

Thursday 8th December, 2016

+30g/t Gold Intercept at Beadles Creek - Portfolio Stock (coverage initiated @ \$0.056 in Feb 2016)

Anova Metals (ASX: AWV, Share Price: \$0.125, Market Cap: \$56m) is one of our Portfolio emerging gold developers, with activity focused on its flagship Big Springs Gold Project in northern Nevada, USA. Since acquiring the project during 2013, Anova has managed steady project advancement. The company is currently progressing aggressive drilling as it awaits final environmental project approvals.

Anova has announced final assay results from drilling at the Beadles Creek Prospect, which forms part of its 100%-owned Big Springs project in Nevada. The latest results comprise 10.7m @ 30.9 g/t Au from 112.7m (including 3.0m @ 60.4 g/t Au from 118.9m, which lies outside the current resource envelope.



Market Significance

Anova Metals has firmed from a 12-month low of \$0.036 during February to a recent high of \$0.19 – on the back of renewed progress at Big Springs. Anova is in many respects a relatively low-risk exposure, as it plans to mine already-identified gold resources and to utilize existing neighbouring production infrastructure - thus minimizing both start-up costs and overall investment risk. The major obstacle over recent years has been permitting delays, which is why the company's impressive recent progress in this regard is such welcome news – with final approvals expected over the coming months.

Announcement Detail – Big Springs Update

In our most recent coverage during September and November, we'd highlighted the commencement of the company's Big Springs drilling program and the release of subsequent encouraging initial assay results, incorporating the first-ever holes at the Beadles Creek deposit since Anova acquired the project during 2013.

These maiden results incorporated assay results for three initial holes that included AWWBC16-002 - which intersected 18.3 metres @ 6.2 g/t Au.

Hole ID	From (m)	To (m)	Interval (m)	Au Grade (ppm)
AWVBC16-002	140.2	158.5	18.3	6.2
AWV16-055	59.4	64.0	4.6	9.6
	121.9	126.5	4.6	5.8
	140.2	143.3	3.0	6.5
	155.4	160.3	4.8	4.7

Table 1: Big Springs – selected recent high-grade gold intersections

Anova announced further encouraging assay results from an additional three holes at Beadles Creek in late November. It advised that AWWBC16-006 had intersected the targeted mineralised zone at a down-hole depth of approximately 149 metres and returned a high-grade intersection of 12.2 metres @ 8.5g/t Au (true width is believed to be in excess of 90% of the intersection).

The high-grade intersection lies within a broader zone comprising 19.8 metres grading 5.7 g/t Au. Furthermore, AWWBC16-006 also intersected two shallower zones that had been noted in previous drilling, but this time at significantly higher grades than encountered in the previous holes.

Hole ID	From (m)	To (m)	Interval (m)	Au Grade (ppm)
AWVBC16-004	138.7	143.3	4.6	2.6
AWVBC16-005	189.0	196.6	7.6	2.4
AWVBC16-006	44.2	48.8	4.6	3.1
	74.7	82.3	7.6	4.0
	149.4	161.5	12.2	8.5

Table 2: Beadles Creek – selected latest high-grade gold intersections

There was more good news on Wednesday, with Anova announcing final assay results from its 2016 drilling program at Beadles Creek and South Sammy. AWW16-061 drilled through a number of stacked mineralised horizons, ***the most significant of which returned a standout intersection of 10.7 metres @ 30.9 g/t Au from 112.7 metres, including 3.0 metres @ 60.4 g/t Au from 118.9 metres.***

AWVBC16-007 was the last hole completed at Beadles Creek for 2016 and was designed to test up-dip extensions of the high-grade mineralised shoot further south of where AWVBC16-006 demonstrated the up-dip continuity of the Beadles Creek high-grade zone. It returned a best intersection of 9.1 metres @ 7.5 g/t Au from 134.1 metres (including 4.6 metres @ 10.9g/t Au from 134.1 metres located within a broader mineralised envelope of 13.7 metres grading 5.5 g/t Au.

Prospect	Hole ID	From (m)	To (m)	Interval (m)	Au Grade (ppm)
South Sammy 601 deposit	AWV16-061	112.7	123.4	10.7	30.9
	<i>Including</i>	118.9	121.9	3.0	60.4
Beadles Creek	AWVBC16-007	134.1	143.2	9.1	7.5
	<i>Including</i>	134.1	138.7	4.6	10.9

Table 3: Big Springs – latest selected recent high-grade gold intersections

Technical Significance

AWVBC16-007 was the last hole completed at Beadles Creek for 2016 and was designed to test up-dip extensions of the high-grade mineralised shoot further south of where AWVBC16-006 demonstrated the up-dip continuity of the Beadles Creek high-grade zone. It returned a best intersection of 9.1 metres @ 7.5 g/t Au from 134.1 metres (including 4.6 metres @ 10.9g/t Au from 134.1 metres located within a broader mineralised envelope of 13.7 metres grading 5.5 g/t Au.

The latest result from AWVBC16-007, together with previously announced intersections from the 2016 drilling program - including 18.3 metres @ 6.2g/t Au - 9.1 metres @ 8.6 g/t Au and 12.2 metres @ 8.5 g/t Au - indicates strong continuity. The Beadles Creek zone remains open both along dip and strike and is a compelling target that will be further drill tested in 2017.

Similarly, the result from AWV16-061 of 10.7 metres @ 30.9 g/t Au from 112.7 metres is an exceptional intersection that lies outside of the limits of the currently-modelled resource envelopes. It also extends a high-grade zone previously intersected by AWV16-055 (4.6 metres @ 5.8g/t Au) to the south. AWV16-061 was terminated at 228.6 metres and ended in mineralisation.

Next Steps

Drilling so far in the 2016 program has targeted up-dip and down-dip extensions in what was interpreted to be a discrete, steeply-plunging high-grade target zone. The drilling program was prepared with the goal of increasing the overall resource base by quickly adding accessible ounces to the resource inventory.

The intersection in AWVBC16-006 suggests that the mineralisation could be trending in an east-west direction - and significantly, the Beadles Creek high-grade zone is now believed to be open along-strike and down-dip.

The high-grade zone has resulted in a re-evaluation of the mineralised trend at Beadles Creek. Historical drilling indicated that the Beadles Creek high-grade mineralised zone was trending northeast-southwest and possibly pinching-out towards the northeast.

The high-grade zones intersected by AWW16-061 and the previously reported AWW16-055 will be incorporated into updated underground and open-pit mine designs in advance of the commencement of mining at the 601 deposit during 2017.

Further drill testing of the southern parts of the 601 Zone is anticipated for 2017, as it appears that the majority of historical holes were terminated too shallow to adequately test this area.

Follow-up drilling for 2017 is currently being planned and will prioritise shallow strike extensions to AWWBC16-006. The 2017 drilling program is currently in development and will be announced early in 2017. Further results from the 2016 program will be released as they are received by the company.

Other Recent Activity

Receipt of Draft Environmental Assessment Notification

Anova also recently provided an update on permitting activities with respect its Big Springs Project. The company has received notification from the United States Forest Service (USFS) that the agency has completed its draft Environmental Assessment (EA) of the proposed open-pit and underground operation.

Significantly, the USFS has determined that the project is likely to have no significant impact to the environment and has issued a Finding of No Significant Impact.

Notification letters were sent out by USFS to key stakeholders on 21/11/2016 and the Legal Notice of the draft decision was published in the Mountain City Ranger District newspaper of record (Elko Daily Free Press) on 22/11/2016. The 45-day public comment period has now been initiated and will conclude in mid-January 2017.

If no comments are received, the final decision will be issued on the fifth business day after the comment period expires. The District Ranger will then subsequently sign the Plan of Operations and issue the approval letter, which will allow for site construction to be initiated.

In anticipation of receipt of final regulatory approvals in Q1 2017, Anova has commenced detailed project implementation planning. This work will include logistical planning for commencement of preliminary site works, completing detailed mine plans and schedules, and engaging with mining and civil contractors with a view to proceeding to formal tenders. In addition, Anova will commence preparation of site management and safety systems and all related documentation required for project commencement.

Project Overview

Big Springs is located 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.

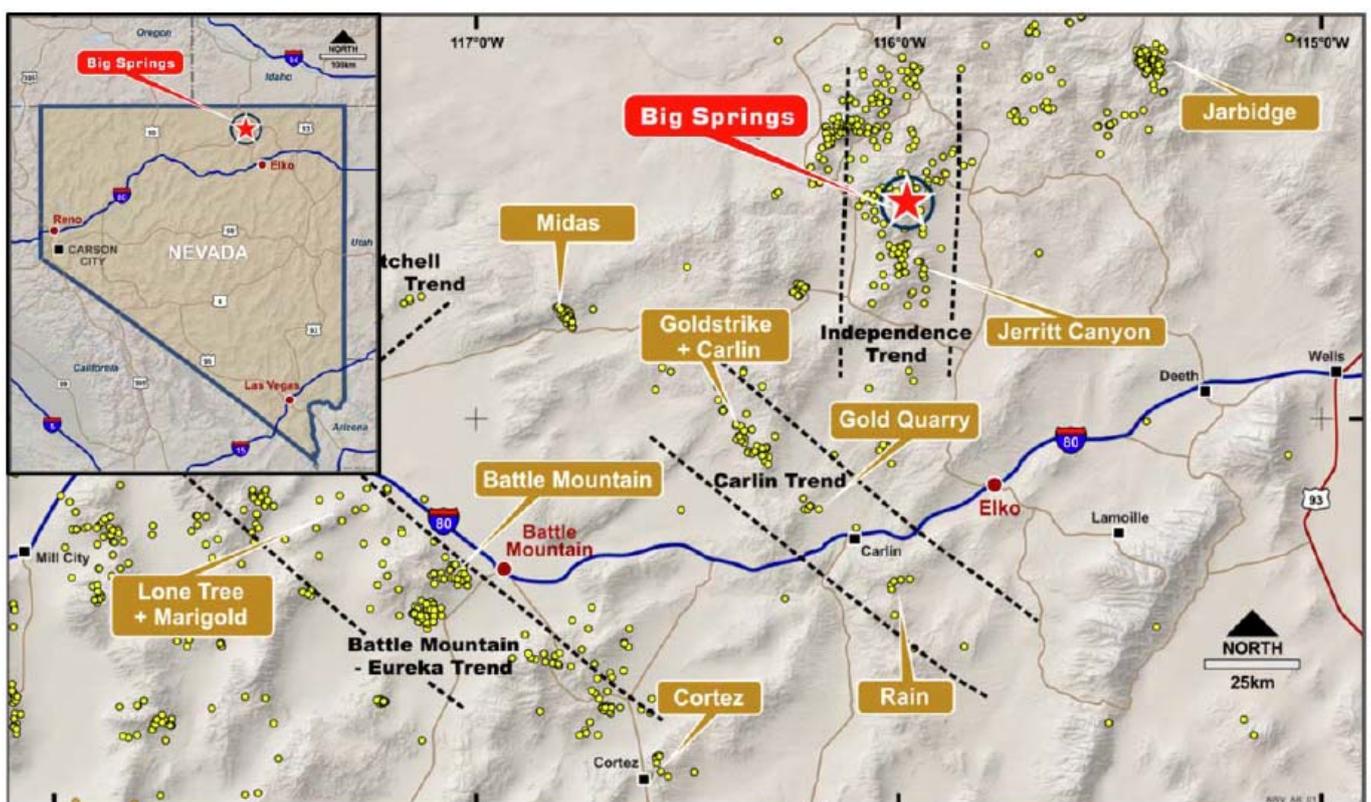


Figure 1: Big Springs project location in Nevada, USA

The key to the project is the likely low potential 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.

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 initiated coverage of Anova Metals around \$0.056 during February 2016 – representing a current gain of around 123%.

Anova Metals represents a relatively low risk gold play from a technical perspective. It presents the opportunity for production and cashflow from a well-understood and well-established gold deposit, situated within 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 has made tremendous strides in this regard. The company is cashed-up and an important period of exploration drilling activity is currently underway. Key milestones over the next couple of months will be potential project environmental approvals, an outline of the 2017 exploration program and a revised JORC Resource base.

Accordingly, Anova Metals will remain firmly held within our Portfolio.

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