

28 January 2020

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 31 DECEMBER 2019

WESTERN AUSTRALIA

During the quarter the Company continued to consider options for its Second Fortune mining project. The company has received interest from several parties in relation to either acquiring the project outright or participating in a joint venture with Anova Metals Ltd. Access to the project data room has been provided to these parties for due diligence purposes and discussions are continuing with certain parties. The Company will keep the market updated on any developments with any of the interested parties.

The Second Fortune project is currently on care and maintenance whilst project evaluations are being undertaken. During the period the camp site was occupied by a mining contractor which helps reduce a component of the fixed site costs. A small drill program was conducted in the period on historic dumps, results from the program are still to be assessed.

BIG SPRINGS

The Big Springs divestment process continues to be led by experienced Canadian resources advisors Haywood Securities Inc. During the quarter interested parties continued to access the data room and with on-going discussions being held. Several alternate options are also being investigated including joint venture arrangements, farm-in and merger opportunities. The gold price improvement has created further interest in the project since the initial divestment strategy was announced.

There is no certainty that the process will lead to the divestment of the Big Springs Gold Project and any agreement, once entered into, will be disclosed and be subject to any necessary regulatory approval process including any approvals required by the ASX.

During the quarter, the annual prepayment of royalties was paid for the project, which is included in exploration expenditure, as well as on-going environmental monitoring.

CORPORATE

Anova received \$175,000 from Matsa Resources Limited (ASX:MAT) from exercising their option to acquire the Devon group of tenements. Proceeds from the option conversion were used to reduce the debt facility.

The Company continues to maintain reduced expenditure where possible and together with the recent disposals, provides sufficient financial capacity for the Company to meet its current financial obligations whilst maintaining the core Big Springs and Second Fortune tenements.

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TENEMENT SCHEDULE

| Western Australia | | |
|--|-----------------|------------------------|
| Tenement reference | Location | Percentage Held |
| E39/1539 | Linden | 100% |
| E39/1977 | Linden | 100% |
| E39/2081 | Linden | 100% |
| L39/0012 | Linden | 100% |
| L39/0013 | Linden | 100% |
| L39/0014 | Linden | 100% |
| L39/0230 | Linden | 100% |
| M39/0255 | Linden | 100% |
| M39/0649 | Linden | 100% |
| M39/0650 | Linden | 100% |
| M39/0794 | Linden | 100% |
| P39/5599 | Linden | 100% |
| M37/1164 | Malcolm | 100% |
| Nevada, USA | | |
| Tenement reference | Location | Percentage Held |
| NDEEP-31, NDEEP-32 | Big Springs | 100% |
| 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 | 100% |
| NDEEP-18, NDEEP-19, NDEEP-35, NDEEP-36, NDEEP-52, NDEEP-53 | Dorsey Creek | 100% |
| 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 | Dorsey Creek | 100% |
| DOME-1 to DOME-51 | Golden Dome | 100% |
| 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 | Golden Dome | 100% |
| MP-14, MP-16, MP-18, MP-41, MP-43, MP-45, MP-47, MP-49 to MP-54 | Golden Dome | 100% |
| NDEEP-1 to NDEEP-16, NDEEP-44 to NDEEP-90 | Golden Dome | 100% |
| 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 | Jack Creek | 100% |
| BS-500 to BS-550, BS-557 to BS-579 | Mac Ridge | 100% |
| MR-500 to MR-524, MR-526, MR-528, MR-530 to MR-537 | Mac Ridge | 100% |
| NDEEP-33, NDEEP-34 | Mac Ridge | 100% |
| TT-205 to TT-219 | Mac Ridge | 100% |

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Anova Metals Limited

ABN

20 147 678 779

Quarter ended ("current quarter")

31 DEC 2019

Consolidated statement of cash flows

1. **Cash flows from operating activities**
 - 1.1 Receipts from customers
 - 1.2 Payments for:
 - (a) exploration & evaluation
 - (b) development
 - (c) production
 - (d) staff costs
 - (e) administration and corporate costs
 - 1.3 Dividends received (see note 3)
 - 1.4 Interest received
 - 1.5 Interest and other costs of finance paid
 - 1.6 Income taxes paid
 - 1.7 Research and development refunds
 - 1.8 Other (provide details if material)
 - 1.9 **Net cash from / (used in) operating activities**
2. **Cash flows from investing activities**
 - 2.1 Payments to acquire:
 - (a) property, plant and equipment
 - (b) tenements (see item 10)
 - (c) investments
 - (d) other non-current assets
 - 2.2 Proceeds from disposal of:
 - (a) property, plant and equipment
 - (b) tenements (see item 10)
 - (c) investments
 - (d) other non-current assets
 - 2.3 Cash flows from loans to other entities
 - 2.4 Dividends received (see note 3)
 - 2.5 Other (provide details if material)
 - 2.6 **Net cash from / (used in) investing activities**

| Current quarter \$'000 | Year to date (6 months) \$'000 |
|---------------------------|--------------------------------------|
| - | - |
| - | - |
| (212) | (541) |
| - | - |
| - | - |
| (37) | (83) |
| (78) | (145) |
| - | - |
| - | - |
| (73) | (150) |
| - | - |
| - | - |
| - | - |
| (400) | (918) |
| - | - |
| - | - |
| - | - |
| - | - |
| - | 50 |
| 175 | 425 |
| - | - |
| - | - |
| - | - |
| - | - |
| 175 | 475 |

| | Current quarter \$'000 | Year to date (6 months) \$'000 |
|---|---------------------------|--------------------------------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | - |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | (175) | (175) |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | (175) | (175) |
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date | 873 | 1,092 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (400) | (918) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | 175 | 475 |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | (175) | (175) |
| 4.5 Effect of movement in exchange rates on cash held | (1) | (2) |
| 4.6 Cash and cash equivalents at end of quarter | 472 | 472 |

Reconciliation of cash and cash equivalents

5. at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts

| | Current quarter \$'000 | Previous quarter \$'000 |
|--|---------------------------|----------------------------|
| 5.1 Bank balances | 472 | 873 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 472 | 873 |

6. Payments to directors of the entity and their associates

| | Current quarter \$'000 |
|--|---------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 5 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |
| Payment of prior period director fees | |

7. Payments to related entities of the entity and their associates

| | Current quarter \$'000 |
|--|---------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | 53 |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |
| Payment for serviced office and technical staff | |

Financing facilities available

8. Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Lender – Twynam Agricultural Group Pty Ltd

Interest rate of 10% per annum, payable monthly. Minimum interest over term of \$300,000

50,000,000 unlisted options over Anova shares, exercisable at 4.5 cents per share by 30 June 2020.

Secured over all the assets of Anova Metals Australia Pty Ltd, Anova Metals Ltd and Big Springs Project Pty Ltd (owner of the Big Springs Project).

\$175,000 repaid in period on sale of secured tenements.

| Total facility amount at quarter end \$'000 | Amount drawn at quarter end \$'000 |
|--|--|
| 2,825 | 2,825 |
| - | - |
| - | - |

9. **Estimated cash outflows for next quarter**

9.1 Exploration and evaluation

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other (provide details if material) – interest on financing facility

9.7 **Total estimated cash outflows**

| \$'000 |
|------------|
| 70 |
| - |
| - |
| 30 |
| 55 |
| 70 |
| 225 |

Changes in tenements (items 2.1(b) and 2.2(b) above)

10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced

10.2 Interests in mining tenements and petroleum tenements acquired or increased

| Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|---------------------------------------|--------------------------|--|----------------------------------|
| E39/2094 | Direct | 100% | - |
| E39/1232 | Direct | 100% | - |
| M39/0386 | Direct | 100% | - |
| M39/0387 | Direct | 100% | - |
| M39/0500 | Direct | 100% | - |
| M39/0629 | Direct | 100% | - |
| | | | |

Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.



Mr Steven Jackson

Company Secretary

Date: 28 January 2020

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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