



ABN 20 147 678 779

Financial Report
for the half-year ended
31 December 2014

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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 2014.

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

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 km² 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.

The Company completed an updated JORC Mineral Resource estimate for its Big Springs gold deposit totalling 1.03 Moz of contained gold. The Measured, Indicated and Inferred Mineral Resource estimate has been completed in accordance with the JORC Code and comprises a total resource of 16.0 million tonnes at 2.0 g/t gold. Increasing the cut-off grade to 2.5 g/t gold yields a high grade core of 3.1 million tonnes at 4.2 g/t gold for 415,000 ounces.

Deposit	Cut-off (g/t Au)	Tonnes (Mt)	Grade (g/t Au)	Contained gold ('000 ounces)
North Sammy	1.0	1.5	3.9	184
North Sammy Contact	0.8	1.3	1.7	72
South Sammy	0.8	7.6	1.8	437
Beadles Creek	1.0	2.7	2.3	202
Mac Ridge	0.8	1.9	1.3	81
Dorsey Creek	0.8	0.3	1.4	13
Briens Fault	1.0	0.8	1.6	41
Total		16.0	2.0	1,030

Note: Appropriate rounding applied

Following regulatory approval of the Company's Exploration Plan of Operations, Anova successfully completed an infill drilling programme at the 601 Deposit (South Sammy) with high grade gold intersected in the majority of drill holes. Best intersections included:

- 20.5m at 7.6 g/t Au from 7m;
- 7.6m @ 9.5 g/t Au from 53.3m;
- 6.1m @ 11.8 g/t Au from 9.1m; and
- 10.7m @ 8.7 g/t Au from 45.7m.

In addition, the Company completed geotechnical and metallurgical drilling at the 601 and 701 deposits (South Sammy), as well as two pump and two observation wells in support of future hydrological studies at the North Sammy deposit. Metallurgical testwork commenced late in 2014, while geotechnical test- and study work and pump testing of the completed wells were planned for early 2015.

The primary focus for permitting activities during the period has been on the preparation of the Water Pollution Control Permit and the Mine Reclamation Permit Applications. Practical Mining LLC, a Nevada-based mining consultancy, was engaged to design stormwater management systems and the detailed site layout for the project and work was nearing completion at the end of the period. In addition, Anova's Mine Plan of Operations for the first phase of mining was published for public comment.

Toll Treatment Agreement

During the period the Company entered into a Toll Treatment Agreement with Veris Gold Corp. (OTCQB:YNGFF) to process ore from Big Springs.

Under the terms of the agreement gold bearing ore from Big Springs will be processed at the Jerritt Canyon Mill and Process facility. The Jerritt Canyon Mill and Process facility is located approximately 42kms from the Big Springs Project and is readily accessible via county and state roads.

The Toll Treatment Agreement will allow the Company to deliver approximately 1,000 short tons per day in accordance with an agreed schedule and will be batch processed in approximately 25,000 short ton lots. The ore will be crushed, milled and processed at Jerritt Canyon thereby removing any requirement for Anova to have its own plant. It also reduces the permitting requirements for mining operations at Big Springs.

Corporate

During the period the Company completed a capital raising of A\$1.69m at 4 cents per share. The placement was primarily for the funding of drilling and permitting programmes at the Big Springs Project.

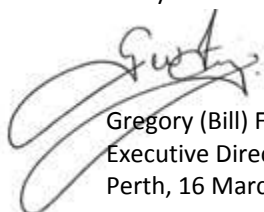
In February 2015 the Company announced an additional raising of A\$2m at 4 cents per share. The raising is being conducted in two tranches with shares for the first A\$1.5 issued immediately and the balance to be issued subsequent to a shareholder meeting which will be held in due course. Funds will also be used to advance the Big Springs Project towards mining.

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 2014.



Gregory (Bill) Fry
Executive Director
Perth, 16 March 2015

- 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 2014 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, 16 March 2015

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 2014, 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
16 March 2015

L Di Giallonardo
Partner

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 2014, 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 2014 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*.

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 2014 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 on being able to appropriately manage its expenditure. 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

HLB Mann Judd
Chartered Accountants

L Di Giallonardo

L Di Giallonardo
Partner

Perth, Western Australia
16 March 2015

ANOVA METALS LIMITED
Condensed Consolidated Statement of Profit or Loss & Other Comprehensive Income
For the half-year ended 31 December 2014

	Note	31-Dec-14	31-Dec-13
		\$	\$
Revenue	3	10,643	29,736
Consultant and employee benefits expenses		(533,125)	(735,952)
Exploration expensed as incurred		(1,493,040)	(786,832)
Administration expenses		(68,712)	(106,375)
Share based payment expenses		(11,903)	-
Occupancy expenses		(116,268)	(142,636)
Net financial expense		-	(284)
Loss before income tax		(2,212,405)	(1,742,343)
Income tax expense		-	-
Loss for the period		(2,212,405)	(1,742,343)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation		939,888	182,269
Total comprehensive loss for the period		(1,272,517)	(1,560,074)
Loss per share:			
Basic (cents per share)		(0.95)	(1.03)

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

ANOVA METALS LIMITED
Condensed Consolidated Statement of Financial Position
As at 31 December 2014

	Note	31-Dec-14	30-Jun-14
		\$	\$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		1,392,572	1,480,590
Trade and other receivables	5	41,090	78,370
Other assets		15,651	27,722
Total current assets		1,449,313	1,586,682
<i>Non-current Assets</i>			
Property, plant and equipment		7,409	8,255
Exploration and evaluation expenditure	6	11,484,012	10,615,174
Security deposits		397,527	347,776
Total non-current assets		11,888,948	10,971,205
Total assets		13,338,261	12,557,887
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables		860,846	463,238
Total current liabilities		860,846	463,238
Total liabilities		860,846	463,238
Net assets		12,477,415	12,094,649
Equity			
Issued capital		30,958,599	29,315,219
Reserves	7	2,832,512	1,897,431
Accumulated losses		(21,313,696)	(19,118,001)
Total equity attributable to shareholders of the Company		12,477,415	12,094,649

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

ANOVA METALS LIMITED
Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2014

	Issued capital	Accumulated losses	Foreign currency translation reserve	Share-based payments	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	29,315,219	(19,118,001)	484,611	1,412,820	12,094,649
Loss for the period	-	(2,212,405)	-	-	(2,212,405)
Foreign currency translation reserve	-	-	939,888	-	939,888
Total comprehensive loss for the period	-	(2,212,405)	939,888	-	(1,272,517)
Share issue net of issue costs	1,643,380	-	-	-	1,643,380
Share-based payments	-	-	-	11,903	11,903
Reversal of share-based payments on expiry	-	16,710	-	(16,710)	-
Balance at 31 December 2014	30,958,599	(21,313,696)	1,424,499	1,408,013	12,477,415
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)
Share issue net of issue costs	-	-	-	-	-
Share-based payments	-	-	-	-	-
Balance at 31 December 2013	26,743,658	(18,845,409)	840,123	3,220,552	11,958,924

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

ANOVA METALS LIMITED**Condensed Consolidated Statement of Cash Flows**

For the half-year ended 31 December 2014

	31-Dec-14	31-Dec-13
	\$	\$
Cash flows from operating activities		
Cash paid to suppliers and employees	(790,601)	(924,282)
Payment for exploration and evaluation expenditure	(1,003,111)	(747,630)
Interest received	11,185	29,736
Net cash used in operating activities	(1,782,527)	(1,642,176)
Cash flows from investing activities		
Payment for property, plant and equipment	(3,525)	-
Net cash used in investing activities	(3,525)	-
Cash flows from financing activities		
Proceeds from the issue of share capital	1,690,000	-
Payment for share issuance costs	(46,620)	-
Net cash provided by financing activities	1,643,380	-
Net (decrease) in cash and cash equivalents	(142,672)	(1,642,176)
Cash and cash equivalents at 1 July	1,480,590	2,983,762
Effect of exchange rates on cash holdings in foreign currencies	54,654	(1,578)
Cash and cash equivalents at 31 December	1,392,572	1,340,008

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 half-year reporting period ended 31 December 2014 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 2014 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 2014, the consolidated entity incurred a net loss of \$2,212,405 and had net operating cash outflows of \$1,782,527.

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, in addition to the \$2,000,000 proposed capital raising announced in February 2015. 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, 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 of assets 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.

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year.

3. Revenue

	31-Dec-14	31-Dec-13
	\$	\$
Interest income	10,643	28,747
Other income	-	989
	<u>10,643</u>	<u>29,736</u>

4. Segment reporting

During the half year the Company operated in one geographical and industry segment, being the exploration for mineral resources in the United States. During a 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.

ANOVA METALS LIMITED
**Notes to the Condensed Consolidated Financial Statements
For the half-ended 31 December 2014**

Period ended 31 December 2014	Unallocated \$	United States \$	Discontinued \$	Consolidated \$
Revenue	10,102	541	-	10,643
Total segment revenue	10,102	541	-	10,643
Segment net loss after tax	(719,681)	(1,492,724)	-	(2,212,405)
Interest income	10,102	541	-	10,643
Depreciation	(4,369)	(241)	-	(4,610)
Exploration expensed as incurred	-	(1,493,040)	-	(1,493,040)
Segment assets as at 31 December 2014	726,897	12,611,364	-	13,338,261
Segment liabilities as at 31 December 2014	102,693	737,153	21,000	860,846
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)
Segment assets as at 31 December 2013	1,237,763	11,487,278	-	12,725,041
Segment liabilities as at 31 December 2013	57,941	687,176	21,000	766,117

5. Trade and other receivables

	31-Dec-14 \$	30-Jun-14 \$
GST receivable	31,190	39,729
Other debtors	9,900	38,641
	41,090	78,370

6. Exploration and evaluation expenditure

	31-Dec-14	31-Dec-13
	\$	\$
Exploration and evaluation phase		
Balance at 1 July	10,615,174	10,829,971
Reduction in deferred consideration	-	(43,655)
Foreign currency movements	868,838	174,511
Balance at 31 December	<u>11,484,012</u>	<u>10,960,827</u>

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

	31-Dec-14	31-Dec-13
	\$	\$
Share based payments reserve		
Balance at 1 July	1,412,820	3,220,552
Performance rights issued to employees (i)	11,903	-
Reversal of share-based payments on expiry	(16,710)	-
Balance at 31 December	<u>1,408,013</u>	<u>3,220,552</u>

	31-Dec-14	31-Dec-13
	\$	\$
Foreign currency translation reserve		
Balance at 1 July	484,611	657,854
Translation of foreign currency balances	939,888	182,269
Balance at 31 December	<u>1,424,499</u>	<u>840,123</u>

- (i) During the half-year 4,250,000 performance rights were issued to employees of the Company, including 500,000 performance rights to the Chairman, Mr Malcolm James. The value of these performance rights is being brought to account as a share based payment over the vesting period.

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 2014 financial report.

10. Events occurring after the reporting period

On 12 February 2015 the Company announced a capital raising of A\$2m at 4 cents per share. The raising is being conducted in two tranches with shares for the first A\$1.5 issued immediately and the balance to be issued subsequent to a shareholder meeting which will be held in due course. Funds will also be used to advance the Big Springs Project towards mining.

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.