

29 April 2016

## **QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 31 MARCH 2016**

### **HIGHLIGHTS**

- **Advance Exploration and Resource Development targets identified**
- **Exploration Plan of Operations in progress**
- **Water Pollution Control Permit granted**
- **Mine Plan of Operations deemed complete by USFS**

### **OPERATIONS**

#### **Big Springs Gold Project, Nevada, USA**

In the March quarter, Anova Metals Limited ("Anova") carried out a comprehensive review of near-mine exploration and resource development targets at the Big Springs Gold Project ("Big Springs") aimed at defining additional mineable resource. An Exploration Plan of Operations is currently being prepared and will be lodged with the United States Forest Service ("USFS") in the following quarter with drilling targeted for the September Quarter. Concurrently, Anova has made significant progress towards obtaining relevant regulatory approvals that will allow mining at Big Springs to commence.

### **PERMITTING**

During the quarter Anova made substantial progress towards obtaining final regulatory approval that will allow mining to commence at Big Springs. The status of the three major components are discussed below:

#### **Water Pollution Control Permit**

In February 2016, Anova received notification from the Nevada Division of Environmental Protection ("NDEP") of its decision to issue a draft Water Pollution Control Permit for the Project. The Notice of Proposed Action was advertised on 23 February 2016 and the statutory 30-day public comment period concluded in on 24 March 2016. Significantly, no public comments or objections were received and the permit was subsequently granted at the end of the quarter.

#### **Mine Plan of Operations & Environmental Assessment**

The Plan of Operations is the key planning document required by the USFS for projects on Forest Service administered lands. The Plan of Operations provides extensive detail on the proposed project, how it will be operated, its potential impact on the environment and the plan for closure and reclamation. The Plan of Operations is effectively a referral document for assessment of a

project through the National Environmental Policy Act ("NEPA") process. USFS published a Notice of Proposed Action under the NEPA process in October 2014 and limited public comment was received.

An updated Plan of Operations reflecting detailed engineering design and development plans was submitted to USFS in February 2016. A review was completed by USFS personnel which resulted in further minor design modifications. An amended Plan of Operations was submitted to the USFS in March 2016 and Anova was subsequently notified by USFS that the Plan has been deemed "complete."

Preparation of the Environmental Assessment ("EA") for the project has been progressed in parallel with the finalisation of the detailed project design. The USFS has committed a number of its staff and consultants to progressing the EA for the Project. The EA is expected to be finalised during the June quarter.

#### **Nevada Reclamation Permit**

The Nevada State Reclamation Permit Application reflects the USFS Plan of Operations and includes the Reclamation Cost Estimate ("RCE"). A revised application reflecting the complete Plan of Operations and associated RCE is currently being finalised and will be submitted this week.

#### **EXPLORATION**

With the permitting nearing completion and a decision to commence mining at the 601 Deposit soon to be made by the Company, the emphasis will shift to initiating exploration work at Big Springs.

When compared to the Jerritt Canyon area immediately to the south (11 Moz identified, 8 Moz produced, continuous exploration since the 1980's), it highlights the prospectivity of Big Springs (350,000oz produced, 1 Moz in resource, limited exploration since mine closure in 1993) and opportunity for significant further ounces to be identified through systematic exploration work.

The initial exploration focus will be high grade resource extension targets to look to expand the Big Springs resource. Immediate high priority targets planned to be tested include:

- North Sammy – potential down plunge extensions of existing shoots
- South Sammy – potential down plunge extensions 601 zone
- Beadles Creek – up-dip and down-dip of high grade zone

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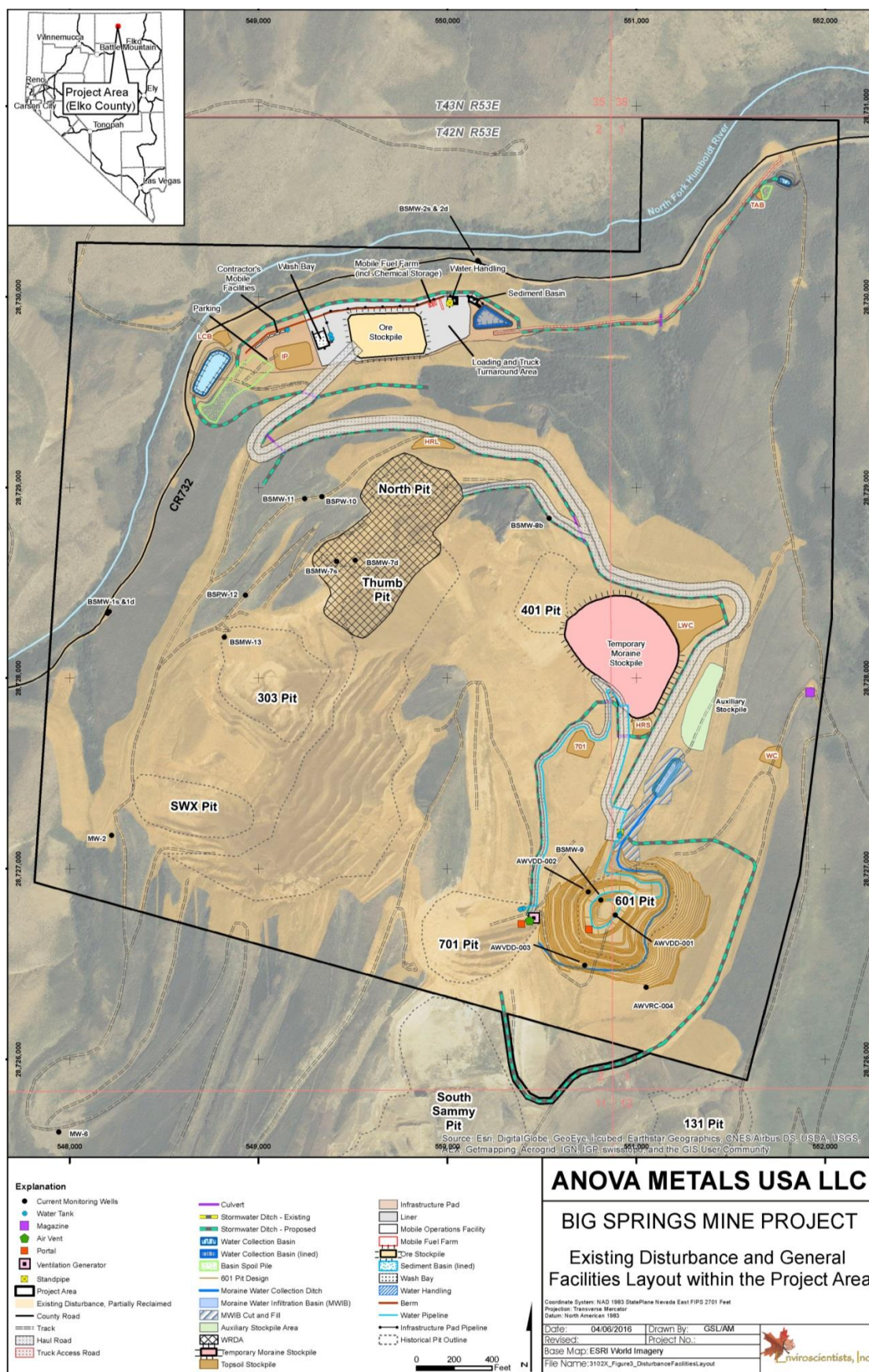


Figure 1: Updated site infrastructure plan

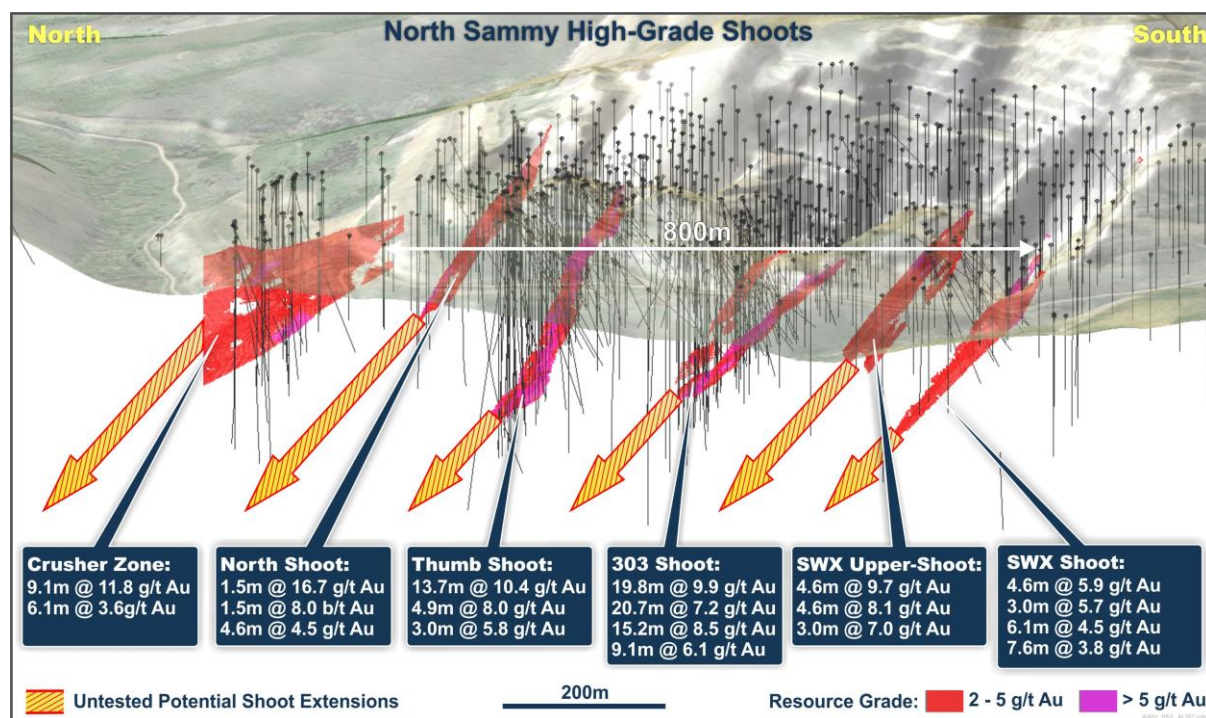


## North Sammy – potential down plunge extensions of existing shoots

Some of the highest grade mineralised zones at Big Springs are the North Sammy shoots, in particular both the 303 and Thumb shoots. The other shoots are also highly prospective with a number of them tested to very shallow depths (SWX Upper only to 65m, North to 90m, Crusher to 130m and SWX to 150m). The deepest downhole drilled intersections on each North Sammy shoot are illustrated in Figures 2 to 4, with highlights including:

- 303 – 19.8m at 9.9g/t Au
- Thumb - 13.7m at 10.4g/t Au
- Crusher - 9.1m at 11.8g/t Au
- SWX Upper – 4.6m at 9.7g/t Au
- SWX - 4.6m at 5.9g/t Au
- North – 1.5m at 16.7g/t Au

Anova plans to test each of these with a number of down-dip drillholes. In addition, 6 diamond core holes are planned into the known resource zones for geotechnical analysis and to obtain additional metallurgical samples. This information will assist in refining the underground mine planning.



**Figure 2: North Sammy potential shoot extensions – drilling targets**

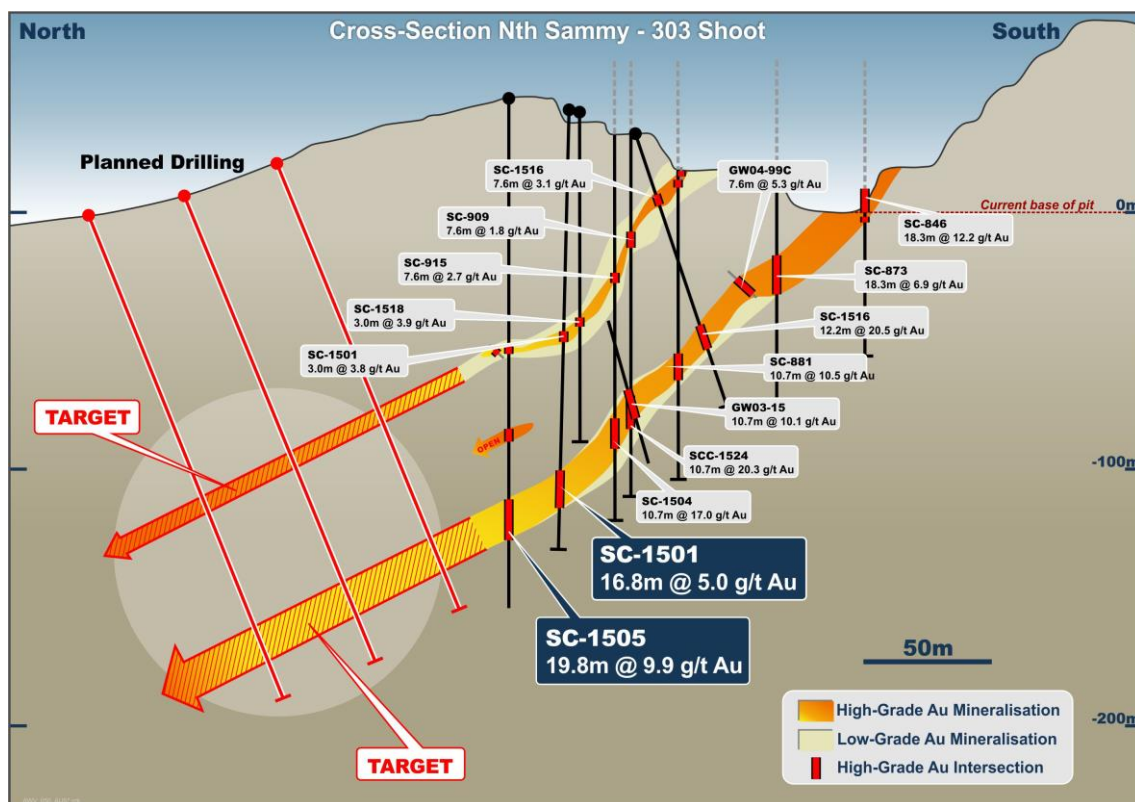


Figure 3: North Sammy potential 303 shoot extension – drilling target

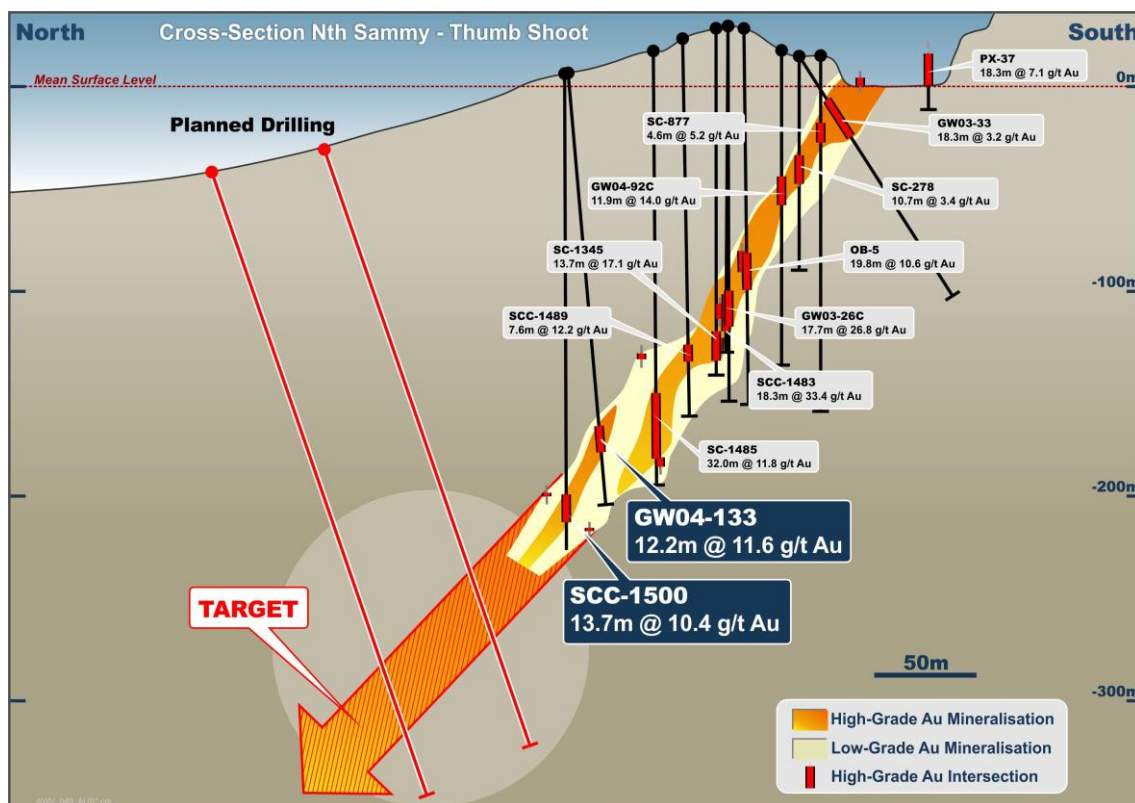


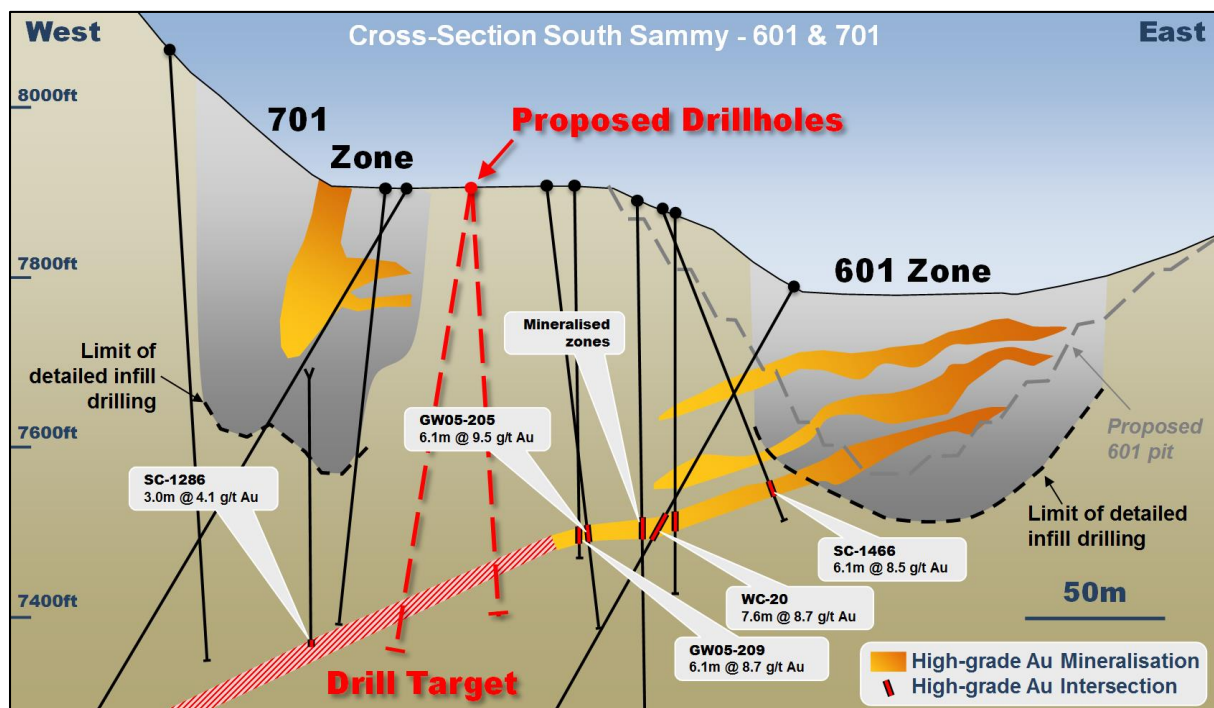
Figure 4: North Sammy potential Thumb shoot extension – drilling target

### South Sammy – potential down plunge extensions 601 zone

An immediate high priority target to be tested at South Sammy are the down-plunge extensions to the proposed underground mining zones below the planned 601 open pit (Figure 5). The deepest drilled intersections (virtually true thickness) into this target include:

- 6.1m @ 9.5g/t Au; and
- 6.1m @ 8.7g/t Au

Approximately 150 down-plunge, a historic hole ended potentially as it entered the target zone with an intersection of **3m @ 4.1g/t**. Anova plans to test this zone with 4-6 holes.



**Figure 5:** South Sammy potential 601 Zone down-dip extension – drilling target



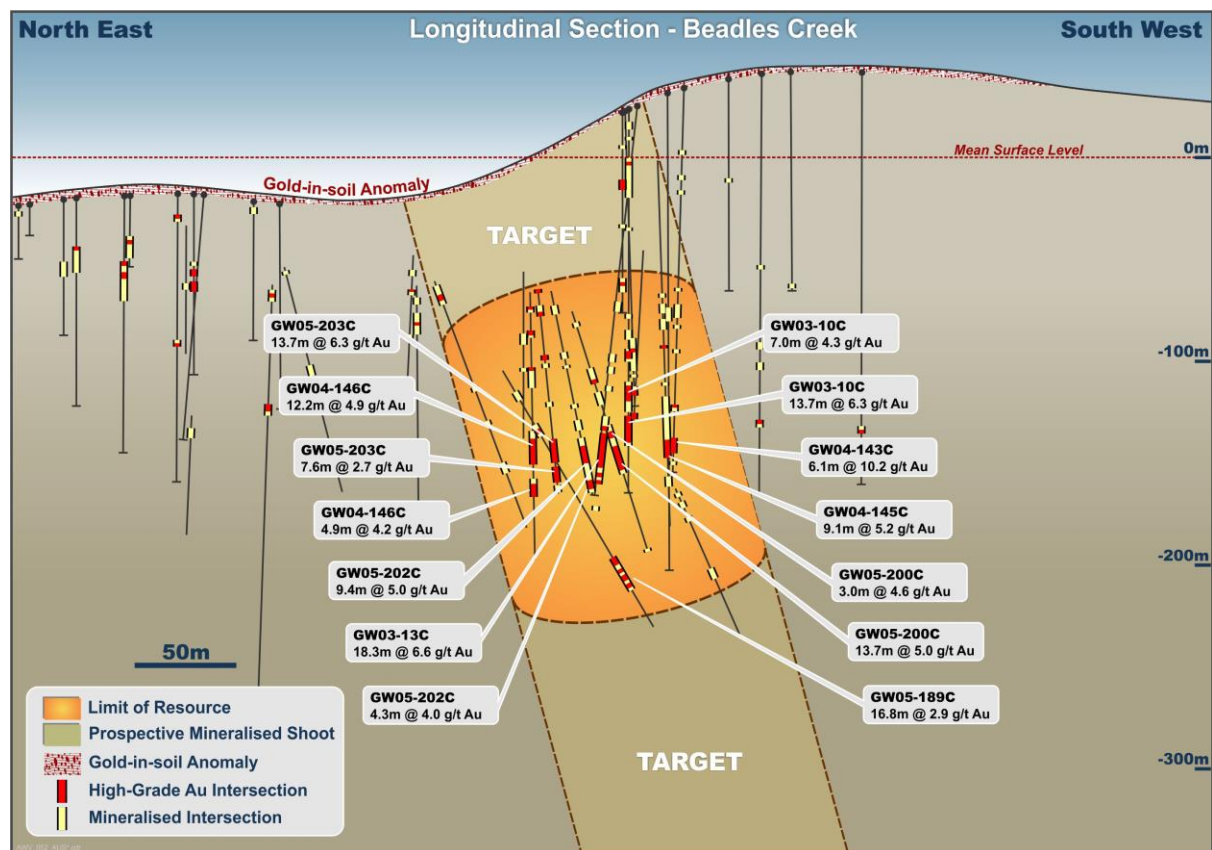
### Beadles Creek – up-dip and down-dip of high grade zone

A key part of the Big Springs resource at Beadles Creek is highlighted by a number of holes that intersect what appears to be a thicker high grade shoot. These downhole intersections include:

- 6.1m @ 10.2g/t Au;
- 18.3m @ 6.6g/t Au;
- 13.7m @ 6.3g/t Au;
- 13.7m @ 6.3g/t Au;
- 13.7m @ 5.0g/t Au;
- 9.1m @ 5.2g/t Au;
- 9.4m @ 5.0g/t Au;
- 12.2m @ 4.9g/t Au;

At surface above these intersections is a significant gold-in-soil geochemical anomaly. Between the defined Beadles Creek resource margins at depth (including these drillhole intersections) and the surface geochemical anomaly is approximately 75-100m of untested vertical extent. The zone is also open down-dip.

Anova plans to test both these up-dip and down-dip zones with up to eight drillholes.



**Figure 6: Beadles Creek high grade shoot up-dip and down-dip potential extensions**





### Dorsey Creek – potential down dip extension

Whilst the existing zone at Dorsey Creek zone is not particularly high grade, the deepest intersections drilled to date are actually quite shallow and the zone is open at depth. These intersections include:

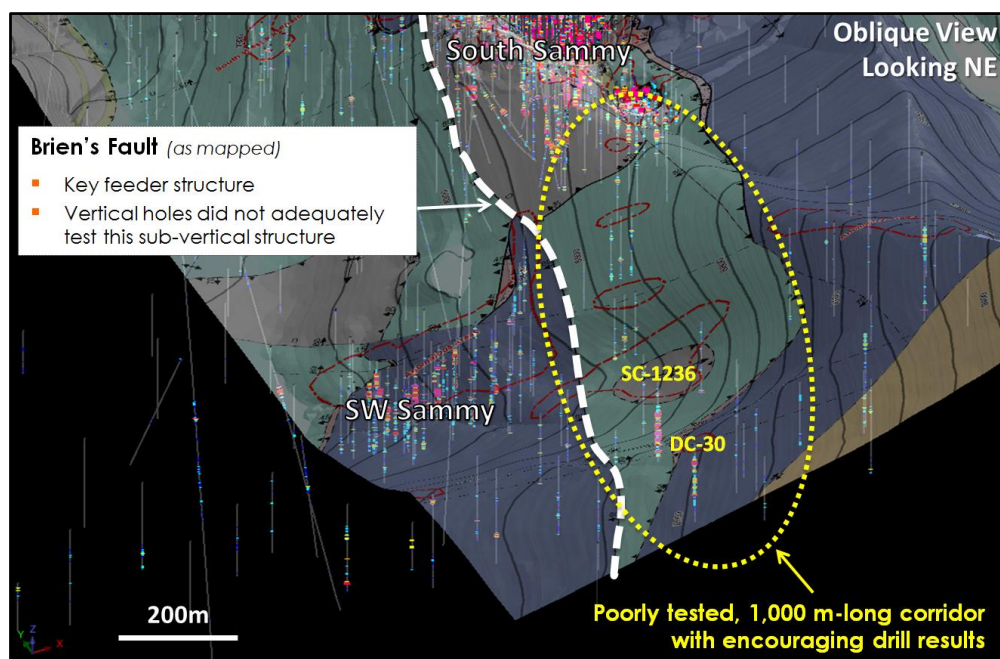
- 21.3m @ 1.6g/t Au; and
- 7.6m @ 1.9g/t Au (including 1.5m @ 4.7g/t Au);

### Further target generation

Anova continues to review and generate exploration targets utilising the extensive exploration database it received when it acquired the Big Springs project, including surface geochemistry (rock chip, soils and stream sediment samples), geological and structural mapping, geophysics (magnetics, electro-magnetics, radiometrics and limited IP) plus limited drilling away from the historically mined areas.

In addition to the abovementioned high priority targets, detailed review and planning for follow up exploration work are focussed on known significant mineralised intersections in the broadly spaced historic drilling away from the defined resource zones. These include:

- 700m south-south-west of South Sammy - Hole SC-1236 (Figure 8)
  - From 59.4m – 77.7m @ 2.1g/t Au (includes 6.1m @ 6.8g/t Au and 6.1m @ 5.7g/t Au)
- 950m south of South Sammy - Hole DC-30 (Figure 8)
  - From 32m – 70.1m @ 0.7g/t Au (includes 6.1m @ 1.9g/t Au)
- Lower Mac Ridge - Hole BC-48 - 7.6m @ 3.5g/t Au (from 9.1m)
- North-east of Beadles Creek - Hole BC-48 – 3.0m @ 3.4g/t Au (from 41.1m)



**Figure 8:** Highly mineralised wide-spaced drilling immediately to the south of South Sammy

## CORPORATE

As at 31 March 2016, the Company's cash balance was \$1.66m.

The Company completed a capital raising of \$1.5m (before costs) by the issue of 33,333,335 shares at 4.5 cents per share to sophisticated and professional investors in early March.

Subsequent to quarter end, 937,500 unlisted options were converted at 5 cents per option, raising \$47k (before costs). The remaining 19,837,500 options exercisable at 5 cents expire on 30 November 2016.

### *Competent Person Statement*

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Lauritz Barnes, Principal Consultant Geologist – Trepanier Pty Ltd. Mr Barnes is a shareholder of Anova Metals. Mr Barnes is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Barnes consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.*

## TENEMENT SCHEDULE

All claims are 100% held.

Project Name	Prospect	Location	Mining Claim Name
Big Springs	Big Springs	USA	NDEEP-31, NDEEP-32
Big Springs	Big Springs	USA	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	Dorsey Creek	USA	NDEEP-18, NDEEP-19, NDEEP-35, NDEEP-36, NDEEP-52, NDEEP-53
Big Springs	Dorsey Creek	USA	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
Big Springs	Golden Dome	USA	DOM-1 to DOM-51
Big Springs	Golden Dome	USA	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
Big Springs	Golden Dome	USA	MP-14, MP-16, MP-18, MP-41, MP-43, MP-45, MP-47, MP-49 to MP-54
Big Springs	Golden Dome	USA	NDEEP-1 to NDEEP-16, NDEEP-44 to NDEEP-90
Big Springs	Jack Creek	USA	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
Big Springs	Mac Ridge	USA	BS-500 to BS-550, BS-557 to BS-579
Big Springs	Mac Ridge	USA	MR-500 to MR-524, MR-526, MR-528, MR-530 to MR-537
Big Springs	Mac Ridge	USA	NDEEP-33, NDEEP-34
Big Springs	Mac Ridge	USA	TT-205 to TT-219

**Private lands, which include all minerals, subject to a 2% NSR royalty to Ellison Minerals, Inc. Per below:**

Township 42 North, Range 54 East (148.552 Hectares):

Section 7 - Lot 4 (SW¼ SW¼); SE¼ SW¼; NE¼ SE¼

Section 8 - N ½ SW¼

Section 31 - Lot 2 (SW¼ NW¼); Lot 4 (SW¼ SW¼); NE¼ SW¼; SW¼ SE¼



**Appendix 5B**  
**Mining exploration entity quarterly report**

Name of entity

**Anova Metals Limited**

ABN

**20 147 678 779**

Quarter ended ("current quarter")

**31 MARCH 2016**

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>		<b>Current quarter \$'000</b>	<b>Year to date (9 months) \$'000</b>
1.1	Receipts from product sales and related debtors	-	-
1.2			
	(a) exploration and evaluation	(117)	(879)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(172)	(805)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(286)</b>	<b>(1,674)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(286)</b>	<b>(1,674)</b>

1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(286)</b>	<b>(1,674)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.*	1,500	2,004
1.15	Cost of the Issue	(104)	(137)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>1,396</b>	<b>1,867</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,110</b>	<b>194</b>
1.20	Cash at beginning of quarter/year to date	559	1,473
1.21	Exchange rate adjustments to item 1.20	(7)	(5)
1.22	<b>Cash at end of quarter</b>	<b>1,662</b>	<b>1,662</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$'000
1.23 Aggregate amount of payments to the parties included in item 1.2	78
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$56k – director remuneration payments.

\$22k – payments for administrative staff, technical staff and provision of a fully serviced office

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

**Financing facilities available**

	Amount available \$'000	Amount used \$'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$'000
4.1 Exploration and evaluation	370
4.2 Development	-
4.3 Production	-
4.4 Administration	165
<b>Total</b>	<b>535</b>

**Reconciliation of cash**

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

	Current quarter \$'000	Previous quarter \$'000
5.1 Cash on hand and at bank	439	84
5.2 Deposits at call	1,223	475
5.3 Bank overdraft	-	-
<b>Total: Cash at end of quarter (item 1.22)</b>	<b>1,662</b>	<b>559</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-



**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 <b>+ Ordinary securities</b>	358,467,608	358,467,608	Fully Paid	Fully Paid
7.4 Changes during quarter				
(a) Increases through issue of new shares	33,333,335	33,333,335	4.5 cents	4.5 cents
(b) Increases through conversion of rights	250,000	250,000	-	-
7.5 <b>+ Convertible debt securities</b>	-	-	-	-
7.6 Changes during quarter				
(a) Increases	-	-	-	-
(b) Decreases	-	-	-	-
7.7 <b>Options/Rights</b>				
Unquoted options	2,000,000	-	Exercise Price 10.4 cents	Expiry Date 31/12/2016
	4,000,000	-	12.1 cents	31/12/2016
	19,875,000	-	5 cents	30/11/2016
Unquoted rights	4,000,000	-	-	5/12/2017
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	250,000	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Performance Shares</b>	-	-	-	-
7.12 Changes during quarter				
(a) Expired during quarter	-	-	-	-
7.13 <b>Debentures (totals only)</b>	-	-		
7.14 <b>Unsecured notes (totals only)</b>	-	-		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



**Mr Steven Jackson**  
Company Secretary  
Date: 29 April 2016

**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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.