



28 February 2020

RE-CAPITALISATION PLACEMENT AND ENTITLEMENT OFFER

- Firm commitments received for an initial Placement to raise \$0.5m
- 1 for 2 non-renounceable Entitlement Offer to raise ~\$3.45m
- New Loan terms agreed to refinance existing \$2.8m Loan
- Appointment of new Managing Director, Dr. Mingyan Wang at completion of Placement

Anova Metals Limited (**ASX:AWV**) (**Anova** or the **Company**) is pleased to announce that via the Lead Manager, it has received firm commitments for a placement to excluded investors of 50 million fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.01 to raise \$500,000.

The Company is also offering eligible shareholders the opportunity to acquire New Shares through a non-renounceable offer of one (1) share for every two (2) shares held by eligible shareholders on the Record Date (Friday, 6 March 2020) at the same issue price of \$0.01 per New Share to raise up to approximately \$3.45m (before costs) (**Entitlement Offer**). New shares issued under the Placement will be eligible to participate in the Entitlement Offer.

The Lead Manager has been engaged to exclusively place any shortfall from the Entitlements Offer, within three (3) months of the Closing Date. In the event that the Entitlement Offer shortfall is less than \$2.0m, Anova will conduct a placement (**Top-Up Placement**) so that the aggregate of the shortfall taken up by clients of the Lead Manager and the Top-Placement is \$2.0m. If any New Shares are required to be issued under the Top-Up Placement and this number exceeds the Company's capacity under Listing Rule 7.1, shareholder approval will be sought. Please see the Timetable section below for key dates in relation to the Placement and Entitlement Offer.

Strong support for the equity raising has been received from a number of institutional and sophisticated investors, with Conditional Firm Commitments of \$2m received, including Au Xingao Investment Pty Ltd, a subsidiary of Hong Kong Xingao Investment Co. Ltd (**Xingao** or the **Cornerstone Investor**). Xingao has committed to subscribe for \$1.55m of the shortfall from the Entitlement Offer (and/or the Top-Up Placement) and also re-finance the existing \$2.825m Loan Facility, subject to receiving State Administration Foreign Exchange (SAFE) approval. The Cornerstone Investor has advised the Lead Manager that it has already received Department of Commerce of the Zhejiang Province and NDRC approval.

Argonaut Securities Pty Ltd has been appointed Lead Manager to the Placement and Entitlement Offer. Argonaut Capital Limited is acting as arranger of the Loan re-finance.

Proposed Appointment of Managing Director

Anova is pleased to announce that Dr Mingyan Wang will be appointed as Managing Director of the Company following the completion of the Placement.

Dr. Wang has over 20 years' experience in the mining and resources industry specialising in identifying projects, exploration, management and business development. Dr. Wang is currently a founding director of Global Lithium Resources Pty Ltd, and former Managing Director of ASX listed Abra Mining

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Ltd. He also held senior management positions in other large mining companies such as China Minmetals Corporation where he was the Project Lead – Geology & Mining in Las Bambas Copper-Gold mine in Peru. Dr. Wang has been in Australia for more than 10 years and has extensive experience in the mining and resources section in Australia, China and Peru.

The proposed terms of Dr Wang's remuneration are attached as Annexure 2.

The Lead Manager will also have the right to appoint another director (who will be a non-executive director), subject to placing at least \$2m from the shortfall of the Entitlements Offer (and/or the Top-Up Placement). At that time, Mr Alasdair Cooke and Mr Bill Fry will resign as directors of Anova.

On 11 December 2018, the Company announced a suspension of director fees, following settlement of the Placement Shares and concurrently with the appointment of Dr Mingyan Wang, director fees will resume.

Anova's Chairman, Mr Malcolm James said: "Whilst the last two years have been difficult for the Company, the perseverance of management has enabled the Company to attract a Cornerstone Investor (and Lead Manager) to provide us with the appropriate financial resources to maximise our assets and explore other opportunities. We are delighted that Dr. Mingyan Wang will join us to lead the team. We also thank Alasdair Cooke and Bill Fry for their efforts over the last few years and wish them well."

Project Update

Anova will suspend its divestment strategy for the Big Springs Gold Project while Dr Wang has the opportunity to review and determine the exploration and development strategy going forward.

Anova will continue to assess how best to optimise the value of its Second Fortune and Malcolm Projects on a low risk basis. There is strong interest from a number of parties to participate in exploration and development of these projects, particularly the Second Fortune gold mine.

New Loan

Anova has entered into a Loan Facility Term Sheet with Xingao for a \$2,825,000 (**Loan**).

Completion of the Loan Facility including drawdown is subject to execution of formal documentation including security documentation to be agreed between the parties prior to the Closing Date of the Entitlement Offer, SAFE approval and the Lead Manager placing at least \$2m from the shortfall of the Entitlements Offer (and/or the Top-Up Placement).

Proposed terms of the facility include:

- **Principal:** \$2,825,000;
- **Maturity Date:** 31 March 2023;
- **Interest:** 9% per annum payable upon on repayment of the Loan;
- **Fee:** 20,000,000 options exercisable at \$0.025 with an expiry date of 28 February 2023 to be issued subject to any necessary shareholder approval;
- **Security:** Secured over all of the assets of Anova Metals Ltd and Big Springs Project Pty Ltd with excluded collateral being: the Linden (including the Second Fortune Gold Mine) and Malcolm Gold Projects in Western Australia and various associated dumps, tailings and battery sands; and

- **Purpose:** Proceeds of the Loan will be used to repay the existing loan with Twynam Agricultural Group Pty Ltd that is due to mature in September 2020.

Placement and Entitlement Offer Use of Funds

The funds raised under the Placement and Entitlement Offer will be used principally for the evaluation of the Company's existing projects, identification of new opportunities, payment of landholder duty to the Office of State Revenue on Anova's acquisition of Exterra Resources, working capital and to meet Entitlement Offer expenses.

Entitlement Offer Timetable

The timetable for the Entitlement Offer in accordance with Appendix 7A paragraph 2 of the Listing Rules is as follows:

Event	Date
Announcement of Placement & Entitlement Offer	Friday, 28 February 2020
Settlement of Placement and Issue of Placement Shares	Tuesday, 3 March 2020
Record Date for Entitlement Offer	Friday, 6 March 2020
Despatch of Offer Document and Entitlement Offer Opening Date	Wednesday, 11 March 2020
Entitlement Offer Closing Date	Monday, 6 April 2020
Announcement of results of offer, notify ASX of shortfall (if any)	Tuesday, 7 April 2020
Settlement date for New Shares issued under the Entitlement Offer	Wednesday (before noon Sydney time), 15 April 2020
Commence Trading of New Shares issued under the Entitlement Offer on ASX	Friday 17 April 2020
Lead Manager Shortfall and/or Top-Up Placement Timetable¹	
Xingao advises it has SAFE approval	BB-0
Bookbuild (BB) for any shortfall (and/or Top-Up Placement, if applicable)	BB+1
Announce results of Bookbuild (in relation to allocation of shares that do not require Shareholder Approval)	BB+2
Settlement of Shortfall (and/or Top-Up Placement, if applicable)	BB+5
Commence trading on ASX of Shortfall Shares (and/or Top-Up Placement Shares, if applicable)	BB+6

1. The Lead Manager has been engaged to exclusively place any shortfall from the Entitlement Offer, within three (3) months of the Closing Date

Subject to the Listing Rules, the above dates may be changed without notice.

The Entitlement Offer will be made to the Company's shareholders with a registered address in Australia or New Zealand on the Record Date (**Eligible Shareholders**).

Shareholders may view all the Company's ASX announcements, including those relating to the Entitlement Offer, on the ASX's website at www.asx.com.au or alternatively on the Company's website at www.anovametals.com.au.

It is anticipated that the Entitlement Offer Document offering New Shares for subscription will be mailed to Eligible Shareholders on Wednesday, 11 March 2020 and will be available on the ASX and Company's website on this day.

Application will be made to ASX for official quotation of the New Shares. No shareholder approval is required for the Entitlement Offer.

Overseas Shareholders

The offer is only made to Eligible Shareholders (shareholders with a registered address in Australia or New Zealand at the Record Date). Therefore, if you are a shareholder with a registered address other than Australia or New Zealand, no offer will be made to you. In making this decision, the directors have taken into account the small number of overseas shareholders and the costs and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

If you have any questions please do not hesitate to contact the Company.

Yours faithfully

Bill Fry
Executive Director
Anova Metals Limited

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This announcement was authorised for release by:

Steven Jackson
Company Secretary

Annexure 1 – Effect on Capital Structure

Assuming that no Options are exercised before the Record Date, the effect of the Placement and the Entitlement Offer on the Anova's issued share capital at Minimum Subscription and Full Subscription is shown in the following table:

Shares	Minimum Subscription	Full Subscription
Existing Shares (Entitlement Offer to these eligible shareholders)	639,132,275	639,132,275
Placement Shares (Entitlement Offer to these eligible shareholders)	50,000,000	50,000,000
New Shares issued under the Entitlement Offer, including the Lead Manager's placement of Shortfall	NIL	344,566,138
Total Shares on issue after completion of the Entitlement Offer*	689,132,275	1,033,698,413

* The table above does not include any possible Top-Up Placement shares. Additionally, 50,000,000 incentive options (1.5 cent exercise price and 31 March 2022 expiry date) will be issued to the Lead Manager (or its nominees). Additionally, subject to any necessary shareholder approval, 20,000,000 options (2.5 cent exercise price and 28 February 2023 expiry date) will be issued to Xingao in consideration for providing the new loan.

Annexure 2 – Proposed Key Terms for Dr Mingyan Wang’s Remuneration

Base Salary	\$250,000 including superannuation
Short Term Incentives	Up to 30% of annual base salary subject to KPIs
Long Term Incentives (LTIs)	20m performance rights with vesting conditions to reflect share price performance and Project Milestones

Full details of the LTIs will be subject to shareholder approval.