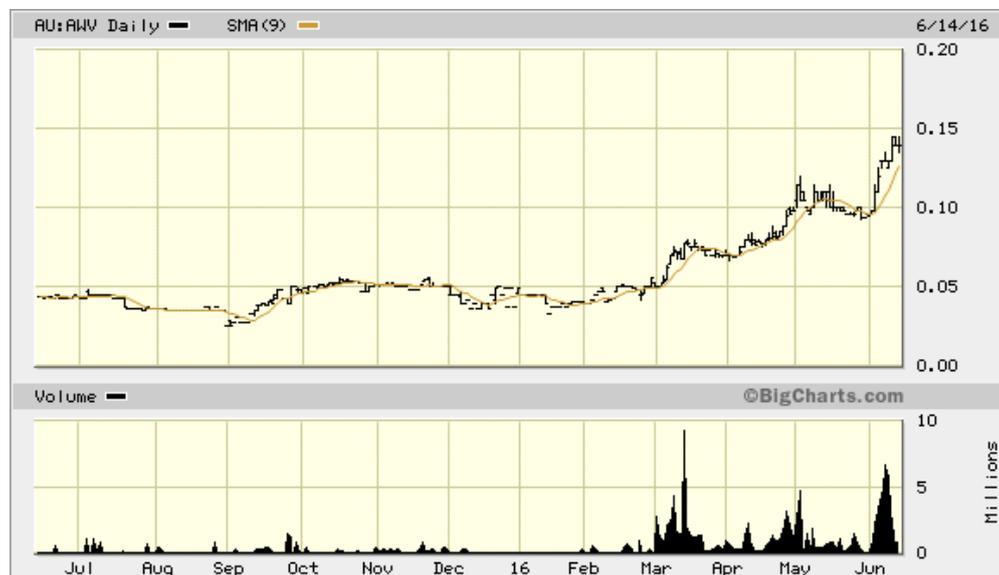


Tuesday 14<sup>th</sup> June, 2016

### Progressing Towards First Gold Production - Portfolio Stock (bought @ \$0.056 in Feb 2016)

**Anova Metals (ASX: AWV, Share Price: \$0.14, Market Cap: \$50m)** is another one of our Portfolio emerging gold developers, with activity focused on its Big Springs Gold Project in northern Nevada, USA. Since acquiring the project during 2013, Anova has steadily progressed towards production status. With final permitting approvals expected late this quarter, open-pit mining is set to commence during H2 2016.

*Anova has made substantial progress towards mining status by obtaining final regulatory approval that will allow mining to commence at Big Springs. During Q1 2016 it received approval for a Water Pollution Control Permit, whilst it's Environmental Assessment is expected to be granted during Q2 2016.*



### Market Significance

Anova Metals complements our existing gold sector exposures, at a time when gold prices are showing very strong resilience. Anova is in some respects a relatively low-risk exposure - as it plans to mine already-identified gold resources and intends to utilize neighbouring production infrastructure, thus minimizing start-up costs and overall investment risk. The major obstacle over recent years has however been permitting delays, which is why all of the company's impressive recent progress is such good news - a fact reflected in the company's strongly performing share price, which has hit a five-year high.

## **Activity Update**

### **Approval Milestones**

We thought it worthwhile providing an update on the status of mine permitting for the company's Big Springs Gold Project in northern Nevada, USA. This is hugely important in the context of the company's progress towards production status – reflected in growing investor confidence towards the stock.

#### **1. Water Pollution Control Permit**

In our initial coverage during February we advised that the Nevada Division of Environmental Protection (NDEP) had issued a draft Water Pollution Control Permit for the project and the Notice of Proposed Action was advertised on 23 February 2016.

As background, the Nevada State Water Pollution Control Permit Application was initially submitted by the company back in January 2015. Following review by NDEP, a request for further design documentation and detail, as well as supplementary test work was received. Anova subsequently completed detailed engineering design of the project and a revised permit application was submitted in late November 2015.

Anova subsequently received the draft Water Pollution Control Permit, which marked a major technical and regulatory milestone for the project, as the company continues progress towards completion of project permitting during Q2 2016.

The public comment period expired on 24 March 2016 and no comments or objections to the proposed Project were received. The Water Pollution Control Permit was subsequently granted and has been received by Anova during the latter part of the March quarter.

#### **2. Plan of Operations & Environmental Assessment**

The Plan of Operations is the key planning document required by the US Forest Service (USFS) for projects on Forest Service administered lands. The Plan of Operations provides extensive detail on the proposed project, how it will be operated, its potential impact on the environment and the plan for closure and reclamation.

The Plan of Operations is effectively a referral document for assessment of a project through the National Environmental Policy Act (NEPA) process. USFS published a Notice of Proposed Action under the NEPA process in October 2014 and limited public comment was received. An updated Plan of Operations reflecting current engineering design and development plans was submitted by the company to USFS in February 2016.

Preparation of the Environmental Assessment (EA) for the project has been progressed in parallel with the finalisation of the detailed project design. The USFS has commenced compilation and review of the EA for the Project. The EA discloses the direct, indirect, and cumulative environmental impacts that would result from the proposal and any alternatives.

The assessment is expected to be finalised and advertised for a second public comment period as part of a process to be concluded during Q2 2016.

### 3. Nevada Reclamation Permit

The Nevada State Reclamation Permit Application reflects the USFS Plan of Operations and includes the Reclamation Cost Estimate (RCE). A revised application reflecting the complete Plan of Operations and associated RCE has been lodged.

#### **Capital Raising**

Anova has received firm commitments for a placement of \$1.35 million via the issue of 30 million shares at \$0.045 each to sophisticated and professional investors, with the funds to be used primarily for permitting, mine design finalisation and general working capital requirements for its 100%-owned Big Springs Project.

The funding helps remove any uncertainty in the market's mind as to whether the company has sufficient cash on board to complete its pre-production activities at Big Springs. Shareholder approval for the placement will be sought at a General Meeting to be held in Subiaco on 20<sup>th</sup> June.

The operation requires low start-up capital of around US\$2 million for the initial open-pit phase, as the plan is for the ore to be processed via a toll-treatment agreement at the neighbouring Jerritt Canyon mine operation. This eliminates the need to build a treatment plant, which in addition to minimizing costs, simplifies permitting and significantly reduces development timelines and start-up risk.

#### **Exploration**

With permitting nearing completion and a decision to commence mining at the 601 Deposit imminent, the emphasis will now shift to initiating exploration work at Big Springs.

Comparisons with the Jerritt Canyon area immediately to the south (11M oz identified, 8M oz produced, continuous exploration since the 1980's) highlight the prospectivity of Big Springs (350,000 oz produced, 1M oz in resources, limited exploration since mine closure in 1993) and the opportunity for significant further ounces to be identified through systematic exploration work.

The initial exploration focus will be high grade resource extension targets to look to expand the Big Springs resource. Immediate high-priority targets for testing include:

- North Sammy – potential down plunge extensions of existing shoots
- South Sammy – potential down plunge extensions 601 zone
- Beadles Creek – up-dip and down-dip of high grade zone

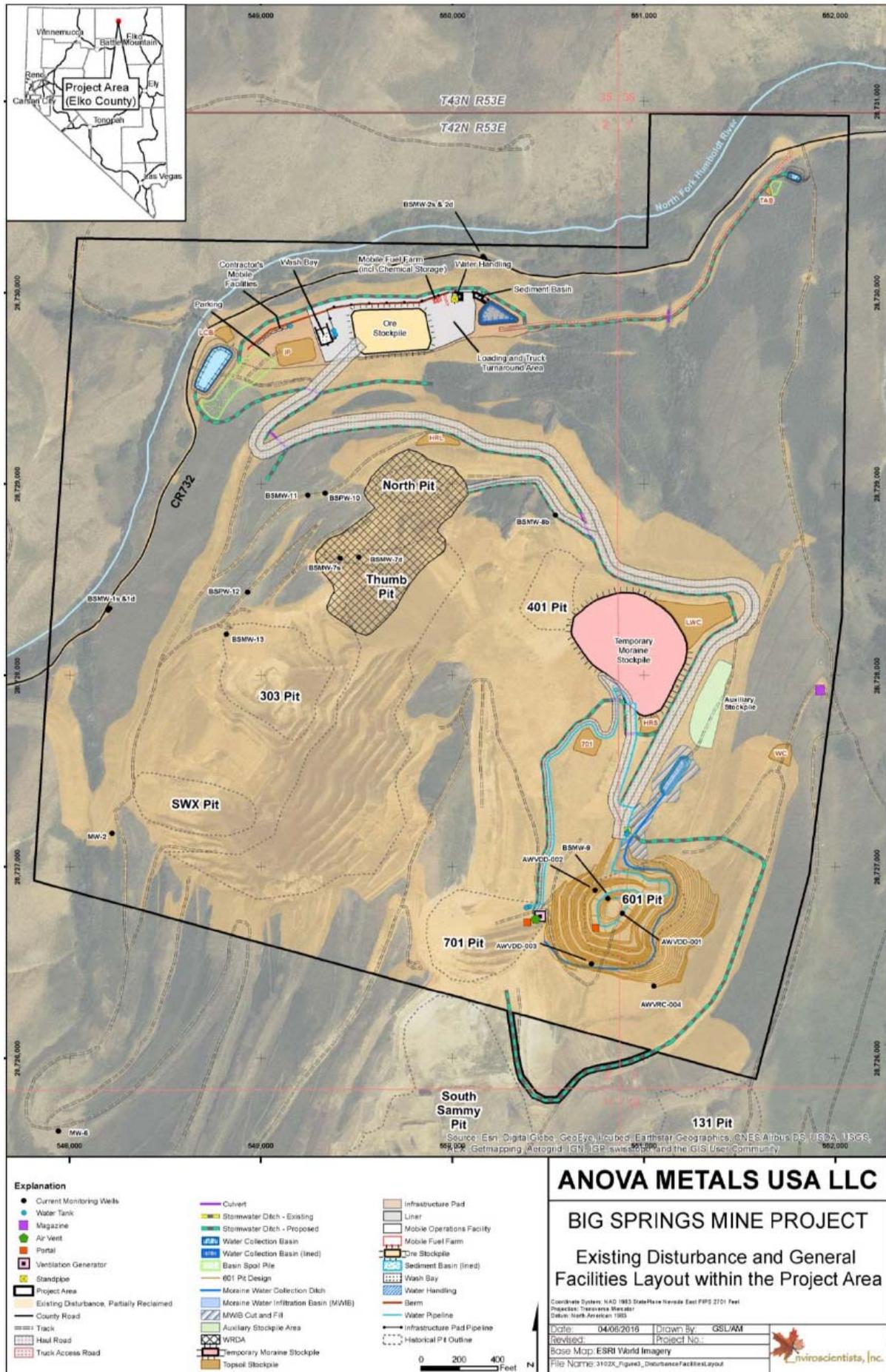
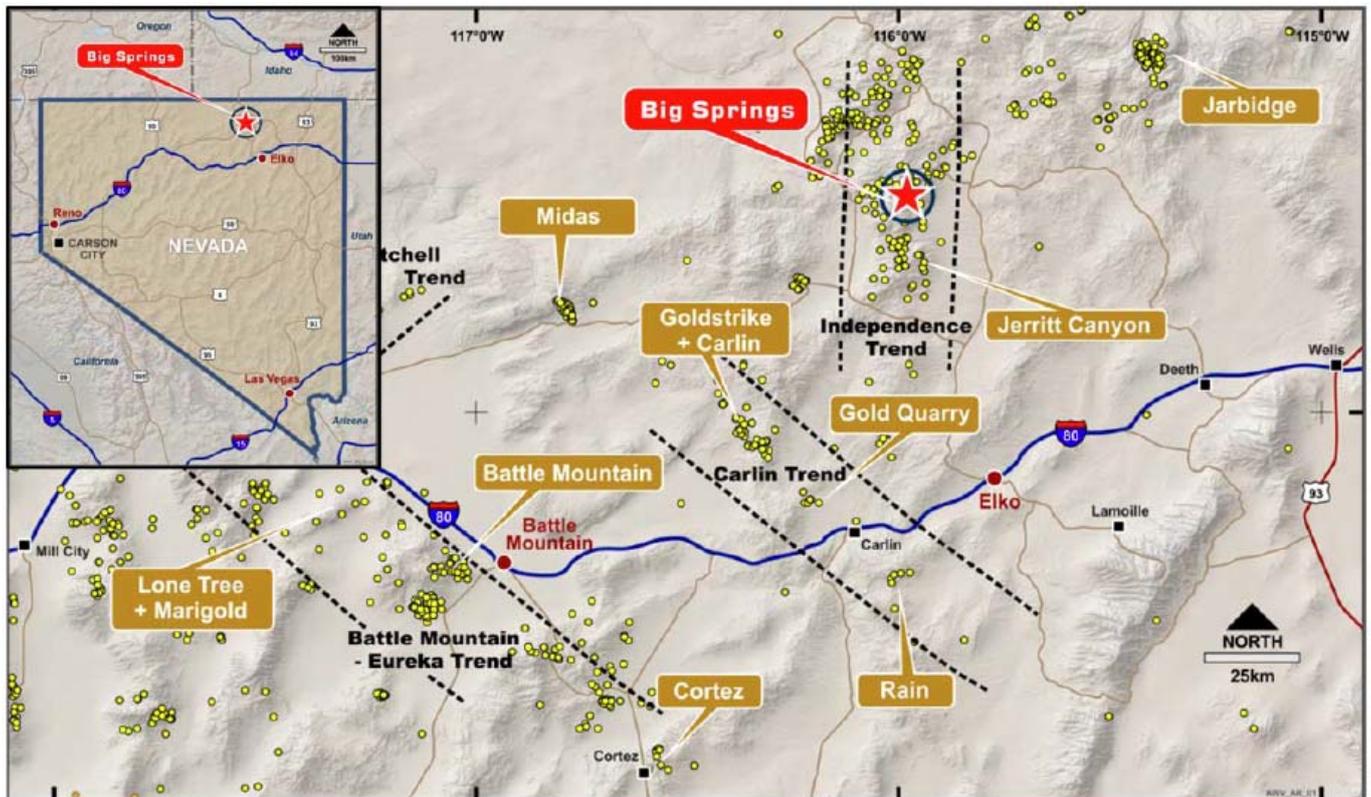


Figure 1: Updated site infrastructure plan

## Project Background

Big Springs is situated within the Carlin district, a world-class gold producing area that provides access to all essential mining services. Carlin produces approximately 75% of the USA's annual gold output, having produced more than 150Moz of gold - largely over the past 30 years.

Big Springs produced around 386koz (from 510koz mined) in six open-pits from 1987 until production ceased in 1993 (due to low gold prices). It is situated 20km north of the operating Jerritt Canyon Mine.



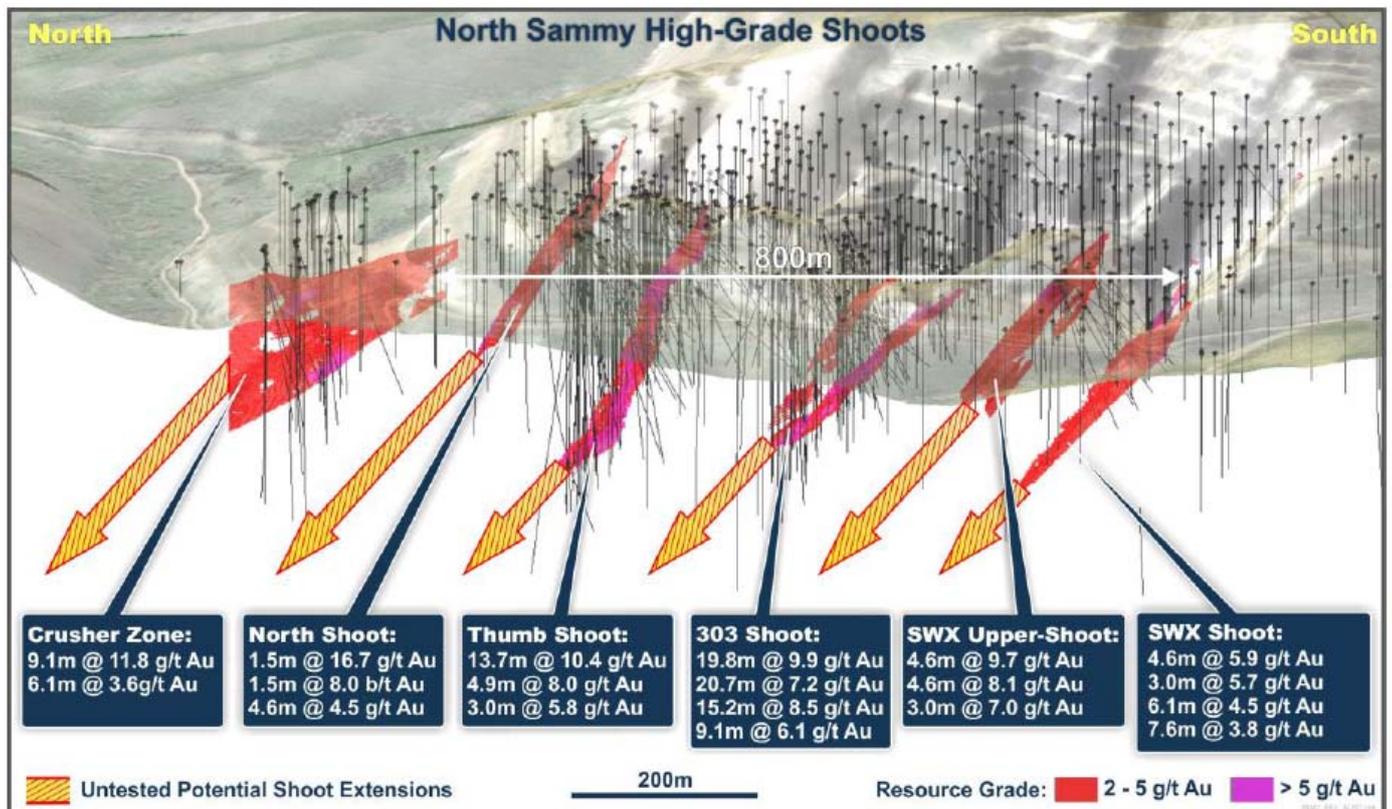
Big Springs was acquired by Anova during February 2013. Cash consideration was in the order of A\$4.65 million, plus 20 million consideration shares and 30 million performance shares (in three tranches) being issued or vested.

Big Springs incorporates a current well-defined resource of 16Mt @ 2.0g/t for 1.03Moz, with a higher-grade component of 3.1Mt @ 4.2g/t for 415koz. The initial mining inventory includes 804,700 tonnes @ 5.5g/t for 142koz of contained gold, with the 272koz balance of the high-grade component to be further evaluated.

*The key to the project is the low start-up capital cost of around US\$2 million for the initial open-pit, which will mainly be for the re-grading of internal roads, preparation of a ROM pad and the payment of rehabilitation bonds. Initial access to the underground operations will be paid out of cashflow.*

The mineralisation, including metallurgy, is well understood, and hence will help mitigate start-up risk. Ore from Big Springs was previously processed through a 1,000 tpd trial roaster located at Big Springs, which

was the pre-cursor to the much larger 6,000 tpd Jerritt Canyon facility. Recoveries averaged 86% through the trial roaster. Jerritt Canyon has been treating similar ores for over 30 years, with good metallurgical recoveries of 85 - 90% expected. Geologically the mineralisation is well-understood and defined.



*Figure 2: North Sammy potential shoot extensions – drilling targets*

Anova had previously reached a toll-treatment agreement with Veris Gold Corp., the previous owner of the Jerritt Canyon mill, situated some 42km by road from Big Springs. The plant, including a roaster, in recent times has undergone a US\$250m upgrade and refurbishment, and being only one of three roasters in the state, is considered a strategic asset, and currently toll treats in addition to processing Jerritt Canyon ore.

The plant is now owned by noted US investor Eric Sprott's group, following his purchase of Veris Gold during 2015. We understand that negotiations are ongoing with Sprott Group.

## Summary

**We introduced Anova Metals to our Portfolio around \$0.056 during February 2016 – representing a current gain of around 150%.**

**Anova Metals represents a relatively low risk gold play from a technical perspective, as it is set to commence mining of a well understood and well established deposit in one of the world's most prolific gold-producing provinces, at a time of robust gold prices. The major challenge has been overcoming regulatory hurdles – but importantly Anova is making great strides in this regard. Accordingly, Anova Metals will remain firmly held within our Portfolio.**

**Disclaimer:** Gavin Wendt, who is a director of Mine Life Pty Ltd ACN 140 028 799, compiled this document. It does not constitute investment advice. In preparing this report, no account was taken of the investment objectives, financial situation and particular needs of any particular person. Before making an investment decision on the basis of this report, investors and prospective investors need to consider, with or without the assistance of a securities adviser, whether the information is appropriate in light of the particular investment needs, objectives and financial circumstances of the investor or the prospective investor. Although the information contained in this publication has been obtained from sources considered and believed to be both reliable and accurate, no responsibility is accepted for any opinion expressed or for any error or omission in that information.