ANOVA METALS LIMITED

ABN 20 147 678 779

Financial Report
for the half-year ended
31 December 2013

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The Directors of the Company present their report on the Consolidated Entity consisting of Anova Metals Limited and the entities it controlled at the end, or during, the half-year ended 31 December 2013.

Directors

The Directors of the company at any time during or since the end of the half-year are:

Mr Mal James – Non-Executive Chairman

Mr Gregory (Bill) Fry – Executive Director

Mr Alasdair Cooke – Non-Executive Director (appointed 8 August 2013)

Mr Tim Dobson – Managing Director (resigned 9 August 2013)

Mr Jon Parker – Non-Executive Chairman (resigned 29 November 2013)

Review of Operations

Anova Metals Limited is a mineral exploration company which listed on the ASX in 2011. The Company acquired its current project, the Big Springs gold deposit in Nevada, USA from Victoria Gold Corporation in 2013.

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^2 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 drill 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
Total		**14.8**	**2.0**	**968**

Note: Appropriate rounding applied

During the 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 period the Company initiated a corporate restructure to reduce fixed overheads whilst preserving development options and work programs. As a result three full time positions including that of Managing Director were made redundant and the Company's Brisbane office was closed.

Mr Alasdair Cooke was appointed Non-Executive Director and Mr Bill Fry became an Executive Director of the Company.

Mr Steven Jackson was appointed Company Secretary and the registered office of Anova Metals was shifted to Perth.

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.

Auditor's Independence Declaration

The auditor's Independence Declaration is set out on page 6 and forms part of the Directors' report for the half year ended 31 December 2013.

Gregory (Bill) Fry
Executive Director
Perth, 5 March 2014

1 In the opinion of the directors of Anova Metals Limited :

a. The financial statements and notes set out on pages 9 to 15, are in accordance with the Corporations Act 2001, including:

   i. 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

   ii. Complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; 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.

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

Gregory (Bill) Fry
Executive Director
Perth, 5 March 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Anova Metals Limited for the half-year ended 31 December 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 review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**L Di Giallonardo**
5 March 2014	**Partner**

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Anova Metals Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Anova Metals Limited which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss & other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Anova Metals Limited is not in accordance with the *Corporations Act 2001* including:

a) 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) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 1 to the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent on its ability to secure additional funding, or in being able to appropriately manage its expenditure, in the 12 months from the date the financial report is signed. Should the consolidated entity be unsuccessful with these initiatives, there is a material uncertainty that may cast significant doubt on the ability of the consolidated entity 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.

HLB Mann Judd

Giallonardo.

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
5 March 2014

Condensed Consolidated Statement of Profit or Loss & Other Comprehensive Income
For the half-year ended 31 December 2013

	Note	31-Dec-13 $	31-Dec-12 $
Revenue	*3*	29,736	267,517
Consultant and employee benefits expenses		(735,952)	(453,847)
Exploration expensed as incurred		(786,832)	(558,681)
Administration expenses		(106,375)	(351,002)
Share based payment expenses		-	(168,224)
Occupancy expenses		(142,636)	(67,290)
Net financial expense		(284)	-
Exploration expenditure impaired	*6*	-	(441,623)
Project generation and business development expenses		-	(521,874)
Loss before income tax		(1,742,343)	(2,295,024)
Income tax expense		-	-
Loss for the period from continuing operations		(1,742,343)	(2,295,024)
Discontinued operations			
Loss for the period from discontinued operations	*11*	-	(7,752,787)
Loss for the period		(1,742,343)	(10,047,811)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation		182,269	-
Total comprehensive loss for the period		(1,560,074)	(10,047,811)
Loss per share:			
Basic (cents per share)		(1.03)	(7.85)
Basic from continuing operations (cents per share)		(1.03)	(1.79)

The condensed consolidated statement of profit or loss & other comprehensive income is to be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position
As at 31 December 2013

	Note	31-Dec-13 $	30-Jun-13 $
Assets			
Current Assets			
Cash and cash equivalents		1,340,008	2,983,762
Trade and other receivables	*5*	30,345	60,258
Other assets		15,004	33,596
Total current assets		1,385,357	3,077,616
Non-current Assets			
Property, plant and equipment		12,529	22,430
Exploration and evaluation expenditure	*6*	10,960,827	10,829,971
Security deposits		366,328	400,710
Total non-current assets		11,339,684	11,253,111
Total assets		12,725,041	14,330,727
Liabilities			
Current Liabilities			
Trade and other payables		247,429	264,679
Deferred consideration		518,688	547,050
Total current liabilities		766,117	811,729
Total liabilities		766,117	811,729
Net assets		11,958,924	13,518,998
Equity			
Issued capital		26,743,658	26,743,658
Reserves	*7*	4,060,675	3,878,406
Retained earnings		(18,845,409)	(17,103,066)
Total equity attributable to shareholders of the Company		11,958,924	13,518,998

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

	Issued capital	Accumulated losses	Foreign currency translation reserve	Share-based payments	Total
	$	$	$	$	$
Balance at 1 July 2013	**26,743,658**	**(17,103,066)**	**657,854**	**3,220,552**	**13,518,998**
Loss for the period	-	(1,742,343)	-	-	(1,742,343)
Foreign currency translation reserve	-	-	182,269	-	182,269
Total comprehensive loss for the period	-	(1,742,343)	182,269	-	(1,560,074)
Balance at 31 December 2013	**26,743,658**	**(18,845,409)**	**840,123**	**3,220,552**	**11,958,924**
Balance at 1 July 2012	**23,750,987**	**(4,868,817)**	**-**	**682,384**	**19,564,554**
Loss for the period	-	(10,047,811)	-	-	(10,047,811)
Total comprehensive loss for the period	-	(10,047,811)	-	-	(10,047,811)
Share-based payments	-	-	-	168,224	168,224
Balance at 31 December 2012	**23,750,987**	**(14,916,628)**	**-**	**850,608**	**9,684,967**

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

	31-Dec-13 $	31-Dec-12 $
Cash flows from operating activities		
Cash paid to suppliers and employees	(924,282)	(1,343,085)
Payment for exploration and evaluation expenditure	(747,630)	(1,212,116)
Interest received	29,736	302,980
Net cash (used) in operating activities	(1,642,176)	(2,252,221)
Cash flows from investing activities		
Payment for property, plant and equipment	-	-
Net cash (used) in / provided from investing activities	-	-
Cash flows from financing activities		
Proceeds from the issue of share capital	-	-
Payment for share issuance costs	-	-
Net cash (used) by financing activities	-	-
Net (decrease) in cash and cash equivalents	(1,642,176)	(2,252,221)
Cash and cash equivalents at 1 July	2,983,762	11,908,904
Effect of exchange rates on cash holdings in foreign currencies	(1,578)	-
Cash and cash equivalents at 31 December	1,340,008	9,656,683

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

1. Basis of preparation of half-year statements

These general purpose financial statements are for the interim half-year reporting period ended 31 December 2013 and have been prepared in accordance with *Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Act 2001.*

The financial report does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2013 and any public announcements made by Anova Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. During the half-year ended 31 December 2013, the consolidated entity incurred a net loss of $1,742,343 and had net operating cash outflows of $1,642,176.

The Directors have prepared cash flow projections that support the ability of the consolidated entity to continue as a going concern. These cash flow projections assume the consolidated entity obtains additional funding through existing shareholders or other parties. If such funding is not achieved, the consolidated entity plans to reduce expenditure significantly.

The Directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the consolidated entity be unsuccessful in securing additional funding or not be able to appropriately manage its expenditure, in the 12 months from the date the financial report is signed, there is a material uncertainty that may cast significant doubt on the ability of the consolidated entity 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. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

2. Significant accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

3. Revenue

	31-Dec-13 $	31-Dec-12 $
Interest income	28,747	267,517
Other income	989	-
	29,736	267,517

4. Segment reporting

During the half year the Company operated in one geographical and industry segment, being the exploration for, and development of, mineral resources in the United States. During the prior period the Company withdrew from its Cummins Range Project in Australia. As a result, the revenue, results, assets and liabilities of this segment has been disclosed below as discontinued. The unallocated column below refers to corporate costs and cash management.

Period ended 31 December 2013	Unallocated $	United States $	Discontinued $	Consolidated $
Revenue	28,747	989	-	29,736
Total segment revenue	**28,747**	**989**	**-**	**29,736**
Segment net loss after tax	**(184,640)**	**(1,557,703)**	**-**	**(1,742,343)**
Interest income	28,747	-	-	28,747
Other income	-	989	-	989
Depreciation	(9,901)	-	-	(9,901)
Exploration expensed as incurred	-	(786,832)	-	(786,832)
Share based payments	-	-	-	-
Impairment of exploration expenditure	-	-	-	-
Segment assets	**1,237,763**	**11,487,278**	**-**	**12,725,041**
Segment liabilities	**57,941**	**687,176**	**21,000**	**766,117**

Period ended 31 December 2012	Africa $	Unallocated $	Discontinued $	Consolidated $
Revenue	-	-	267,517	267,517
Total segment revenue	**-**	**-**	**267,517**	**267,517**
Segment net loss after tax	**(1,000,305)**	**(1,294,719)**	**(7,752,787)**	**(10,047,811)**
Interest income	-	267,517	-	267,517
Other income	-	-	-	-
Depreciation	-	(6,239)	-	(6,239)
Exploration expensed as incurred	(558,682)	-	-	(558,682)
Share based payments	-	(168,224)	-	(168,224)
Impairment of exploration expenditure	(441,623)	-	-	(441,623)
Expense attributable to discontinued operations	-	-	(7,752,787)	(7,752,787)
Segment assets	**-**	**10,009,070**	**-**	**10,009,070**
Segment liabilities	**46,714**	**236,389**	**41,000**	**324,103**

5. Trade and other receivables

	31-Dec-13 $	30-Jun-13 $
Accrued interest income	-	442
GST recoverable	25,123	46,185
Other debtors	5,222	13,631
	30,345	60,258

6. Exploration and evaluation expenditure

Exploration and evaluation phase	31-Dec-13 $	31-Dec-12 $
Balance at 1 July	10,829,971	7,601,433
Exploration expenditure impaired	-	(7,601,433)
Reduction in deferred consideration	(43,655)	-
Foreign currency movements	174,511	-
Balance at 31 December	10,960,827	-

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.

7. Reserves

Share based payments reserve	31-Dec-13 $	31-Dec-12 $
Balance at 1 July	3,220,552	682,384
Incentive options issued to employees	-	27,140
Shares issued to employees under incentive scheme*	-	141,084
Balance at 31 December	3,220,552	850,608

Foreign currency translation reserve	31-Dec-13 $	31-Dec-12 $
Balance at 1 July	657,854	-
Translation of foreign currency balances	182,269	-
Balance at 31 December	840,123	-

*During the prior period the Company issued 3,730,000 ordinary shares to employees in accordance with the Company's Long Term Incentive Scheme. Under the terms of the Scheme, the Company granted each employee a corresponding loan for the value of the shares issued. This limited recourse loan is repayable within 5 years from the date of issue. All shares issued under the Scheme, accompanied by limited recourse loans are considered to be options and were accounted for on that basis.

8. Contingent assets and liabilities

There are no identified contingent assets or liabilities as at reporting date.

9. Related parties

Transactions with related parties are consistent with those disclosed in the 30 June 2013 financial report.

10. Events occurring after the reporting period

On 4 February 2014 the Company issued 1,500,000 unlisted options exercisable at 5 cents per share and expiring 31 January 2015 to a consultant.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations, results or the state of affairs of the consolidated entity in future financial years.

11. Discontinued operations

As noted in the financial report for the year ended 30 June 2013, the Company withdrew from the Cummins Range joint venture during the year ended 30 June 2013.