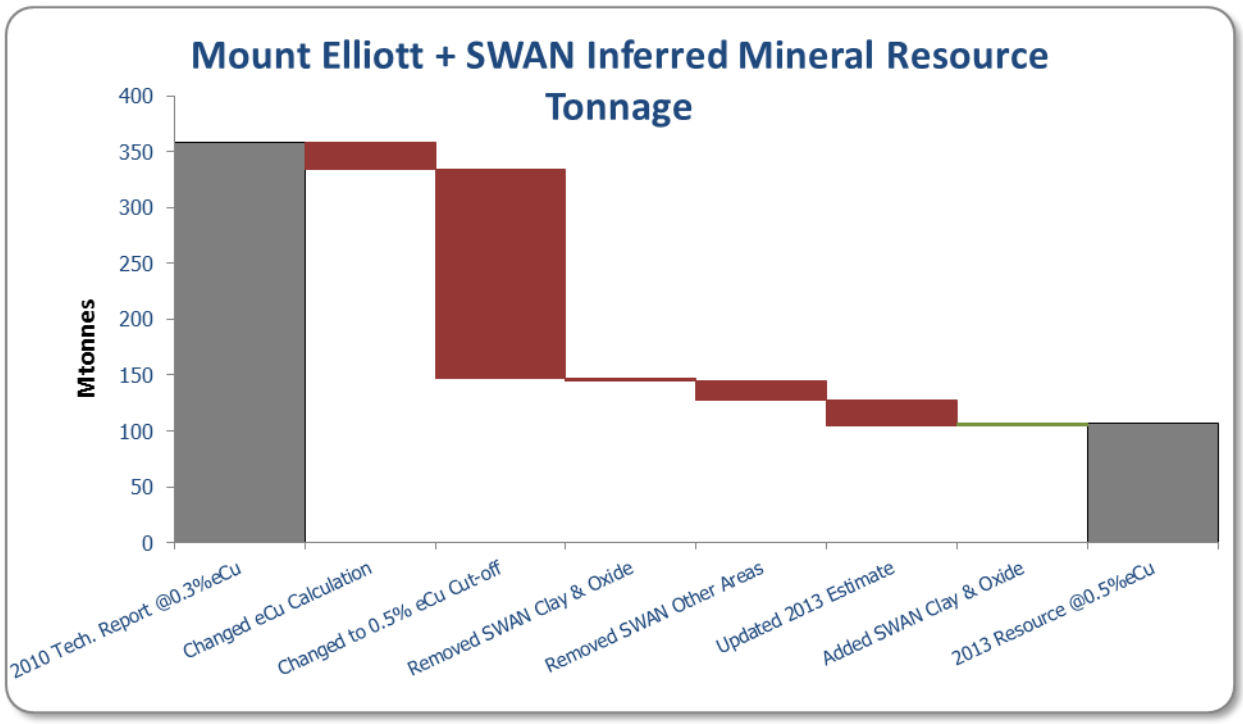

Table 1: Mount Elliott / SWAN *in situ* Mineral Resource estimate as at 30 June 2013 at a 0.5% eCu cutoff

Classification	Deposit	Material	Mt	Cu %	Au g/t	ECu %	U ppm
Indicated	Mt Elliott	Oxide	0.1	0.71	0.31	0.89	-
		Transition	3.9	1.10	0.59	1.45	-
		Sulphide	12.1	1.12	0.58	1.46	-
		Total	**16.1**	**1.11**	**0.58**	**1.45**	**-**
	SWAN	Oxide	8.9	0.73	0.38	0.96	15
		Transition	29.6	0.59	0.38	0.82	49
		Sulphide	102.2	0.62	0.38	0.85	47
		Total	**140.7**	**0.62**	**0.38**	**0.85**	**46**
	Total Indicated		**156.8**	**0.67**	**0.40**	**0.91**	**41**
Inferred	Mt Elliott	Oxide	1.0	0.70	0.31	0.89	-
		Transition	1.7	0.80	0.45	1.07	-
		Sulphide	2.3	0.66	0.33	0.86	-
		Total	**5.0**	**0.72**	**0.37**	**0.94**	**-**
	SWAN	Oxide	1.5	0.53	0.23	0.67	13
		Transition	2.4	0.47	0.29	0.65	43
		Sulphide	98.3	0.53	0.31	0.72	43
		Total	**102.2**	**0.53**	**0.31**	**0.71**	**43**
	Total Inferred		**107.3**	**0.54**	**0.31**	**0.72**	**41**

Note: eCu% = Cu % + (0.6*Au g/t)

Forward-looking statements

Certain statements made herein, including statements relating to matters that are not historical facts and statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking information and statements are typically identified by words such as "anticipate," "could," "should," "expect," "seek," "may," "intend," "likely," "plan," "estimate," "will," "believe" "potential", "likely" and similar expressions suggesting future outcomes or statements regarding an outlook. These include but are not limited to the company's expectations about the potential for the oxide zone at SWAN containing leachable copper and the update to the scoping study for the Mount Elliott/SWAN Project.

All such forward-looking information and statements are based on certain assumptions and analyses made by Inova Resources' management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements. The reader is cautioned not to place undue reliance on forward-looking information or statements.

The Competent Person / Qualified Person and QA/QC statements can be found in Annexure A.

ADDENDUM – Mount Elliott / SWAN Resource Statement

7 Aug 2013 Document No. 107631002-052-Rev0

Inova Resources Limited

MOUNT ELLIOTT – SWAN RESOURCE STATEMENT FOR JULY 2013

Introduction

The Mount Elliott project is situated in north-west Queensland, Australia, approximately 140 km south-east of Mount Isa. The property comprised two significant deposits in close proximity to each other. These are:

- Mount Elliott – Corbould deposit has intermittently been the site of mining activity since the early 1900s. Mining last occurred at Mount Elliott in 2003. A number of historic structures dating from the early twentieth century remain standing within the project area. Surface subsidence caused by the collapse of underground workings is evident within the project area.
- The SWAN (SW anomaly) was identified in the 1970's and drilled from surface, progressively enlarging the known system to a depth of 1300 m. The along strike and down dip extension of SWAN has a second minor mineralisation zone referred to as SWELL, that lies beneath Mount Elliott.

Mount Elliott project lies approximately 17 km north of Inova's Merlin project and Mount Dore camp and approximately 70 km north of Inova's Osborne mine and mill complex. The relationship of the resource to the mining lease boundaries and historic mining infrastructure is presented in Figure 1.

The deposits within the project area are located within the Proterozoic Kuridala and Stavely Formations of the Mt Isa Inlier. Granites outcrop extensively in the region and sills, dykes and pod-like bodies of metadolerite and amphibolite are widespread. The sedimentary Mesozoic Gilbert River Formation locally covers the older rocks. Mineralization is typically associated with silicification, potassic alteration, and quartz and/or carbonate veining.

Exploration drilling and mapping by Inova and previous workers has demonstrated that the main mineralized zones identified in the Mount Elliott project area are part of a single system that can be classed with the iron oxide copper gold (IOCG) models of mineralisation. The current drilling and geological interpretation of the Mount Elliott area generally shows a north dipping (local grid) sequence comprising (from the base up) metasediments, calc-silicate breccia, banded calc-silicates, marble, schist, basalt, phyllite, and black shale.

Since 2004 Inova has drilled 234 holes totalling 132 km of drilling. Most of these holes have targeted SWAN and SWELL, with a limited number testing other mineralisation. All Inova holes have been collared from surface and were drilled as exploration and infill holes. Most drilling was diamond core with HQ size, reducing to NQ at greater depth or according to ground conditions. Some holes were pre-collared with RC or commenced with PQ core. Inova drilling is displayed in Figure 2.

Drilling for the combined project area includes 2992 drill holes totalling 321.5 km of drilling. Surface drill hole traces are displayed in Figure 3.

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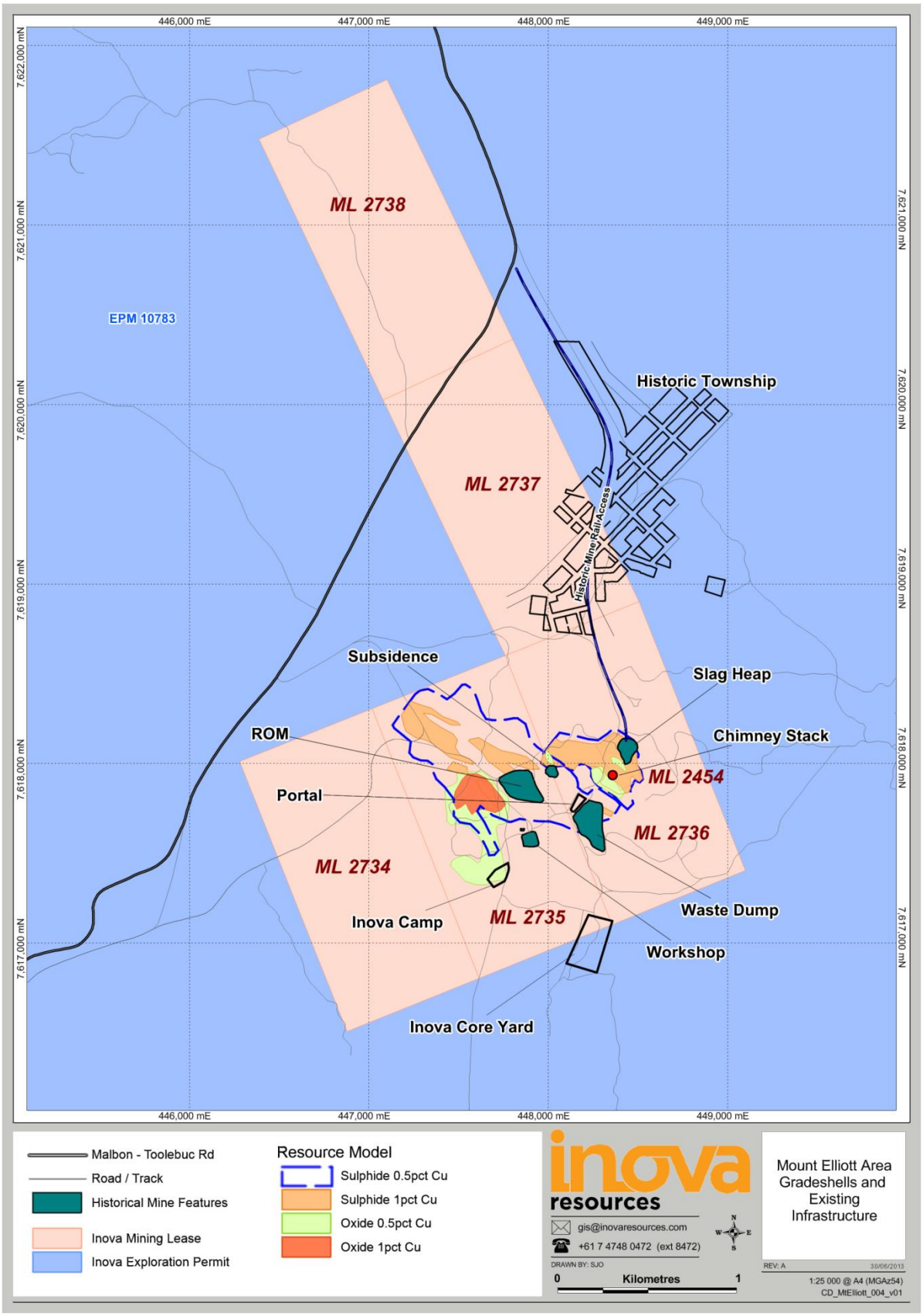


Figure 1: Resource relationship to Mining Leases (regional MGA grid)

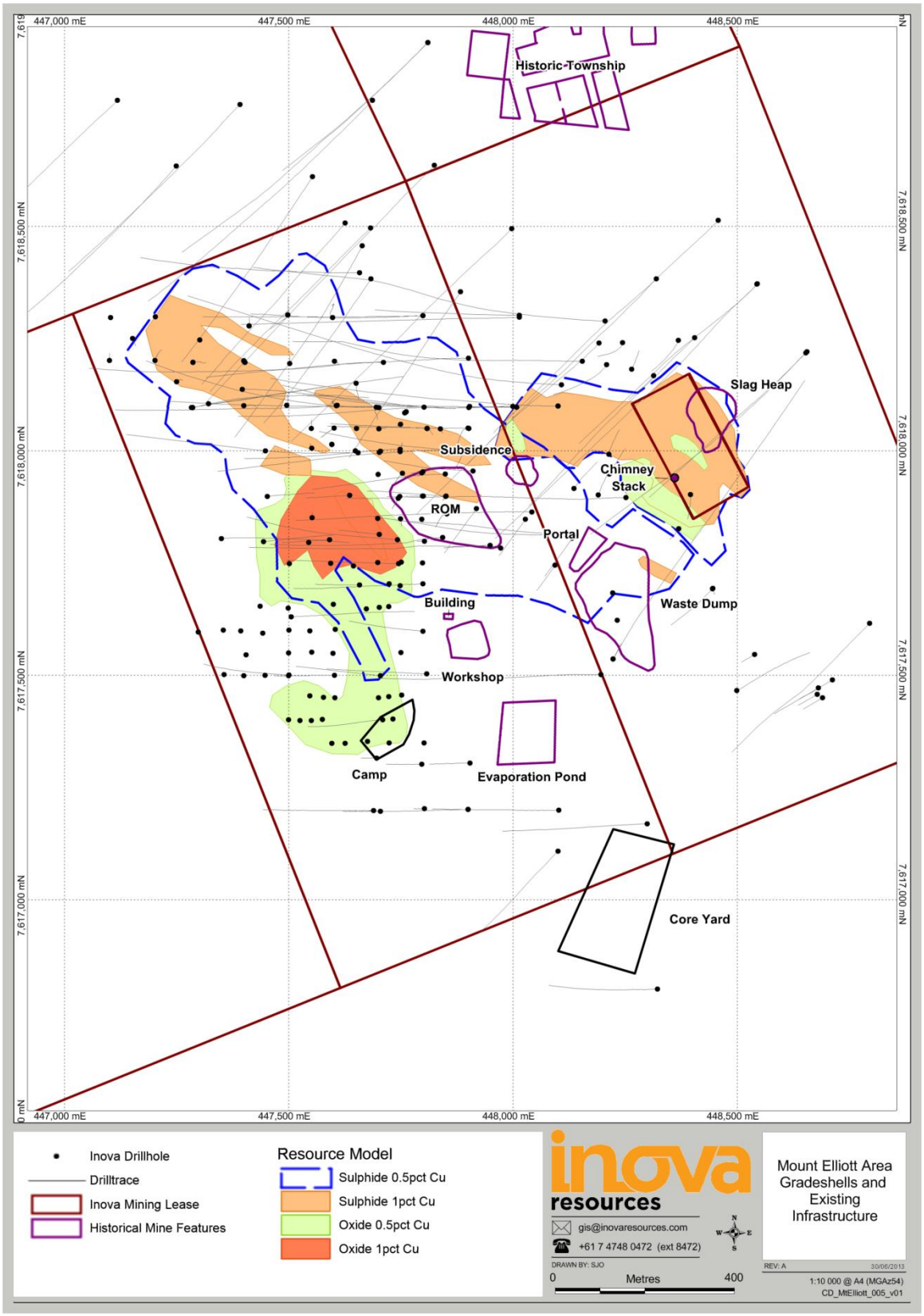


Figure 2: Resource relationship to Inova drilling completed since 2004 (regional MGA grid)

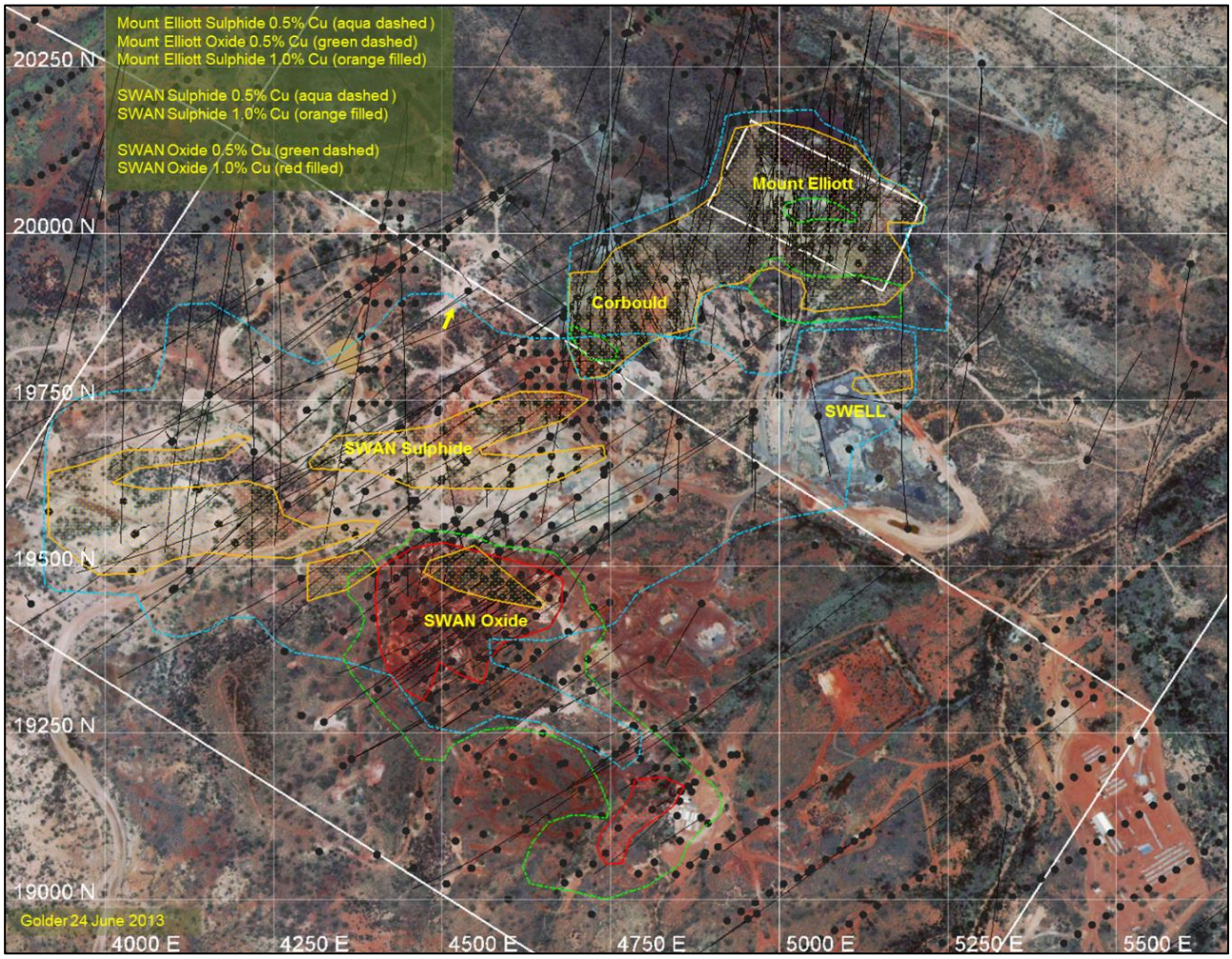


Figure 3: Resource relationship to all surface drilling (local mine grid)

Figure 4 provides a cross section that intersects both Mount Elliott and SWAN.

Mount Elliott is a relatively compact, high-grade mineralised system described as a copper-gold skarn like replacement of meta-basalts and is metasomatic in origin. It has some structural controls that result in one to two tabular zones that coalesce. The overall geometry of the mineralisation has an extent of about 500 m by 350 m dipping towards the local grid north at 70° and a width of 15 to 150 m (Figure 5). Higher grade internal zones can be both steeper and shallower dipping and were defined by previous underground mining and underground drilling.

The SWAN mineralization is hosted in banded to brecciated calc-silicates as replacement copper-gold mineralisation. The system is more disseminated than Mount Elliott and within the broad calc-silicate package which has an overall extent of 1300 m by 1300 m by 400 m dipping towards grid north at 70° and contains some unmineralised internal intrusives.

The southern end of the SWAN zone consists of 200 to 300 m thick, flat oxide-dominant section of the mineralisation. The near surface portions of the several narrow tabular shaped mineralised bodies in SWAN have been weathered with individual zones of secondary enrichment having coalesced to form the flat and near surface morphology of secondary copper mineralisation. Flat-lying mineralisation in the south steepens to the north-northwest and descends to a deeper northern zone.

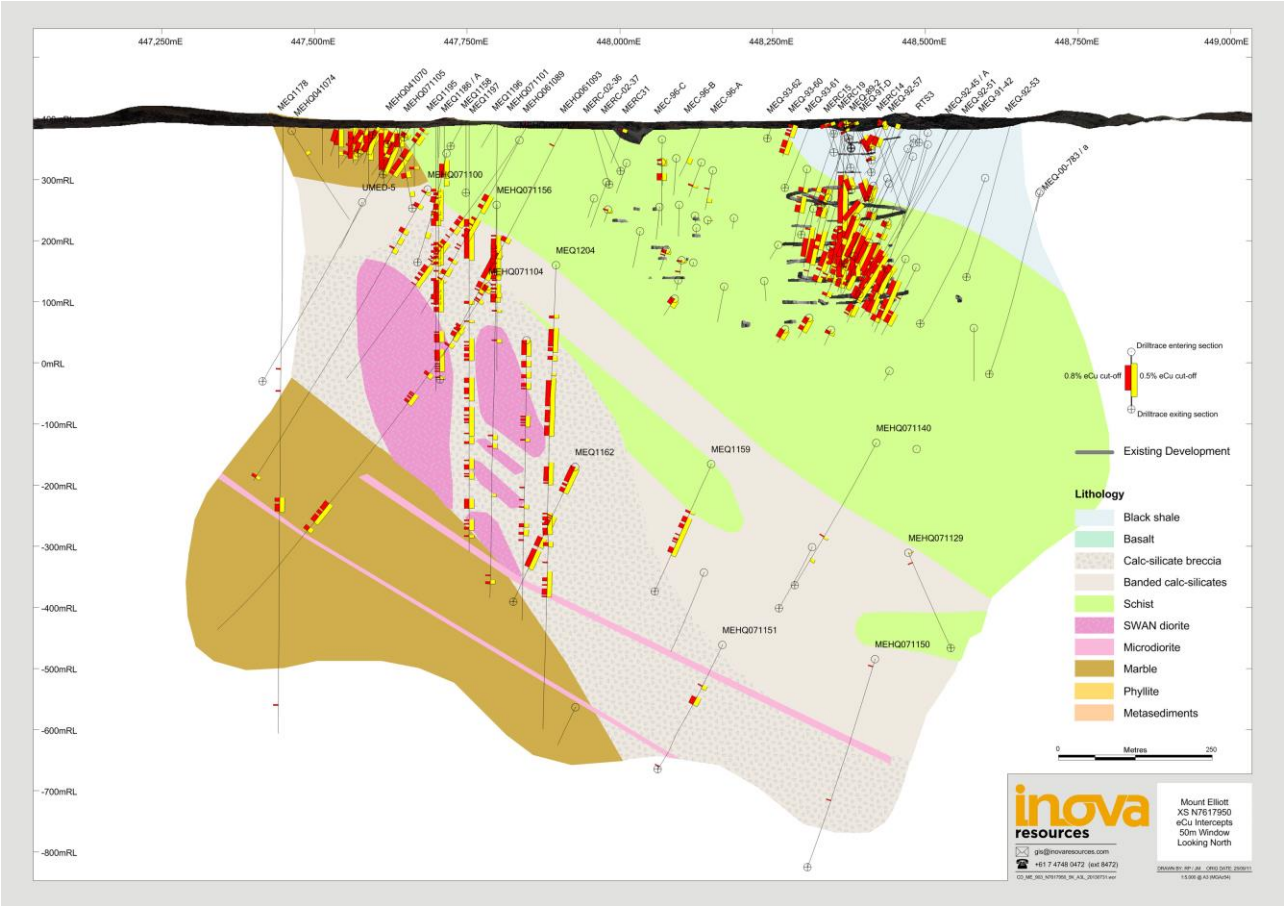
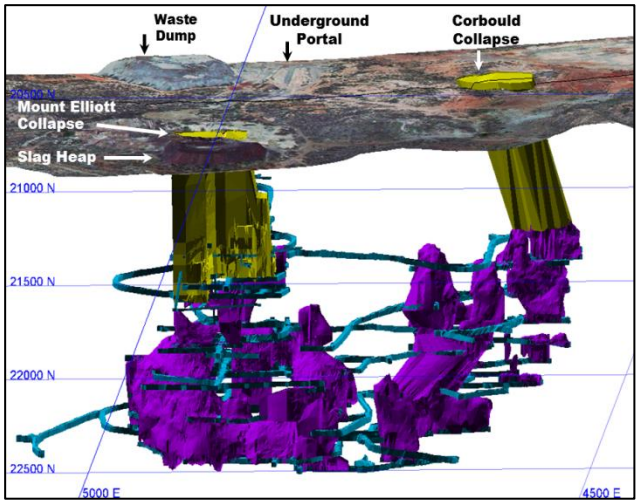
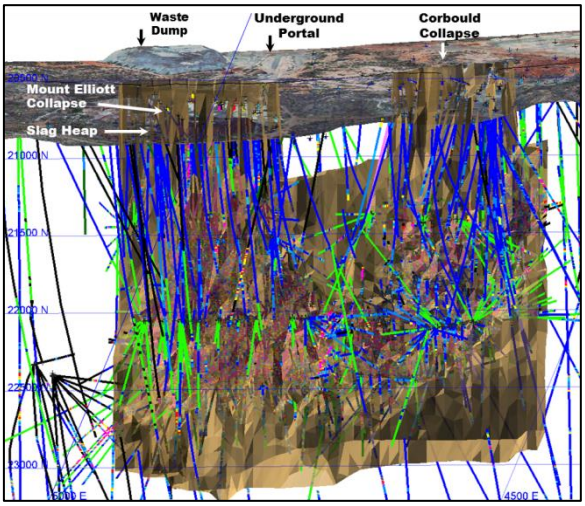
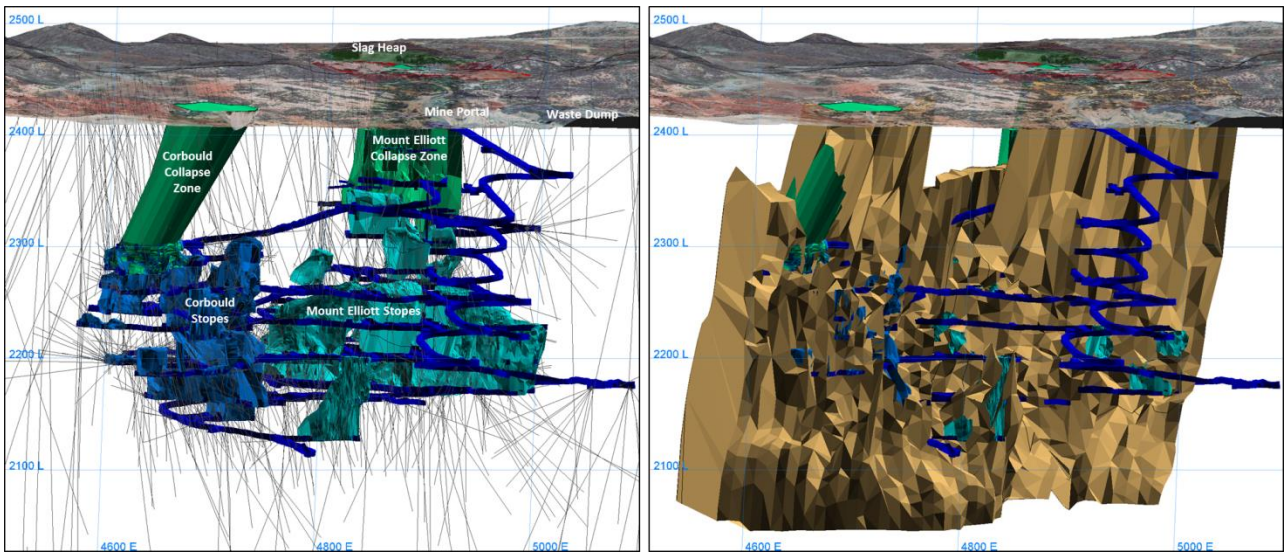


Figure 4: Cross section on the regional (MGA) grid displaying both SWAN and Mount Elliott deposits







Previous mining and ground disturbance *Resource extent*

Figure 5: Mount Elliott perspective views from local grid south

A number of mineral prospects located within 30 km of Mount Elliott have potential to make a material difference to the Mount Elliott project by providing additional feed to a processing facility located at Mount Elliott. These prospects have the potential to host copper sulphide mineralization with economic grades.

The Mineral Resources were estimated using a block modelling approach with grades estimated using ordinary kriging and variable anisotropy to control the local orientation of the mineralisation (Figure 6). The estimated area was divided into two different geological mineralisation domains during estimation to allow for variation in the copper and gold due to changes in rock type.

For SWAN, the Mineral Resource was estimated for one transitional - fresh domain within the calc-silicate unit and three overlying oxide domains (Figure 7). The SWAN oxide domains have difficult metallurgical characteristics. These were excluded from the previous resource estimate but the clay zone has sufficient copper enrichment that economic open pit mining is still a possibility and warrant inclusion in the Mineral Resources.

For Mount Elliott, the Mineral Resource was estimated within one transition-fresh domain. Three smaller upper extensions define a second oxide domain.

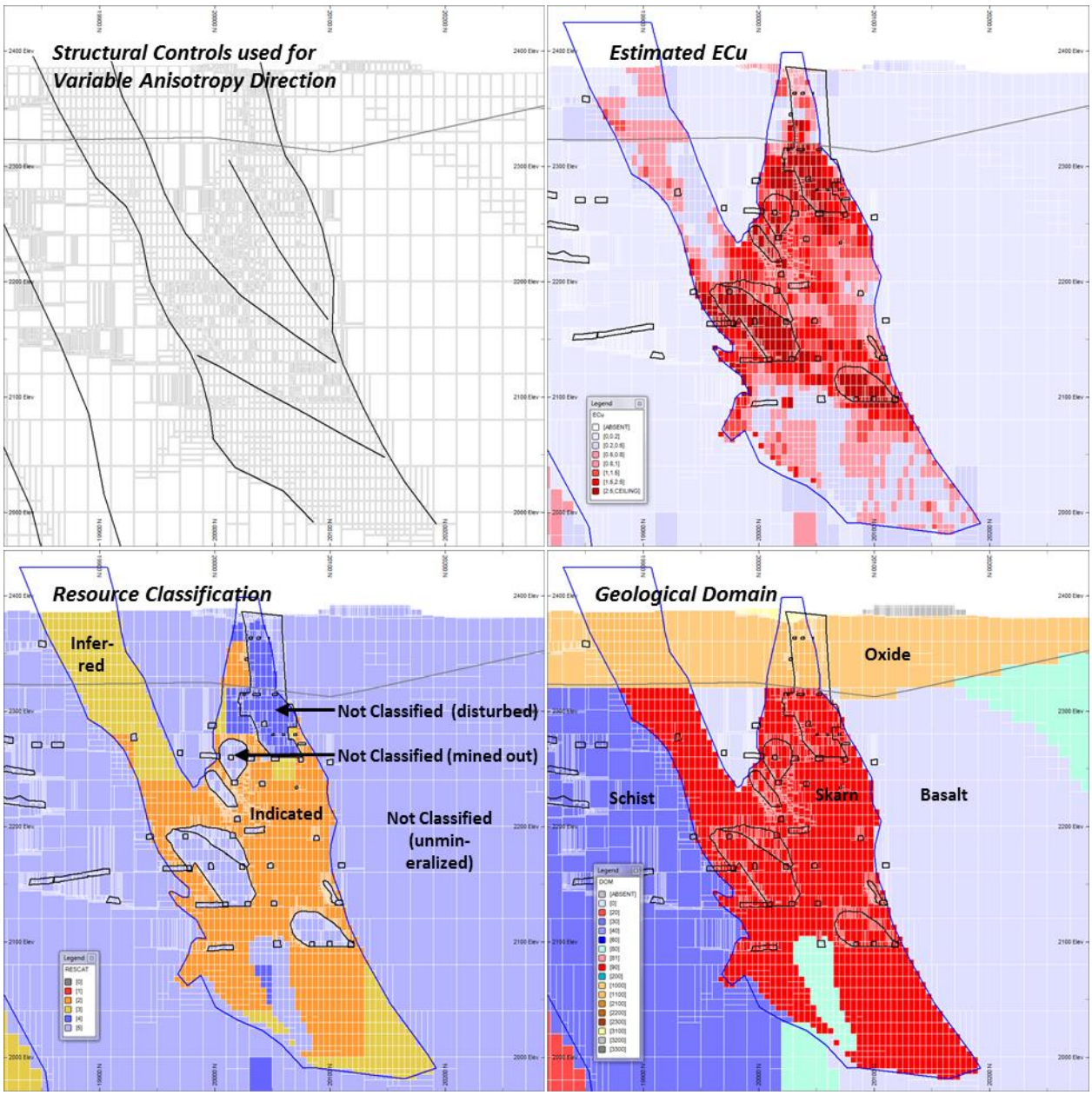


Figure 6: Mount Elliott example section 5020mE showing geology, grade and grade anisotropy

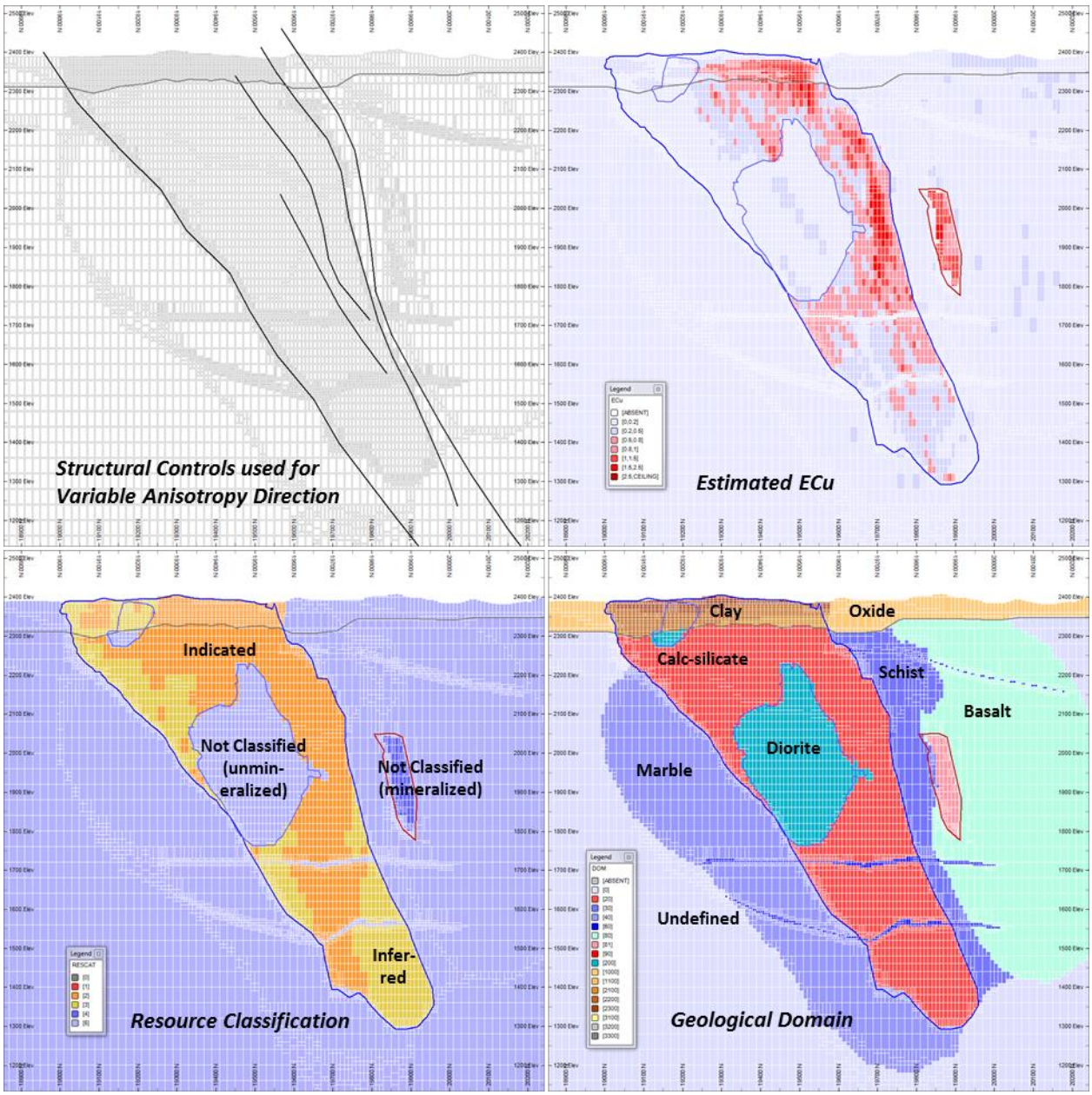


Figure 7: SWAN example section 4520mE showing geology, grade and grade anisotropy

Golder Associates Pty Ltd estimated the Mineral Resources using all drilling available to 31 July 2013. The Mineral Resources in Table 1 are provided using an equivalent copper (ECu) cut-off, where:

$$ECu = Cu\ (\%) + 0.6 \times Au\ (g/t)$$

Uranium content was previously considered for ECu calculation however there is not a material impact on the value of the copper concentrate. Consequently uranium is no longer considered in the ECu calculation.

A cut-off of 0.5% ECu is considered appropriate for reporting a Mineral Resource for open pit and bulk underground mining using block caving. This approximates the marginal operating cost for copper concentrate production through a flotation circuit as used by Inova at the Osborne copper mill. Although the metallurgical recovery of the SWAN oxide/clay zone is likely to be lower, a 0.5% ECu is still considered reasonable for Mineral Resource reporting as lower cost heap leach processing may be considered.

Resource Statement

The total Mineral Resource estimate, effective date 31 July 2013, for the SWAN and Mount Elliott copper deposits, within the interpreted copper mineralisation geological envelopes at a copper equivalent cut-off grade of 0.5% ECu is:

Indicated Mineral Resource: 157 Mt @ 0.67% Cu and 0.40 g/t Au

Inferred Mineral Resource: 107 Mt @ 0.54% Cu and 0.31 g/t Au

Additional details of the estimate are provided in Table 1, with additional Cu cut-offs and subdivision by oxidation. Transition and fresh zones contain copper suphide minerals that are considered suitable for effective recovery using traditional flotation methods. Oxide zones will have reduced flotation recovery or may be suitable for alternative acid heap leaching extraction. The SWAN oxide zone is dominated by nontronite clays that are problematic to process, however supergene enrichment provides a higher-grade zone that may be still be potentially viable.

Uranium assays are not available for the Mount Elliott resource that is dominated by older drilling.

Mineral Resources are not Mineral Reserves. Mineral resources that have not been converted to Mineral Reserves do not have demonstrated economic viability.

Equivalent Copper (ECu) is derived from the Osborne PEA for Starra 276 mill feed (SRK 2011). It ,is calculated from initial metal prices of $3.75/lb for copper and $1300/oz gold, comparable recoveries around 85% and concentrate charges attributable to Cu of around 200$/t concentrate, such that ECu = Cu + 0.6 x Au.

Table 1: Mount Elliott – SWAN *in situ* Mineral Resource as at June 2013 at a 0.5% ECu cut-off

Classification	Deposit	Material	Mt	Cu %	Au g/t	ECu %	U ppm
Indicated	Mt Elliott	Oxide	0.1	0.71	0.31	0.89	-
		Transition	3.9	1.10	0.59	1.45	-
		Sulphide	12.1	1.12	0.58	1.46	-
		Total	**16.1**	**1.11**	**0.58**	**1.45**	**-**
	SWAN	Oxide	8.9	0.73	0.38	0.96	15
		Transition	29.6	0.59	0.38	0.82	49
		Sulphide	102.2	0.62	0.38	0.85	47
		Total	**140.7**	**0.62**	**0.38**	**0.85**	**46**
	Total		**156.8**	**0.67**	**0.40**	**0.91**	**41**
Inferred	Mt Elliott	Oxide	1.0	0.70	0.31	0.89	-
		Transition	1.7	0.80	0.45	1.07	-
		Sulphide	2.3	0.66	0.33	0.86	-
		Total	**5.0**	**0.72**	**0.37**	**0.94**	**-**
	SWAN	Oxide	1.5	0.53	0.23	0.67	13
		Transition	2.4	0.47	0.29	0.65	43
		Sulphide	98.3	0.53	0.31	0.72	43
		Total	**102.2**	**0.53**	**0.31**	**0.71**	**43**
	Total		**107.3**	**0.54**	**0.31**	**0.72**	**41**

The Mineral Resource estimate is based on information and responsibilities as follows:

- Exploration and resource drilling were completed by Inova.
- Geology and mineralisation interpretations were completed by Inova geologists and reviewed by and modified by Golder.
- Data analysis and Mineral Resource estimation were completed by Golder.

The Mount Elliott and SWAN deposit resources were previously estimated and publically released by Inova Resources Limited (Inova) via the ASX on 21 Oct 2010. This was the basis of a preliminary economic evaluation (PEA) for block cave mining at SWAN, published under NI43-101 in Sedar on 27 April 2012 and on the ASX on 17 April 2012. The previous resource estimate for Mount Elliott remained unchanged for the last Selwyn Mines operations estimate. The SWAN estimate used large blocks as the focus for the evaluation was on large scale block cave mining methods.

The current estimate includes the following additional drilling data:

- 5 surface diamond drill holes by Inova and the results from the resurveys of 15 holes at SWAN in 2012 and 2013
- 202 drill holes by Selwyn Mines between 2001 and 2003 at Mount Elliott
- 9 surface drill holes by Inova between 2010 and 2012 intersecting Mount Elliott while targeting SWAN
- 11 surface RC holes targeting Mount Elliott near surface areas

The current resource estimate includes all available drilling and updates all resource areas at Mount Elliott and SWAN. Resource estimation parameters have been refined to provide a more selective mining approach which is more appropriate for assessing open pit and underground open stoping methods options. These additional mining options will be considered in the current mining study which is in progress.

A comparison of the current and previous estimates is provided in Table 2 and Table 3. Note that the previous estimate is based on different ECu formulae that include uranium and a higher gold price.

When compared on a similar basis and at a range of cut-off grades the results indicate a similar total Mineral Resource at 0.3 to 0.5% ECu cut-off and higher tonnes at the higher cut-off grade of 1.0% ECu. This is consistent with the smaller block sizes and more selective mining scenarios considered for the current mining study.

Table 2: Comparison with previous resource statement at a 0.3% ECu cut-off

Class-ification	Area	Ivanhoe 2010 (ECu = Cu + 0.7xAu)*					Inova 2013 (ECu = Cu + 0.6xAu)				
		Tonnes Mt	Cu %	Au g/t	ECu %	U ppm	Tonnes Mt	Cu %	Au g/t	ECu %	U ppm
Indicated	Mount Elliott	14.6	1.24	0.63	1.68	-	18.6	1.00	0.52	1.32	-
	SWAN	195.9	0.46	0.30	0.67	35	211.6	0.51	0.31	0.70	42
	Sub-Total	**210.5**	**0.52**	**0.32**	**0.74**	**35**	**230.2**	**0.55**	**0.33**	**0.75**	**39**
Inferred	Mount Elliott	7.0	0.6	0.3	0.81	-	7.4	0.58	0.30	0.76	-
	SWAN	351.0	0.40	0.22	0.56	36	227.2	0.40	0.23	0.53	40
	Sub-Total	**358.0**	**0.4**	**0.22**	**0.56**	**36**	**234.6**	**0.41**	**0.23**	**0.54**	**39**

** Summarised from Ivanhoe Australia ASX announcement on 21 Oct 2010 and augmented with details from the 27 April 2012 NI43-101 report. 2010 values provided for comparison purposes only.*

Table 3: Comparison with previous resource statement at a 1.0% ECu cut-off

Class-ification	Area	Ivanhoe 2010 (ECu = Cu + 0.7xAu)*					Inova 2013 (ECu = Cu + 0.6xAu)				
		Tonnes Mt	Cu %	Au g/t	ECu %	U ppm	Tonnes Mt	Cu %	Au g/t	ECu %	U ppm
Indicated	Mount Elliott	10.1	1.55	0.78	2.02	-	9.7	1.47	0.76	1.93	-
	SWAN	28.1	0.91	0.55	1.31	36	34.2	0.95	0.59	1.30	55
	Sub-Total	**38.2**	**1.08**	**0.61**	**1.5**	**36**	**43.9**	**1.06**	**0.63**	**1.44**	**43**
Inferred	Mount Elliott	1.6	1.12	0.59	1.54	-	1.4	1.17	0.64	1.56	-
	SWAN	22.0	0.88	0.53	1.34	68	8.5	0.87	0.54	1.20	55
	Sub-Total	**23.6**	**0.90**	**0.53**	**1.35**	**68**	**9.8**	**0.92**	**0.56**	**1.25**	**47**

** Summarised from Ivanhoe Australia ASX announcement on 21 Oct 2010 and augmented with details from the 27 April 2012 NI43-101 report. 2010 values provided for comparison purposes only.*

The overall changes in the resource statement are presented as a series of waterfall charts for the resource tonnage (Figure 8). The waterfall charts show the relative changes in the Mount Elliott (ME) and SWAN resources estimates for Indicated Mineral Resource and the combined total resource (Indicated plus Inferred Mineral Resources). The charts present a series of step changes that include:

- The change in ECu calculation (reduction of the gold weighting from 0.7 to 0.6 and removing U) has only a small negative impact.
- The change in cut-off grade from 0.3% ECu to 0.5% ECu is considered more realistic for flotation processing and has a significant impact on the resource statement.
- The SWAN Oxide and clay resources were not fully estimated by AMC in 2010 as the copper grade was removed because of assumed poor metallurgical results. High grades in this zone still offer potential economic extraction and have been retained in this estimate. To identify the impact of the additional SWAN clay grade estimates all of the oxide was removed from the previous resource statement and then added back to the current estimate. The oxide deposits though significant are relatively small compared to the total resource.
- The previous estimate includes some Inferred Mineral Resources hosted in lithology units outside the main deposits that include the calc-silicate mineralisation at SWAN and the skarn at Mount Elliott. The continuity of the mineralisation in these host rocks is not understood sufficiently to qualify for Mineral Resource classification. At this stage these areas are excluded from resource classification and require additional interpretation or drilling to demonstrate the required continuity. This reclassification includes only some material and which is dominated by low grade peripheral mineralisation, most of which is excluded from the Inferred Mineral Resource with the elevation of the cut-off grade.
- The 2013 resource estimate step is displayed to indicate the incremental change due to the estimation approach and additional drilling.

Figure 8 demonstrates the changes for resource tonnage and indicates that the resource statement changes are dominated by the application of a more realistic cut-off grade for development evaluation. The underlying in-situ resource has not been significantly altered. Significant improvements in the classification of Indicated Mineral Resources are a result of some additional drilling at SWAN and a significant number of additional drill holes being added to the resource database at Mount Elliott with drilling completed from as far back as 2001 that had not previously been included.

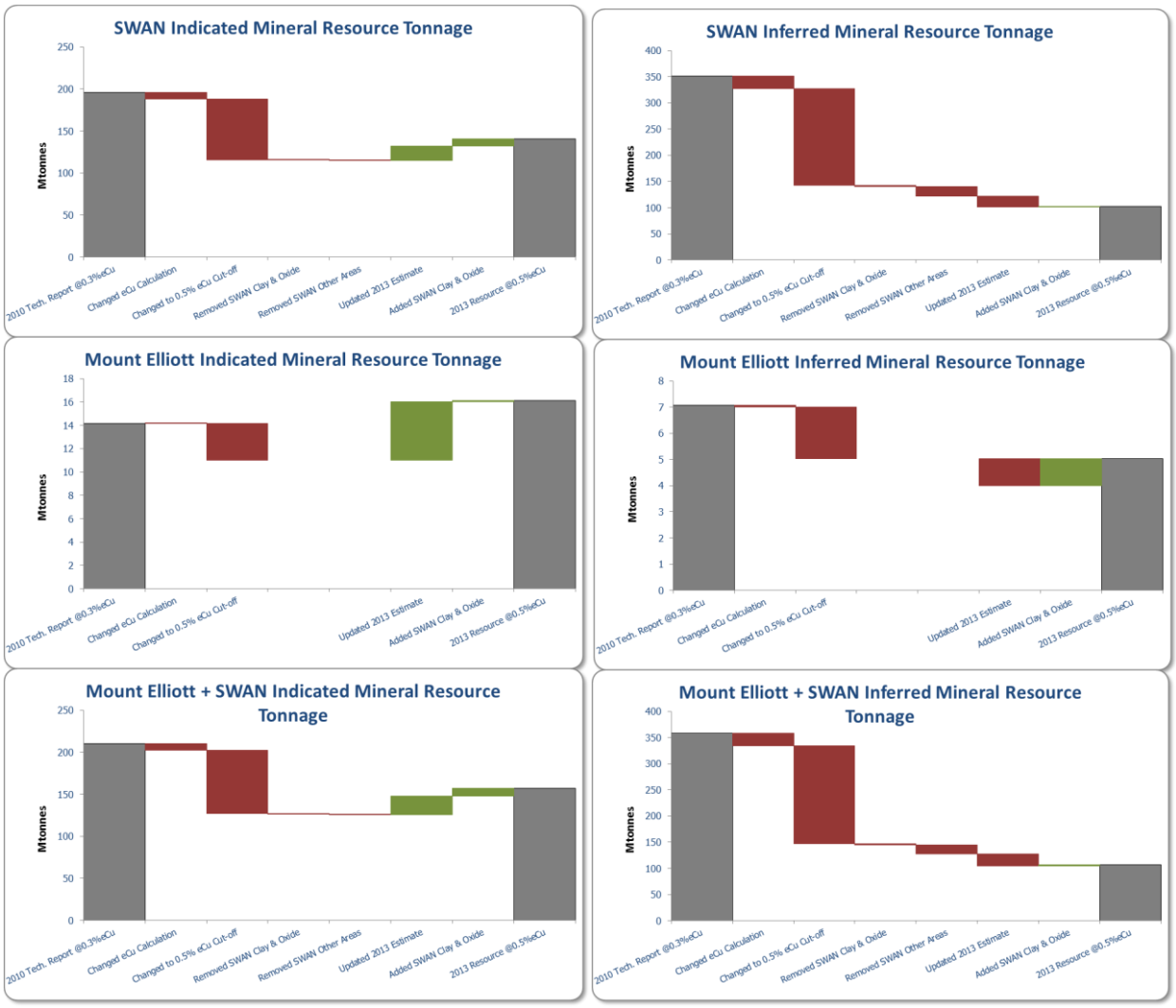


Figure 8: Waterfall charts demonstrating the change in tonnage from the previous to the current resource statements

The resource was estimated independently by Golder Associates Pty Ltd. Technical items of significance include:

- All resources fall inside granted mining leases held by Inova Mines Pty Ltd, a wholly owned subsidiary of Inova, giving Inova 100% ownership.
- Oxide mineralisation at SWAN is has undergone limited metallurgical test work to support Cu recovery assessments, however this zone has been supergene enriched and carries copper and gold grade high enough that economic mining may be feasible.
- Previous mining at Mount Elliott has resulted in partial depletion of the resource and presents some risk with the estimation of resource remnants. Geotechnical issues may not allow underground mining of some remnant resources. Resources are estimated for the consideration open pit mining assessments. Further work remains to identify any resources at Mount Elliott that could successfully be mined from underground.
- Inova has an operating flotation copper mill at Osborne, 70 km to the south.

This Mineral Resource estimate is based upon and accurately reflects data compiled or supervised by Mr John Horton, Principal Geologist, who is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and a full time employee of Golder Associates Pty Ltd. Mr Horton has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves' or as a Qualified Person under NI43-101.

Exploration data used as the basis for the resource estimate were compiled or completed under the supervision of Mr Geoff Phillips who is a Fellow of the Australasian Institute of Mining and Metallurgy and a full time employee of Inova Resources Limited. Mr Phillips has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves' or as a Qualified Person under NI43-101.

Resource Estimate Details

A technical report has been prepared that documents aspects of the Mineral Resource estimate. The following tables provide a brief summary of that information in the order and form of the JORC (2012) Table1.

Criteria	Explanation
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.* The majority of drilling is by HQ diamond drill core which was half core sampled. Modern RC drilling used for precollar drilling used standard face sampling hammers, high pressure and riffle splitting methods. Older percussion drill hole sampling was undertaken using a variety of methods and used to test near surface areas or for precollars. These methods only have a small influence on the SWAN oxide resource area. Underground drill sludge sampling was undertaken during mining at Mount Elliott and Corbould by Selwyn Mines. This sampling informs areas not otherwise sampled or areas not selectively mined and as such cannot be excluded for estimating remnant areas. Sampling is likely to be relatively poor but partially offset by the density of data provided. Previous workers quantified the sampling bias in comparison with diamond drilling. This downwards correction is applied to all sludge sampling.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* Diamond drilling provides the majority of the drilling and sampling data. This is predominantly HQ size drilling though PQ and NQ core was used by Inova for deep SWAN drilling. Modern RC drilling using face sampling hammers was used for precollars for drilling completed since about 2000. Previous percussion drilling used for precollars and near surface drilling at SWAN is not well documented but included cross over sub drilling that can result in down hole contamination. Pending results of the SWAN mining assessment, some verification drilling may be warranted. Underground production drilling and sludge sampling was used by Selwyn Mines for near mining definition. This involves catching the sludge from an open production hole.

Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* Inova have averaged 98% core recovery across all SWAN diamond drilling (59 km core recovery records). Previous diamond drilling recovery averages 98% (80 km core recovery records). It is noted that core recoveries in general still relate to the mineralisation in detail because of the width of intersections sometimes in the order of several hundred metres. It is statistically difficult to compile recoveries for these wide zones that return assay grades close to the cut-off grade. Hence the drill sample recovery quoted overall is a meaningful assessment of recovery. No recovery of percussion or RC sample recovery is available. Inova indicate visual inspection of sample recovery is generally good.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.* For all diamond drill core Inova record core recovery, core orientation, core photography, magnetic susceptibility measurements, density measurements (generally every 10 m) and logging of geology, alteration, minerals, structures, and weathering. Where practical, similar measurements are made for RC chips. Previous operators have recorded similar features for drill core, including often density samples on a one meter interval.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.* Diamond core generally half core sampled. Inova mark a cut line to ensure regular sampling of the same side of the core. RC chips are split by Inova to 5 kg at the drill rig. This process provides similar sample size across both RC and diamond drilling methods for the standard 2 m intervals. At Mount Elliott previous operators have generally sampled core at 1 m intervals more appropriate to the narrow higher-grade target mineralisation zones.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.* All available QAQC data has been assessed. Previous operators have minimal QAQC information, but sufficient check sampling data existing and mine production information to indicate no significant assaying issues. Inova drilling has considerable QAQC data which include 24% QAQC samples with a full range of blanks, duplicates, standard reference material and check samples. Regular internal reviews by an Inova QAQC expert have ensured regular monitoring, correction and continuous improvement in sampling and assaying quality. Regular duplicate assaying with geochemical and ore grade AAS assays methods and copper sequential assays has also added to QAQC database.

Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.* Both Mount Elliott and SWAN have been explored by a series of operating companies which include Cyprus, Arimco, Selwyn Mines and Inova. No significant differences between the exploration results from the different operators are noted. Reconciliation was not a significant issue during mine production by Selywn Mines in the later 1990's. No significant twin drilling programs have been completed to date. Comparison of sludge and diamond core grade distribution indicates a not unexpected sampling bias for high grade copper that is corrected for the resource estimate.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.* Drilling by previous operators were largely surveyed at the time. This included the majority of drilling completed by Selwyn Mines during the previous mining operations. Survey locations were undertaken by the mine surveyor. Inova undertook to survey Invova drilling and resurvey some previous holes by an independent surveyor in 2009. Subsequently, Inova undertook surveys using an internal registered surveyor. Topography data is provided by a detailed LiDAR survey completed by Inova in 2004. This provides sub-meter topography accuracy implemented in a topography surface model using 1 m contours. The local grid system is the same used during previous mining operations in the later 1990's and has good ground control. The local grid was reviewed by Inova before readopting it for the current study.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.* The drill hole data was composited to 2 m (Mount Elliott) and 4 m (SWAN) intervals by geological domain for use in estimating grades into the block model.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* At Mount Elliott the surface drill holes are on average oriented 74° toward 230° local grid while the underground drilling (77% of drilling) is on average oriented 15° toward 163° local grid. At SWAN the drill holes are oriented 80° toward 275° local grid. The surface drilling is oriented oblique, approximately 40° (50° off normal), to the mineralisation.
Sample security	*The measures taken to ensure sample security.* Inova are listed on the TSX and treat sample security seriously, in keeping with NI43-101 compliance. A Canadian QAQC specialist has reviewed the exploration processes regularly and made ongoing changes to improve sample dispatch and security. All samples are dispatched with tamper proof seals and locks and only opened when supervised by the laboratory manager along with the dispatch sheet that is issued separately. Inova sample security processes go beyond normal Australian exploration practise.

Audits or reviews	*The results of any audits or reviews of sampling techniques and data.* Mount Elliott underwent a number of reviews and audits between 1990 and 2003 during the process of feasibility study, funding and construction of the mine. Also several phases of insolvency and mergers also instigated several due diligence reviews during this period. Subsequent reviews of Mount Elliott and SWAN drilling were undertaken, often accompanied by independent resource evaluation that include: • 2000 to 2003 Snowden resource estimate and major review of drilling database • 2005 independent geologist review by Mayes • 2008 database audit of 8% of all data by an internal independent QAQC expert • 2009 site visit and resource estimate by Quantitative Group • 2009 survey review by Lodewyke • 2010 site visit and resource estimate by AMC In addition Golder undertook a site visit and database audit in 2013 this included a manual audit of 2.5% of the drilling data and site survey of 33 drill holes.
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* All resources are within granted mining leases that include: • Mount Elliott leases ML2454 and ML2736 • SWAN leases ML2736 and ML2735 Inova also hold other nearby mining leases and the encompassing exploration lease EPM 10783.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.* Mount Elliott was discovered in the late 1880s and mining of the gossan commenced in 1901 as a small open-cut operation and ceased operations by 1920. From 1920 to 1952, exploration activities in the area were limited to surface mapping and examination of mine workings. From 1952 to 1989 sporadic exploration consisted of minor drill programmes. In 1989 Cyprus Mines Corporation acquired the project and through combined RC and diamond drilling confirmed significant mineralisation around the old workings and at depth. Mining re-commenced in 1993 by Australian Resources Ltd with operations suspended for a second time in March 1999. Selwyn Mines Ltd continued mining through to 2003 prior to being acquired by Inova in 2003. The bulk of the previous drilling was completed in 1993-1999 (31% of drill meters) by Australian Resources Ltd and in 2003-2013 (44% of drill meters) by Inova.
Geology	*Deposit type, geological setting and style of mineralisation.* Mineralisation in the Mount Elliott project area belongs to a single large iron oxide copper gold system. Mineralization styles within each deposit appear to be controlled by host composition and textural variation. Mount Elliott is a copper-gold skarn like replacement of meta-basalts and is metasomatic in origin SWAN is hosted in banded to brecciated calc-silicates as replacement copper-gold mineralisation and is more disseminated within the broad calc-silicate.

Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northing of the drill hole collar* *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *dip and azimuth of the hole* *down hole length and interception depth* *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* Exploration results are not presented in this report except by inclusion in the margins of the mineral resource model. Historical mapping and drilling across the mining leases and EPM have been complimented with surface geochemistry and geophysics. A contextual review of this data and the implications for exploration represent a significant part of Inova's strategic knowledge in this area. The materiality of this data for Mineral Resource estimation is not significant as the estimation does not rely on detailed genetic models or exploration trends to define continuity. The Mineral Resource estimation has focused on assessing the accuracy of delineation drilling, sampling protocols and hole to hole correlation.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.* Exploration results and aggregates are not presented in this report. The resource estimate uses 2 m composites for Mount Elliott and 4 m composites for SWAN, these are both length weighted averages. Previously the metal equivalent calculation was applied before block estimation so that "Cu equivalent boundaries" could be drawn. For the work reported here the metal equivalence is calculated after grade estimation by adding block model grades according to the formula: ECu % = Cu % + 0.6 Au g/t This formula has been used for Inova studies and operations since 2011 and although slight changes can be invoked depending on metal recoveries and prices; it remains the standard for assessing the mineability of Mineral Resources for treatment in the Osborne flotation concentrator. A more detailed study of the assumptions in this calculation is given in the report lodged on the Canadian "SEDAR" website established for the Toronto Stock Exchange and the Inova Resources Website entitled "Osborne Copper-Gold Study, North/West Queensland, Australia. National Instrument 43-101, Preliminary Economic Assessment" dated 2011. Dated 2011
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* Exploration results are not presented in this report
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* Maps are provided in Figure 2 and Figure 3. An example section provided in Figure 4.

Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* Exploration results are not presented in this report
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* Resources are primarily defined by drilling and assaying. Geophysics and surface geochemistry are used in exploration but have not meaningful input to the resource definition.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* Further work is concentrating on mining assessment and updating the scoping study (in progress)
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* *Data validation procedures used.* The project has been reviewed and audited on several occasions. Golder completed a database audit against available hard copy and digital information. Drill hole statistics were cross checked against resource estimates.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.* Geoff Phillips is the Manager Resource Planning for Inova and works on site at the Mount Dore and Osborne exploration offices south of Mount Elliott. He has visited Mount Elliott on numerous occasions and overseen the 2012-3 Inova exploration drilling. In addition he has supervised the review of the data collected from previous drilling including collar checks and implementation of check down hole gyro surveys. John Horton is the Principal Geologist at Golder Associates. He has supervised all resource evaluation aspects and last visited site for 7 days in May 2013. All site work was found to be in order and original drilling records discovered for data verification.

Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* *Nature of the data used and of any assumptions made.* *The effect, if any, of alternative interpretations on Mineral Resource estimation.* *The use of geology in guiding and controlling Mineral Resource estimation.* *The factors affecting continuity both of grade and geology.* Geological interpretation of the lithology was based mainly on the logged lithology captured in the drill hole database. The interpretations have evolved during several iterations of the resource estimation from Snowden in 2001, AMC in 2010 to Golder in 2013. Over that period the interpretations have not changed dramatically other than to either expand the shapes or adjust to capture additional mineralisation or to better reflect the complex geology. At Mount Elliott the confidence in the interpretation is high due to the high number of drill holes while at SWAN the interpretation is of lower confidence due to wider drilling. The large number of drill orientations has increased the complexity of the interpretations. Interpretation of the oxidation surfaces was based on copper sequential data and drill hole logging. The position of the base of the nontronite clay and base of oxide is well located while the placement of the base of transition is not very well constrained at SWAN and approximate at Mount Elliott. Mineralisation envelopes (at 0.3 and 0.5% ECu) were used in past estimates for SWAN but were not updated for this estimate as the mineralisation is largely constrained within the skarn and calc-silicate lithology domains. The exception being the mineralisation occurring along strike from Mount Elliott within basalt that was constrained using a 0.5% ECu shell. This mineralisation was not included in the Mineral Resource estimate. The use of locally varying anisotropy and appropriate search ellipse helped to further restrict grade estimates while allowing for grade smoothing to prevent introducing a high-grade bias. The geological interpretations (both lithology and oxidation) were used to define estimation domains for Mineral Resource modelling.
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.* Mount Elliott has an extent of about 500 m (strike) by 350 m (depth) dipping towards the local grid north at 70° and a width of 15 to 150 m. Higher grade internal zones can be both steep and shallower dipping and were targeted by previous underground mining. SWAN has an overall extent of 1300 m (strike) by 1300 m (depth) by 400 m (maximum width) dipping towards grid north at 70° and contains some unmineralised internal intrusives.

Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* *The assumptions made regarding recovery of by-products.* *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* *Any assumptions behind modelling of selective mining units.* *Any assumptions about correlation between variables.* *Description of how the geological interpretation was used to control the resource estimates.* *Discussion of basis for using or not using grade cutting or capping.* *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.* A block model was constructed from the geological interpretations and LiDAR topography with multiple cell dimensions. The cell size for Mount Elliott is 10 x 5 x 10 m, for SWAN it is 20 x 10 x 20 m and for the SWAN oxide it is 10 x 10 x 5 m. Ordinary kriging with locally varying anisotropy was used to estimate grades into the block model. Grades were estimated on a parent block basis using block discretisation of 4 by 4 by 4. A three pass search ellipse was used with search radii based on the variogram ranges. Dip and dip-direction were estimated into the block model, for variable anisotropy, from simplified wireframe surfaces based on the geological interpretation and interpretation of the internal orientation of the mineralisation. Copper and gold show good correlation and were estimated together. Outlier samples within the drill hole sample data were restricted by applying top-cut values determined from summary statistics. The top-cut values represent the 99.7 percentile of the data. The estimates were validated by: visual inspection of the model, construction of swath plots in easting, northing and RL comparing drilling with model estimates, discreet Gaussian change of support to compare the expected selectivity from the global drill hole distribution with the estimated model distribution and comparison of mean grades between the drill hole data, nearest neighbour estimates (declustered data), inverse distance estimates and the ordinary kriging estimates. The estimate was also compared with the previous Mineral Resource.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.* All density samples are calculated on a dry basis and dry bulk density used for the resource estimate.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.* A Cut-off grade of 0.5% ECu is used which is derived from; “Osborne Copper-Gold Study, North/West Queensland, Australia. National Instrument 43-101, Preliminary Economic Assessment” dated 2011 and available at: • Canadian “SEDAR” website established for the Toronto Stock Exchange and • Inova Resources Website The cut-off grade applied results from assumptions made on: • Lower operating costs due to construction of a plant larger than the 2 Mt per annum Osborne plant • Bulk underground mining costs More detailed analysis of this work will be available in the scoping study in preparation now and due for internal review next month.

Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.* Both open pit and bulk underground mining using caving are considered for the Mount Elliott and SWAN deposits. Cell dimensions in the block model were selected on the basis of mining method with small blocks for the SWAN oxide and Mount Elliott likely to be mined by open pit and larger blocks for SWAN transition-fresh likely to be mined by caving. The grade estimates were not diluted but the application of locally varying anisotropy and ordinary kriging introduces a degree of smoothing that is appropriate for the selectivity of the likely mining methods.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.* Transition and fresh zones have a high copper sulphide content that would be expected to offer high recovery in a flotation mill. The previous PEA (see SEDAR) indicates recovery of Cu and Au of 80 to 85% for most transition and sulphide materials. Oxide zones are reported separately and will have lower flotation recovery or might be processed using heap leaching methods. SWAN oxide has a high nontronite clay content and has indicated poor metallurgical recoveries that might only reach 50%.
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.* The project include two previous mining periods and do not indicate any major environmental issues. Historic issues identified include: • Moderate to high saline water from existing mining voids • Metal leachates from existing mining and smelter facilities • Continued subsidence in two collapse zones over existing mining voids The earliest mining at Mount Elliott occurred between 1880 and 1920. Remnant smelter chimney, building ruins, old town site, old rail line and slag heap is entered into the Queensland Heritage Register in later 2011. Additional costs will be involved in allowing future surface mining to interfere with the archaeological sites.

Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.* Mount Elliott density records are maintained in an historical database of 22 153 determinations by previous owners. Density records were collected by Inova, mainly at SWAN, from drilling post 2007 and comprise of 8 321 samples subject to simple immersion testing and 4 210 samples subject to waxing before immersion. Density measurements using water immersion methods on drill core can be subject to sample selection bias and SWAN drill core exhibits porosity of around 5% and up to 10%. This porosity appears not to be interconnected and will only affect density measurement on the surface of the core. To offset these two small potential biases average drill core density has be decreased by 1.6% for fresh-transition, 5% for oxide and 20% for collapsed zones.
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.* *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* *Whether the result appropriately reflects the Competent Person's view of the deposit.* Classification of the resource model involved initially setting a classification based on the results of the Cu estimation followed by a smoothing routine to remove small isolated discontinuous areas in the classification. For the skarn and calc-silicate, estimates completed in the first search pass and estimates completed in the second search pass and where the kriging variance for Cu is less than 0.4 an initial classification of Indicated was set. Mineralisation within the basalt and within the two collapsed zones at Corbould and Mount Elliott were removed from the estimate. The use of search pass and kriging variance account for sample spacing.
Audits or reviews.	*The results of any audits or reviews of Mineral Resource estimates.* The resource estimate is reviewed internally within Golder Associates and a review by AMC Consultants is currently in progress as part of their mine planning assessments.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.* No statistical or geostatistical method (non-linear or simulation) was used to quantify the relative accuracy of the estimate within confidence limits. Accuracy of the estimate is strongly dependent on: accuracy of the interpretation and geological domaining, accuracy of the drill hole data (location and values), orientation of local anisotropy and estimation parameters which are reflected in the global resource classification. Total production during the period 1987 to 2003 from Corbould and Mount Elliott underground is reported at 5.06 Mt @ 2.93% Cu 1.45 g/t Au for 148 258 t Cu and 235 984 oz Au. From the block model the estimated total production is 5.04 Mt @ 2.24% Cu 1.08 g/t Au for 112 674 t Cu 174 312 oz Au. The lower grade reported by the model may indicate some risk of leakage of grade from areas already stope to estimated resource areas. Part of this difference is related to the sludge hole bias corrected in the drilling data but not in previous production figure. The remainder of the difference is an intrinsic risk in estimating remnant resources.