

31 January 2017

## QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 31 DECEMBER 2016

### HIGHLIGHTS

- Exploration and geotechnical drilling program completed at Big Springs.
- High-grade zones intersected at South Sammy and Beadles Creek.
- Environmental Assessment – Draft Decision issued.
- Public Consultation period for the Environmental Assessment completed – No Objections.

### OPERATIONS

#### DRILLING

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

During the quarter Anova Metals Limited (ASX: AWV, “Anova Metals or Company”) completed a 17-hole diamond drilling program at the 100% owned Big Springs Project in Nevada, USA. The program, which commenced in September 2016, focussed primarily at increasing the Company’s resource base by adding accessible ounces to the resource inventory at South Sammy and Beadles Creek, and to provide further geotechnical information for planned underground development at North Sammy.

At **South Sammy**, AWW16-055 passed through six distinct mineralised zones. The shallowest intersection in AWW16-055 (**4.6m @ 9.6 g/t Au** from 59.4m) extended a known mineralised horizon approximately 15 metres to the east, but at higher grades than previously encountered. Furthermore, the three deepest intersections in AWW16-055 either extended, or were outside the extent of known mineralised horizons (Figure 1).

The final hole of the of the 2016 campaign, AWW16-061 was drilled to test the horizontal continuation of the mineralised horizons intersected in AWW16-055. AWW16-061 successfully drilled through five of the six previously intersected stacked mineralised horizons, the most significant of which returned a standout result of **10.7m @ 30.9 g/t Au** from 112.7m, including **3.0m @ 60.4 g/t Au** from 118.9m. This exceptional intercept extended a high-grade zone intersected in AWW16-055 (**4.6m @ 5.8 g/t Au**) to the south (Figure 1). The zone remains open to the south and further drill testing of the southern parts of the 601 Zone is anticipated for 2017 as it appears that the majority of historical holes were terminated too shallow to adequately test this area.

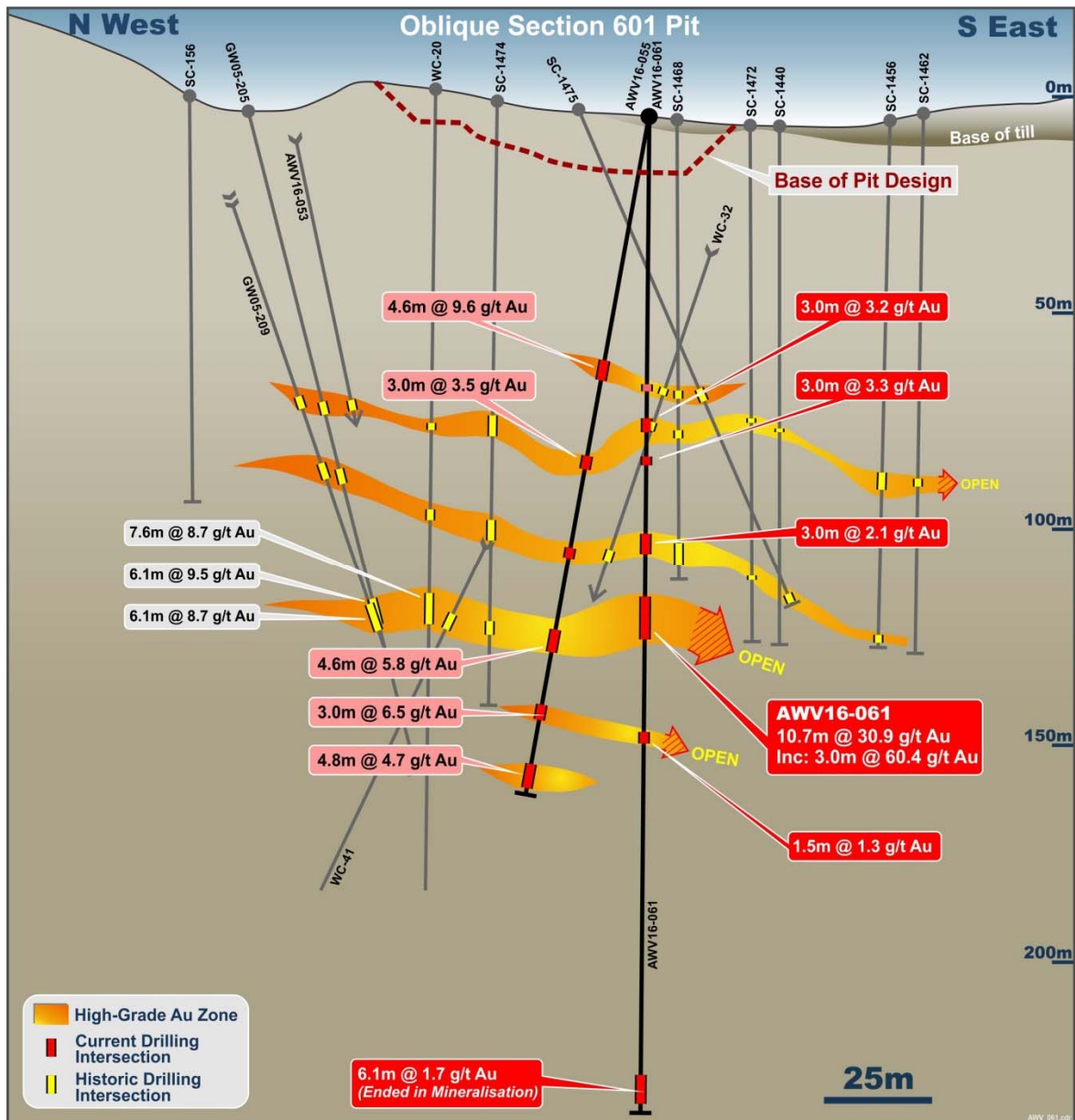


Figure 1: Cross-section through South Sammy (601 Zone) oriented north-west to south-east.

Results received for three other holes at the 601 Zone received minor anomalous results but not significant gold-bearing intersections. Geological and geotechnical logging identified a fault zone that appears to have offset the target mineralised shoots.

The new intersections at South Sammy are being incorporated into updated underground and open pit mine designs in advance of commencing mining at the 601 deposit in 2017.

Drilling at the **Beadles Creek** prospect (Figure 2) was designed to test up-dip and down-dip extensions of the high-grade mineralised Beadles Creek shoot. The shoot was successfully intersected in all seven holes drilled, four of which tested for up-dip extension and three testing for down-dip extensions.



*Figure 2: Exploration drilling at Beadles Creek - Big Springs Project, Nevada.*

Hole **AWVBC16-006** was drilled to test up-dip extensions and intersected the mineralised zone at a downhole depth of approximately 149m, returning a high-grade intersection of **12.2m @ 8.5g/t Au** (Figure 3). Furthermore, AWVBC16-006 intersected two shallower zones that have also been noted in previous drilling, but at higher grades than encountered in previous holes (**7.6m @ 4.0 g/t Au** and **4.6m @ 3.1 g/t Au**).

The last hole completed at Beadles Creek for 2016 was designed to test for up-dip extensions of the high-grade shoot further south of where AWVBC16-006 demonstrated the up-dip continuity of the Beadles Creek high-grade zone. AWVBC16-007 returned a best intersection of **9.1m @ 7.5 g/t Au** from 134.1m, including **4.6m @ 10.9 g/t Au** from 134.1m located within a broader mineralised envelope of 13.7m grading 5.5 g/t Au.

The best down-dip intersection at Beadles Creek was in AWVBC16-002 where **18.3m @ 6.2 g/t Au** from 140.2m was returned (Figure 3).

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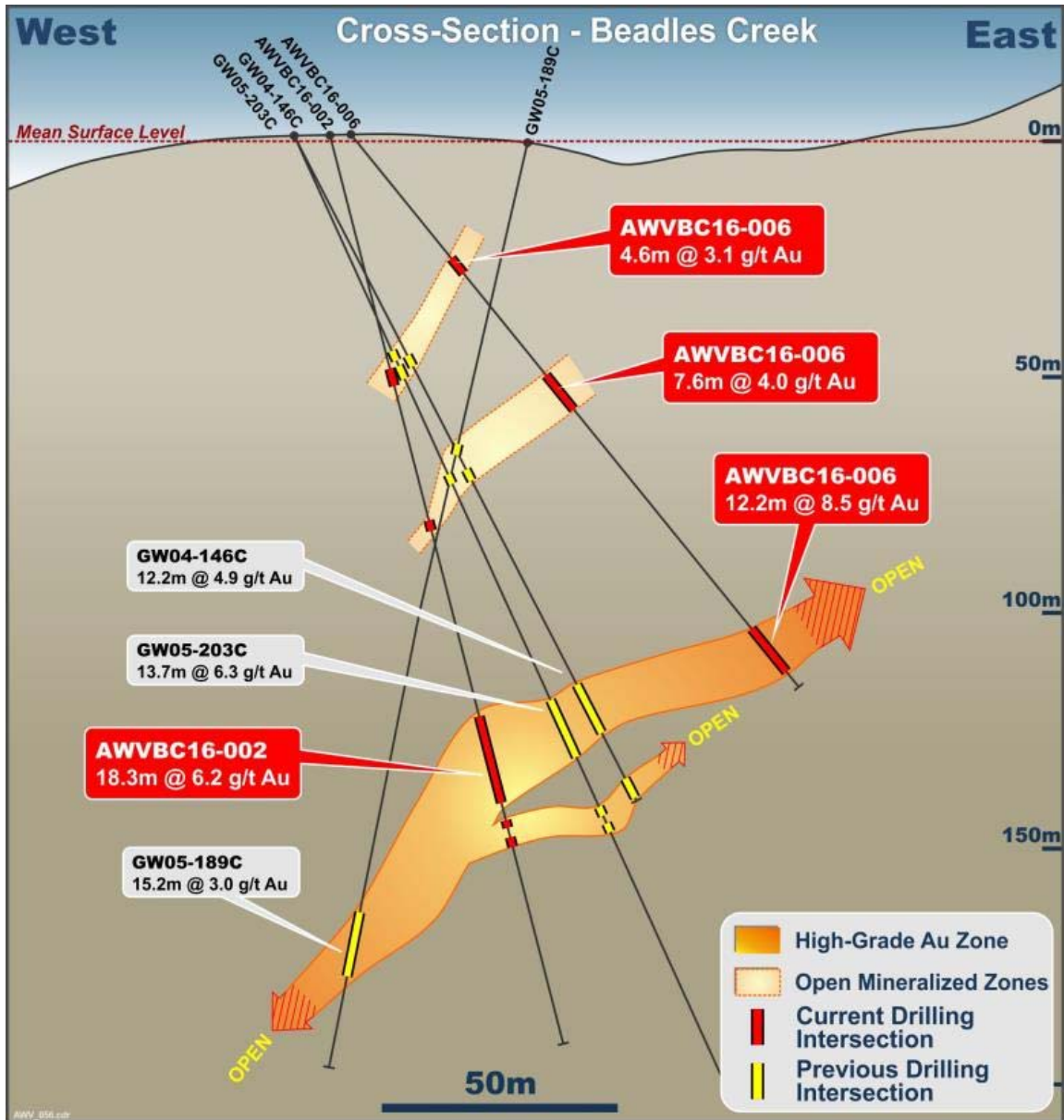


Figure 3: Cross-section through Beadles Creek mineralised zones at 4,602,300m N (UTM Zone 11N, NAD83). Entire lengths of drill holes have been projected onto section.

The high-grade zone intersected in AWVBC16-006 resulted in a re-evaluation of the trend of mineralisation at Beadles Creek. Historical drilling indicated that the Beadles Creek high-grade mineralised zone is trending northeast - southwest and may be pinching out towards the northeast. The intersection in AWVBC16-006 suggests however that the mineralisation may be trending in an east-west direction and significantly, the Beadles Creek high-grade zone is now believed to be open along strike to the northeast, as well as up-dip and down-dip (Figure 4), providing a compelling target that will be further evaluated in 2017.

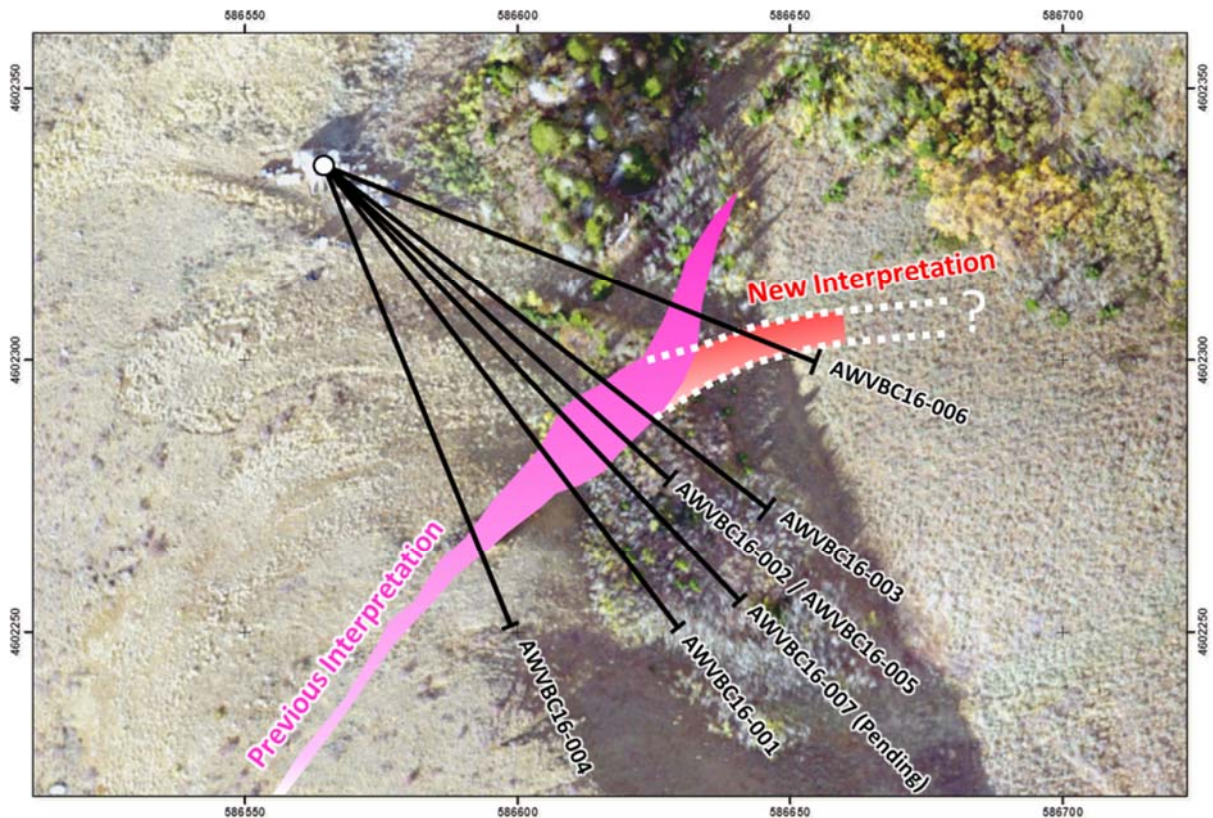


Figure 4: Plan view of Beadles Creek Prospect showing main target zone projected up-dip to surface together with projected traces of 2016 Beadles Creek drill holes (UTM Zone 11N, NAD83).

At **North Sammy**, Anova drilled a total of five holes to provide geotechnical information to facilitate detailed underground design work. Two holes were planned to test the geotechnical conditions at each of the 303 and Thumb shoots, while one hole was drilled to test a proposed decline position mid-way between the two shoots. A secondary objective for drill holes targeting ore shoots was to provide representative core for metallurgical test work.

Despite drilling at oblique angles towards ore shoots due to limitations on drill pad locations imposed by the Explorations Plan of Operations, high grade intersections were returned from both the 303 Shoot (**13.7m @ 8.0 g/t Au** in AWW16-057), as well as the Thumb Shoot (**3.0m @ 12.5 g/t Au** in AWW16-059).

All geotechnical holes were downhole logged by a local contractor using acoustic viewers. Processing and interpretation of the data is well underway and will help determine stope dimensions and support recommendations for the proposed North Sammy underground development. Core samples collected from recently completed drill holes have been submitted for geotechnical laboratory test work which will include Unconfined Compressive Strength, Triaxial Compressive Strength and Direct Shear.

Table 1 summarises collar and survey information for all holes completed during the 2016 campaign, while Table 2 summarises drilling intercepts for the 2016 drilling campaign. The location of all drill holes are shown on Figure 5.

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**PERMITTING**

***Mine Plan of Operations & Environmental Assessment (Federal)***

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

During the quarter Anova Metals received notification from the USFS that the agency had completed its draft Environmental Assessment (“EA”) of the proposed open pit and underground operation. Significantly, the USFS has determined that the Big Springs Project is likely to have no significant impact to the environment and has issued a **Finding of No Significant Impact**.

Notification letters were subsequently sent out by USFS to key stakeholders and the Legal Notice of the draft decision was published in the Mountain City Ranger District newspaper of record (Elko Daily Free Press) on 22 November 2016. Through this action the statutory 45-day objection period was initiated which concluded in mid-January 2017.

Subsequent to the end of the quarter, Anova was notified that **no comments** were received during the 45-day objection period, paving the way for a Final Decision to be issued. USFS is currently finalising its review of the Reclamation Cost Estimate (“RCE”) and once completed will present the project to the District Ranger for a Final Decision, which is expected to be received shortly.

***Nevada Reclamation Permit (State)***

The Nevada State Reclamation Permit (“NRP”) application document reflects the USFS Plan of Operations and includes the RCE. A revised RCE was submitted to the Nevada Division of Environmental Protection (“NDEP”) during the quarter.

Anova has been advised that NDEP will concur with the USFS on its final review of the RCE. The NRP will therefore be issued shortly after the RCE has been approved by the USFS paving the way for Anova to initiate construction at Big Springs.

**CORPORATE**

***Annual General Meeting***

On 22 November, the Company held its Annual General Meeting. All resolutions were carried unanimously on a show of hands.

***Conversion of Options***

During the quarter 2,000,000 10.4 cent unlisted options and 5,812,500 5 cent unlisted options were exercised raising \$500,000 before costs. On 31 December 4,000,000 12.1 cent unlisted options expired unexercised.

As at 31 December 2016, the Company’s cash balance was \$8.9.

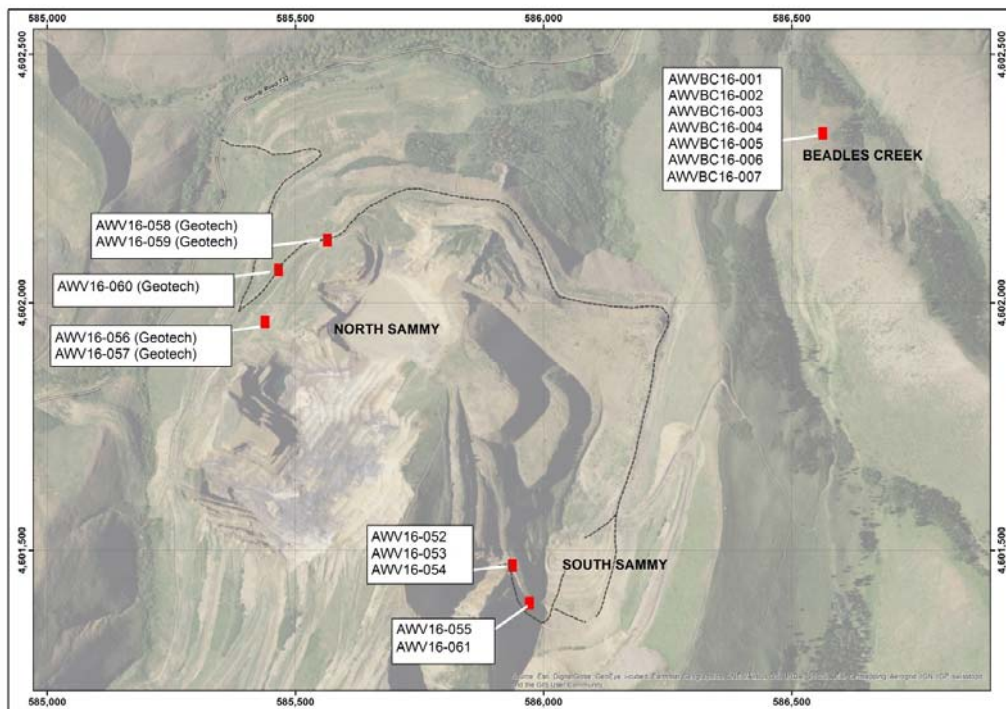
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**Competent Person Statement**

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.

**Table 1: 2016 Drill Hole Collar Details (UTMN Zone 11, NAD83 datum)**

Hole ID	Easting (m)	Northing (m)	Elev. (m)	Depth (m)	Dip	Azimuth	Hole Type
AWV16-052	585931	4601475	2402	153.6	-73	52	DDH
AWV16-053	585931	4601475	2402	183.8	-63	204.5	DDH
AWV16-054	585931	4601475	2402	153.2	-68	214	DDH
AWV16-055	585967	4601396	2403	160.3	-80	327	DDH
AWV16-061	585967	4601396	2402	228.6	-90	0	DDH
AWVBC16-001	586562	4602334	2272	158.5	-46	146	DDH
AWVBC16-002	586562	4602334	2272	213.4	-69	136	DDH
AWVBC16-003	586562	4602334	2272	158.7	-46	130	DDH
AWVBC16-004	586562	4602334	2272	198.7	-70	163	DDH
AWVBC16-005	586562	4602334	2272	228.7	-78	134	DDH
AWVBC16-006	586562	4602334	2272	164.6	-50	111	DDH
AWVBC16-007	586562	4602334	2272	198.6	-55	140	DDH
AWV16-056	585442	4601968	2292	145.0	-52	168	DDH
AWV16-057	585442	4601968	2292	174.6	-74	141	DDH
AWV16-058	585572	4602127	2288	153.2	-49	125	DDH
AWV16-059	585572	4602127	2288	183.4	-67	114	DDH
AWV16-060	585465	4602066	2275	162.0	-45	143	DDH



**Figure 5: Plan map showing location of holes drilled during the 2016 campaign at Big Springs.**

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**Table 2: Big Springs 2016 drilling Intersections >1.0 ppm gold**

Prospect	Hole ID	From (m)	To (m)	Interval	Au Grade
601 Zone at South Sammy	AWV16-052	61.0	62.5	1.5	1.3
	AWV16-053	61.0	64.0	3.0	1.8
		74.7	76.2	1.5	1.7
		97.5	99.1	1.5	1.3
		135.6	138.7	3.0	2.1
	AWV16-054	54.9	57.9	3.0	1.3
	AWV16-055	36.6	38.1	1.5	1.2
		<b>59.4</b>	<b>64.0</b>	<b>4.6</b>	<b>9.6</b>
		74.7	76.2	1.5	1.9
		83.8	86.9	3.0	3.5
		103.6	105.2	1.5	1.9
		<b>121.9</b>	<b>126.5</b>	<b>4.6</b>	<b>5.8</b>
		<b>140.2</b>	<b>143.3</b>	<b>3.0</b>	<b>6.5</b>
		149.4	150.9	1.5	1.6
		<b>155.4</b>	<b>160.3</b>	<b>4.8</b>	<b>4.7</b>
		AWV16-061	71.7	74.7	3.0
	79.3		82.3	3.0	3.3
	97.6		100.6	3.0	2.1
	<b>112.7</b>		<b>123.4</b>	<b>10.7</b>	<b>30.9</b>
	Including		<b>118.9</b>	<b>121.9</b>	<b>3.0</b>
146.3	147.8		1.5	1.6	
222.5	228.6		6.1	1.7	
Beadles Creek	AWVBC16-001	47.2	50.3	3.0	2.1
		79.2	80.8	1.5	2.8
		125.0	126.5	1.5	2.9
		132.6	135.6	3.0	1.8
		146.3	147.8	1.5	2.8
	<b>152.4</b>	<b>153.9</b>	<b>1.5</b>	<b>4.5</b>	
	AWVBC16-002	59.4	62.5	3.0	1.7
		68.6	70.1	1.5	1.4
		96.0	97.5	1.5	3.3
		<b>135.6</b>	<b>169.2</b>	<b>33.5</b>	<b>4.1</b>
	Including	<b>140.2</b>	<b>158.5</b>	<b>18.3</b>	<b>6.2</b>
	AWVBC16-003	44.2	47.2	3.0	2.5
		67.1	68.6	1.5	3.3
		111.3	112.8	1.5	1.1
		131.1	132.6	1.5	1.7
		147.8	155.4	7.6	1.5
		<b>153.9</b>	<b>155.4</b>	<b>1.5</b>	<b>3.1</b>
	AWVBC16-004	57.9	59.4	1.5	2.9
		103.6	106.7	3.0	3.2
		114.3	115.8	1.5	1.0
132.6		134.1	1.5	2.1	
<b>138.7</b>		<b>143.3</b>	<b>4.6</b>	<b>2.6</b>	

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Prospect	Hole ID	From (m)	To (m)	Interval	Au Grade	
Beadles Creek (continued)	AWVBC16-005	70.1	74.7	4.6	2.0	
		83.8	85.3	1.5	1.4	
		112.8	114.3	1.5	1.9	
		175.3	176.8	1.5	1.1	
		189.0	196.6	7.6	2.4	
		198.1	199.6	1.5	1.4	
		214.9	216.4	1.5	2.7	
	AWVBC16-006	44.2	48.8	4.6	3.1	
		<b>74.7</b>	<b>82.3</b>	<b>7.6</b>	<b>4.0</b>	
		131.1	134.1	3.0	1.5	
		143.3	163.1	19.8	5.7	
		Including	<b>149.4</b>	<b>161.5</b>	<b>12.2</b>	<b>8.5</b>
	AWVBC16-007	50.3	53.3	3.0	2.3	
		76.2	82.3	6.1	2.1	
		88.4	89.9	1.5	2.0	
		97.6	99.1	1.5	1.6	
		121.9	129.5	7.6	1.5	
		131.1	132.6	1.5	1.5	
		<b>134.1</b>	<b>147.8</b>	<b>13.7</b>	<b>5.5</b>	
		Including	<b>134.1</b>	<b>143.2</b>	<b>9.1</b>	<b>7.5</b>
		Including	<b>134.1</b>	<b>138.7</b>	<b>4.6</b>	<b>10.9</b>
		157.0	158.5	1.5	1.3	
		160.0	161.5	1.5	2.8	
163.1		164.6	1.5	1.1		
176.8		179.8	3.0	2.6		
North Sammy	AWV16-056	117.3	118.9	1.5	1.5	
	AWV16-057	109.7	112.8	3.0	2.8	
		<b>141.7</b>	<b>155.4</b>	<b>13.7</b>	<b>8.0</b>	
	AWV16-058	112.8	114.3	1.5	22.3	
	AWV16-059	<b>144.8</b>	<b>147.8</b>	<b>3.0</b>	<b>12.5</b>	
		153.9	155.4	1.5	5.6	
		175.3	176.8	1.5	1.4	
AWV16-060	No Significant Interval					

Note: Appropriate rounding applied

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## 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	DOME-1 to DOME-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 (SW $\frac{1}{4}$  SW $\frac{1}{4}$ ); SE $\frac{1}{4}$  SW $\frac{1}{4}$ ; NE $\frac{1}{4}$  SE $\frac{1}{4}$

Section 8 - N  $\frac{1}{2}$  SW $\frac{1}{4}$

Section 31 - Lot 2 (SW $\frac{1}{4}$  NW $\frac{1}{4}$ ); Lot 4 (SW $\frac{1}{4}$  SW $\frac{1}{4}$ ); NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; SW $\frac{1}{4}$  SE $\frac{1}{4}$

## 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 DECEMBER 2016

#### Consolidated statement of cash flows

<b>1. Cash flows from operating activities</b>	
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)	
<b>1.9 Net cash from / (used in) operating activities</b>	
<b>2. Cash flows from investing activities</b>	
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)	
<b>2.6 Net cash from / (used in) investing activities</b>	

Current quarter \$'000	Year to date (6 months) \$'000
-	-
(1,096)	(1,576)
-	-
-	-
(192)	(376)
(149)	(330)
-	-
8	18
-	-
-	-
-	-
<b>(1,429)</b>	<b>(2,264)</b>
(1)	(41)
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<b>(1)</b>	<b>(41)</b>

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	Current quarter \$'000	Year to date (6 months) \$'000
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	9,957
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	343	343
3.4 Transaction costs related to issues of shares, convertible notes or options	(7)	(546)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>336</b>	<b>9,754</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	9,733	1,287
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,429)	(2,264)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1)	(41)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	336	9,754
4.5 Effect of movement in exchange rates on cash held	238	140
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>8,877</b>	<b>9,733</b>

**Reconciliation of cash and cash equivalents**

	Current quarter \$'000	Previous quarter \$'000
5. at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	4,280	5,148
5.2 Call deposits	4,597	4,586
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,877</b>	<b>9,733</b>

**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	56
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 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	70
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 administration and technical staff and provision of a fully serviced office

**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.

Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
-	-
-	-
-	-

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)

9.7 **Total estimated cash outflows**

\$'000
400
-
-
180
150
-
730

10. **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
-	-	-	-
-	-	-	-

**Compliance statement**

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



**Mr Steven Jackson**

Company Secretary

Date: 31 January 2017

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**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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