

28 July 2016

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 JUNE 2016

HIGHLIGHTS

- **Exploration Plan of Operations lodged and approved**
- **Updated Nevada Reclamation Permit lodged**
- **Environmental Assessment progressing towards draft decision in September Quarter**

OPERATIONS

Big Springs Gold Project, Nevada, USA

Following completion of a comprehensive review of near-mine exploration and resource development targets at the Big Springs Gold Project ("Big Springs") an Exploration Plan of Operations was lodged with the United States Forest Service ("USFS") in the June Quarter with drilling targeted for the September Quarter.

Concurrently, Anova submitted an updated Nevada Reclamation Permit with the Nevada Division of Environmental Protection ("NDEP") and assisted the USFS and its consultants with preparation of a number of specialist reports that are at the core of the Environmental Assessment. The status of the key approval items is discussed below.

PERMITTING

Exploration Plan of Operations

During the Quarter Anova prepared and submitted an Exploration Plan of Operations ("Exploration Plan") with USFS to enable drilling to commence at the priority Beadles Creek target where previous drilling provided the following intersections:

- 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; and
- 12.2m @ 4.9g/t Au;

Drilling will target the Beadles Creek deposit both up-dip and down-dip of the currently defined resource margins (Figure 1).

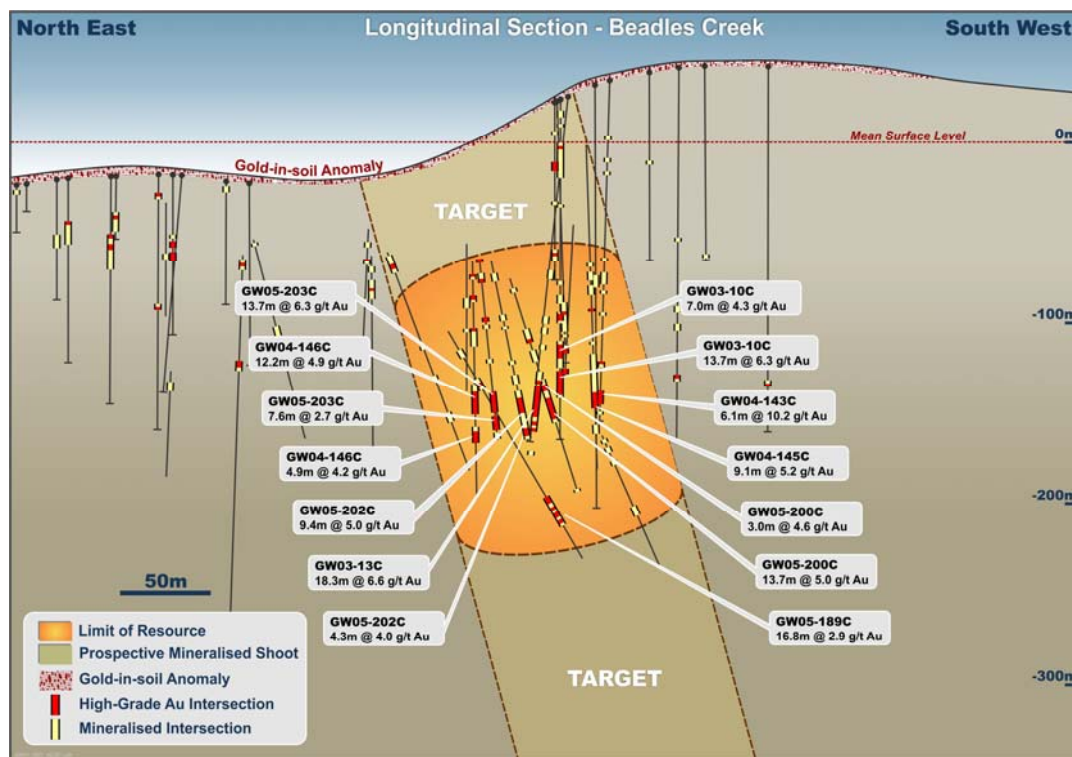


Figure 1: Beadles Creek high grade shoot up-dip and down-dip potential extensions

In June 2016 Anova received notification from USFS that the Exploration Plan had been approved. The Exploration Plan has been provided to the Reclamation Branch of the Nevada Division of Environmental Protection to finalise calculation of the environmental bond.

Approval to drill test the priority resource development targets that fall within the Mine Plan of Operations boundary, is being obtained as part of the Big Springs Mining Project approvals.

Mine Plan of Operations & Environmental Assessment

The Mine Plan of Operations ("Mine Plan") is the key planning document required by the USFS for projects on Forest Service administered lands. An ammended Mine Plan was submitted to the USFS in March 2016 and Anova was subsequently notified by USFS that the Plan had been deemed "complete."

Preparation of the Environmental Assessment ("EA") for the Mine Plan was advanced during the quarter with a number of USFS staff and consultants committed to completing the various specialist reports that are at the core of the EA. All specialist reports were delivered to USFS for final review during the quarter. The findings of the specialist reports are incorporated into the EA, which will form the basis of USFS's draft decision on the proposed Mine Plan. The USFS is consulting with the US Fish and Wildlife Service ("USFWS") as required under the NEPA process in parallel with

completing the EA. The company has been working closely with the USFS and its consultants to ensure all requests for further information are dealt with in a timely manner. As far as the company is aware all information required for completion of the EA and preparation of the draft decision has been provided by the company and subject to completion of the USFWS consultation, a draft decision is expected to be issued by the USFS shortly. The EA is the last stage in the mining approvals process.

The Mine Plan, once approved, will authorise project development and resource definition drilling within the Mine Project Area. Initial drilling will focus on testing the down plunge potential at the North Sammy shoots, in particular the North and 303 shoots. The remaining North Sammy 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 intends to test each of these with a number of down-dip drillholes. In addition, 6 diamond core holes are planned to be drilled into the known resource zones for geotechnical analysis and to obtain additional metallurgical samples.

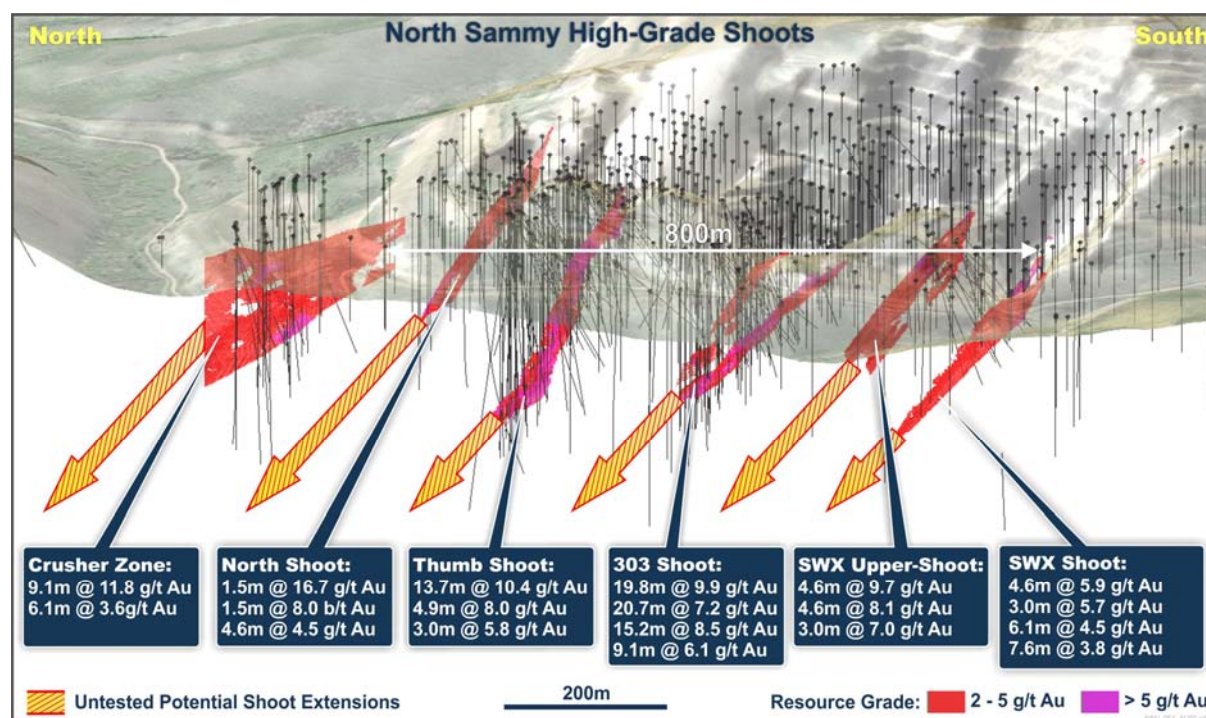


Figure 2: North Sammy potential shoot extensions – drilling targets

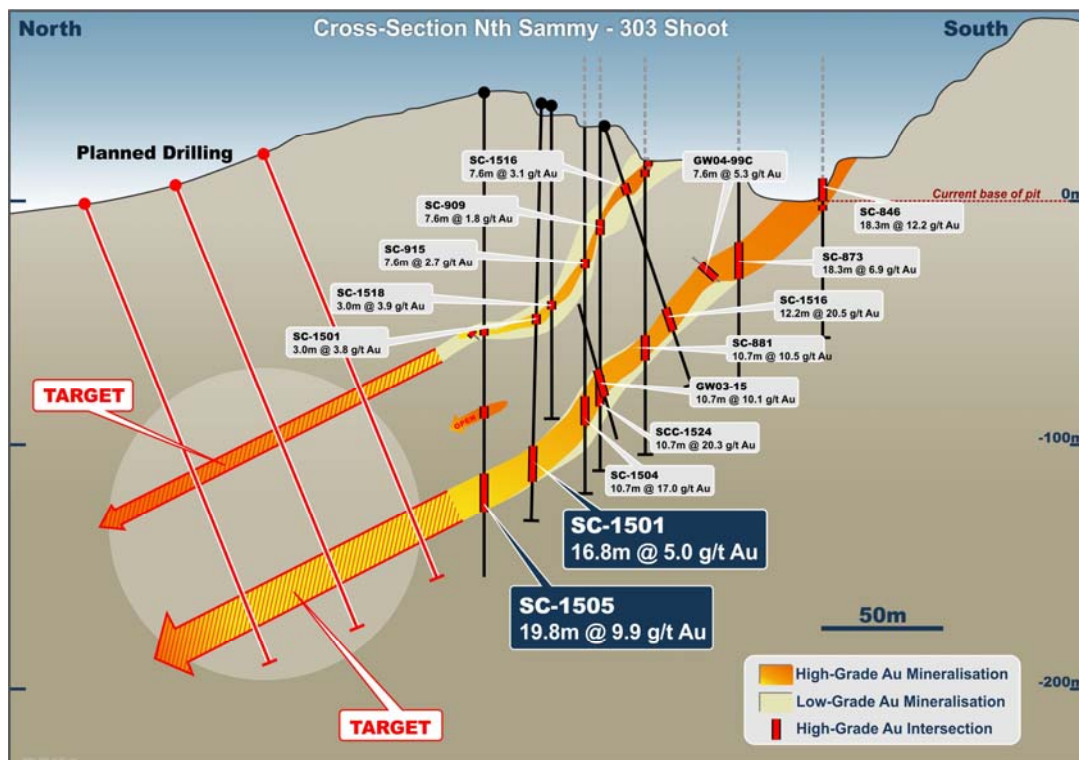


Figure 3: North Sammy potential 303-shoot extension – drilling target

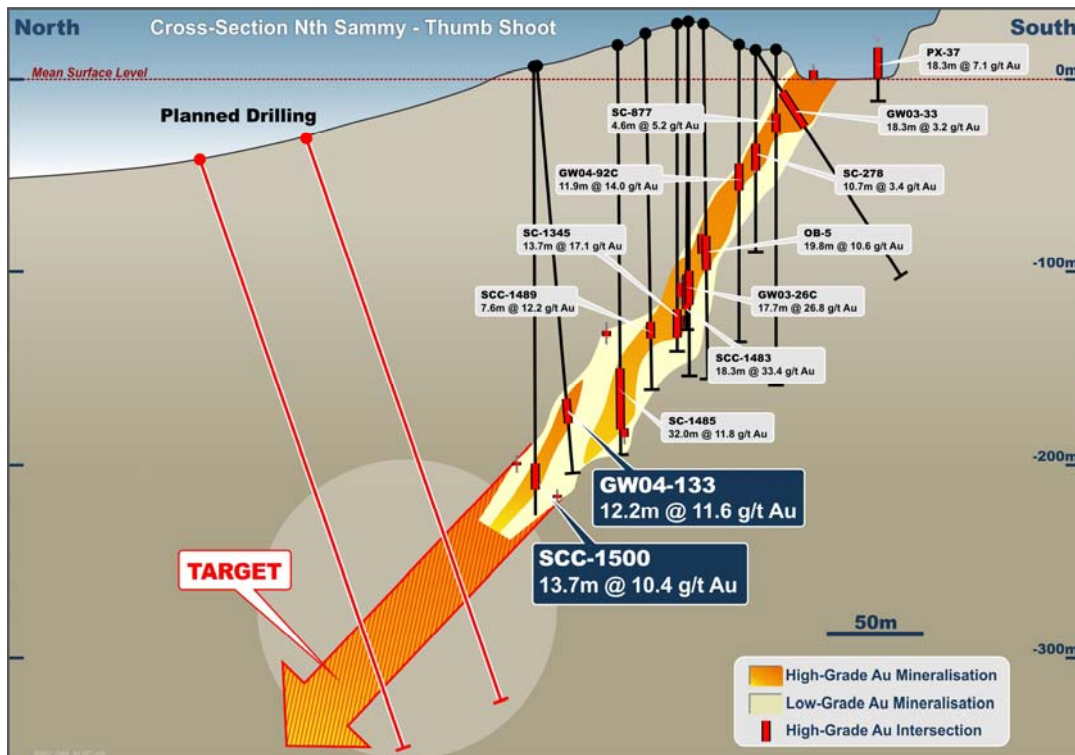


Figure 4: North Sammy potential Thumb shoot extension – drilling target

Another high priority target to be tested at South Sammy is 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 150m down-plunge, a historic hole ended potentially as it entered the target zone with an intersection of **3m @ 4.1g/t**. Anova intends to test this zone with 4-6 holes.

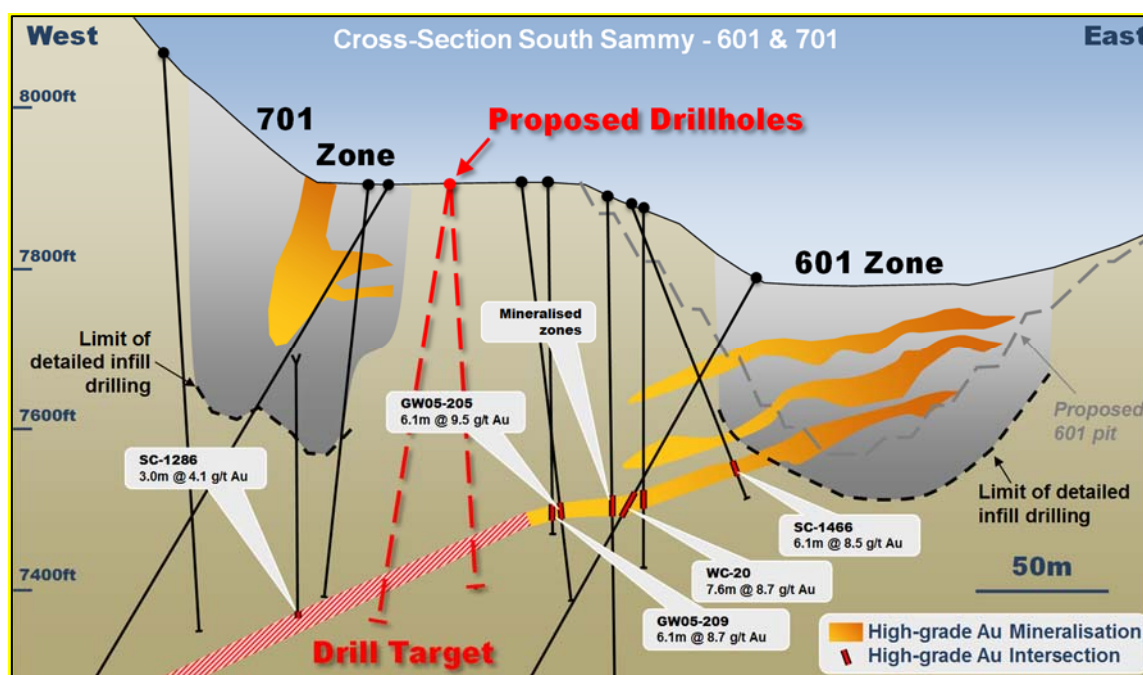


Figure 5: South Sammy potential 601 Zone down-dip extension – drilling target

Nevada Reclamation Permit

The Nevada State Reclamation Permit ("NRP") application document reflects the USFS Plan of Operations and includes the Reclamation Cost Estimate ("RCE"). A revised application reflecting the finalised Plan of Operations was submitted to the NDEP during the quarter.

Anova was assigned a new permit writer during the reporting period due to staff turnover at NDEP and a site visit was subsequently completed by the new permit writer at the end of the quarter. Subsequent to the site visit, Anova was advised that one minor modification to the RCE will be requested by NDEP. Anova will update and resubmit the RCE in the next quarter once feedback has been received. Once the RCE has been adjusted and the NRP is finalised, NDEP will publish the draft permit for a 45-day public consultation period which is expected to conclude within the quarter.

CORPORATE

As at 30 June 2016, the Company's cash balance was \$1.3m.

During the quarter, 3,437,500 unlisted options were converted at 5 cents per option. In early July an additional 2,500,000 5 cent options were converted.

As at the date of this report there are 13,937,500 5 cent options, 2,000,000 10.4 cent options and 4,000,000 12.1 cent options which are all in the money and expire between 30 November 2016 and 31 December 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 | DOMES-1 to DOMES-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")

30 JUNE 2016

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$'000 | Year to date (12 months) \$'000 |
|---------------------------------------------------|-------------------------------------------------------------------|-----------------------------------|------------------------------------------------|
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | | | |
| | (a) exploration and evaluation | (137) | (1,016) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (288) | (1,093) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 4 | 13 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if material) | - | - |
| | Net Operating Cash Flows | (422) | (2,095) |
| Cash flows related to investing activities | | | |
| 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) | - | - |
| | Net investing cash flows | - | - |
| 1.13 | Total operating and investing cash flows (carried forward) | (422) | (2,095) |

| | | | |
|------|-------------------------------------------------------------------|--------------|----------------|
| 1.13 | Total operating and investing cash flows (carried forward) | (422) | (2,095) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 47 | 2,051 |
| 1.15 | Cost of the Issue | (4) | (140) |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Net financing cash flows | 43 | 1,910 |
| | Net increase (decrease) in cash held | (378) | (185) |
| 1.20 | Cash at beginning of quarter/year to date | 1,662 | 1,473 |
| 1.21 | Exchange rate adjustments to item 1.20 | 4 | (1) |
| 1.22 | Cash at end of quarter | 1,287 | 1,287 |

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 | 63 |
| 1.24 Aggregate amount of loans to the parties included in item 1.10 | - |
| 1.25 Explanation necessary for an understanding of the transactions | |
| \$60k – director remuneration payments. \$3k – 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 |
| | \$125,000 for the issue of shares was offset against payables |
| 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 | 400 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 170 |
| Total | 570 |

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 | 59 | 439 |
| 5.2 Deposits at call | 1,228 | 1,223 |
| 5.3 Bank overdraft | - | - |
| Total: Cash at end of quarter (item 1.22) | 1,287 | 1,662 |

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 | - | - | - | - |

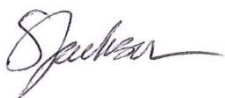
Issued and quoted securities at end of current quarter

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 Preference + securities | - | - | - | - |
| 7.2 Changes during quarter | - | - | - | - |
| 7.3 + Ordinary securities | 362,155,108 | 362,155,108 | Fully Paid | Fully Paid |
| 7.4 Changes during quarter | | | | |
| (a) Increases through issue of new shares | - | - | - | - |
| (b) Increases through exercise of options | 3,437,500 | 3,437,500 | 5 cents | 5 cents |
| (c) Increases through conversion of rights | 250,000 | 250,000 | - | - |
| 7.5 + Convertible debt securities | - | - | - | - |
| 7.6 Changes during quarter | | | | |
| (a) Increases | - | - | - | - |
| (b) Decreases | - | - | - | - |
| 7.7 Options/Rights | | | Exercise Price | Expiry Date |
| Unquoted options | 2,000,000 | - | 10.4 cents | 31/12/2016 |
| | 4,000,000 | - | 12.1 cents | 31/12/2016 |
| | 16,437,500 | - | 5 cents | 30/11/2016 |
| Unquoted rights | 3,750,000 | - | - | 5/12/2017 |
| 7.8 Issued during quarter | - | - | - | - |
| 7.9 Exercised during quarter | 3,437,500 | - | 5 cents | 5 cents |
| | 250,000 | - | - | - |
| 7.10 Expired during quarter | - | - | - | - |
| 7.11 Performance Shares | - | - | - | - |
| 7.12 Changes during quarter | | | | |
| (a) Expired during quarter | - | - | - | - |
| 7.13 Debentures (totals only) | - | - | | |
| 7.14 Unsecured notes (totals only) | - | - | | |

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: 28 July 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.