

# **ANOVA METALS LIMITED**

**(formerly Kimberley Rare Earths Limited)**

**ABN 20 147 678 779**

**Financial report for the year ended  
30 June 2013**

## Corporate directory

### Board of Directors

Mr Jon Parker	Non-Executive Chairman
Mr Gregory (Bill) Fry	Executive Director
Mr Malcolm James	Non-Executive Director
Mr Alasdair Cooke	Non-Executive Director

### Company Secretary

Mr Steven Jackson

### Registered Office

Level 1, 8 Colin Street  
West Perth WA 6005

Telephone: (61 8) 6465 5500  
Facsimile: (61 8) 6465 5599  
Website: [www.anovametals.com.au](http://www.anovametals.com.au)

### Auditors

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000

### Share Registry

Link Market Services Limited  
Ground Floor, 178 St Georges Terrace  
Perth WA 6000  
Telephone: (61 8) 9211 6670

### Securities Exchange

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
Code: AWW

# Financial report for the year ended 30 June 2013

	<b>Page</b>
<b>Corporate governance statement</b>	<b>1</b>
<b>Directors' report</b>	<b>7</b>
<b>Auditor's independence declaration</b>	<b>16</b>
<b>Independent auditor's report</b>	<b>17</b>
<b>Directors' declaration</b>	<b>19</b>
<b>Consolidated statement of comprehensive income</b>	<b>20</b>
<b>Consolidated statement of financial position</b>	<b>21</b>
<b>Consolidated statement of changes in equity</b>	<b>22</b>
<b>Consolidated statement of cash flows</b>	<b>23</b>
<b>Notes to the financial statements</b>	<b>24</b>

## Corporate governance statement

### INTRODUCTION

The Company is committed to implementing sound standards of corporate governance. In determining what those standards should involve, the Company has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments ("Recommendations").

Further information about the Company's corporate governance practices is set out on the Company's website at [www.anovametals.com.au](http://www.anovametals.com.au). In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's Code of Conduct and other policies and procedures relating to the Board and its responsibilities.

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

**Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.**

The Board has established functions that are reserved for the Board, as separate from those functions discharged by the Executive Director and are summarised in the Company's Board Charter which is available on the Company's website.

The Board retains responsibility for the following key areas:

- (a) Appointing, monitoring, managing the performance of, and if necessary terminating (the employment of) the Executive Director.
- (b) Overseeing and ratifying the appointment and termination (of employment) of the Chief Financial Officer ("CFO").
- (c) Ratifying the terms of appointment of senior management, including in relation to the terms of equity remuneration.
- (d) Monitoring the Company's performance in relation to corporate governance principles of best practice as identified and resolved by the Board.
- (e) Approving and monitoring compliance with the Company's risk management framework.
- (f) Approving and monitoring compliance with the Company's key corporate policies and protocols.
- (g) Monitoring the Company's operations in relation to, and compliance with relevant regulatory requirements.
- (h) The Board will actively and regularly be involved in strategic planning based on the identification of opportunities and the full range of business risks. The Board recognises that strategic planning is an ongoing process that must be responsive to changes in the external environment and internal developments.
- (i) The Board will oversee the processes that management has in place to identify business opportunities and risks.
- (j) The Board will consider the extent and types of risk that are acceptable for the Company to bear.
- (k) The Board will monitor management systems and processes for managing a broad range of business risks.
- (l) The Board must supervise disclosure in the annual report, any departures from the ASX recommendations and any information publicly available about the Company's policies.
- (m) The Company will report on its compliance with the ASX recommendations and, where appropriate, include an appropriate statement regarding departures from ASX recommendations in the annual report.
- (n) The Board will supervise the public disclosure of all matters that the ASX recommendations recommend be publicly disclosed consistent with the disclosure policy and will provide a commentary of any Board's decision not to make such disclosure or to clarify what disclosure has been made.

The Executive Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. The Executive Director must also report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other material matter.

The functions and responsibilities of the Board compared with those delegated to management are reflective of the Recommendations.

The Executive Director is also responsible for appointing and, where appropriate, removing senior executives, including the Chief Financial Officer and the Company Secretary, with the approval of the Board. The Executive Director is also responsible for evaluating the performance of senior executives.

**Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.**

The Remuneration and Nomination Committee is charged with yearly review of the job description and performance of the Executive Director, and all senior executives according to agreed performance parameters.

**Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.**

The Company is not aware of any departure from Recommendations 1.1 or 1.2.

The board charter is publicly available at [www.anovametals.com.au](http://www.anovametals.com.au) and it includes a description of what matters are reserved for the Board or senior executives respectively.

**PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

**Recommendation 2.1: A majority of the Board should be independent directors.**

The Company currently has two independent directors, Malcolm James and Jon Parker, who is also the Chairman. This is less than the recommended majority of independent directors.

The Board considers that its current composition is the most appropriate blend of skills and expertise, and is appropriate given the Company's current size and operations. The Board is aware of the importance of independent judgement and considers independence, amongst other things, when new appointments to the Board are made.

As the Company grows and/or circumstances change, the Board may make further appointments of independent directors if considered appropriate.

**Recommendation 2.2: The chairperson should be an independent director.**

Jon Parker, Chairman of the Company since 10 September 2012 is an independent director of the Company.

**Recommendation 2.3: The roles of chairperson and Managing Director should not be exercised by the same individual.**

The Company is in compliance with this Recommendation. The role of the Chairperson is filled by Jon Parker and the role of the Managing Director was filled by Tim Dobson until 08 August 2013.

**Recommendation 2.4: The Board should establish a nomination committee**

A remuneration and nomination committee was established on 15 July 2011 comprising all the non-executive directors. The Board has adopted a nomination committee charter to assist it in fulfilling its function as the nomination committee and this is available on the Company's website.

**Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.**

The Board is charged with Board and Board Committee membership, succession planning and performance evaluation, as well as Board member induction, education and development.

The Company has adopted policies and procedures concerning the evaluation and development of its directors, executives and Board committee. Procedures include an annual internal Board performance assessment, an induction protocol and ongoing discussions with regard to the performance of the Board and its directors.

**Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.**

The Directors' Report section within this Annual Report details the skills, experience and expertise held by each Director in office at the date of this Annual Report. The term in office held by each Director in office at the date of this report is as follows:

Director	Independence status	Term
Jon Parker	Non-Executive/independent	10 February 2012 – current
Gregory (Bill) Fry	Executive Director/non-independent	07 February 2013 – current
Malcolm James	Non-Executive/independent	10 September 2012 – current
Alasdair Cooke	Non-Executive/non-independent	08 August 2013 – current

The Company has accepted the definition of “independence” in the Recommendations in making the above assessments of independence.

The Board will determine the procedure for the selection and appointment of new directors and the re-election of incumbents having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.

The Company’s Corporate Governance Charter empowers a director to take independent professional advice at the expense of the Company.

The Company strives to ensure that the mix of skills and diversity of the members of the Board adds to overall shareholder value and is representative of the core principles of the Company’s Diversity Policy.

A summary of the Company’s procedure for the selection and appointment of new directors is available on the Company’s website along with a copy of the Nomination Committee Charter.

### PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

**Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:**

- 3.1.1 the practices necessary to maintain confidence in the company’s integrity;
- 3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- 3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has established a formal Code of Conduct to guide the Directors and Officers with respect to the practices necessary to maintain confidence in the Company’s integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The code of conduct is disclosed on the company’s website.

**Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.**

The Company’s policy regarding diversity is set out on the Company’s website.

The Company’s diversity policy does not include measureable objectives as the Board believes that the Company will not be able to successfully meet these given the size and stage of development of the Company. If the Company’s activities increase in size, nature and scope in the future, then appropriate measureable objectives will be set and put into place.

**Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.**

Given the size and stage of the development of the Company, the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this, the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company’s Diversity Policy.

**Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.**

The proportion of women employees in the organisation as of 30 June 2013 is:

In whole organisation	20%
In senior executive positions	35%
On the board	nil

**Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.**

The Company is not aware of any departure from Recommendations 3.1 or 3.4.

The Company's diversity policy does not include measureable objectives as the Board believes that the Company will not be able to successfully meet these given the size and stage of development of the Company.

The Company's Code of Conduct and the Company's diversity policy are publicly available at [www.anovametals.com.au](http://www.anovametals.com.au)

#### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

**Recommendation 4.1: The Board should establish an audit committee.**

**Recommendation 4.2: The audit committee should be structured so that it:**

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the Board; and
- has at least three members.

**Recommendation 4.3: The audit committee should have a formal charter.**

**Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.**

The Board has established a separate Audit committee comprising three non-executive directors, two who are independent. The committee is chaired by Mal James who is not the chair of the Board. The Committee met during the year and attendances by committee members are recorded in the Director's Report.

A copy of the Company's Audit Committee Charter is available on the Company's website. The Company's process for the selection, appointment and rotation of the Company's external auditors is also available on the Company's website.

#### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

**Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.**

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance.

**Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.**

The Company is not aware of any departure from Recommendations 5.1 or 5.2. A summary of the Company's policy on continuous disclosure is publicly available on the Company's website.

#### **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

**Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.**

The Company has adopted policies formally setting out the Company's communications strategy with its stakeholders including the effective use of electronic communications.

The Board encourages the attendance of shareholders at the Shareholders' Meetings and sets the time and place of each Shareholders' Meeting to allow maximum attendance by shareholders.

**Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.**

Details of how the Company will communicate with its shareholders publicly is set out under the heading “Shareholder Communication Guidelines and Policy” which is publicly available on the Company’s website.

The Company is not aware of any departure from Recommendations 6.1 or 6.2.

**PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

**Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.**

The Board determines the Company’s “risk profile” and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company has established policies for the oversight and management of material business risks. The Company’s Risk Management Policy is set out on the Company’s website.

**Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the company’s material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company’s management of its material business risks.**

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures. Management is responsible for ensuring the process for managing risks is integrated within business planning and management activities.

The Company has in place a system of risk management that identifies and categorises and manages material business risks faced by the Company. A risk register is updated and tabled at appropriate Board meetings throughout the year. Material risks identified and addressed include:

- Leadership and management risks;
- Financial risks;
- Corporate risks;
- Exploration risks;
- Project development risks;
- Human resources risks; and
- Legal risks

The Board recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon written procedures, policies and guidelines, an organisational structure that provides an appropriate division of responsibility, and the selection and training of qualified personnel.

The Board of Directors review the business and financial risk management systems and internal control systems implemented by management to obtain reasonable assurance that the entity’s assets are safeguarded and that the reliability and integrity of its financial information is maintained. The Board reviews, at least annually, the effectiveness of the Company’s risk management systems.

**Recommendation 7.3: The Board should disclose whether it has received assurance from the Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.**

The Company’s Managing Director and CFO (or equivalent) have provided the Board assurance in compliance with this recommendation that the declaration provided in accordance with S.295A of the Corporations Act was founded on a sound system of risk management and internal control and that system was operating effectively in all material respects in relation to financial reporting risks.

**Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.**

The Board has received the assurance from an Executive Director and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

A copy of the Company’s policies on risk oversight and management of material business risks is publicly available under the heading “Risk Management Policy” on the Company’s website.



**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

**Recommendation 8.1: The Board should establish a remuneration committee.**

A Remuneration and Nomination committee was established on 15 July 2011 comprising the non-executive directors. Meetings were held during the year and attendances by committee members are recorded in the Directors' Report.

**Recommendation 8.2: The remuneration committee should be structured so that it:**

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

During the year the Company was not in compliance with this Recommendation during the year, as the remuneration committee does not currently consist of a majority of independent directors, is not chaired by an independent chair, but does have at least three members.

The Board considers that the current composition is the most appropriate blend of skills and expertise and is appropriate given the Company's current size and operations.

**Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.**

The structure of non-executive remuneration is clearly distinguishable from that of senior executives.

The level of remuneration packages and policies applicable to executive and non-executive directors are detailed in the Remuneration Report which forms part of the Directors' Report to this Annual Report.

**Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.**

*Non- Executive Director Retirement Benefits*

Non-Executive Directors are entitled to statutory superannuation. There are no other schemes for retirement benefits for non-executive directors.

*Limiting Risk*

Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity based remuneration scheme.

*Information Publicly Available*

The Company's website contains a section formally setting out the Remuneration Committee Charter.

## Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Anova Metals Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013.

### Directors

The following persons were directors of Anova Metals Limited during the whole of the financial year and up to the date of this report (unless otherwise stated):

Jon Parker.

Tim Dobson was the managing director for the whole of the financial year and continued in office until his resignation on 9 August 2013.

Ian Macpherson was a director from the beginning of the financial year until his resignation on 29 November 2012.

Allan Trench was a director from the beginning of the financial year until his resignation on 7 February 2013.

Malcolm James was appointed a director on 10 September 2012 and continues in office at the date of this report.

Gregory (Bill) Fry was appointed a director on 7 February 2013 and continues in office at the date of this report.

Alasdair Cooke was appointed a director on 8 August 2013 and continues in office at the date of this report.

### Change of name

At a general meeting of shareholders held on 29 November 2012 the company's name was changed to Anova Metals Limited from Kimberley Rare Earths Limited.

### Principal activities

The principal activities of the Company are mineral exploration and project development in Western Australia, Africa and the United States of America.

### Dividends

No dividends were paid or declared during the financial year. No recommendation for the payment of dividends has been made.

### Review of operations

Anova Metals Limited is a mineral exploration company which listed on the ASX in 2011. During the year the Company completed the acquisition of the Big Springs Project in Nevada, USA from Victoria Gold Corporation.

#### Big Springs Project, Nevada, USA

Big Springs is a Carlin-style gold deposit located in an established gold mining region, 80km north of Elko in north eastern Nevada, USA. The Project's gold deposits exhibit many of the characteristics of Carlin-type deposits and comprise five separate zones. The Project was mined by Freeport McMoRan between 1987 and 1993 producing 386,000 ounces of gold from several open pits. Mining at the Project ceased in 1993 due to low gold prices. From 2002, the then owners of the Project, Gateway Gold Corp (Gateway) completed extensive exploration work on the Project including 49,100 m of RC and diamond drilling. This work was combined with pre-existing drill data to produce a combined database with over 2,400 drill holes.

The Project occurs entirely within public lands. Land access agreements with individual landholders are not required. Previously mined areas and waste dumps remain the liability of the previous owners. Net smelter return ('NSR') royalties in the range of zero to three per cent are payable to various claim groups related to the deposits.

In addition to the complex of known deposits, the Project also comprises more than 50 km<sup>2</sup> of highly prospective stratigraphy which contains significant, untested, gold-in-soil geochemical anomalies as well as a number of geophysical targets that remain to be drilled and tested.

During the year the Company completed a maiden JORC Mineral Resource estimate for its Big Springs gold deposit of 968,000 ounces of contained gold. The Inferred Mineral Resource estimate has been completed in accordance with the JORC Code and comprises a total resource of 14.8 million tonnes at 2.0 g/t gold. Increasing the cut-off grade to 2.5 g/t gold results in a high grade core to the deposit of 2.9 million tonnes of 4.2 g/t gold for 388,000 ounces.

Deposit	Cut-off (g/t Au)	Tonnes (Mt)	Grade (g/t Au)	Contained gold ('000 ounces)
North Sammy	1.0	1.3	4.0	167
North Sammy Contact	0.8	1.3	1.7	70
South Sammy	0.8	7.3	1.9	438
Beadle Creek	1.0	2.1	2.4	163
Mac Ridge	0.8	1.7	1.4	74
Dorsey Creek	0.8	0.3	1.4	12
Briens Fault	1.0	0.8	1.6	43
<b>Total</b>		<b>14.8</b>	<b>2.0</b>	<b>968</b>

*Note: Appropriate rounding applied*

During past 6 months the company has completed detailed reviews of the geological, hydrogeological and environmental aspects of the project. It has also undertaken preliminary mine design for open pit and underground mine scenarios. Baseline flora and fauna surveys have also been completed and an eight hole drilling program is planned to install groundwater monitoring wells in the initial area to be mined.

The initial planned operations at Big Springs comprise the mining of the 601 Pit to its economic limit, which is expected to yield approximately 30,000 ounces of gold. Satellite pits and underground operations will be evaluated during mining operations at 601 to ensure sustained production post its completion. Exploration programmes will be undertaken in parallel with the planned mine operations to increase the overall mineable resource

Discussions have commenced in relation to toll treatment of Big Springs ore. These discussions will continue as production plans and permitting are advanced.

#### **Corporate**

During the year a review of the Board structure was completed, Ian Macpherson stood back from his role as Chairman of the Company and ultimately retired from the Board at the Company's 2012 AGM. Non-Executive Director Jon Parker assumed the role of Chairman and Mal James was appointed as an additional Non-Executive Director. As part of the acquisition of the Big Springs Project, Gregory (Bill) Fry was appointed to the Company's Board on 7 February 2013, replacing Allan Trench.

At the Company's 2012 AGM the shareholders voted to change the Company's name from Kimberley Rare Earths to Anova Metals, reflecting the Company's strategic shift away from the rare earths sector and its disposal of its interest in the Cummins Range Joint Venture with Navigator Resources Limited.

#### **Competent Person Statement**

*The information in this report that relates to Mineral Resources is based on information compiled by Mr Lauritz Barnes, Principal Consultant Geologist – Trepanier Pty Ltd. Mr Barnes is also a shareholder of Anova Metals. Mr Barnes is a member of the Australasian Institute of Mining and Metallurgy and have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Barnes consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.*

#### **Significant changes in the state of affairs**

During the year the Company withdrew from its Cummins Range Joint Venture with Navigator Resources and also withdrew from its Malilongue Strategic Metals Project after failing to secure a joint venture partner the project. The Company has refocused itself away from the rare earths sector and towards gold, having acquired the Big Springs Project on 7 February 2013. The Big Springs Project is located in an established gold mining region, 80km north of Elko in the north east of the state of Nevada, USA.

#### **Subsequent events**

In August 2013 following a review of the Company strategy and associated costs and funding options, the Board initiated a corporate restructure to reduce fixed overheads whilst preserving development options and work programmes for the Company's Big Springs Project.

The Company's Brisbane office was closed and all activities centralised to the Company's Perth office. Three full-time staff positions were made redundant including that of Managing Director, Mr Tim Dobson. In accordance with their employment contracts, total termination payments of \$316,000 were made by the Company. Mr Gregory Fry has stepped into an executive role, responsible for the day-to-day management of the Company, additionally Mr Alasdair Cooke joined the Board as a Non-Executive Director. The work programs at Big Springs will continue with priority on upgrading the status of the resource and advancing permitting and feasibility study programs.

#### **Likely developments and expected results from operations**

Disclosure of information regarding the likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

## Environmental regulation

The Company is aware of its occupational health and safety and environmental obligations with regard to its exploration activities and ensures that it complies with all regulations when carrying out exploration work.

## Information on directors

**Jon Parker B.Sc. (Hons), Grad. Dip. Bus Admin**

**Non-Executive Director (Appointed on 10 February 2012) and Chairman (Appointed on 10 September 2012)**

### **Experience and expertise**

Mr Parker has strong corporate experience and a reputation for accomplishment in the resource and energy sectors. He has had 30 years in commercial, development and strategy roles, preceded by 10 years in technical roles.

Mr Parker held executive roles within Rio Tinto for 26 years in management and executive roles in iron ore, energy, kaolin and aluminium. This was followed by 4.5 years as Managing Director with Felix Resources Limited and, more recently, as Managing Director of Norton Gold Fields Limited for 2 years until January 2010.

Mr Parker has a history of creating strong and sustainable value through robust strategic thinking, innovative and inclusive leadership practices and sound decision making. He has a focus on strategy development, negotiations, project management, teambuilding and running/developing public companies.

Mr Parker has a degree in Physical Chemistry (Hons) (Sydney) and a Graduate Diploma Business Administration (Curtin) complemented by management programs in Australia (Mt Eliza) and the US (Columbia).

### **Other current directorships**

Sphere Minerals Ltd – 12 April 2012 to current

Southern Cross Goldfields Ltd (formerly Polymetals Mining Ltd) – 2 March 2011 to current

### **Former directorships in last 3 years**

None

### **Special responsibilities**

Chair of the board

### **Interests in shares and options**

Nil

**Malcolm James B.Bus, FAICD, MAusIMM**

**Non-Executive Director (Appointed on 10 September 2012)**

### **Experience and expertise**

Mr James is a business graduate of RMIT University (Melbourne) with over 30 years experience in merchant banking, engineering, manufacturing, mining, energy, financing, philanthropic and social ventures. Over the past 25 years he has had active roles in identifying, exploring, financing and developing a number of significant natural resource and energy projects in Australia, the former Soviet Union, the Middle East, Africa, Asia, South America and the USA.

Mr James has held executive and non-executive board positions on several Australian and London listed companies, business associations, sporting and not-for profit organisations. He has been directly involved in over A\$2 billion of equity and debt financing and was a founding director of MRJ Advisors (formerly Resource & Capital Management) - a boutique resource and capital management firm that was responsible for the identification, financing and listing of several projects/companies on the Australian and London Securities Exchanges.

Mr James is currently Non-Executive Chairman of Triton Minerals Ltd (an ASX listed company). Mr James is also a Fellow of the Australian Institute of Company Directors (AICD) and an Associate of the Australasian Institute of Mining & Metallurgy (AusIMM).

### **Other current directorships**

Triton Minerals Ltd – 31 October 2011 to current

### **Former directorships in last 3 years**

Peninsula Energy Ltd

Alecto Minerals plc

### **Special responsibilities**

Member of the audit and remuneration committees

### **Interests in shares and options**

Nil

**Gregory (Bill) Fry**

**Non-Executive Director (Appointed on 7 February 2013) and Executive Director (Appointed 8 August 2013)**

**Experience and expertise**

Mr Fry have more than 20 years corporate experience in the mining and resources industry, specialising in accounting, management, business development and general corporate activities. I have vast experience in project evaluation and development, project funding, management, finance and operations. Over the past 14 years, Mr Fry has been a director of several private and public companies with activities ranging from funds management, minerals exploration, mining and quarrying.

**Other current directorships**

African Energy Resources Limited – 22 August 2006 to current  
Energy Ventures Limited – 19 August 2009 to current

**Former directorships in last 3 years**

None

**Special responsibilities**

Member of the audit committee

**Interests in shares and options**

5,030,000 ordinary shares in Anova Metals Limited  
5,320,000 unlisted performance shares in Anova Metals Limited

**Alasdair Cooke BSc (Hons), MAIG**

**Non-Executive Director (Appointed on 8 August 2013)**

**Experience and expertise**

Mr Cooke is a geologist with 26 years experience in the resource exploration industry throughout Australia and internationally. For the past 16 years Mr Cooke has been involved in mine development through various private and public resource companies, prior to which he held senior positions in BHP Billiton plc's international new business and reconnaissance group.

**Other current directorships**

African Energy Resources Limited – 22 August 2006 to current  
Energy Ventures Limited – 8 January 2007 to current

**Former directorships in last 3 years**

Albidon Limited  
Exco Resources Limited

**Special responsibilities**

None

**Interests in shares and options**

7,999,235 ordinary shares in Anova Metals Limited  
3,850,000 unlisted performance shares in Anova Metals Limited

**Company secretary**

The company secretary is Mr Steven Jackson BEc CPA, Mr Jackson was appointed to the position of company secretary on 11 September 2013. Mr Jackson also holds the position of company secretary with Energy Ventures Limited.

**Meetings of directors**

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2013, and the numbers of meetings attended by each director were:

Directors	Board of Directors		Remuneration/Nomination committee		Audit committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Ian Macpherson	5	5	3	3	1	1
Allan Trench	6	6	3	3	1	1
Tim Dobson	10	10	N/A	N/A	N/A	N/A
Jon Parker	10	10	3	2	2	1
Malcolm James	8	6	1	1	2	2
Gregory Fry	4	4	-	-	1	1

## Remuneration report

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of Anova Metals Limited's key management personnel for the year ended 30 June 2013. Disclosures required under AASB 124 *Related Party Disclosures* have been transferred from the financial report and have been audited. The additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 have not been audited.

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel details;
- remuneration policy and relationship between the remuneration policy and Company performance;
- remuneration of key management personnel; and
- key terms of employment contracts.

### Key management personnel details

The key management personnel of Anova Metals Limited during the year or since the end of the year were:

#### Directors

Jon Parker	Non-Executive Chairman
Tim Dobson	Managing Director (resigned 9 August 2013)
Malcolm James	Non-Executive Director (appointed on 10 September 2012)
Gregory (Bill) Fry	Non-Executive Director (appointed on 7 February 2013), Executive Director (appointed 8 August 2013)
Ian Macpherson	Non-Executive Director (resigned 29 November 2012)
Allan Trench	Non-Executive Director (resigned 7 February 2013)

#### Executives

Geoff Collis	General Manager – Exploration (resigned 9 August 2013)
Michael Chan	General Manager – Project Development (resigned 1 November 2012)

### Remuneration policy and relationship between the remuneration policy and Company performance

The Board policy for determining remuneration is based on the principle of remunerating Directors and senior executives on their ability to add value to the Company (taking into account the Company's strategic plan and operations) whilst also considering market packages for similar positions within the industry and, where relevant, in consultation with external consultants. The Board appreciates the interrelationship between this policy and Company performance. It acknowledges that it is in the best interests of shareholders to provide challenging but achievable incentives to reward senior executives for reaching the Company's stated goals.

#### Key management personnel (excluding non-executive Directors)

The Remuneration Committee is responsible for determining the remuneration policies for the Company, including those affecting Directors and other key management personnel. The Committee may seek appropriate external advice to assist in its decision making. Remuneration policies and practices are directed primarily at attracting, motivating and retaining key management personnel.

The remuneration policy for senior executives has the following key elements:

- Primary benefits (being salary, fees, short term incentive bonus and non monetary benefits);
- Post-employment benefits (being superannuation);
- Equity (being share options granted at the discretion of the Board and ordinary shares issued under the Company's Long Term Incentive Scheme); and
- Other benefits.

The Managing Director and key executives are entitled to receive a discretionary cash bonus under the Company's Short Term Incentive Scheme. The Scheme, which was adopted by the Board in the previous financial year, provides that executives may receive a cash bonus dependent on the achievement of a number of qualitative and quantitative objectives aligned to the Company's strategic goals including the development of a positive profile for and corporate culture within the Company, progression of exploration projects as per milestones set out, timely completion of planned exploration activities, and the identification of new exploration opportunities. The quantum of the bonus is defined as a percentage of annual base salary and allows for a payment of up to 30% for the Managing Director and 20% for other executives, and is based on the completion of a scorecard for each individual where each objective identified is allocated a certain weighting dependent on the individual's role within the Company and a score for the achievement of each objective is awarded. The bonus is payable on a financial year basis. The awards for the 2012 year have been approved by the Remuneration Committee in the 2013 financial year and will be shown as part of remuneration in the 2013 financial year.

The Company's Long Term Incentive Plan was approved at the Company's 2011 Annual General Meeting and this entitles the Managing Director and key executives to receive a discretionary number of loan funded shares in the Company. The number of shares to be awarded is determined by the achievement of a combination of three different measures, being the Company's share price performance relative to its peers, the achievement of the Company's annual strategic plan and a Board discretionary component. These awards are to be made on a financial year basis. The awards for the 2012 year were considered and approved by the

Remuneration Committee in the 2013 financial year for executives and approval for the award to the Managing Director was sought at the Company's 2012 Annual General Meeting. These awards have been shown as part of remuneration.

#### Non-Executive Directors

The Company's Non-Executive Directors receive fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Company's non-executive Directors reflect the demands on, and responsibilities of these Directors. They do not receive any retirement benefits (other than compulsory superannuation). The Board decides annually the level of fees to be paid to non-Executive Directors with reference to market standards.

Upon specific request by the Managing Director, Non-Executive directors may be requested to provide the Company with additional services over and above that ordinarily expected of a Non-Executive Director. In such circumstances, additional consulting fees may be payable. No such services were performed during the financial year.

Non-Executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options vest across the life of the option and are primarily designed to provide an incentive to non-Executive Directors to remain with the Company.

A Non-Executive Directors' fee pool limit of \$300,000 per annum was approved by the Directors in 2010. This pool is currently utilised to the level of \$180,000 per annum. The fees currently paid to non-Executive Directors are \$60,000 per annum for the Non-Executive Chairman and \$40,000 per annum for the Non-Executive Directors.

Remuneration of key management personnel:

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payments		Total	% of compensation consists of options
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation		Options	Loan funded share plan		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>2013</b>										
<u>Directors</u>										
Jon Parker	71,406	-	-	-	4,644	-	-	-	76,050	-
Ian Macpherson	18,731	-	-	-	1,686	-	-	-	20,417	-
Gregory Fry	41,666	-	-	-	-	-	-	-	41,666	-
Allan Trench	24,166	-	-	-	-	-	-	-	24,166	-
Tim Dobson (i)	306,675	50,000	-	24,201	29,124	-	188,242	82,800	681,042	40%
Malcolm James	29,817	-	-	-	2,683	-	-	-	32,500	-
<u>Executives</u>										
Geoff Collis	206,863	25,770	-	-	18,148	-	68,993	27,246	347,020	28%
Michael Chan	185,700	15,505	-	-	16,833	-	11,096	-	229,134	5%
	885,024	91,275	-	24,201	73,118	-	268,331	110,046	1,451,995	27%

(i) Other benefits for Mr. Dobson consist of living away from home allowance.

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payments	Total	% of compensation consists of options
	Salary & fees	Bonus	Non-monetary	Other	Superannuation		Options		
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>2012</b>									
<u>Directors</u>									
Jon Parker	13,267	-	-	786	1,196	-	-	15,249	-
Ian Macpherson	55,046	-	-	2,041	4,954	-	-	62,041	-
Allan Trench	36,697	-	-	2,041	3,303	-	-	42,041	-
Gerry Kaczmarek(i)	22,442	-	-	1,249	2,020	-	-	25,711	-
Peter Rowe	18,349	-	-	1,015	1,651	-	-	21,015	-
Tim Dobson (ii)	338,845	-	15,481	1,500	21,155	-	57,759	434,740	13%
Malcolm James (iii)	-	-	-	-	-	-	-	-	-
<u>Executives</u>									
Geoff Collis	218,017	-	-	-	16,581	-	38,506	273,104	14%
Michael Chan	115,119	-	-	-	10,361	-	5,614	131,094	4%
	817,782	-	15,481	8,632	61,221	-	101,879	1,004,995	10%

(i) Directors' fees for Mr. Kaczmarek were paid to Navigator Resources Limited, of which Mr. Kaczmarek was the Company Secretary and Chief Financial Officer.

(ii) Non-monetary benefits for Mr. Dobson consist of car hire, car parking, and domestic flights paid by the Company.

(iii) Malcolm James was appointed as a Non-Executive Director on 10 September 2012.

No key management personnel appointed during the period received a payment as part of his consideration for agreeing to hold the position.

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Director/Executive	Number of options granted	Date granted	Fair value per option at grant date	Expiry date of options	% vested at 30 June 2013	Value of options granted at grant date
Tim Dobson	1,500,000	19 July 2011	\$0.051	30 June 2014	100%	\$77,012
Geoff Collis	1,000,000	19 July 2011	\$0.051	30 June 2014	100%	\$51,341
Michael Chan	1,000,000	3 February 2012	\$0.017	31 December 2014	100%	\$16,710
Tim Dobson	1,500,000	16 January 2013	\$0.039	31 December 2016	100%	\$58,500
Geoff Collis	500,000	16 January 2013	\$0.039	31 December 2016	100%	\$19,500
Tim Dobson	3,000,000	16 January 2013	\$0.037	31 December 2016	100%	\$111,000
Geoff Collis	1,000,000	16 January 2013	\$0.037	31 December 2016	100%	\$37,000

Refer to note 21 for further details of the options, including models and assumptions used. There have been no alterations to the terms and conditions of options granted as remuneration since their grant date.

No options granted as remuneration were exercised by key management personnel or lapsed during the year.

#### Key terms of employment contracts

Remuneration and other terms of employment for the Managing Director, Tim Dobson are formalised in a service agreement. Major provisions of this agreement are set out below:

- Term of agreement – ongoing commencing 27 June 2011;
- Base salary reviewed annually, currently \$360,000 per annum (inclusive of superannuation entitlements);
- Short term incentive comprising an annual performance bonus of up to 30% of base salary which will be assessed against key performance indicators set by the Board;
- Long term incentive comprising 1.5 million options exercisable at 30 cents each on or before 30 June 2014. The options will vest in two equal tranches on 30 June 2012 and 30 June 2013;
- Entitlement to participate in long term incentive scheme comprising the issue of loan funded shares under a shareholder approved scheme;
- Termination payment comprising 6 months' salary in certain circumstances following a corporate re-organisation
- Notice period of 90 days or by the Company giving 180 days notice in writing.

Tim Dobson's contract was terminated on 9 August 2013.



Remuneration and other terms of employment for the General Manager - Exploration, Geoff Collis are formalised in a service agreement. Major provisions of this agreement are set out below:

- Term of agreement – ongoing commencing 20 June 2011;
- Base salary reviewed annually, currently \$225,000 per annum (inclusive of superannuation entitlements);
- Short term incentive comprising an annual performance bonus of up to 20% of base salary which will be assessed against key performance indicators set by the Board;
- Long term incentive comprising 1 million options exercisable at 30 cents each on or before 30 June 2014. The options will vest in two equal tranches on 30 June 2012 and 30 June 2013;
- Entitlement to participate in long term incentive scheme comprising the issue of loan funded shares under a shareholder approved scheme;
- Termination payment comprising 6 months' salary in certain circumstances following a corporate re-organisation
- Notice period of 90 days.

Geoff Collis' contract was terminated on 9 August 2013.

#### Shares under option

Unissued ordinary shares of Anova Metals Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price \$	Number under option
13 May 2011	11 May 2014	25 cents	3,000,000
13 May 2011	30 June 2014	25 cents	3,000,000
19 July 2011	30 June 2014	30 cents	2,500,000
8 December 2011	8 June 2016	30 cents	750,000
3 February 2012	31 December 2014	30 cents	1,000,000
16 January 2013	31 December 2016	10.1 cents	2,000,000
16 January 2013	31 December 2016	12.1 cents	4,000,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

\*Included in these options were options granted as remuneration to the directors and key management personnel during the year. Details of options granted to key management personnel are disclosed above.

#### Shares issued on the exercise of options

There have been no ordinary shares issued during the year ended 30 June 2013 (2012: nil) by the exercise of options.

#### Insurance of officers

During the financial year, Anova Metals Limited paid a premium of \$25,579 to insure the directors and secretaries of the company and its Australian based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

#### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

### Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the audit independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APEA 110 *Code of Ethics for Professional Accountants*

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2013 \$	2012 \$
Preparation of an Investigating Accountant's Report	7,500	-
	<u>7,500</u>	<u>-</u>

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

This report is made in accordance with a resolution of directors.



**Gregory (Bill) Fry**  
Executive Director  
Perth, 26 September 2013

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Anova Metals Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Anova Metals Limited and the entities it controlled during the year.



Perth, Western Australia  
26 September 2013

L Di Giallonardo  
Partner

## INDEPENDENT AUDITOR'S REPORT

To the members of Anova Metals Limited

### Report on the Financial Report

We have audited the accompanying financial report of Anova Metals Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity (Group) comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

#### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### **Auditor's opinion**

In our opinion:

- (a) the financial report of Anova Metals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to Note 1(a) to the financial report, which indicates that the ability of the Group to continue as a going concern is dependent on the management of its expenditure in the 12 months from the date the financial report is signed, or if required, the successful raising of sufficient capital. If the Group is unable to manage its expenditure or raise sufficient capital in that period, there is a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

### **Report on the Remuneration Report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Auditor's opinion**

In our opinion the remuneration report of Anova Metals Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.



**HLB Mann Judd**  
Chartered Accountants



**L Di Giallonardo**  
Partner

**Perth, Western Australia**  
**26 September 2013**

## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 20 to 47 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date and
- (b) there are reasonable grounds to believe that Anova Metals Limited will be able to pay its debts as and when they become due and payable.
- (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the year ended 30 June 2013.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors



**Gregory Fry**  
Executive Director

Perth, 26 September 2013

## Consolidated statement of comprehensive income for the year ended 30 June 2013

	<u>Note</u>	<u>2013</u> \$	<u>2012</u> \$
<b>Continuing operations</b>			
Revenue	5	397,137	777,798
Consultants & employee benefits expenses		(649,962)	(648,238)
Administration expenses		(809,944)	(925,513)
Share-based payments expenses		(382,169)	(101,879)
Occupancy expenses		(153,541)	(133,295)
Project generation and business development expenses		(928,720)	(422,408)
Exploration expenditure expensed as incurred		(891,570)	-
<b>Loss before income tax expense</b>		<b>(3,418,769)</b>	<b>(1,453,535)</b>
Income tax expense	6	-	-
<b>Loss for the year from continuing operations</b>		<b>(3,418,769)</b>	<b>(1,453,535)</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	28	(8,815,480)	(3,372,943)
<b>Loss for the year</b>		<b>(12,234,249)</b>	<b>(4,826,478)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		657,854	-
<b>Total comprehensive loss for the year</b>		<b>(11,576,395)</b>	<b>(4,826,478)</b>
<b>Loss per share:</b>			
Basic (cents per share)	17	(8.67)	(3.82)
Basic from continuing operations (cents per share)	17	(2.43)	(1.15)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated statement of financial position  
as at 30 June 2013**

	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	7	2,983,762	11,908,904
Trade and other receivables	8	60,258	127,482
Other assets	9	33,596	78,722
<b>Total current assets</b>		<b>3,077,616</b>	<b>12,115,108</b>
<b>Non-current assets</b>			
Plant and equipment	10	22,430	61,981
Exploration and evaluation expenditure	11	10,829,971	7,601,433
Other	12	400,710	125,744
<b>Total non-current assets</b>		<b>11,253,111</b>	<b>7,789,158</b>
<b>Total assets</b>		<b>14,330,727</b>	<b>19,904,266</b>
<b>Current liabilities</b>			
Trade and other payables	13	264,679	339,712
Other	14	547,050	-
<b>Total current liabilities</b>		<b>811,729</b>	<b>339,712</b>
<b>Total liabilities</b>		<b>811,729</b>	<b>339,712</b>
<b>Net assets</b>		<b>13,518,998</b>	<b>19,564,554</b>
<b>Equity</b>			
Contributed equity	15	26,743,658	23,750,987
Reserves	16	3,878,406	682,384
Accumulated losses	16	(17,103,066)	(4,868,817)
<b>Total equity</b>		<b>13,518,998</b>	<b>19,564,554</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



**Consolidated statement of changes in equity  
for the year ended 30 June 2013**

	Issued capital \$	Share-based payments reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance as at 1 July 2011	23,568,539	559,620	-	(42,339)	24,085,820
Loss for the year	-	-	-	(4,826,478)	(4,826,478)
<b>Total comprehensive loss for the year</b>	-	-	-	(4,826,478)	(4,826,478)
Recognition of share-based payments	-	122,764	-	-	122,764
Issue of shares	120,737	-	-	-	120,737
Share issue expenses (reversal)	61,711	-	-	-	61,711
<b>Balance at 30 June 2012</b>	<b>23,750,987</b>	<b>682,384</b>	-	<b>(4,868,817)</b>	<b>19,564,554</b>
Balance as at 1 July 2012	23,750,987	682,384	-	(4,868,817)	19,564,554
Loss for the year	-	-	-	(12,234,249)	(12,234,249)
Exchange differences on translation of foreign operations	-	-	657,854	-	657,854
<b>Total comprehensive loss for the year</b>	-	-	657,854	(12,234,249)	(11,576,395)
Recognition of share-based payments	-	2,538,168	-	-	2,538,168
Issue of shares	2,999,000	-	-	-	2,999,000
Share issue expenses	(6,329)	-	-	-	(6,329)
<b>Balance at 30 June 2013</b>	<b>26,743,658</b>	<b>3,220,552</b>	<b>657,854</b>	<b>(17,103,066)</b>	<b>13,518,998</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Consolidated statement of cash flows  
for the year ended 30 June 2013**

	<u>Note</u>	<u>2013</u>	<u>2012</u>
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(2,533,812)	(2,182,121)
Interest received		456,421	723,801
Exploration and evaluation expenditure		(1,975,824)	(3,470,428)
<b>Net cash used in operating activities</b>	20	<u>(4,053,215)</u>	<u>(4,928,748)</u>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		-	(74,660)
Proceeds on sale of plant and equipment		27,886	-
Cash paid for security deposits		(273,416)	-
Payments for investment in subsidiary	25	(4,650,076)	-
<b>Net cash used in investing activities</b>		<u>(4,895,606)</u>	<u>(74,660)</u>
<b>Cash flows from financing activities</b>			
Payment of share issue costs		(6,329)	-
<b>Net cash used in financing activities</b>		<u>(6,329)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>			
		(8,955,150)	(5,003,408)
Cash and cash equivalents at beginning of the year		11,908,904	16,912,312
Effect of exchange rate fluctuations on cash held		30,008	-
<b>Cash and cash equivalents at the end of the year</b>	7	<u><b>2,983,762</b></u>	<u><b>11,908,904</b></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the financial statements for the year ended 30 June 2013

### 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Anova Metals Limited and its subsidiaries.

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Anova Metals Limited is a for-profit entity for the purposes of preparing the financial statements.

##### *Compliance with IFRSs*

The consolidated financial statement of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

##### *New and amended standards adopted by the group*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements effective 1 July 2012* now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

##### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

##### *Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

##### *Going concern*

The Group has a working capital surplus of \$2,265,887 at balance date and incurred a loss from continuing operations of \$3,418,769 as well as a cash outflow from operating activities from continuing operations of \$3,170,480 for the year ended 30 June 2013. The ability of the Group to continue as a going concern is principally dependent upon raising additional capital to fund exploration expenditure, other principal activities and working capital. The Directors believe that the Group will be able to manage its expenditure in the 12 months from the date this financial report is signed, or if required, will be successful in raising sufficient capital in that period such that the Group will continue as a going concern. Should the Group not be able to manage its expenditure or raise sufficient capital in that period, there is a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

#### (b) Principles of consolidation

The consolidated financial statements incorporates the assets and liabilities of all subsidiaries of Anova Metals Limited ("company" or "parent entity") at 30 June 2013. Anova Metals Limited and its subsidiaries together are referred to in these financial statements as the group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Notes to the financial statements for the year ended 30 June 2012

### 1. Summary of significant accounting policies (continued)

#### (c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Anova Metals Limited.

#### (d) Foreign currency translation

##### *(i) Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Anova Metals Limited's functional and presentation currency, as well as the functional currency of Big Springs Pty Ltd. The functional currency of Anova Metals (USA) LLC is US dollars.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

##### *(iii) Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of comprehensive income are translated at the average exchange rates (unless it is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### (e) Revenue recognition

##### Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

## Notes to the financial statements for the year ended 30 June 2013

### 1. Summary of significant accounting policies (continued)

#### (f) Income tax

##### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

##### Deferred tax

Deferred tax is provided on all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business Combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

##### Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

#### (g) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

## Notes to the financial statements for the year ended 30 June 2013

### 1. Summary of significant accounting policies (continued)

#### (h) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

#### (j) Receivables

Trade and other receivables are recorded at amounts due less any allowance for doubtful debts.

#### (k) Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments in subsidiaries are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost price, net of transaction costs.

#### (l) Financial instruments issued by the Company

##### Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

##### Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

#### (m) Property, Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting year.

The following estimated useful lives are used in the calculation of depreciation:

<i>Class of fixed asset</i>	<i>Depreciation rate (%)</i>
Office furniture & equipment	20%
Exploration equipment	20%
Computer Equipment	20%

## Notes to the financial statements for the year ended 30 June 2013

### 1. Summary of significant accounting policies (continued)

#### (n) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred may be accumulated in respect of each identifiable area of interest. Exploration and evaluation costs, excluding the cost of acquiring areas of interest, are expensed as incurred. Acquisition costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated acquisition costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward acquisition costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

#### (o) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

#### (p) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### (q) Provisions for Restoration and Rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the year, in which case the amount is included in the cost of production for the year. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

#### (r) Employee benefits

##### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefits obligations are presented as payables.

## Notes to the financial statements for the year ended 30 June 2013

### 1. Summary of significant accounting policies (continued)

#### (r) Employee benefits (continued)

##### *(ii) Other long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

##### *(iii) Share-based payments*

Share-based compensation benefits are provided to employees. Information relating to these benefits are provided in note 21.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied.

At the end of each period, the entity revised its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

#### (s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

#### (t) Earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### (u) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (v) Parent entity financial information

The financial information for the parent entity, Anova Metals Limited, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements.

#### (w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been adopted by the group. The Directors have determined that there is no material impact of the new and revised standards and interpretations on the group, therefore, no change is necessary to group accounting policies.



## Notes to the financial statements for the year ended 30 June 2013

### 2. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Interest rate risk; and
- Capital management.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this note and the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk management is the responsibility of the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities and identifying when further capital raising initiatives may be required.

#### Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities and have been prepared on the following basis:

- Financial assets - based on the undiscounted contractual maturities including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different year; and
- Financial liabilities - based on undiscounted cash flows on the earliest date on which the Group can be required to pay, including both interest and principal cash flows.

## Notes to the financial statements for the year ended 30 June 2013

### 2. Financial risk management (continued)

	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1 - 5 years \$	5+ years \$	Total \$
<b>2013</b>						
<b>Financial assets</b>						
Non-interest bearing	442	59,816	-	-	-	60,258
Variable interest rate	2,983,762	-	-	-	-	2,983,762
Fixed interest rate	27,294	100,000	-	273,416	-	400,710
	<u>3,011,498</u>	<u>159,816</u>	<u>-</u>	<u>273,416</u>	<u>-</u>	<u>3,444,730</u>
<b>Financial liabilities</b>						
Non-interest bearing	264,679	547,050	-	-	-	811,729
	<u>264,679</u>	<u>547,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>811,729</u>
<b>2012</b>						
<b>Financial assets</b>						
Non-interest bearing	-	51,280	-	-	-	51,280
Variable interest rate	1,908,704	-	-	-	-	1,908,704
Fixed interest rate	2,576,539	5,186,167	2,543,917	-	-	10,306,623
	<u>4,485,243</u>	<u>5,237,447</u>	<u>2,543,917</u>	<u>-</u>	<u>-</u>	<u>12,266,607</u>
<b>Financial liabilities</b>						
Non-interest bearing	144,759	144,774	15,000	-	-	304,533
	<u>144,759</u>	<u>144,774</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>304,533</u>

#### Interest rate risk management

The Group is exposed to interest rate risk as it places funds at predominantly fixed interest rates but for varying years of time. The Group manages this risk by maintaining an appropriate mix between short and long term investments, which also facilitates access to money and allows regular review of the most favourable interest rates attainable.

Although some of the Group's assets are subject to interest rate risk, it is not dependent on this income. Interest income is only incidental to the Group's operations and operating cash flows.

The Group is not exposed to interest rate risk associated with borrowed funds.

#### Interest rate sensitivity analysis

The sensitivity analyses of the Group's exposure to interest rate risk at the reporting date has been determined based on a change of 50 basis points in interest rates.

At reporting date, if interest rates had been 50 basis points higher and all other variables were constant, the Group's net loss after tax would have decreased by \$16,922 (2012: \$61,077) with a corresponding increase in equity. Where interest rates decreased, there would be an equal and opposite impact on the loss after tax and equity.

The Group is exposed to interest rate risk as it places funds at predominantly fixed interest rates but for varying years of time. The Group manages this risk by maintaining an appropriate mix between short and long term investments, which also facilitates access to money and allows regular review of the most favourable interest rates attainable.

Although some of the Group's assets are subject to interest rate risk, it is not dependent on this income. Interest income is only incidental to the Group's operations and operating cash flows.

The Group is not exposed to interest rate risk associated with borrowed funds.

#### Foreign Currency risk management

The Group operates internationally and is exposed to foreign exchange risk arising from exposures to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

## Notes to the financial statements for the year ended 30 June 2013

### 2. Financial risk management (continued)

	30 June 2013	30 June 2012
	USD	USD
	\$	\$
Cash at bank	22,088	-
Trade receivables	-	-
Trade payables	18,369	-

#### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of equity only, comprising issued capital and reserves, net of accumulated losses. The Group's policy is to use capital market issues to meet the funding requirements of the Group.

The Group is not subject to externally imposed capital requirements.

#### Fair value of financial assets and liabilities

AASB 7- Financial Instruments: Requires disclosure of the fair values of financial assets and liabilities categorised by the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Group has no financial assets or liabilities at 30 June 2013 which have been measured at fair value using any of the above measurements.

Unless otherwise stated, the carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1. The carrying amount of trade payables is assumed to approximate their fair value due to their short term nature.

## Notes to the financial statements for the year ended 30 June 2013

### 3. Critical accounting judgements and key sources of estimation uncertainty

Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant note to the financial statements.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

#### Share based payments

The Company measures the cost of equity settled transactions with consultants and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black & Scholes model using various assumptions, as discussed in note 21.

### 4. Segment information

In 2012, the Company operated in two geographical segments being the exploration for, and development of, mineral resources in Australia and Africa. In 2013, following the acquisition of the Big Springs Project, the Group operated in three geographical segments being the exploration for, and development of, mineral resources in Australia, Africa and the United States. As disclosed in Note 28, during the current year, the Company withdrew from its Cummins Range project in Australia and its Malilongue project in Africa. As a result, the revenue, results, assets and liabilities of both of these segments have been disclosed below as discontinued. The unallocated column below relates to corporate costs and cash management.

	Unallocated	United States	Discontinued	Consolidated
<b>Year ended 30 June 2013</b>				
Revenue	397,137	-	-	397,137
<b>Total segment revenue</b>	<b>397,137</b>	<b>-</b>	<b>-</b>	<b>397,137</b>
<b>Segment net loss after tax</b>	<b>2,609,942</b>	<b>808,827</b>	<b>8,815,480</b>	<b>12,234,249</b>
Interest income	382,210	-	-	382,210
Other income	13,995	-	-	13,995
Depreciation	10,733	-	-	10,733
Exploration expenditure expensed as incurred	-	858,266	-	858,266
Expense attributable to discontinued operations	-	-	8,815,480	8,815,480
Share based payments	382,169	-	-	382,169
<b>Segment assets</b>	<b>3,193,892</b>	<b>11,136,835</b>	<b>-</b>	<b>14,330,727</b>
<b>Segment liabilities</b>	<b>217,754</b>	<b>572,975</b>	<b>21,000</b>	<b>811,729</b>
<b>Capitalised expenditure</b>	<b>-</b>	<b>10,201,725</b>	<b>-</b>	<b>10,201,725</b>

	Unallocated	Discontinued	Consolidated
<b>Year ended 30 June 2012</b>			
Revenue	777,798	-	777,798
<b>Total segment revenue</b>	<b>777,798</b>	<b>-</b>	<b>777,798</b>
<b>Segment net loss after tax</b>	<b>1,453,535</b>	<b>3,372,943</b>	<b>4,826,478</b>
Interest income	777,798	-	777,798
Depreciation	9,454	-	9,454
Expense attributable to discontinued operations	-	3,372,943	3,372,943
Share based payments	101,879	-	101,879
<b>Segment assets</b>	<b>12,302,833</b>	<b>7,601,433</b>	<b>19,904,266</b>
<b>Segment liabilities</b>	<b>180,033</b>	<b>159,679</b>	<b>339,712</b>
<b>Capitalised expenditure</b>	<b>74,660</b>	<b>441,623</b>	<b>516,283</b>

## Notes to the financial statements for the year ended 30 June 2013

### 5. Revenue

An analysis of the group's revenue for the year, from continuing operations, is as follows:

	2013 \$	2012 \$
<b>Continuing operations</b>		
Interest income	382,210	777,798
Other	14,927	-
	<u>397,137</u>	<u>777,798</u>

### 6. Income taxes

#### Income tax recognised in profit or loss

	2013 \$	2012 \$
<b>Tax expense comprises:</b>		
Current tax expense	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total tax expense	<u>-</u>	<u>-</u>

The prima facie income tax expense/benefit on pre-tax accounting profit/loss from operations reconciles to the income tax expense in the financial statements as follows:

Loss from operations	(12,234,249)	(4,826,478)
Income tax benefit calculated at 30%	(3,670,274)	(1,447,943)
Effect of expenses that are not deductible in determining taxable profit	2,924,255	157,085
Effect of changes in unrecognised temporary differences	(78,015)	(69,487)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	824,034	1,360,345
	<u>-</u>	<u>-</u>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

#### Unrecognised deferred tax assets and liabilities

	2013 \$	2012 \$
The following deferred tax assets and (liabilities) have not been brought to account as assets:		
Tax losses – revenue	2,006,536	1,441,105
Carried forward foreign revenue losses	258,603	-
Temporary differences	19,171	(71,544)
Deferred tax assets not recognised in equity – share issue costs	141,228	228,331
	<u>2,425,538</u>	<u>1,597,892</u>

### 7. Current assets - Cash and cash equivalents

	2013 \$	2012 \$
Cash at bank and in hand		
Deposits at call	84,128	1,908,904
	<u>2,899,634</u>	<u>10,000,000</u>
	<u>2,983,762</u>	<u>11,908,904</u>

## Notes to the financial statements for the year ended 30 June 2013

### 8. Current assets - Trade and other receivables

	2013 \$	2012 \$
<b>Current</b>		
Goods and services tax recoverable	46,185	51,280
Accrued interest income	442	76,202
Other debtors	13,631	-
	<u>60,258</u>	<u>127,482</u>

### 9. Current assets - Other Assets

	2013 \$	2012 \$
<b>Current</b>		
Prepayments	33,596	78,722
	<u>33,596</u>	<u>78,722</u>

### 10. Non-current assets - Plant and Equipment

	Computer Equipment	Exploration Equipment	Office and minor equipment	Total
<b>Year ended 30 June 2012</b>				
Opening net book amount	-	-	-	-
Additions during the year	29,445	18,920	26,295	74,660
Depreciation charge	(4,700)	(3,225)	(4,754)	(12,679)
Net book amount	<u>24,745</u>	<u>15,695</u>	<u>21,541</u>	<u>61,981</u>
<b>At 30 June 2012</b>				
Cost	29,445	18,920	26,295	74,660
Accumulated depreciation	(4,700)	(3,225)	(4,754)	(12,679)
Net book amount	<u>24,745</u>	<u>15,695</u>	<u>21,541</u>	<u>61,981</u>
<b>Year ended 30 June 2013</b>				
Opening net book amount	24,745	15,695	21,541	61,981
Additions during the year	-	-	-	-
Disposals during the year	(1,599)	(13,476)	(12,797)	(27,872)
Depreciation charge	(5,636)	(2,219)	(3,824)	(11,679)
Net book amount	<u>17,510</u>	<u>-</u>	<u>4,920</u>	<u>22,430</u>
<b>At 30 June 2013</b>				
Cost	27,195	-	7,490	34,685
Accumulated depreciation	(9,685)	-	(2,570)	(12,255)
Net book amount	<u>17,510</u>	<u>-</u>	<u>4,920</u>	<u>22,430</u>

## Notes to the financial statements for the year ended 30 June 2013

### 11. Non-current assets - Exploration and evaluation expenditure

Exploration and evaluation phase:	<b>2013</b>	<b>2012</b>
	\$	\$
Balance at beginning of year	7,601,433	7,199,421
Capitalised during the year	-	402,012
Acquired during the year	10,201,725	-
Exchange differences	628,246	-
Impairments during the year	(7,601,433)	-
Balance at end of year	<u>10,829,971</u>	<u>7,601,433</u>

Exploration expenditure impaired during period related mainly to the Company's surrender of its 25% interest in the Cummins Range rare earths project. The surrender followed an assessment of the economic potential of the project, and the remaining expenditure commitments that the Company would need to meet under the joint venture agreement to maintain its interest. The total amount impaired comprised the value of shares and options issued to Anova's joint venture partner, Navigator Resources Limited, at the time of the Company's Initial Public Offering.

The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration and/or evaluation phases is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

### 12. Non-current assets - Other Assets

	<b>2013</b>	<b>2012</b>
	\$	\$
Security deposit	400,710	125,744
	<u>400,710</u>	<u>125,744</u>

### 13. Current liabilities - Trade and other payables

	<b>2013</b>	<b>2012</b>
	\$	\$
Trade and other payables	264,679	339,712
	<u>264,679</u>	<u>339,712</u>

#### (a) Risk exposure

Information about the group's exposure to foreign exchange risk is provided in note 2.

### 14. Current liabilities - Other

	<b>2013</b>	<b>2012</b>
	\$	\$
Deferred consideration (refer note 25)	547,050	-
	<u>547,050</u>	<u>-</u>

## Notes to the financial statements for the year ended 30 June 2013

### 15. Issued capital

168,413,269 (2012: 126,584,269) fully paid ordinary shares

2013	2012
\$	\$
26,743,658	23,750,987

	2013		2012	
	No.	\$	No.	\$
<b>Fully paid ordinary shares</b>				
Balance at beginning of financial year	126,584,269	23,750,987	125,584,269	23,568,539
Ordinary shares issued as consideration	37,000,000	2,849,000	1,000,000	120,737
Ordinary shares issued for advisor fees	1,875,000	150,000		
Issue of shares under Employee loan funded share plan	2,954,000	-	-	-
Share issue costs	-	(6,329)	-	61,711
Balance at end of year	168,413,269	26,743,658	126,584,269	23,750,987

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

#### Share options on issue

Share options issued by the Company carry no rights to dividends and no voting rights.

As at 30 June 2013, the Company has 16,250,000 share options on issue, exercisable on a 1:1 basis for 16,250,000 shares at an exercise price of between 10.1 cents and 30 cents. The options will expire between 11 May 2014 and 31 December 2016.

As at 30 June 2013, the Company has 28,000,000 performance shares on issue. 13,000,000 are convertible into ordinary shares when a JORC Code inferred resource of at least 1,000,000 ounces of gold is confirmed at the Big Springs Project. The remaining 15,000,000 are convertible into ordinary shares when a JORC code probable ore reserve of at least 75,000 ounces of gold is confirmed at the Big Springs Project.

### 16. Other reserves and accumulated losses

	2013	2012
	\$	\$
Share-based payments reserve	3,220,552	682,384
Foreign currency translation reserve	657,854	-
	3,878,406	682,384

Movements:

#### Share based payments reserve

Balance 1 July	682,384	559,620
Option expense	268,332	122,764
Loan funded share plan expense	113,837	-
Performance shares issued as consideration (refer note 25)	2,155,999	-
Balance 30 June	3,220,552	682,384

#### Foreign currency translation reserve

Balance 1 July	-	-
Currency translation differences arising during the year	657,854	-
Balance 30 June	657,854	-



## Notes to the financial statements for the year ended 30 June 2013

### 16. Other reserves and accumulated losses (continued)

#### *Nature and purpose of reserve*

#### *(i) Share-based payments reserve*

The share-based payments reserve arose on the grant of share options issued as consideration for the purchase of exploration and evaluation assets, the grant of options issued as payment for capital raising services rendered to the Company during the initial public offering, and an expense for shares issued under the Group's loan funded share plan. Further information regarding share-based payments made during the year is disclosed in note 21 to the financial statements.

#### *(ii) Foreign currency translation*

Exchange differences arising on translation of the foreign controlled entity are recognized in other comprehensive income as described in note 1(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses	(17,103,066)	(4,868,817)
Movements:		
Balance 1 July	(4,868,817)	(42,339)
Loss for the year	(12,234,249)	(4,826,478)
Balance 30 June	(17,103,066)	(4,868,817)

### 17. Loss per share

	<b>2013</b>	<b>2012</b>
	<b>Cents</b>	<b>Cents</b>
	<b>per share</b>	<b>per share</b>
Basic loss per share	(8.67)	(3.82)
Basic loss per share from continuing operations	(2.43)	(1.15)

#### **Basic loss per share**

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Net loss	12,234,249	4,826,478
Net loss from continuing operations	3,418,769	1,453,535

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares for the purposes of basic loss per share	141,044,496	126,489,979

#### **Diluted loss per share**

Diluted loss per share has not been calculated as the result does not increase loss per share.

## Notes to the financial statements for the year ended 30 June 2013

### 18. Commitments

#### (a) Operating lease commitments

Future minimum rentals payable under the non-cancellable operating lease as at 30 June 2013 are as follows:

	2013	2012
	\$	\$
Current contractual commitments	-	130,746
	-	130,746

#### (b) Other expenditure commitments

Commitments contracted for at balance date but not recognised as liabilities are as follows:

	2013	2012
	\$	\$
Annual minimum tenement expenditure	375,927	70,000
	375,927	70,000

### 19. Contingent liabilities and contingent assets

In the opinion of the Directors, there were no material contingent liabilities as at 30 June 2013 and no contingent liabilities have arisen in the interval between the year end and the date of this financial report.

### 20. Reconciliation of loss after income tax to net cash inflow from operating activities

	2013	2012
	\$	\$
Loss for the year	(12,234,249)	(4,826,478)
Depreciation	11,679	9,454
Loss on sale of fixed assets	932	-
Share based payments and non-cash consulting fees	562,169	243,502
Exploration expenditure impaired	7,601,433	3,372,943
Foreign exchange (gain)/loss	(32,496)	-
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
Increase in assets:		
Trade and other receivables	67,224	(132,301)
Prepayments	45,126	(65,075)
Exploration and Evaluation Expenditure	-	(398,787)
Increase in liabilities:		
Trade and other payables	(75,033)	240,937
Net cash from operating activities	(4,053,215)	(4,928,748)

## Notes to the financial statements for the year ended 30 June 2013

### 21. Share-based payments

(i) *Options - Share based payment arrangements in existence during year*

The following share-based payment arrangements were in existence during the current year:

Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
3,000,000	13 May 2011	11 May 2014	25 cents	279,810
3,000,000	13 May 2011	30 June 2014	25 cents	279,810
2,500,000 (a)	19 July 2011	30 June 2014	30 cents	128,353
750,000 (b)	8 December 2011	8 June 2016	30 cents	20,866
1,000,000 (c)	3 February 2012	31 December 2014	30 cents	16,710
2,000,000 (d)	16 January 2013	31 December 2016	10.1 cents	78,000
4,000,000 (e)	16 January 2013	31 December 2016	12.1 cents	148,000

- (a) Issued to Tim Dobson and Geoff Collis on appointment.
- (b) Issued to Great Western Mining Limited as consideration for 40% interest in the Malilongue rare earths project in Mozambique
- (c) Issued to Michael Chan on appointment.
- (d) Issued to Tim Dobson and Geoff Collis.
- (e) Issued to Tim Dobson and Geoff Collis.

Each option issued under the arrangement converts into one ordinary share of Anova Metals Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The fair value of the share options granted during the year is \$226,000 (2012: 165,949). These options were priced using a Black & Scholes pricing model. Expected volatility is based on the movement of the underlying share price around its average share price over the expected term of the option. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

Inputs into the model	Option series	
	(d)	(e)
Grant date share price (cents)	16 January 2013	16 January 2013
Exercise price (cents)	10.1 cents	12.1 cents
Expected volatility	73%	73%
Option life	3 years	3 years
Dividend yield	0%	0%
Risk-free interest rate	2.76%	2.76%

No other features of options granted were incorporated into the measurement of the fair value.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	2013		2012	
	Number of Options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance at beginning of year	10,250,000	0.27	6,000,000	0.25
Granted during the year	6,000,000	0.11	4,250,000	0.30
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Balance at end of the year (ii)	16,250,000	0.21	10,250,000	0.27
Exercisable at end of the year	15,750,000	0.21	8,000,000	0.26

#### Balance at end of the year

The share options outstanding at the end of the year had a weighted average remaining contractual life of 2.0 years (2012: 2.2 years).

## Notes to the financial statements for the year ended 30 June 2013

### 21. Share-based payments (continued)

#### (ii) Loan funded share plan

The company has a Loan Funded Share Plan (LFSP). Under the Plan ordinary shares can be issued to an employee with the purchase price lent to the employee under a limited recourse loan.

During the financial year 3,730,000 ordinary shares were issued in accordance with the LFSP. The issue price of the shares was 7.4 cents per share for 1,660,000 shares (Issue A) and 7.4 cents for the remaining 2,070,000 shares (Issue B). The fair value of 1,660,000 of the shares at the time of issue was 3.5 cents totalling \$58,283. The fair value of each of the remaining 2,070,000 shares at the time of issue was 4.0 cents totalling \$82,801. Of this amount \$141,084 (2012: \$nil) has been expensed in the statement of comprehensive income in the current period.

776,000 ordinary shares issued under the plan were bought back during the year and cancelled when an employee ceased working for the Group. This has the impact of reversing \$27,246 of the amount expensed in the statement of comprehensive income in the current period.

As part of the issue of the Shares, the value of the shares issued at the Issue Price was loaned by the Company to the eligible employees under the terms of the LFSP as a limited recourse loan. The loan is interest free and is provided for a maximum of 5 years. All of the benefits of ownership rest with the holder, including voting rights and entitlements to dividends. Any dividends paid are offset against the balance of the loan.

Due to the way the LFSP has been structured, in particular the use of a limited recourse loan, Accounting Standards require this transaction to be treated in the same manner as the issue of an option and do not permit the recognition of a loan balance.

The fair value at grant date of the shares was determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan. The assessed fair value is recognized as share-based payments.

The 3,730,000 ordinary shares issued during the period are subject to dealing restrictions until the loan is repaid. Due to the loan being limited recourse, equity contributions are recognised on receipt of loan repayments.

Loan repayments of \$nil were received during the year (2012: \$Nil).

776,000 ordinary shares issued under the plan during the year were bought back when one employee ceased working for the Group.

#### *Fair value of shares granted*

The assessed fair value at grant date of shares granted during the financial year was 3.5 cents and 4.0 cents per option. The fair value at grant date is determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the share.

The model inputs for shares granted under the Loan Funded Share Plan during the financial year ended 30 June 2013 included:

#### **Issue A**

- (a) options are granted for no consideration
- (b) exercise price: \$1.00.
- (c) grant date: 30 August 2012
- (d) expiry date: 30 August 2017
- (e) share price at grant date: \$0.06.
- (f) expected price volatility of the company's shares: 72%
- (g) expected dividend yield: 0%
- (h) risk-free interest rate: 2.64%
- (i) vesting conditions – 30 August 2013

#### **Issue B**

- (a) options are granted for no consideration
- (b) exercise price: \$0.069
- (c) grant date: 29 November 2012
- (d) expiry date: 28 November 2017
- (e) share price at grant date: \$0.069
- (f) expected price volatility of the company's shares: 71%
- (g) expected dividend yield: 0%
- (h) risk-free interest rate: 2.8%
- (i) vesting conditions – 30 August 2013

The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

## Notes to the financial statements for the year ended 30 June 2013

### 22. Related party transactions

#### (a) Transactions with key management personnel

##### Key management personnel compensation

Details of key management personnel compensation are disclosed in the Remuneration Report which forms part of the Directors' Report and has been audited. The aggregate compensation of the key management personnel is summarised below:

	2013 \$	2012 \$
Short term employee benefits	1,000,500	841,895
Post employment benefits	73,118	61,221
Other long term employee benefits	-	-
Share based payments	378,377	101,879
	<b>1,451,995</b>	<b>1,004,995</b>

##### Key management personnel equity holdings

##### Fully paid ordinary shares of Anova Metals Limited:

	Balance At 1 July	Purchased / sold during the year No.	Granted as compensation No.	Other (i) No.	Balance on resignation/ appointment No.	Balance at 30 June No.
<b>2013</b>						
Ian Macpherson	553,522	-	-	-	(553,522)	-
Allan Trench	381,396	-	-	-	(381,396)	-
Malcolm James	-	-	-	-	-	-
Gregory Fry	-	(2,000,000)	-	3,230,000	3,800,000	5,030,000
Jon Parker	-	-	-	-	-	-
Tim Dobson	300,000	-	2,070,000	-	-	2,370,000
Geoff Collis	50,000	-	776,000	-	-	826,000
Michael Chan	241,500	-	-	-	(241,500)	-
	<b>1,526,418</b>	<b>(2,000,000)</b>	<b>2,846,000</b>	<b>3,230,000</b>	<b>2,623,582</b>	<b>8,226,000</b>
<b>2012</b>						
Ian Macpherson	353,522	200,000	-	-	N/A	553,522
Allan Trench	381,396	-	-	-	N/A	381,396
Gerry Kaczmarek	115,900	-	-	-	(115,900)	N/A
Peter Rowe	50,000	-	-	-	(50,000)	N/A
Jon Parker	-	-	-	-	N/A	-
Tim Dobson	-	300,000	-	-	N/A	300,000
Geoff Collis	-	50,000	-	-	N/A	50,000
Michael Chan	-	241,500	-	-	N/A	241,500
	<b>900,818</b>	<b>791,500</b>	<b>-</b>	<b>-</b>	<b>(165,900)</b>	<b>1,526,418</b>

##### Performance shares of Anova Metals Limited:

	Balance At 1 July	Granted as compensation No (i)	Exercised No.	Balance on resignation No.	Balance at 30 June No.	Vested during the year	Vested and exercisable at 30 June
<b>2013</b>							
Ian Macpherson	-	-	-	-	-	-	-
Allan Trench	-	-	-	-	-	-	-
Malcolm James	-	-	-	-	-	-	-
Gregory Fry	-	8,550,000	(3,230,000)	-	5,320,000	3,230,000	-
Jon Parker	-	-	-	-	-	-	-
Tim Dobson	-	-	-	-	-	-	-
Geoff Collis	-	-	-	-	-	-	-
Michael Chan	-	-	-	-	-	-	-
	<b>-</b>	<b>8,550,000</b>	<b>(3,230,000)</b>	<b>-</b>	<b>5,320,000</b>	<b>3,230,000</b>	<b>-</b>

- (j) Mr Gregory Fry has an interest in the entity from which Anova Metals Limited purchased the Big Springs Project. Mr Fry's interest in the performance shares issued as part of the transaction was 8,550,000 performance shares. Of these, 3,230,000 vested and were exercised during the year.

## Notes to the financial statements for the year ended 30 June 2013

### 22. Related party transactions (contd)

#### Options over ordinary shares of Anova Metals Limited:

	Balance At 1 July	Granted as compensation No.	Exer- cised No.	Net other changes No.	Balance on resignation No.	Balance at 30 June No.	Vested during the year	Vested and exercisable 30 June
<b>2013</b>								
Ian Macpherson	-	-	-	-	-	-	-	-
Allan Trench	-	-	-	-	-	-	-	-
Malcolm James	-	-	-	-	-	-	-	-
Gregory Fry	-	-	-	-	-	-	-	-
Jon Parker	-	-	-	-	-	-	-	-
Tim Dobson	1,500,000	4,500,000	-	-	-	6,000,000	5,250,000	6,000,000
Geoff Collis	1,000,000	1,500,000	-	-	-	2,500,000	2,000,000	2,500,000
Michael Chan	1,000,000	-	-	-	(1,000,000)	-	-	-
	<u>3,500,000</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>8,500,000</u>	<u>7,250,000</u>	<u>8,500,000</u>
<b>2012</b>								
Ian Macpherson	-	-	-	-	N/A	-	-	-
Allan Trench	-	-	-	-	N/A	-	-	-
Gerry Kaczmarek	-	-	-	-	-	N/A	-	-
Peter Rowe	-	-	-	-	-	N/A	-	-
Jon Parker	-	-	-	-	N/A	-	-	-
Tim Dobson	-	1,500,000	-	-	N/A	1,500,000	750,000	750,000
Geoff Collis	-	1,000,000	-	-	N/A	1,000,000	500,000	500,000
Michael Chan	-	1,000,000	-	-	N/A	1,000,000	-	-
	<u>-</u>	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500,000</u>	<u>1,250,000</u>	<u>1,250,000</u>

There were no other transactions with key management personnel of the Company during the year.

#### (b) Subsidiaries

Interests in subsidiaries are set out in note 27.

#### (c) Transactions with other related parties

During the current financial year Anova Metals Limited:

- (i) paid fees totalling \$258,766 to Mitchell River Group, an entity associated with director Mr Gregory Fry, for office rental and use of their administration and technical staff
- (ii) paid \$4,317 to African Energy Resources Limited, an entity associated with director Mr Gregory Fry, for recharge of costs incurred on behalf of Anova Metals Limited
- (iii) paid \$25,110 to Energy Ventures Limited, an entity associated with director Mr Gregory Fry, for recharge of costs incurred on behalf of Anova Metals Limited
- (iv) paid \$9,101 to Oregon Energy LLC, an entity associated with director Mr Gregory Fry, for recharge of costs incurred on behalf of Anova Metals Limited
- (v) charged \$12,561 to Energy Ventures Limited, an entity associated with director Mr Gregory Fry, for a proportion of Anova Metals Limited's staff time.

#### (d) Outstanding balances arising from sales/purchase of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2013 \$	2012 \$
Current receivables		
Other related parties	10,812	-
Current payables		
Other related parties	41,935	-

#### (e) Terms and conditions

Transactions relating to the recharge of costs incurred on behalf of Anova Metals Limited were all at cost. All other transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

## Notes to the financial statements for the year ended 30 June 2013

### 23. Remuneration of auditors

#### Auditor of the Company

Audit or review of the financial report

Other services – Independent Accountant’s Report

	2013 \$	2012 \$
Audit or review of the financial report	28,485	20,970
Other services – Independent Accountant’s Report	7,500	-
	<u>35,985</u>	<u>20,970</u>

The auditor of Anova Metals Limited is HLB Mann Judd.

### 24. Subsequent events

In August 2013 following a review of the Company strategy and associated costs and funding options, the Board initiated a corporate restructure to reduce fixed overheads whilst preserving development options and work programmes for the Company’s Big Springs Project.

The Company’s Brisbane office was closed and all activities centralised to the Company’s Perth office. Three full-time staff positions were made redundant including that of Managing Director, Mr Tim Dobson. In accordance with their employment contracts, total termination payments of \$316,000 were made by the Company. Mr Gregory Fry has stepped into an executive role, responsible for the day-to-day management of the Company, additionally Mr Alasdair Cooke joined the Board as a Non-Executive Director. The work programs at Big Springs will continue with priority on upgrading the status of the resource and advancing permitting and feasibility study programs.

## Notes to the financial statements for the year ended 30 June 2013

### 25. Asset acquisition

#### (a) Summary of acquisition

On 7 February 2013 the parent entity acquired 100% of the issued share capital of Big Springs Pty Ltd and the Big Springs Project in Nevada.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$
Purchase consideration (refer to (b) below):	
Cash	4,650,075
Shares in Anova Metals Limited	2,849,000
Deferred / contingent consideration (see (i) below)	2,703,050
Total purchase consideration	<u>10,202,125</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value</b>
	\$
Exploration and evaluation costs	<u>10,202,125</u>
Net assets acquired	<u>10,202,125</u>

There were no acquisitions in the year ended 30 June 2012.

#### (i) Contingent / deferred consideration

- (a) Deferred consideration of \$547,050 is payable if the seller restakes the tenements within a 12 month period. This amount has been recorded as an other current liability in the statement of financial position as the Directors consider it probable that this will occur.
- (b) In the event that a JORC resource of at least 1,000,000 ounces of gold within the area of the Big Springs Project is proven, 13,000,000 ordinary shares in Anova Metals Limited are to be issued to the seller. The Directors consider it probable that this will occur. The fair value of the contingent consideration of \$1,001,000 was estimated based on the market price of Anova shares at the date of acquisition.
- (c) In the event that a JORC probably ore reserve of at least 75,000 ounces of gold within the area of the Big Springs Project is proven 15,000,000 ordinary shares in Anova Metals Limited are to be issued to the seller. The Directors consider it probable that this will occur. The fair value of the contingent consideration of \$1,155,000 was estimated based on the market price of Anova shares at the date of acquisition.

#### (b) Purchase consideration – cash outflow

	<b>2013</b>	<b>2012</b>
	\$	\$
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	<u>4,650,076</u>	-
Outflow of cash – investing activities	<u>4,650,076</u>	-



## Notes to the financial statements for the year ended 30 June 2013

### 26. Additional financial information of the Parent Entity

	Parent entity	
	2013	2012
	\$'000	\$'000
<b>ASSETS</b>		
Current assets	3,044,168	12,240,852
Non-current assets	10,713,984	7,663,414
Total assets	13,758,152	19,904,266
<b>LIABILITIES</b>		
Current liabilities	238,754	339,712
Non-current liabilities	400	-
Total liabilities	239,154	339,712
<b>EQUITY</b>		
Contributed equity	26,743,657	23,750,987
Reserves	3,220,553	682,384
Accumulated profits	(16,445,212)	(4,868,817)
<b>Total equity</b>	<b>13,518,998</b>	<b>19,564,554</b>
(Loss) after income tax	(11,576,395)	(4,826,478)
Total comprehensive (loss)	(11,576,395)	(4,826,478)

#### Contingent liabilities

As detailed in note 19, Anova Metals Limited has no contingent liabilities as at 30 June 2013.

#### Capital commitments

Anova Metals Limited had no capital and exploration commitments at 30 June 2013.

### 27. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding*	
			2013	2012
Big Springs Pty Ltd	Australia	Ordinary	100%	-
Anova Metals (USA) LLC	United States of America	Ordinary	100%	-

\* The proportion of ownership interest is equal to the proportion of voting power held.

## Notes to the financial statements for the year ended 30 June 2013

### Note 28 Discontinued operation

On 26 September 2012, the Company announced its intention to withdraw from the Cummins Range joint venture, its Australian project, thereby discontinuing its exploration operations in this geographical segment. It further announced on 10 October 2012 the successful completion of the withdrawal by payment of \$350,000 to the joint venture partner.

On 13 March 2013, the Group indicated its intention to evaluate further work programs at Malilongue, its African project, in the light of the Big Springs acquisition, and was considering options ranging from further exploration of priority targets, to divestment of the property. Subsequent to this, the Group successfully terminated its project in order to focus on the exploration of gold targets at the Big Springs Project.

Financial information relating to the discontinued operations to the date of disposal is set out below.

The financial performance of the discontinued operation to the date of withdrawal from the Projects, which is included in loss from discontinued operations per the statement of comprehensive income, is as follows:

	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Discontinued operations</b>		
Revenue	-	-
Exploration expenditure expensed as incurred	(864,407)	(3,372,943)
Exploration expenditure impaired	(7,601,433)	-
Payment on termination of joint venture	(350,000)	-
Loss before income tax	(8,815,480)	(3,372,943)
Income tax expense	-	-
Loss after tax attributable to discontinued operations	(8,815,480)	(3,372,943)
Total loss after tax attributable to discontinued operations	(8,815,480)	(3,372,943)

The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows:

	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Discontinued operations</b>		
Net cash used in operating activities	(1,002,726)	(3,120,482)
Net cash used in investing activities	(350,000)	(300,000)
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents attributable to discontinued operations	(1,352,726)	(3,420,482)