

Tuesday 13th July, 2021

Portfolio Stock Developments

Anova Metals - (ASX: AWW, Share Price: \$0.02, Market Cap: \$29m, coverage initiated @ \$0.056 in Feb 2016)



Key Catalyst

Biology and cultural surveys commenced as part of process to apply for expanded Plan of Operation for Big Springs Gold Project in Nevada, USA – to test 19 High-Potential District Targets.

We introduced AWW to our coverage universe back in February 2016, on the back of its ownership of the advanced Big Springs gold project, a Carlin-style gold deposit that's located in an established gold mining region in north-eastern Nevada. The project produced 386,000 ounces of gold between 1987 and 1993 and hosts a JORC 2012 Mineral Resource comprising 16 million tonnes at 2.0 g/t Au. Whilst AWW sought to diversify its asset base through the acquisition of the Second Fortune gold mine in Western Australia, geotechnical issues led to a temporary cessation of mining at Second Fortune and the company recently disposed of the asset, resulting in sale proceeds of \$9 million. The company has now regained its project momentum at Big Springs, with a change of management and accompanying capital injection, providing the means for it to redeploy resources to ramp-up exploration activity during 2021.

Latest Activity

Big Springs Project Update

AWV has provided an exploration update with respect to its 100%-owned Big Springs Gold Project in Nevada, USA.

Overview

AWV has advised that biology and cultural surveys have commenced at Big Springs, as part of the process to apply for a long-term expanded Plan of Operation (POO).

The expanded POO application is set to cover an area of more than 3,600 ha and encompass all 19 of the High Potential District Targets (HPDTs) identified from AWV's recently completed comprehensive targeting study over Big Springs.

Grant of the expanded POO will deliver AWV the ability to actively explore all of these targets as part of its future exploration programs.

Details

Both surveys are planned to be completed during Q4 2021 and the application report submitted to Forest Services thereafter. Approval for the expanded POO is expected to be received during mid-2022.

The 2021 exploration program at Big Springs includes expansive soil sampling and mapping activities within HPDT areas (covering approximately 20 sq km) and in-fill gravity and IP geophysics surveys to detect structures and covered sulphide mineralisation (covering approximately 10 sq km). These activities are set to commence on site during the next few weeks.

The centrepiece of the 2021 exploration program is the 10,000-metr RC drilling program to test new target drilling across high-priority targets (within the existing POO) that were identified in the targeting study. This remains on track to commence during September 2021.

Technical Significance

The completion of the Big Springs targeting study is the culmination of an extensive data review involving substantial and highly integrated geochemical, geophysical and geological analyses. AWV says that it is fortunate to have had the leadership of Dr Steve Garwin, and the benefit of his deep Carlin-style, Nevada gold expertise, in conducting this modern, foundational assessment of Big Springs.

The company has been able to utilise the results of this targeting study to design an exploration program for this field season targeted at demonstrating the potential size of resource endowment at Big Springs. AWV has been systematic in its target generation and ranking, and it will now adopt this systematic approach to its testing of these opportunities.

Targeting Overview

The style of gold mineralisation at Big Springs shares similarities to the nearby Jerritt Canyon gold operation and the world-class gold mines of the Carlin, Cortez and Getchell-Trends in Nevada.

Dr Steve Garwin, one of the world's leading authorities on Carlin-style gold mineralisation, led the Big Springs data review and targeting study. Dr Garwin's previous roles include Chief Geologist, Newmont Mining (NYSE: NEM) in Nevada and Technical Director, Battle Mountain Gold (TSX-V: BMG). Dr Garwin's oversight and guidance was instrumental in the discovery and resource definition of the Tier-1 Alpala Cu-Au-Ag porphyry deposit in northern Ecuador.

Gold mineralisation at Sammy's Area, Mac Ridge, Beadles Creek and Dorsey Creek, predominantly occur either along the NNE structure and are intersected by ENE to WNW striking faults. Unit D, a silty dolomites, is the dominant gold mineralisation hosting rock, and it can be highly fractured and sheared. Geophysical analysis of South Sammy, Mac Ridge, Beadles Creek demonstrates that mineralisation occurs close to gravity highs.

The Big Springs targeting study has led to the identification of 18 high-priority near-mine targets and 41 high-potential district targets.

Near-Mine Targets

18 near-mine targets show potential to expand existing gold resources and delineate ore shoots, with >5g/t Au and zones of structural intersection. 12 of them are to test the deep extension of the high-grade shoots at North Sammy, four are to expand mineralisation at South Sammy, and two at Beadles Creek to follow up historical drill holes. 9 of the near-mine targets will be tested during the 2021 drilling program, including seven from North Sammy and two from Beadles Creek.

District Targets

District targets are identified areas of anomalous gravity results and favourable geology for carlin-style mineralisation. The criteria for selecting district targets includes a favourable broad scale gravity signature, structural pathway-fault complexity and host rock reactivity. Other information such as surface geochemical results and magnetic- and hyperspectral-imagery support the targets identified.

Of the 41 district targets, 19 of the most compelling were highly recommended by AWW's consultants for subsequent surface exploration and drilling activities. 4 of them within the mining permitted area will be tested by AWW's RC drilling program this year. Soil sampling, mapping, and geophysics survey are planned on other targets.

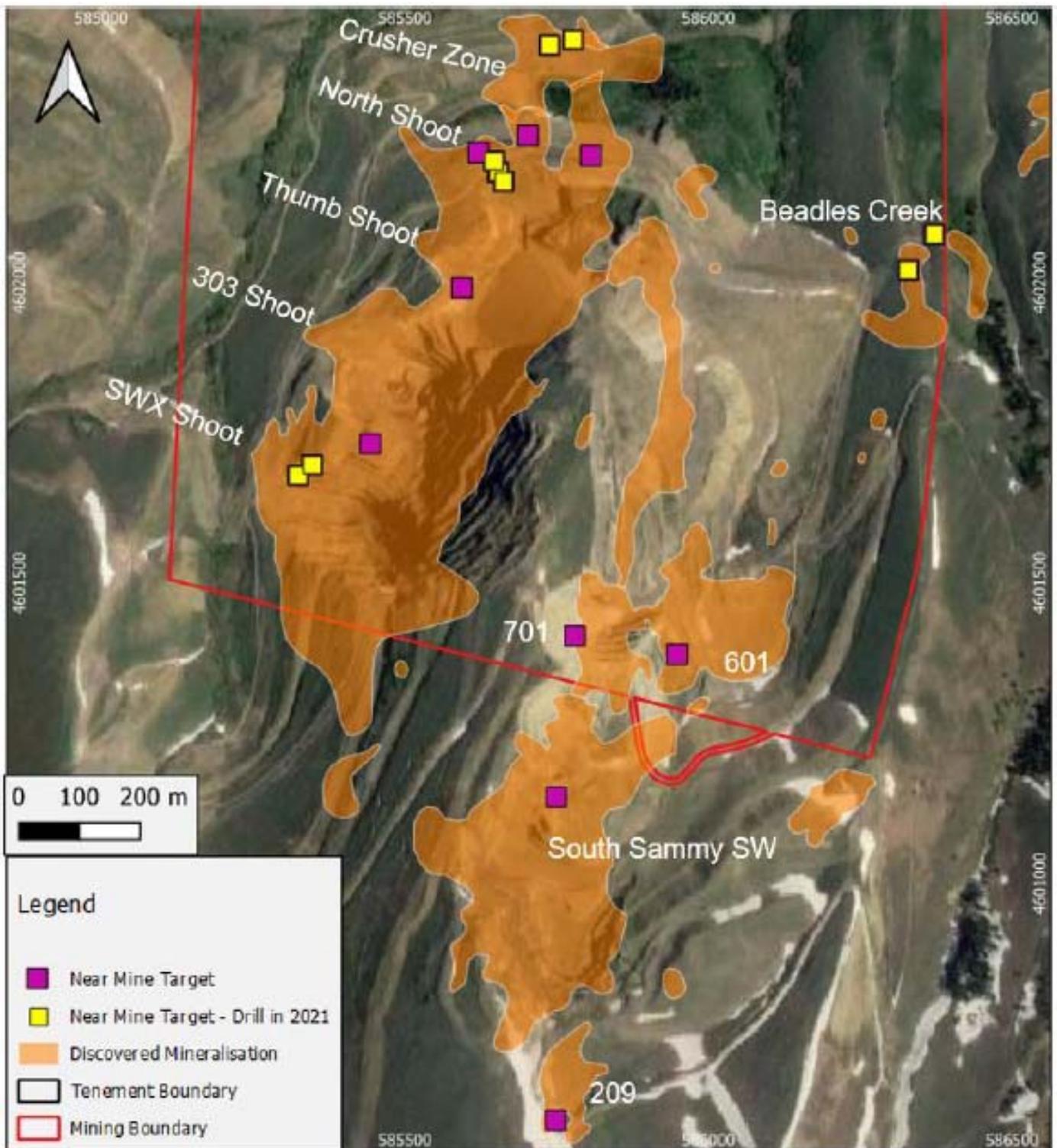


Figure 1: 18 near-mine targets identified and 9 of them will be tested in 2021 drilling program.

2021 Exploration Program

Drilling Program

Approximately 10,000 metres of drilling is planned at Big Springs during 2021, comprised of resource extensional and new target drilling to be conducted across high-priority targets identified in the targeting study. A RC rig will be used because of its low cost and efficiency.

Permitting has been received for 12 holes for the total of approximately 3500 metres to test 9 near mine targets. The new high-grade shoot discovered from the 2020 drilling program (BS-006, 5.49M @ 15.23g/t Au) will be followed up. Continuity at depth at the 401 deposit, which returned intervals of 10.86m @ 3.96g/t Au in the 2020 drilling program, will also be tested.

The company has applied for another drilling permit comprising 26 holes for a total of approximately 6,500 metres to test four highly-ranked targets that are located outside of the existing mineralisation envelop. Two targets to be tested are along the Beadles Creek Fault connecting the Beadles Creek and South Sammy deposits. Six drill sections spaced approximately 100 metres apart have been designed to test these targets. Historical drilling returned encouraging results such as 19.8m @ 3.1g/t Au and 10.7m @ 3.4g/t Au.

The 2021 drilling program will be the first to test this area in the last 20 years and is targeting a repeat of high grade mineralisation identified at Beadles Creek.

The third target to be tested lies between the Crusher Zone and Briens Fault Zone. The gravity processing indicates a significant structural intersection in the vicinity of the favourable gold host-rock, Unit D, located south of the Crusher Zone. In a similar geological setting, the Crusher Zone is characterized by drill-intervals of 12.19m @ 17.87g/t Au and 10.67m @ 11.93g/t Au. This target has not been tested by drilling.

The fourth district target to be tested is eastward from Beadles Creek deposit approximately 400 metres along the W-E structure.

Soil Sampling and Mapping

Three prospecting areas comprised of a total of 14 targets identified from the targeting study will be explored in 2021 via systematic soil sampling and geology mapping. The areas are Mac Ridge North, Jack's Creek and Golden Dome for a total of about 20 sq km.

Two NNE-striking faults have been identified from the gravity study at Mac Ridge North, which are similar and parallel to gold mineralisation related to the Choonover and Beadles Creek faults. Gold mineralisation favourable lithology also occurs at Mac Ridge North. Four targets have been delineated within Mac Ridge North. Gold anomalies have been returned from limited historic soil and rock chip sampling at Jack's Creek. Three targets localised by inferred by structure intersection are identified. Gold mineralisation at the Gold Dome prospect is indicated by results from the 2006 drilling program with an interval of 6.1m @ 2.79g/t Au. Limited soil sampling in the central has delineated anomalies running parallel to structure identified from the gravity study.

In-fill Gravity Survey and Induced Polarisation Geophysics Survey

Because of the close spatial relationship between gold mineralisation and large and small-scale structures (faults), the company plans to conduct an in-fill gravity survey to enhance the delineation of prospective gold bearing faults and zones of structure intersection in the advanced target areas. An induced Polarisation (IP) is also planned to identify zones of increased sulphide mineral abundance, which may coincide with gold mineralisation in Carlin-style deposits.

In-fill gravity and IP surveys are planned to advance exploration at the Sammy's area, Dorsey Creek, and Mac Ridge areas, covering 17 identified targets. The in-fill gravity survey will upgrade the spacing between stations from 200 metres to 50 metres. The areas selected for these enhanced geophysics survey is about 10 sq km.

Nearby Corporate Activity

During May 2021, First Majestic Silver Corp (TSX:FR, NYSE:AG, Frankfurt: FMV) and Sprott Mining have entered into a definitive agreement for First Majestic to acquire the Jerritt Canyon Gold Mine from Sprott Mining for US\$470 million in First Majestic shares, plus 5 million share purchase warrants.

Jerritt Canyon is located immediately adjacent to AWW's Big Springs Gold Project, with the entirety of the Big Springs tenure located within a 20 km radius of the Jerritt Canyon mill. The highly prospective Golden Dome South prospect, identified from last year's intensive geophysical survey work, shares a tenement boundary with Jerritt Canyon, and is located less than 10 km from the Jerritt Canyon mill.

Big Springs currently has Measured, Indicated and Inferred Mineral Resources totalling 16 Mt at 2.0 g/t Au for 1.03 Moz gold. At an increased cut-off grade of 2.5 g/t gold, the high-grade component of the Big Springs resource is 3.1Mt at 4.2 g/t Au for 415 koz gold. The mineralogy of this resource base is directly comparable with that of Jerritt Canyon and the Jerritt Canyon flowsheet appears well suited to treatment of Big Springs resources. Anova also holds current permits to commence and conduct open pit mining activities at its South Sammy 601 deposit.



Figure 2: Big Springs Gold Project Locality Map. Note proximity to Jerritt Canyon and other significant gold projects. Yellow dots represent the occurrences of gold mineralisation.

Jerritt Canyon has been in production since 1981 and produced over 9.5 million ounces of gold over its 40 years history. It currently operates underground mines and one of three permitted gold processing plants in Nevada utilising roasting (a process well suited to treating Big Springs material). Due to limitations on underground ore production the Jerritt Canyon mill is currently operating at approximately 2,200 tonnes per day, which represents only approximately 50% of the plant's nameplate capacity (4,500 tonnes per day).

During 2020, Jerritt Canyon produced 112,749 ounces of gold. The current independent mineral resource estimate for Jerritt Canyon (2018) is 1.97 Moz gold (at 6.37g/t).

First Majestic is a publicly traded mining company focused on silver production in Mexico and is aggressively pursuing the development of its existing mineral property assets. First Majestic presently owns and operates the San Dimas Silver/Gold mine, the Santa Elena Silver/Gold mine and the La Encantada Silver mine. Production from these mines is projected to be between 12.5 to 13.9 million silver ounces, or 20.6 to 22.9 million silver equivalent ounces in 2021.

Summary

AWV's share price has suffered due to a prolonged period of inactivity, so we welcome the renewed focus on its Big Springs project in Nevada. The prospect of commercialising Big Springs is better than it has been for many years. AWV has been supported in its plans by a fresh injection of exploration capital and a revitalized board, along with the \$9 million in sale proceeds from the disposal of its Linden Gold Project in Western Australia.

The 2021 program is planned to aggressively test extensions to existing resources at Big Springs as well as drilling of high-priority new exploration targets worked up through the 2020 field season. The acquisition of the nearby Jerritt Canyon mine is also enormously significant, as it is located immediately adjacent to Big Springs, with the entirety of the Big Springs tenure located within a 20km radius of the Jerritt Canyon mill. The highly prospective Golden Dome South prospect, identified from last year's intensive geophysical survey work, shares a tenement boundary with Jerritt Canyon, and is located less than 10km from the Jerritt Canyon mill.

AWV therefore remains firmly held within our coverage Portfolio.

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