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anova
metals limited

ABN 20 147 678 779

Interim Financial Report
for the half-year ended
31 December 2020

Directors' Report	3
Directors' Declaration	7
Condensed Consolidated Statement of Profit or Loss & Other Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	11
Notes to the Condensed Consolidated Financial Statements	12
Auditor's Independence Declaration	19
Independent Auditor's Review Report	20

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The Directors of the Company present their report on the consolidated entity consisting of Anova Metals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The Directors of the Company at all times during or since the end of the half-year are:

Mr Edward Rigg – Non-Executive Chairman
Mr Mingyan (Joe) Wang – Managing Director
Mr John Davis – Non-Executive Director

Review of Operations

The Big Springs Gold Project is a Carlin-style gold deposit located 80km north of Elko in north-east Nevada, United States. It produced approximately 386 koz of gold between 1987 and 1993, ceasing production due to the relatively low prevailing gold prices at that time. It is located in close proximity to multiple +10 Moz Carlin-style gold deposits in the region, including the producing Jerritt Canyon gold mine approximately 20 km to the south of Big Springs.

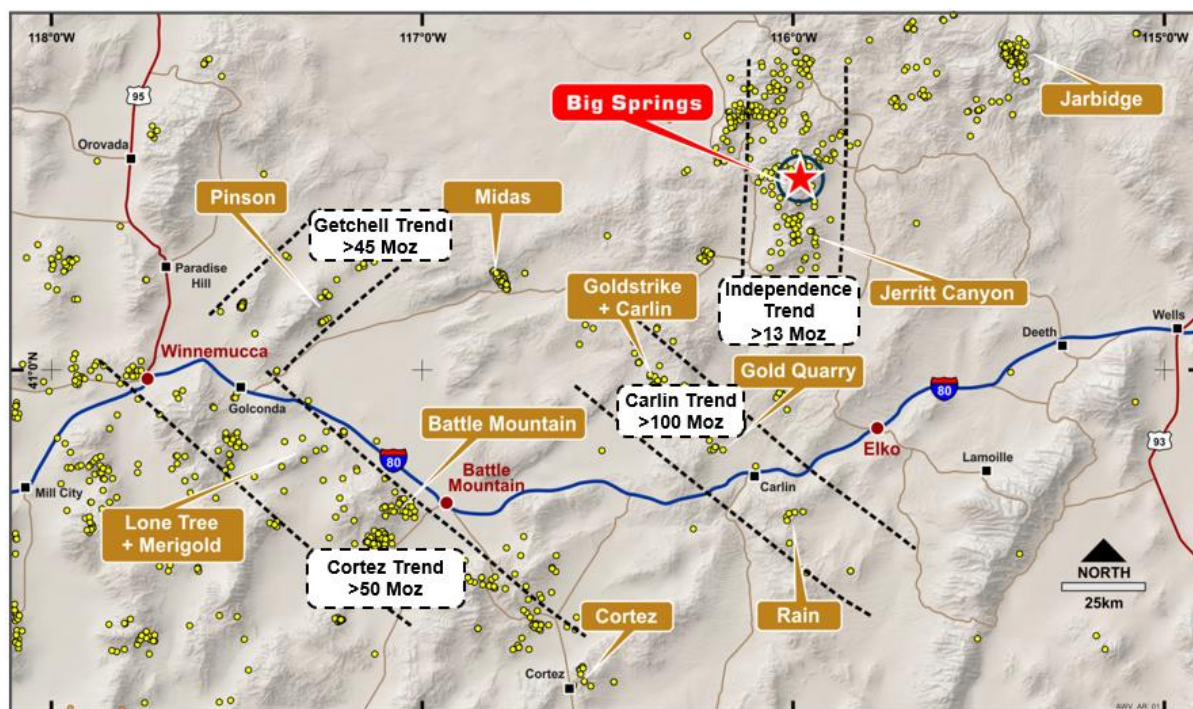


Figure 1: Location of Big Springs Project, Nevada, US.

The Big Springs Project currently has Measured, Indicated and Inferred Mineral Resources totalling **16 Mt at 2.0 g/t Au for 1.03 Moz gold** (refer Table 1 and Anova ASX release dated 26 June 2014). This resource base is located over 58 sq km of highly prospective ground. At an increased cut-off grade of 2.5 g/t gold, the high grade component of the Big Springs resource is 3.1 Mt at 4.2 g/t Au for 415 koz gold.

Since July 2020, Anova has conducted an extensive exploration program at Big Springs. This program was holistically comprehensive and designed to form the foundation for aggressive growth in the current Big Springs resource base over the next 18 to 24 months. It included gravity and magnetic surveys over the entire Big Springs tenement package, hyperspectral imaging, field mapping and a 10-hole diamond drilling program.

2020 Diamond Drilling Program

The 2020 diamond drilling program comprised 10 drill holes for 1,702 total drilling metres. It was the first drilling program conducted at Big Springs since early 2017 and the first one to test the 401 deposit since 2007.

The program was a combination of extensional drilling of the existing Mineral Resource and testing of new exploration targets. Resource extension targets tested in this campaign included the Crusher Zone, North Shoot and SWX Shoot at North Sammy, and the 401 deposit at South Sammy (refer Figure 2). Depth extension of mineralisation associated with the Schoonover and Argillic structures at North Shoot and footwall lodes at North Sammy was also tested.

Drilling commenced on 19 October 2020. Seven holes were drilled at North Sammy and three at the 401 deposit, South Sammy. A total of 1,154 core samples were collected and sent to the ALS lab in Reno for assay.

Outstanding intervals were received with some of the best results including:

- BS-006: 5.49m @ 15.23 g/t from 106.07m, including 1.52m @ 31.5 g/t;
- ZBF-02a: 4.54m @ 3.98 g/t from 91.75m, including 1.39m @ 7.24 g/t;
- ZBF-001: 10.85m @ 3.96 g/t from 87.33m, including 3.05m @ 6.16 g/t;
- BS-010A: 15.24m @ 2.53 g/t from 28.35m, including 3.05m @ 7.90 g/t;
- BS-003: 9.14m @ 2.48 g/t from 55.78m, including 2.74m @ 6.82 g/t; and
- BS-009: 6.10m @ 2.80 g/t from 77.11m, including 1.89m @ 5.92 g/t.

Details of all drill results can be found in the Anova ASX releases of 18 January, 25 January and 25 February 2021.

The key outcomes from the 2020 drilling were significant. Gold mineralisation at the 401 deposit (South Sammy) and the North and SWX Shoots (North Sammy) has been extended by over 30 metres (and in the case of the SWX Shoot by over 50 metres). Continuity of delineated mineralisation has been enhanced in the process – with expected implications for resource confidence categorisation. New lodes were also discovered including the high-grade discovery at North Shoot (5.49m @ 15.23g/t) and the footwall lode at SWX Shoot (9.14m @ 2.18g/t).

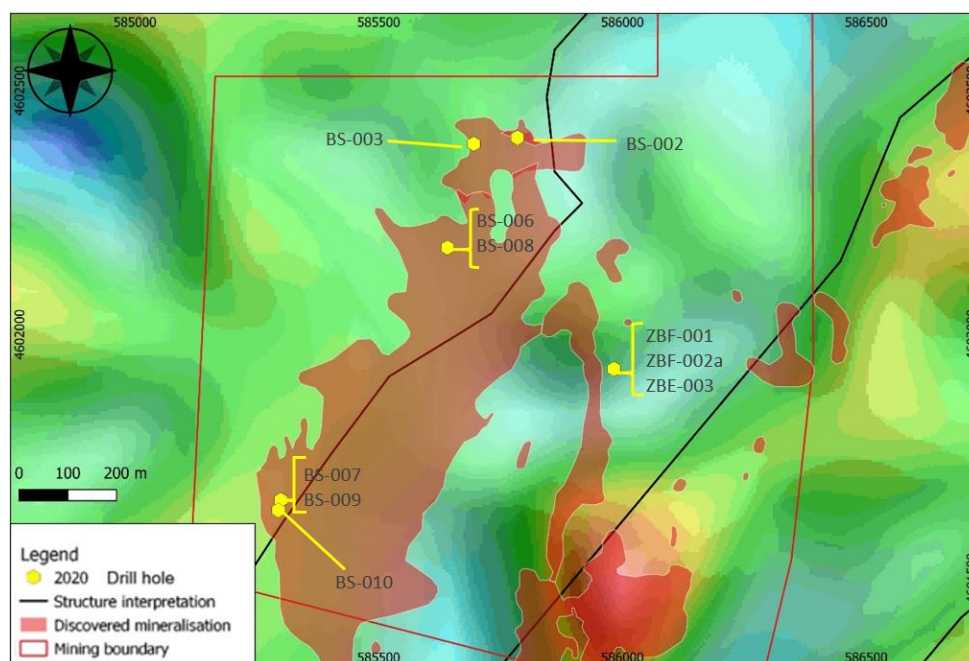


Figure 2: Residual Horizontal Gradient Gravity map with structural interpretation

Ground Gravity Survey

A ground gravity survey covering the entire tenement base of Big Springs was completed in October 2020 (see Anova ASX release dated 12 October 2020). This program comprised 1,540 unique stations, including 94 remote stations designed to provide valuable larger scale data.

The NNE directed mineralisation control structures at North Sammy, South Sammy, and Beadles Creek were well recognised. Interactions between NNE and WNW structures controlling gold mineralisation are more typical at Mac Ridge and the southern end at South Sammy.

Three major groups of targets were identified from initial interpretation (Figure 3). These target groups comprise:

- Extension to both directions of the Schoonover and Beadles Faults, such as Dorsey Creek;
- Parallel structures of Beadles Fault towards the east, such as Mac Ridge North;
- Intersections between NNE and WNW structures, such as Jacks Creek.

More targets were also identified at Golden Dome and Mac Ridge along embayment in the Hanson Creek Formation, which hosts the majority of gold mineralisation at the proximate Jerritt Canyon operation.

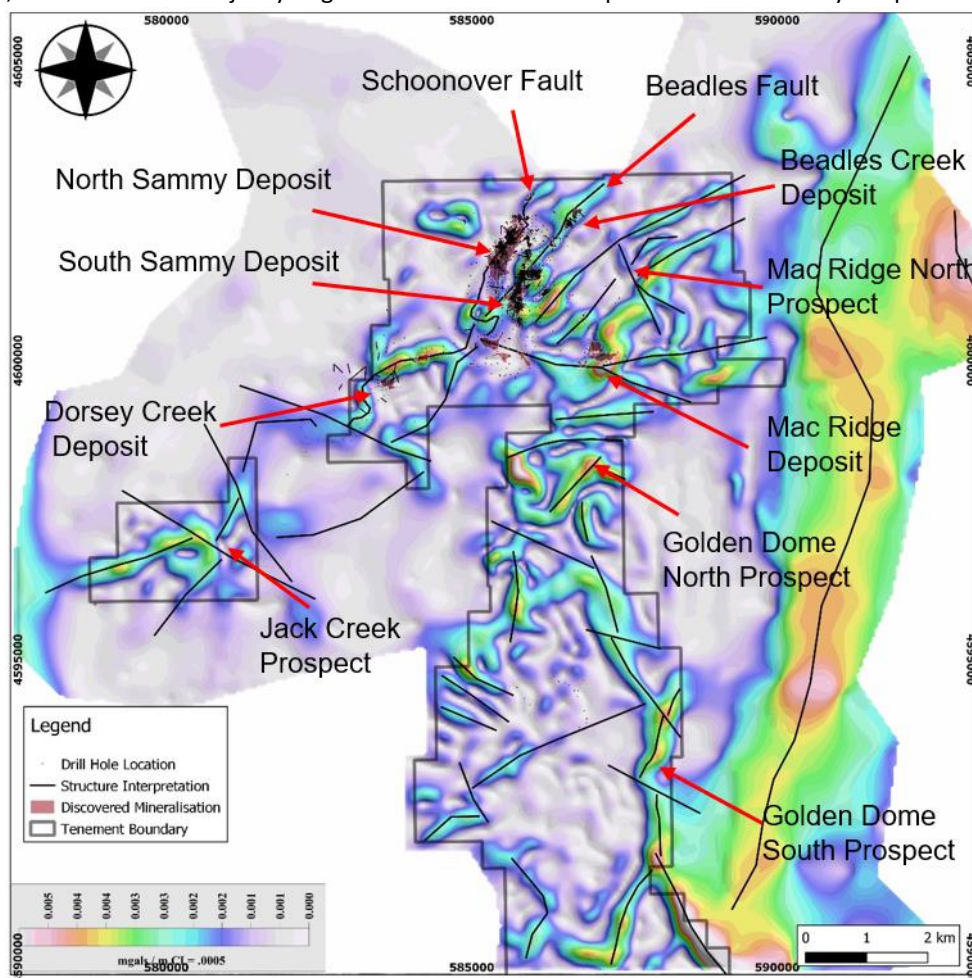


Figure 3: Residual Horizontal Gradient Gravity map with structural interpretation and preliminary targets identified

Hyperspectral Imaging

A satellite hyperspectral imaging study covering the entire Big Springs tenement base was completed in October 2020 (see Anova ASX released dated 9 October 2020). This study was designed to identify the Carlin-style gold mineralisation alteration signals at Big Springs.

Intense signals of illite, clay minerals, iron oxide, and silicon were identified. The hyperspectral results successfully recognised areas of known mineralisation. A number of previously identified targets based on historic information such as Mac Ridge North, Golden Dome North and Dorsey Creek prospects were reaffirmed by the survey. New targets were identified such as Jacks Creek and Golden Dome South prospects. Strong consistency was observed between the targets identified from the satellite hyperspectral imaging and the ground gravity study.

Drone Magnetic Survey

Anova conducted a high resolution airborne magnetic survey at Big Springs in November 2020 (see Anova ASX released dated 16 November 2020). Magnetic anomaly trends and patterns indicate the presence of fault structures that could host gold mineralisation, as well as magnetic high trends interpreted to be intrusive dikes. Both N-S oriented structures and ENE-WSW trending structures were identified in the magnetic survey study, which are consistent with the ground gravity survey interpretation. The structures identified from both gravity and magnetic surveys are key to understanding the gold mineralisation development at Big Springs.

2021 Exploration Program

The endowment potential of Big Springs has been severely underexplored from a modern perspective. Anova's application of newer geophysical techniques through 2020 has driven sharply enhanced understanding and the generation of exciting new exploration targets. The methodical and data-driven approach adopted holds the key to unlocking the large and relatively untapped potential that Big Springs offers.

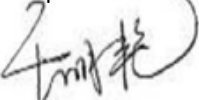
Planning for the 2021 exploration program at Big Springs is well advanced. The 2021 program is planned to aggressively test extensions to existing resources as well as enable drilling of high-priority new exploration targets worked up through the 2020 field season. This is set to involve a substantial volume of drilling through the course of the year.

Soil sampling and mapping are to be conducted in order to test earlier stage regional targets such as Golden Dome and Jacks Creek. Infill gravity and IP surveys have also been planned on selected targets such as North Sammy and Beadles Creek, in order to detect the high-grade mineralisation related E-W cross faults in the region and the sulphide alteration underneath.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 19 and forms part of this Directors' report for the half-year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Mingyan Wang
Managing Director
Perth, 11 March 2021

- 1 In the opinion of the Directors of Anova Metals Limited:
 - a. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - ii. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. there are reasonable grounds to believe that Anova Metals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors, made pursuant to s303(5) of the Corporations Act 2001.



Mingyan Wang
Managing Director
Perth, 11 March 2021

ANOVA METALS LIMITED
Condensed Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the half-year ended 31 December 2020

	Note	31-Dec-20	31-Dec-19
		\$	\$
Interest income		711	365
Gain on revaluation of equity instruments at FVTPL		143,049	-
Other income		54,056	254,636
Employee benefits expenses		(344,545)	(62,700)
Exploration expensed as incurred		(1,310,350)	(357,606)
Depreciation expenses		(3,925)	(2,703)
Finance costs		-	(2,669)
Administration and corporate expenses		(319,335)	(58,080)
Occupancy expenses		(28,664)	(53,155)
Share-based payment expense	9	(86,543)	-
Scheme of arrangement transaction costs		-	(436,463)
Exploration expenditure impaired		-	(25,000)
Loss from continuing operations before income tax		(1,895,546)	(743,375)
Income tax benefit / (expense)		-	-
Loss from continuing operations for the period		(1,895,546)	(743,375)
Discontinued operations after income tax			
Loss from discontinued operations after income tax	2	(690,218)	(367,426)
Loss for the period		(2,585,764)	(1,110,801)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation		(870,720)	19,532
Other comprehensive income/(loss) for the period		(870,720)	19,532
Total comprehensive loss for the period		(3,456,484)	(1,091,269)
Basic and diluted loss per share (cents per share) – continuing	3	(0.14)	(0.12)
Basic and diluted loss per share (cents per share) – discontinued	3	(0.05)	(0.05)
Basic and diluted loss per share (cents per share)	3	(0.19)	(0.17)

The condensed consolidated statement of profit or loss & other comprehensive income is to be read in conjunction with the accompanying notes.

ANOVA METALS LIMITED
Condensed Consolidated Statement of Financial Position
As at 31 December 2020

	<i>Note</i>	31-Dec-20 \$	30-Jun-20 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		8,574,016	3,402,564
Trade and other receivables		66,603	51,981
Other financial assets		429,148	-
Other assets		72,549	67,964
Total current assets		9,142,316	3,522,509
<i>Non-current Assets</i>			
Plant and equipment		16,533	545,120
Exploration and evaluation expenditure	5	10,606,924	11,423,963
Mine properties and development	6	-	10,244,686
Other financial assets		424,679	432,688
Total non-current assets		11,048,136	22,646,457
Total assets		20,190,452	26,168,966
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables		483,035	1,464,527
Borrowings	7	-	2,825,000
Rehabilitation provision		63,153	40,761
Total current liabilities		546,188	4,330,288
<i>Non-current Liabilities</i>			
Rehabilitation provision		190,523	2,008,739
Total non-current liabilities		190,523	2,008,739
Total liabilities		736,711	6,339,027
Net assets		19,453,741	19,829,939
Equity			
Issued capital	8	67,478,233	64,484,490
Reserves		2,602,374	3,386,551
Accumulated losses		(50,626,866)	(48,041,102)
Total equity		19,453,741	19,829,939

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

ANOVA METALS LIMITED
Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

	Issued capital	Foreign currency translation reserve	Share-based payments reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	64,484,490	2,833,533	553,018	(48,041,102)	19,829,939
Loss for the period	-	-	-	(2,585,764)	(2,585,764)
Other comprehensive loss, net of tax	-	(870,720)	-	-	(870,720)
Total comprehensive loss for the period	-	(870,720)	-	(2,585,764)	(3,456,484)
Ordinary shares issued, net of costs	2,993,743	-	-	-	2,993,743
Performance rights issued	-	-	86,543	-	86,543
Balance at 31 December 2020	67,478,233	1,962,813	639,561	(50,626,866)	19,453,741
Balance at 1 July 2019	60,716,986	2,685,378	970,731	(50,099,526)	14,273,569
Loss for the period	-	-	-	(1,110,801)	(1,110,801)
Other comprehensive income, net of tax	-	19,532	-	-	19,532
Total comprehensive loss for the period	-	19,532	-	(1,110,801)	(1,091,269)
Reversal of share-based payments on expiry	-	-	(554,213)	554,213	-
Balance at 31 December 2019	60,716,986	2,704,910	416,518	(50,656,114)	13,182,300

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

ANOVA METALS LIMITED
Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	31-Dec-20 \$	31-Dec-19 \$
Cash flows from operating activities		
Receipts from customers	-	42,338
Interest received	711	365
Payments to suppliers and employees	(353,611)	(230,063)
Payment for exploration and evaluation expenditure	(1,743,423)	(580,416)
Payment for stamp duty	(1,038,673)	-
Financing costs	(27,089)	(150,450)
Net cash used in operating activities	(3,162,085)	(918,226)
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	-	50,000
Proceeds from the sale of subsidiary, net of cash held	8,358,595	
Proceeds from the sale of tenements	100,000	425,000
Payment for financial assets	(286,083)	-
Net cash provided by investing activities	8,172,512	475,000
Cash flows from financing activities		
Proceeds from the issue of shares	3,090,040	-
Payment for share issue costs	(96,297)	-
Repayment of borrowings	(2,825,000)	(175,000)
Net cash provided by / (used in) financing activities	168,743	(175,000)
Net increase/(decrease) in cash and cash equivalents	5,179,170	(618,226)
Cash and cash equivalents at beginning of the period	3,402,564	1,092,260
Effect of exchange rates on cash holdings in foreign currencies	(7,718)	(1,941)
Cash and cash equivalents at end of the period	8,574,016	472,093

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

1. Statement of Significant Accounting Policies

a) Basis of preparation

These condensed interim consolidated financial statements (the interim financial statements) are general purpose financial statements and have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*.

The interim financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Company is a for-profit entity and the half-year has been treated as a discrete reporting period.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2020 and any public announcements made by Anova Metals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year, except for the impact of the new Standards and Interpretations effective 1 July 2020 disclosed in section 1(b). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of the consideration given in exchange for assets.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

b) Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2020

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2020. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company.

Standards and Interpretations in issue not yet effective

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet effective for the half-year ended 31 December 2020. There is no material impact of the proposed Standards and Interpretations in issue not yet adopted by the Company.

c) Statement of compliance

The interim financial statements were authorised for issue on 11 March 2021. The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

d) Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

2. Discontinued Operations

On 26 August 2020, Anova Metals Limited announced that it had reached agreement to sell Anova Metals Australia Pty Ltd to Linden Gold Alliance Pty Ltd for \$9 million in cash and a net smelter royalty as follows:

- \$0.5 million received upon execution of the Share Sale Agreement (SSA);
- \$4.5 million payable upon completion of the proposed transaction;
- \$2.0 million payable 18-months after completion of the proposed transaction;
- \$2.0 million payable 24-months after completion of the proposed transaction; and
- NSR of 1.5% on each ounce of gold produced from the Linden Gold Project after a total of 75,000 cumulative ounces of gold have been produced from the Project, capped at a total royalty payable of \$1 million. Following total royalty payments of \$1 million, the NSR will reduce to a 1.00% NSR on every ounce of gold produced.

Settlement of the Anova Metals Australia Pty Ltd sale occurred on 29 September 2020, following receipt of \$4.5 million, in addition to the previously received \$0.5 million.

On 24 December 2020, the Company agreed to accept early repayment of the deferred consideration and received \$3.5 million as consideration for discharging LGA's obligation to pay deferred consideration of \$4 million which was to be paid in two instalments of \$2 million, payable by 29 March 2022 and 29 September 2022 respectively.

The financial performance of the discontinued operation, which is included in the loss from discontinued operations per the statement of profit or loss and comprehensive income, is as follows:

	31-Dec-20	31-Dec-19
	\$	\$
<i>Financial performance information</i>		
Other income	109,500	44,453
Exploration expensed as incurred	(125,605)	(262,424)
Finance costs	(27,089)	(147,781)
Administration expenses	(2,289)	(1,674)
Loss before income tax	(45,483)	(367,426)
Income tax expense	-	-
Loss after income tax	(45,483)	(367,426)
Loss on disposal of assets and liabilities on loss of control of subsidiary before income tax	(144,735)	-
Loss on early settlement of deferred consideration	(500,000)	-
Income tax expense	-	-
Loss on disposal of assets and liabilities on loss of control of subsidiary after income tax	(644,735)	-
Total loss after tax attributable to the discontinued operation	(690,218)	(367,426)

ANOVA METALS LIMITED
**Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020**

The cash flow of the discontinued operation, which is included in the statement of cash flows, is as follows:

	31-Dec-20	31-Dec-19
	\$	\$
<i>Cash flow information</i>		
Net cash used in operating activities	(119,219)	(294,485)
Net cash from investing activities	100,000	-
Net increase in cash and cash equivalents from discontinued operations	(19,219)	(294,485)

Carrying amounts of assets and liabilities disposed:

	31-Dec-20
	\$
Loss on disposal of assets and liabilities on loss of control of Subsidiary reconciled as follows:	
Gross Consideration	9,000,000
Transaction costs	(129,520)
Consideration	8,870,480
Assets/(liabilities) disposed:	
Cash	11,885
Trade and other receivables	15,215
Plant and equipment	520,466
Mine properties	10,244,686
Trade and other payables	(11,885)
Rehabilitation provision	(1,765,152)
Net assets	9,015,215
Loss on disposal	(144,735)

3. Loss per share

	31-Dec-20	31-Dec-19
	\$	\$
Basic and diluted earnings per share		
Basic and diluted loss per share (cents per share) – continuing	(0.14)	(0.12)
Basic and diluted loss per share (cents per share) – discontinued	(0.05)	(0.05)
Basic and diluted loss per share (cents per share) – total	(0.19)	(0.17)
Earnings	\$	\$
Loss from continuing operations	(1,895,546)	(743,375)
Loss from discontinued operations	(690,218)	(367,426)
Total loss from operations	(2,585,764)	(1,110,801)
Weighted average number of ordinary shares	No.	No.
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,353,759,966	639,132,275

ANOVA METALS LIMITED**Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020****4. Segment reporting**

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the chief operating decision maker.

The Company operates across one industry being gold exploration in two geographic segments, Western Australian (until disposal of Anova Metals Australia Pty Ltd on 29 September 2020) and the United States. The unallocated column refers to corporate costs and cash management.

Period ended 31 December 2020	Western Australia	United States	Unallocated	Consolidated
	\$	\$	\$	\$
Segment revenue	-	-	-	-
Segment net profit / (loss) after tax	(690,218)	(1,320,139)	(575,407)	(2,585,764)
Segment assets	-	11,288,481	8,901,971	20,190,452
Segment liabilities	-	539,407	197,304	736,711
Period ended 31 December 2019	Western Australia	United States	Unallocated	Consolidated
	\$	\$	\$	\$
Segment revenue	-	-	-	-
Segment net profit / (loss) after tax	57,575	(364,244)	(804,132)	(1,110,801)
Segment assets	6,562,105	11,741,601	395,339	18,699,045
Segment liabilities	3,283,950	332,164	1,900,631	5,516,745

ANOVA METALS LIMITED
**Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020**
5. Exploration and evaluation expenditure

	Half-Year to 31-Dec-20	Year to 30-Jun-20
	\$	\$
Exploration and evaluation phase		
Balance at beginning of the period	11,423,963	11,475,469
Impairment (i)	-	(25,000)
Sale (i)	-	(175,000)
Foreign currency movements	(817,039)	148,494
Balance at end of the period	10,606,924	11,423,963

(i) The Devon Tenements were sold for \$175,000 upon Matsa Resources exercising its option. A discount of \$25,000 was provided due to early exercise (see ASX release 14 November 2018).

The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration and/or evaluation phases is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

6. Mine properties and development

	Half-Year to 31-Dec-20	Year to 30-Jun-20
	\$	\$
Mine properties and development at cost	-	11,875,985
Less: Accumulated amortisation	-	(1,631,299)
Carrying amount at end of the period	-	10,244,686
Mine properties and development - at cost		
Balance at beginning of the period	11,875,985	7,540,144
Additions	-	140,960
Impairment reversal (i)	-	4,194,881
Disposal through discontinued operation (ii)	(11,875,985)	-
Balance at end of the period	-	11,875,985
Mine properties and development - accumulated amortisation		
Balance at beginning of the period	(1,631,299)	(1,631,299)
Disposal through discontinued operation (ii)	1,631,299	-
Balance at beginning of the period	-	(1,631,299)

(i) The Company reversed \$4,191,881 of previous impairment losses recognised to increase the Second Fortune Mine to its deemed recoverable value at 30 June 2020.

(ii) Sale of Anova Metals Australia Pty Ltd, which included the Second Fortune Gold Mine, settled on 29 September 2020 (refer to note 2 for further details).

7. Borrowings

	Half-Year to 31-Dec-20	Year to 30-Jun-20
	\$	\$
Facility – Twynam Agriculture Group Pty Ltd	-	2,825,000

The Facility Agreement with Twynam Agricultural Group Pty Ltd of \$2,825,000 was paid in full on 3 September 2020 and all encumbrances over the assets were released.

ANOVA METALS LIMITED
**Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020**
8. Issued capital

	Half-Year to 31-Dec-20	Year to 30-Jun-20
	\$	\$
1,433,094,200 (PY: 1,247,041,482) fully paid ordinary shares	67,478,233	64,484,490
	67,478,233	64,484,490

	Half-Year to 31-Dec-20		Year to 30-Jun-20	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of the period	1,247,041,482	64,484,490	639,132,275	60,716,986
Entitlement issue	-	-	459,421,517	3,215,950
Placements	186,052,718	3,090,040	148,487,680	1,069,414
Option issue	-	-	10	-
Share issue costs	-	(96,297)	-	(517,860)
Balance at end of the period	1,433,094,200	67,478,233	1,247,041,482	64,484,490

9. Options and performance rights

	Half-Year to 31-Dec-20	Year to 30-Jun-20
	No.	No.
Balance at beginning of the period	18,192,870	81,938,728
Issued (i)	176,204,610	16,295,390
Exercised	-	(10)
Lapsed	(522,480)	(80,041,238)
Balance at end of the period	193,875,000	18,192,870

(i) During the period, the following options and performance rights were issued:

- 48,704,610 lead manager options exercisable at 1.1 cents on or before 31 March 2022. 65,000,000 were granted on 14 April 2020 (of which 16,295,390 were issued in the prior year) with the share based payment expense recognised in full in the financial year ended 30 June 2020;
- 90,000,000 unlisted options in 3 series to Au Xingao Investment Pty Ltd granted on 4 August 2020 as consideration for increasing the share placement price completed during the half-year ended 31 December 2020 from 1c to 1.7c per share. These options were free attaching options and are not share based payments. As a result, no valuation of these options is required to be undertaken.
- 18,750,000 Class A Performance Rights and 18,750,000 Class B Performance Rights in total to Mingyan Wang and Geoffrey Xue were granted on 27 November 2020. The Class A Performance Rights will vest upon both the Share Price Condition and Service Condition being satisfied. Class B Performance Rights will vest upon both the Share Price Condition and Operational Condition being satisfied:
 - **Share price condition:** During the term commencing on and from the Grant Date and expiring on 31 July 2023, the Company's share price closing above \$0.03 per share for 10 consecutive trading days.
 - **Service condition:** Remain continuously employed by the Company until 31 July 2021.
 - **Operational Condition:** The Company announcing a 1.5Moz JORC compliant resource at the Big Springs Project on or prior to 31 July 2023 and whilst an employee of the Company.

The value for both the Class A and Class B Performance Rights was calculated by an external consultant to be \$0.026 per Right, resulting in a total valuation of \$975,000. The valuation has been based on a Hoadley pricing model with the factoring inputs:

Share price on grant date	\$0.028
Volatility	75%
Expiry date	31 July 2023
Risk-free interest rate	0.103%
Expected dividend yield	Nil

The share based payment expense has been recognised on pro-rata basis over the vesting period, resulting in an expense of \$86,543 for half-year ended 31 December 2020.

10. Contingent assets and liabilities

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

11. Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations, results or the state of affairs of the consolidated entity in future financial years.

12. Fair values of financial assets and liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. All of the Group's financial instruments were valued using the Level 2 valuation technique.

As at 31 December 2020, the fair values of the Group's financial assets and liabilities approximate their carrying values due to their short term nature.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Anova Metals Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
11 March 2021



L Di Giallonardo
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Anova Metals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Anova Metals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss & other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Anova Metals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
11 March 2021



L Di Giallonardo
Partner

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