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The Mining Investment Experts

Company Profile

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Anova Metals Limited (“AWV”)

“The Best Fundamental Gold Value Amongst the Minnows”

Share Price	4.0c
12 Mth High/Low	1.9-5c
Market Cap'n	\$8.8m
ASX Listed Shares	220 million ordinary
Unlisted Options	13.5 mill. various 5c-30c
Cash Balance	\$1m 30/8/14
Debt	Nil
Largest Shareholders	Phoenix Gold 9% Alasdair Cooke 8% MRG Employee Trust 5% Clariden Capital 5%



Cash Flow Estimates		Yr1	Yr2	Yr3
Gold Prod'n	000 oz	42	42	42
Throughput	Mtpa	0.27	0.27	0.27
Revenue (spot)	A\$m	57.2	57.2	57.2
Operating Costs		41.4	41.4	41.4
Pre Tax Cash Flow		15.8	15.8	15.8
Per Share		4.7c	4.7c	4.7c
Price x Cash Flow		0.86x	0.86x	0.86x
Deprec/Amort.	A\$m	3.2	3.2	3.2

NPV Estimate	Gross	Per Share	All pre-tax
Life 3 Years	\$40.7m	\$0.13	fully diluted
Life 6 Years	\$73.0m	\$0.24	fully diluted

Investment Perspective: Anova has been quietly optimising the 1 Moz Big Springs gold project over the past 18 months, preparing a mining plan and negotiating a toll treating agreement that will enable gold production to commence early in 2015. Nominal capital costs means there is not the capex hurdle that is obstructing most prospective gold companies today. The high grade, the availability of a nearby mill, the high quality mining district in Nevada and the potential for extended mine life make AWV the lowest risk entry in to junior gold mining sector. Strong forecast cash flows provide an NPV estimate of 3-4x the current share price, on the most conservative case, at current gold prices.

Key Features

High Grade: Anova has optimised its grade to maximise the profit margin in these times of low gold prices. The open pit grade is 4.1 gpt and the underground grade can reach 6.4 gpt. The average head grade over the first three years is estimated to be 5.5 gpt.

No Capex Hurdle: Unlike most other gold projects, there is no capex hurdle for Anova due the ability to toll treat ore through a neighbouring plant. AWV estimates \$2m pre-production capex.

Safe Jurisdiction: The Big Springs gold project is located in the mining-friendly jurisdiction of Nevada, providing for minimal geopolitical risk, a lower operating cost environment than Australia and good infrastructure.

Excellent Fundamentals: Even at these depressed gold prices the Big Springs project can generate strong cash flows of approximately A\$15m p.a. for the first three years, on a gold price of US\$1,225/oz. The estimated NPV on a three year life is 13c/share, and 24c on a six year life (pre-tax).

Extensions Likely: There is a strong probability that the mine life will double beyond the initial three years, once in-fill drill allows an extension of reserves.

Takeover Makes Sense: While the numbers look compelling, a likely scenario would be for the milling company to make a bid. That might truncate the longer term upside, but it could crystallise a useful short term trade.

Share market Liquidity is Still Tight: Apart from just being a micro cap stock, share market liquidity has been very tight. Prospective investors must keep this in mind.

Equity Raising on the Cards: It is obvious that Anova will need to go back to the market soon to raise \$2-3m. This should be seen as an opportunity to acquire stock in volume, in an otherwise tight market.

Big Springs Gold Project (100% AWV)

The Big Springs Gold Project was acquired Anova Metals (previously Kimberley Rare Earths) in February 2013, at a cost of \$6m cash and \$5m in paper (approx. A\$11/oz).

Project Overview

Location	: 80 km north of Elko, Nevada, USA
Infrastructure	: Excellent, in an established mining centre
Product	: Mining refractory ore to be trucked to the Jerritt Canyon roasting facility for toll treatment and dore is delivered to refinery on the account of AWV.
Capacity	: Tolling agreement to treat ore up to 350,000 tpa, but the initial budget only calls for 270,000 tpa
Mine Life	: 3 years on mineable resources, but expect a doubling of life
Mine Grade	: 5.5 gpt
Recovery Rates	: 88%
Gold Production	: 42,000 oz p.a. (average over first three years)
Objective	: Commence production and infill resources to extend mine life

Financial Summary

Capex	: \$2m
Cash Costs	: US\$850/oz
Gold Price	: US\$1,225/oz
NPV	: 15¢ per share on three year life, 26¢ on six years) (DR 8%, US\$1,225/oz, AUD 0.90)
Hedging	: Nil
Debt	: Expecting a \$2m debt facility

Project History and Timeline

Previous Mining	: Open pit by Freeport subsidiary 1987-1993, extracting 350,000 oz
Feb 2013	: Project acquisition from Victoria Gold (TSX listed)
June 2014	: Indicated and Inferred JORC resource announced
Aug 2014	: Toll treatment agreement with Veris Gold (TSX listed)
Aug 2014	: Lodgement of Mining Plan of Operations with US Forestry Service. Final approval expected by March 2015.
April 2015	: Anticipated commencement of mining
June 2015	: First revenues expected

Description of Operations

Mining	: Essentially an underground decline mine but with 185,000 tonnes of open pit ore at a grade of 4.1 gpt and a waste to ore ratio of 8.9:1. All mining will be conducted by local contractors, well experienced in Nevada conditions.
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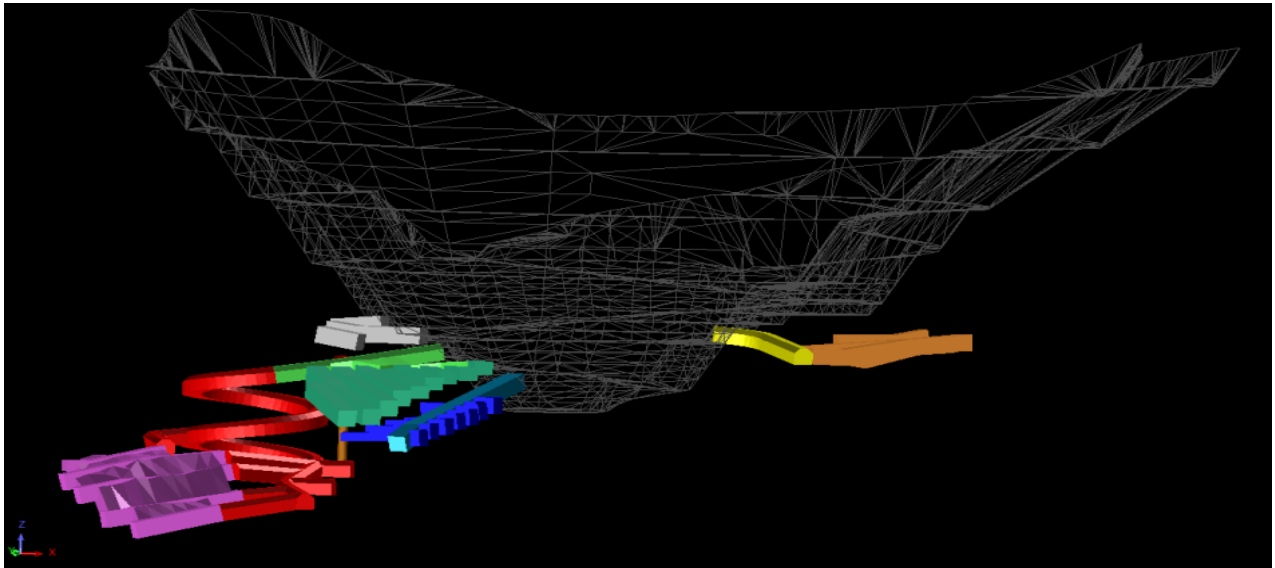


Diagram 1: Proposed underground mining blocks at 601 location, Big Springs. Source: Anova Metals Ltd

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