

**Registered Office**  
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## **Company Transforming Transaction**

### **Project Acquisition**

#### **Key Points**

- Binding agreement to acquire 100% of the Kagera Nickel Sulphide Project in Tanzania
- Secures a significant position in the highly prospective Kabanga-Musongati mafic-ultramafic belt; 960km<sup>2</sup> across 3 mineral licences and 3 mineral applications
- Properties contain three significant ready to drill targets
- 6kms along a geophysical trend north-east of the Kabanga Nickel Deposit, one of the world's largest undeveloped nickel sulphide deposits currently undergoing feasibility studies by Xstrata Nickel / Barrick Gold JV
- Adjacent to Xstrata Nickel / Barrick Gold Luhuma Nickel Exploration Project
- Recent mapping has indicated the presence of a 20km long belt of prospective mafic and ultramafic rocks with geochemical and geophysical characteristics similar to the Kabanga Deposits.

#### **Overview**

Innovance Limited (NSX: IVL) is pleased to announce it has entered into an agreement to purchase 100% of the Kagera Nickel Sulphide Project ("Kagera Project") from Castillian Resources Corp (TSX-V: CT) ("Castillian"), a company associated with the Forbes and Manhattan Group of Toronto, Canada. The acquisition of the Kagera Project will provide Innovance with a significant position in the highly prospective Kabanga-Musongati mafic-ultramafic belt; 960km<sup>2</sup> across 3 mineral licences and 3 mineral applications. Details of the project and the Kabanga-Musongati belt are included in Appendix 1.

Under the terms of the agreement, Castillian will receive the following consideration (post share consolidation):

- 5 million fully paid ordinary shares in Innovance;
- 7.5 million 'A' class performance shares in Innovance, convertible into ordinary shares upon the drilling of 3 holes with a minimum 4 metres intersection grading at least 1% nickel within 3 years of being issued;

- 7.5 million 'B' class performance shares in Innovance, convertible into ordinary shares upon the completion of an independent JORC compliant Mineral Resource estimate of not less than 5Mt of Nickel with a grade of not less than 1% nickel insitu or equivalent within 5 years from the date of issuance ("Conversion Deadline"); and
- 7.5 million 'C' class performance shares in Innovance, convertible into ordinary shares upon the completion of an independent JORC compliant Mineral Resource estimate of not less than 10Mt of Nickel with a grade of not less than 1% nickel insitu or equivalent no later than the Conversion Deadline.
- In the event that Innovance completes less than 3,000 meters of drilling prior to the Conversion Deadline, then the Conversion Deadline will be extended by one year.
- If Innovance decides to drop the claims prior to issuing the 'C class' performance shares, Innovance shall give Castillian a first right of refusal in relation to the claims.
- If there is a change of control event, prior to the conversion of the 'A', 'B' and 'C' class performance shares, then the performance criteria will be deemed to have been achieved and the shares will be converted.

The transaction is conditional upon the following:

- Innovance completing due diligence investigations to its satisfaction;
- Innovance's shareholders:
  - Passing all resolutions as required to give effect to the transaction; and
  - Approving a consolidation of its shares on a 1 for 2 existing shares basis;
- Innovance cancelling all existing "treasury options" (amounting to 30 million);
- Innovance undertaking a placement of at least 10 million shares (post consolidation) at an issue price of A\$0.20 each, to raise A\$2 million. Forbes and Manhattan have agreed to subscribe to 5 million shares of this issue;
- Innovance receiving Newcastle Stock Exchange approval for the terms and conditions of the performance shares; and
- Innovance receiving approval from the Australian Stock Exchange to list upon completion of this transaction.

Post consolidation and share placement, Innovance will have nearly 24 million shares on issue and 7.5 million options (excluding any performance shares issued to Castillian) with A\$3-4 million in cash at the conclusion of the transaction.

Following the completion of the transaction, Castillian may appoint up to two directors to the Innovance Board, consisting of no more than 4 directors. It is anticipated that Castillian will appoint Mr David Gower and Mr David Argyle. David Gower, Castillian's Chairman was previously Falconbridge Limited's General Manager of Global Nickel Exploration and was directly involved in discoveries Falconbridge made on the adjacent Kabanga Project. His addition to the Board will bring a wealth of Nickel exploration experience including the precise exploration techniques that led to the discoveries of the Kabanga deposits. In addition he brings a highly qualified technical team including geophysical and project management expertise from former Falconbridge and Vale Inco professionals. This is a very significant step forward to execute the exploration program.

Innovance has appointed Gryphon Partners as its corporate advisor for this transaction. Taylor Collison has been appointed as the broker to the issue.

## Appendix 1: The Kagera Project and the Kabanga-Musongati Belt

The Kagera Project is in north-west Tanzania. Castillian acquired its interest in the Kagera Project in 2008. The Kagera Project is serviced by paved roads with an airstrip in the district. A camp will be re-established to explore the project area.

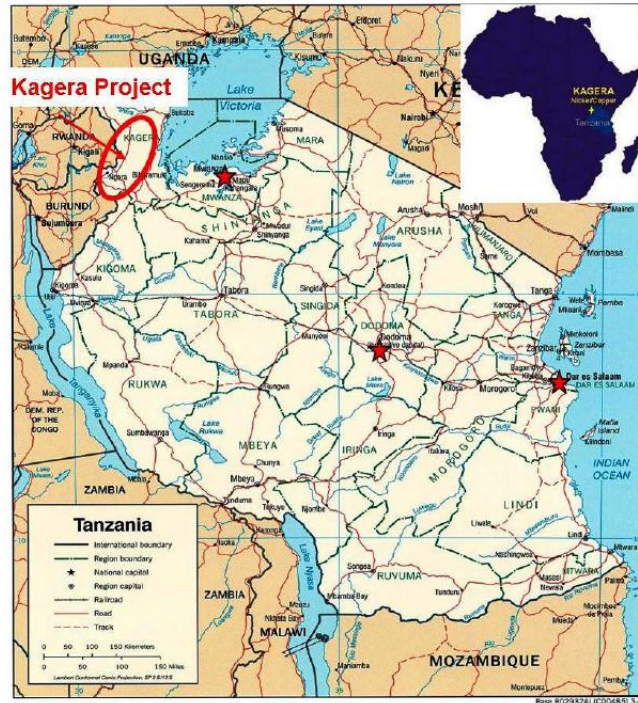


Figure 1: Kagera Project in north-west Tanzania

The Kagera Project is 6km directly along a regional geological and geophysical trend northeast of the Kabanga Nickel Project (held by Barrick Gold and Xstrata). The Kagera Project is also 5km southwest of Barrick Gold's 100% owned Luhuma Nickel Exploration Project.

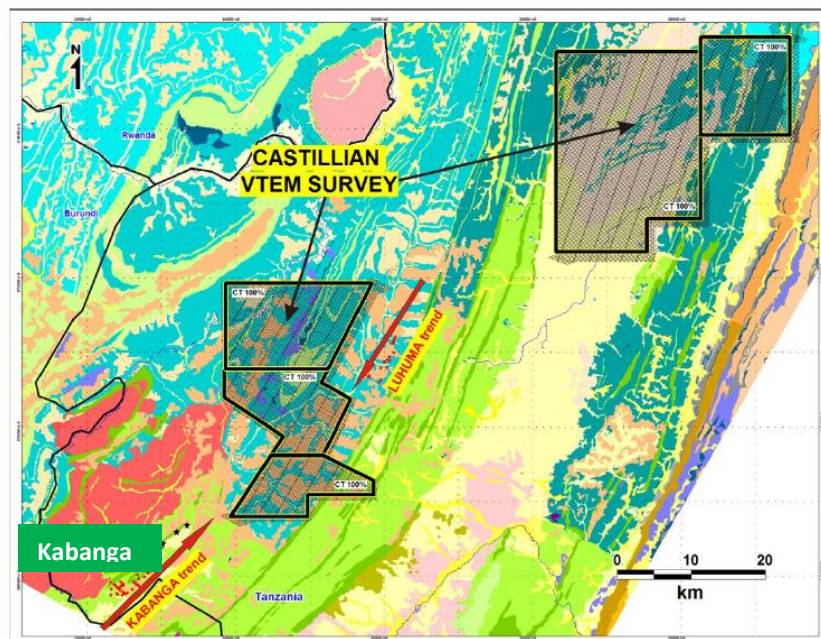


Figure 2: The Kagera Project in relation to the Kabanga and Luhuma trends

In March 2008, Castillian commenced a 6,750 line km VTEM magnetic and electromagnetic (EM) survey over the Kagera Project, including property directly to the north-east of the Kabanga Project. The data was based on survey lines at 200 metre spacings. As part of the transaction, Castillian will provide Innovance with all of the geological information relating to the Kagera Project.

The Kabanga Nickel Project was discovered in the 1970's during a United Nations Development Program (UNDP). The project has been drilled out, having 52Mt at 2.7% Nickel, 0.4% Copper, 0.2% Cobalt, 0.3 g/t Platinum and 0.2 g/t Palladium. Such high grade sulphide nickel projects are extremely rare. It is understood that Barrick Gold and Xstrata intend to develop the Kabanga Project with a low level underground operation. The host rock in this deposit (pentlandite), which is expected to enable higher recoveries and also contains cobalt, copper and platinum group metal credits.

During the 1970's UNDP exploration, six priority targets were identified. Three of these six targets are located within Kagera Project area. These three targets have not been drilled.

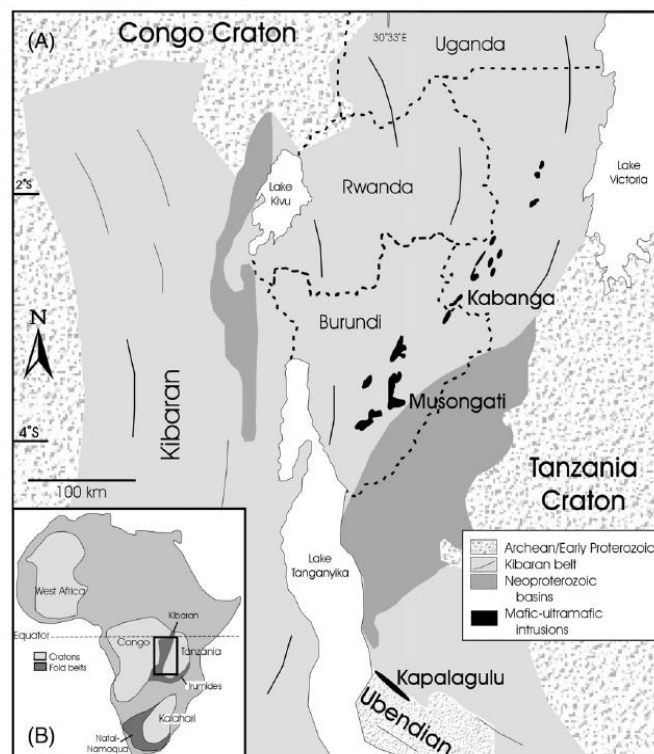


Figure 3: The Kabanga-Musongati mafic-ultramafic belt

DATED 15 June 2010

By order of the Board

*Donald Stephens*

Donald Stephens

Company Secretary