

28 July 2015

## QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 JUNE 2015

### HIGHLIGHTS

- Geotechnical studies completed
- Mineralogical and metallurgical characterisation test work completed
- Geology and mineralisation modelling for 601 open pit completed
- Pit optimisation and final mine design underway
- Hydrological study completed
- Pre-mining baseline surveys completed
- Water rights application submitted
- Engineering study and design work close to finalisation
- South Sammy mine permit applications all lodged and currently being assessed
- Jerritt Canyon mine and process facility acquired by Sprott Mining controlled company

### OPERATIONS

#### Big Springs Gold Project, Nevada, USA

The key activities completed during the June quarter focussed on advancing the engineering design and study work, metallurgical test work and advancement of the permit approvals to facilitate the commencement of mining operations at South Sammy. Good progress has been made on all aspects of the engineering design and study work with several tasks completed during the quarter. Similarly good progress has been made on the permit approvals process. Project information provided to the relevant agencies as part of the approvals process has been evaluated and requests for further information have been received in relation to storm water management design and waste characterisation. This information is in the process of being collated and supplied to the relevant agencies. See detailed information below on each of the key activities for the quarter.

#### Jerritt Canyon Mine and Process Facility

During the quarter the Jerritt Canyon mine and process facility, owned by Veris Gold LLC, was sold to a new company Jerritt Canyon Gold LLC majority owned by Sprott Mining. The toll treatment agreement that Anova Metals Ltd had with Veris Gold LLC has been transferred to Jerritt Canyon Gold LLC as part of the acquisition. This change of ownership is viewed very favourably by Anova as it introduces an organisation with substantial financial capacity and very experienced management to the Jerritt Canyon project, to ensure its success and longevity. Upon granting of its mine permits Anova will commence mining operations and supply ore to Jerritt Canyon Gold LLC.



*Picture 1: View of 601 pit site looking towards the 701 pit*

## ENGINEERING

### Metallurgical testwork

Four diamond core holes were drilled in late 2014 within the proposed 601 open pit mining area at South Sammy primarily to collect new metallurgical sample. Once geological assays were received, representative ore samples were selected from the new core, composited and sent for comminution (completed in the previous quarter), mineralogy and metallurgical characterisation testwork.

The initial mineralogy and metallurgical characterisation testing was completed at McClelland Laboratories, Inc in Reno, Nevada and preliminary results confirmed amenability to roasting and leaching. Prior to further analysis, the testwork procedure was refined to best replicate the process conditions at the toll treatment facility at Jerritt Canyon. It was identified that a rotary kiln setup was best suited and that Hazen Research, Inc in Colorado had the required equipment available.

The testwork procedure was designed by Hazen and Anova and quoted and subsequently reviewed and approved by Anova and its specialist metallurgical advisor. Composite samples were prepared and shipped to Hazen. Testwork is in progress with results due shortly.

### Geotechnical

Data from the three key geotechnical holes drilled in late 2014 into the proposed 601 and 701 mining areas at South Sammy have been analysed and correlated with historic data. Results for core samples submitted for geomechanical testing have been received, including:

- triaxial compression tests
- unconfined compression tests; and
- direct shear tests

The above data has been analysed, modelled and reported by Anova's specialist mining consultants. Recommendations have been made for rock strength parameters and adjustments to pit wall slope angles and will be incorporated into updating of the open pit optimisation and design.

Additional geotechnical work completed during the quarter included collection and submission of potential underground stope backfill material for cement content strength testing.

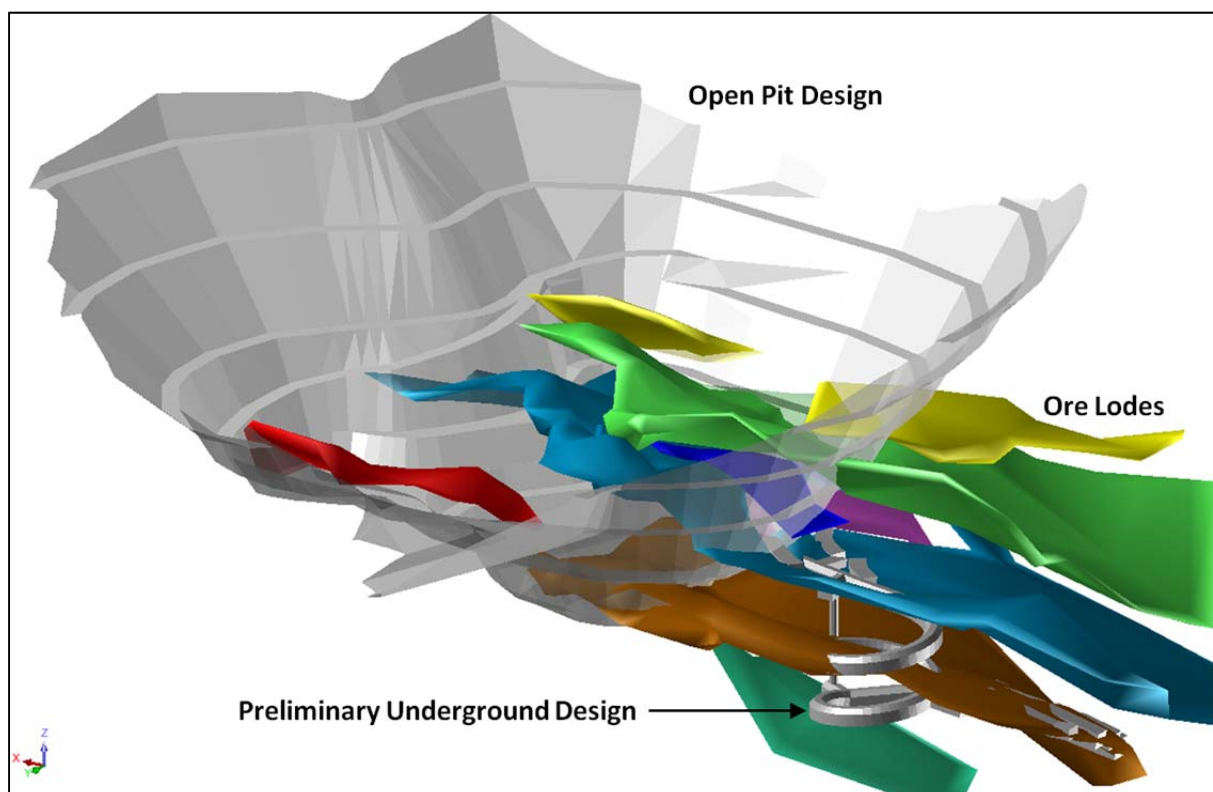
### Resource modelling

Detailed 3-D geology and mineralisation modelling is complete for the proposed 601 open pit mining area incorporating the new geological and assay drillhole data received for the 39 RC plus 6 diamond core holes drilled into the 601 zone in late 2014.

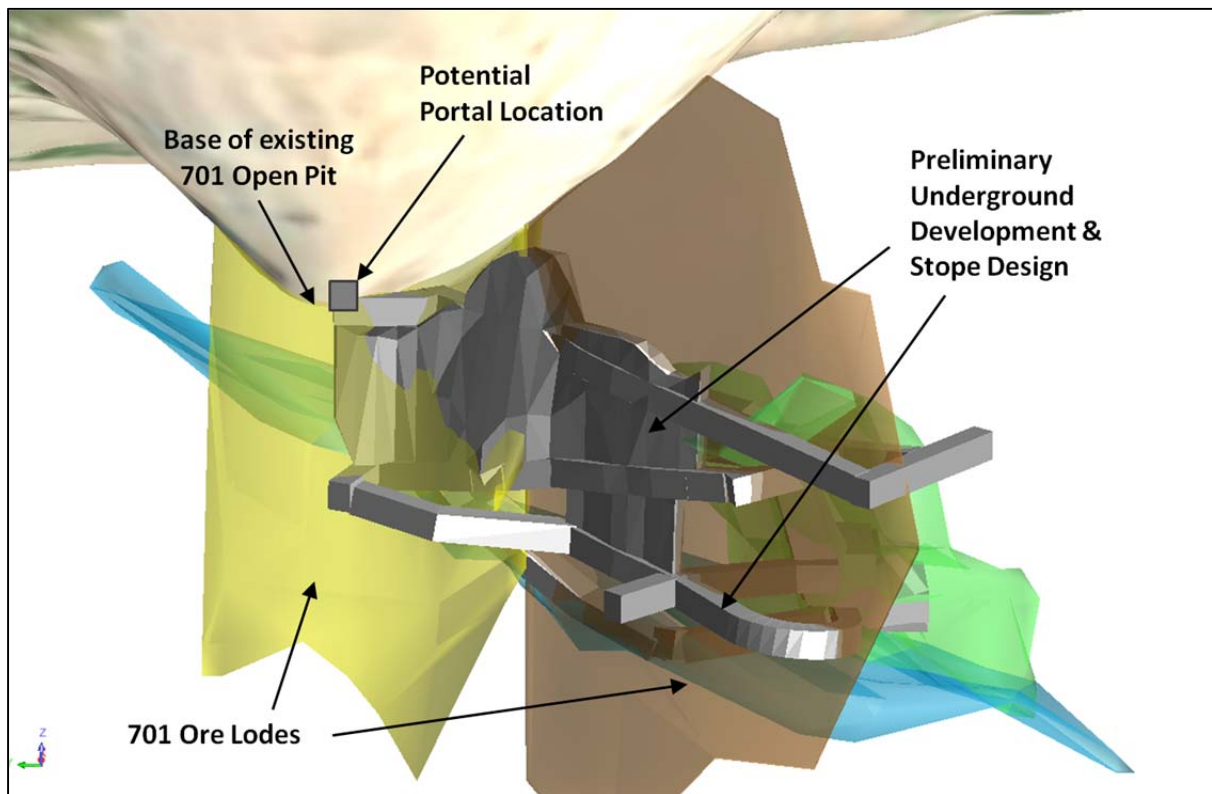
This process included comparing the new drilling results with historic drilling, transformation of the data from the historic mine grid system into the current required coordinate system, re-modelling of the 10 mineralised domains and populating of a new pre-mining block model.

The new drilling results confirmed the model of the 601 zone with only minor refinements made to the mineralised zone shapes.

Now complete, the updated model has been transferred to Anova's specialist mining consultants for updating the open pit optimisation and design in preparation for mining.



**Figure 1:** 3-D view (-20°/150°) of the 601 zone showing open pit design and proposed underground access, South Sammy



*Figure 2: 3-D view (20°/090°) of the 701 zone showing the base of the existing open pit plus the proposed underground design, South Sammy*

## PERMITTING

Anova continued to progress permitting of the Big Springs Gold Project during the quarter. A Plan of Operations has previously been submitted to the US Forest Service (USFS) and is being finalised in parallel with applications for the Water Pollution Control Permit and the Mine Reclamation Permit required by the State of Nevada.

During the quarter Anova met with the USFS and the Nevada Department of Environmental Protection (NDEP) to discuss the content and progress of the various permit applications and to present to the agencies on the results of Anova's hydrological investigations and modelling. This work incorporated the results of drilling and aquifer pump testing undertaken over the preceding 12 months and was well received by the regulators. This work represents a significant advance in the level of understanding of the hydrological environment in which the project will be developed. A comprehensive project hydrological study has now been completed and will be submitted to NDEP and USFS in support of the project development proposals.

Also during the quarter Anova continued to work with its engineering consultants to further refine the engineering designs for the project in response to requests from the NDEP. This work has included design of all site infrastructure including a comprehensive design of the site storm water management structures. Fieldwork conducted during the quarter to support the engineering study included sampling of materials for sizing and chemical characterisation to be incorporated into closure planning, and infiltration testing to assess site drainage requirements. The engineering study will be completed and submitted to NDEP and USFS in the September quarter in support of the

Water Pollution Control and Reclamation Permit applications. Outputs from the study will also be used to refine the reclamation bond calculation.

Pre-mining vegetation base-line surveys were also completed during the quarter.

Applications for rights to appropriate water were submitted and passed the public consultation process during the quarter without objections. Final signoff by the Nevada State Engineer is anticipated in the September quarter and once obtained the permits will secure water for use during mining.

Anova submitted a number of samples from the proposed North Sammy underground mining area for static testing as part of waste rock characterisation studies in the December Quarter. Results have been received and are in line with waste rock characterisation completed at South Sammy. Importantly, all waste rock lithologies have been classified as Not Acid Forming.

Preparation of the draft Environmental Assessment for the project is ongoing. All baseline studies for the South Sammy project have now been completed. Whilst significant progress has been made through the quarter the timeframe to gaining of approvals has been extended due to a statutory 45 period being inadvertently excluded by the regulator from its initial approval timeline. Also the NDEP recently requested further waste characterisation test work to be undertaken, even though all results from the initial NDEP approved program met their criteria. Anova is currently undertaking this additional test work to minimise the overall delay in its permitting approval process.

## **CORPORATE**

As at 30 June 2015, the Company's cash balance was \$1.47m.

During the quarter the Company completed the second tranche of a placement raising \$0.5m (before costs) by the issue of 12,000,001 shares at 4 cents per share to sophisticated and professional investors.

### ***Competent Person Statement***

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Lauritz Barnes, Principal Consultant Geologist – Trepanier Pty Ltd. Mr Barnes is a shareholder of Anova Metals. Mr Barnes is a member of the Australian Institute of Geoscientists and has 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 his information in the form and context in which they appear.*

## TENEMENT SCHEDULE

All claims are 100% held.

| Project Name | Prospect     | Location | Mining Claim Name  |
|--------------|--------------|----------|--|
| Big Springs  | Big Springs  | USA      | NDEEP-31, NDEEP-32   |
| Big Springs  | Big Springs  | USA      | TT-108 to TT-157, TT-163, TT-164, TT-185, TT-187, TT-189 to TT-204, TT-220 to TT-267, TT-327 to TT-344   |
| Big Springs  | Dorsey Creek | USA      | NDEEP-18, NDEEP-19, NDEEP-35, NDEEP-36, NDEEP-52, NDEEP-53   |
| Big Springs  | Dorsey Creek | USA      | TT-158 to TT-162, TT-169 to TT-184, TT-186, TT-188, TT-275 to TT-277, TT-290, TT-291, TT-297 to TT-301, TT-305 to TT-311   |
| Big Springs  | Golden Dome  | USA      | DOME-1 to DOME-51  |
| Big Springs  | Golden Dome  | USA      | GD-52 to GD-61, GD-63, GD-67 to GD-76, GD-79 to GD-90, GD-92 to GD-136, GD-139 to GD-154, GD-157, GD-164 to GD-173, GD-176, GD-181, GD-182, GD-185, GD-186, GD-189, GD-190, GD-193, GD-194, GD-197 to GD-199, GD-201, GD-203, GD-205, GD-207, GD-209, GD-211, GD-213, GD-215, GD-217, GD-219, GD-221, GD-223, GD-225, GD-265 to GD-286, GD-297 to GD-318, GD-381 to GD-428 |
| Big Springs  | Golden Dome  | USA      | MP-14, MP-16, MP-18, MP-41, MP-43, MP-45, MP-47, MP-49 to MP-54  |
| Big Springs  | Golden Dome  | USA      | NDEEP-1 to NDEEP-16, NDEEP-44 to NDEEP-90  |
| Big Springs  | Jack Creek   | USA      | JAK-14, JAK-16, JAK-18, JAK-20 to JAK-38, JAK-99 to JAK-116, JAK-170, JAK-172, JAK-174, JAK-176, JAK-178 to JAK-186  |
| Big Springs  | Mac Ridge    | USA      | BS-500 to BS-550, BS-557 to BS-579   |
| Big Springs  | Mac Ridge    | USA      | MR-500 to MR-524, MR-526, MR-528, MR-530 to MR-537   |
| Big Springs  | Mac Ridge    | USA      | NDEEP-33, NDEEP-34   |
| Big Springs  | Mac Ridge    | USA      | TT-205 to TT-219   |

**Private lands, which include all minerals, subject to a 2% NSR royalty to Ellison Minerals, Inc. Per below:**

Township 42 North, Range 54 East (148.552 Hectares):

Section 7 - Lot 4 (SW $\frac{1}{4}$  SW $\frac{1}{4}$ ); SE $\frac{1}{4}$  SW $\frac{1}{4}$ ; NE $\frac{1}{4}$  SE $\frac{1}{4}$

Section 8 - N  $\frac{1}{2}$  SW $\frac{1}{4}$

Section 31 - Lot 2 (SW $\frac{1}{4}$  NW $\frac{1}{4}$ ); Lot 4 (SW $\frac{1}{4}$  SW $\frac{1}{4}$ ); NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; SW $\frac{1}{4}$  SE $\frac{1}{4}$

**Appendix 5B**  
**Mining exploration entity quarterly report**

Name of entity

|                             |
|-----------------------------|
| <b>Anova Metals Limited</b> |
|-----------------------------|

ABN

|                       |
|-----------------------|
| <b>20 147 678 779</b> |
|-----------------------|

Quarter ended ("current quarter")

|                     |
|---------------------|
| <b>30 JUNE 2015</b> |
|---------------------|

**Consolidated statement of cash flows**

| <b>Cash flows related to operating activities</b>                      | Current quarter<br>\$'000 | Year to date<br>(12 months)<br>\$'000 |
|--|---------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors                    | -                         | -                                     |
| 1.2  |                           |                                       |
| (a) exploration and evaluation   | (322)                     | (2,251)                               |
| (b) development  | -                         | -                                     |
| (c) production   | -                         | -                                     |
| (d) administration   | (222)                     | (1,385)                               |
| 1.3 Dividends received   | -                         | -                                     |
| 1.4 Interest and other items of a similar nature received              | 4                         | 20                                    |
| 1.5 Interest and other costs of finance paid                           | -                         | -                                     |
| 1.6 Income taxes paid  | -                         | -                                     |
| 1.7 Other (provide details if material)                                | -                         | -                                     |
| <b>Net Operating Cash Flows</b>  | <b>(540)</b>              | <b>(3,616)</b>                        |
| <b>Cash flows related to investing activities</b>                      |                           |                                       |
| 1.8 Payment for purchases of:  |                           |                                       |
| (a) prospects  | -                         | -                                     |
| (b) equity investments   | -                         | -                                     |
| (c) other fixed assets   | (1)                       | (5)                                   |
| 1.9 Proceeds from sale of:   |                           |                                       |
| (a) prospects  | -                         | -                                     |
| (b) equity investments   | -                         | -                                     |
| (c) other fixed assets   | -                         | -                                     |
| 1.10 Loans to other entities   | -                         | -                                     |
| 1.11 Loans repaid by other entities                                    | -                         | -                                     |
| 1.12 Other (provide details if material)                               | -                         | -                                     |
| <b>Net investing cash flows</b>  | <b>(1)</b>                | <b>(5)</b>                            |
| 1.13 <b>Total operating and investing cash flows (carried forward)</b> | <b>(542)</b>              | <b>(3,621)</b>                        |

|   |   |              |                |
|---|---|--------------|----------------|
| 1.13  | <b>Total operating and investing cash flows (carried forward)</b> | <b>(542)</b> | <b>(3,621)</b> |
| <b>Cash flows related to financing activities</b> |   |              |                |
| 1.14  | Proceeds from issues of shares, options, etc.                     | 500          | 3,753          |
| 1.15  | Cost of the Issue   | (36)         | (72)           |
| 1.16  | Proceeds from borrowings  | -            | -              |
| 1.17  | Repayment of borrowings   | -            | -              |
| 1.18  | Dividends paid  | -            | -              |
| 1.19  | Other (provide details if material)                               | -            | -              |
|   | <b>Net financing cash flows</b>                                   | <b>464</b>   | <b>3,580</b>   |
| <b>Net increase (decrease) in cash held</b>       |   |              |                |
|   |   | <b>(78)</b>  | <b>(41)</b>    |
| 1.20  | Cash at beginning of quarter/year to date                         | 1,548        | 1,481          |
| 1.21  | Exchange rate adjustments to item 1.20                            | 3            | 33             |
| 1.22  | <b>Cash at end of quarter</b>                                     | <b>1,473</b> | <b>1,473</b>   |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$'000 |
|------|--|---------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 97                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                         |

1.25 Explanation necessary for an understanding of the transactions

\$31k – director remuneration payments.

\$66k – payments for administrative staff, technical staff and provision of a fully serviced office

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

**Financing facilities available**

|     |                             | Amount available<br>\$'000 | Amount used<br>\$'000 |
|-----|-----------------------------|----------------------------|-----------------------|
| 3.1 | Loan facilities             | -                          | -                     |
| 3.2 | Credit standby arrangements | -                          | -                     |



**Estimated cash outflows for next quarter**

|              |                            | \$'000     |
|--------------|----------------------------|------------|
| 4.1          | Exploration and evaluation | 700        |
| 4.2          | Development                | -          |
| 4.3          | Production                 | -          |
| 4.4          | Administration             | 250        |
| <b>Total</b> |                            | <b>950</b> |

**Reconciliation of cash**

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. |                          | Current quarter<br>\$'000 | Previous<br>quarter<br>\$'000 |
|---|--------------------------|---------------------------|-------------------------------|
| 5.1   | Cash on hand and at bank | 1,473                     | 1,548                         |
| 5.2   | Deposits at call         | -                         | -                             |
| 5.3   | Bank overdraft           | -                         | -                             |
| <b>Total: Cash at end of quarter</b> (item 1.22)  |                          | <b>1,473</b>              | <b>1,548</b>                  |

**Changes in interests in mining tenements**

|     | Tenement<br>reference   | Nature of<br>interest<br>(note (2)) | Interest at<br>beginning of<br>quarter | Interest at<br>end of<br>quarter |
|-----|---|-------------------------------------|--|----------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | -                                   | -                                      | -                                |
| 6.2 | Interests in mining tenements acquired or increased           | -                                   | -                                      | -                                |

**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|   | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|---|--------------|---------------|---|--|
| 7.1 <b>Preference +securities</b>                   | -            | -             | -   | -  |
| 7.2 Changes during quarter                          | -            | -             | -   | -  |
| 7.3 <b>+Ordinary securities</b>                     | 313,684,272  | 313,684,272   | Fully Paid                                    | Fully Paid                                       |
| 7.4 Changes during quarter                          |              |               |   |  |
| (a) Increases through issue of new shares           | 12,500,001   | 12,500,001    | 4 cents                                       | 4 cents  |
| (b) Increases through exercise of options           | -            | -             | -   | -  |
| 7.5 <b>+Convertible debt securities</b>             | -            | -             | -   | -  |
| 7.6 Changes during quarter                          |              |               |   |  |
| (a) Increases                                       | -            | -             | -   | -  |
| (b) Decreases                                       | -            | -             | -   | -  |
| 7.7 <b>Options/Rights</b>                           |              |               | Exercise Price                                | Expiry Date                                      |
| Unquoted options                                    | 2,000,000    | -             | 10.4 cents                                    | 31/12/2016                                       |
|   | 4,000,000    | -             | 12.1 cents                                    | 31/12/2016                                       |
|   | 19,875,000   | -             | 5 cents                                       | 30/11/2016                                       |
| Unquoted rights                                     | 4,250,000    | -             | -   | 5/12/2017  |
| 7.8 Issued during quarter                           | -            | -             | -   | -  |
| 7.9 Exercised during quarter                        | -            | -             | -   | -  |
| 7.10 Expired during quarter                         | -            | -             | -   | -  |
| 7.11 <b>Performance Shares</b>                      | -            | -             | -   | -  |
| 7.12 Changes during quarter                         |              |               |   |  |
| (a) Expired during quarter                          | -            | -             | -   | -  |
| 7.13 <b>Debentures</b><br><i>(totals only)</i>      | -            | -             |   |  |
| 7.14 <b>Unsecured notes</b><br><i>(totals only)</i> | -            | -             |   |  |

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



**Mr Steven Jackson**  
Company Secretary  
Date: 28 July 2015

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.