

For personal use only



**ANNUAL  
REPORT**  
*2017*



## CORPORATE **DIRECTORY**

### **DIRECTORS**

*Mr Malcolm James (Non-Executive Chairman)*  
*Mr Gregory (Bill) Fry (Executive Director)*  
*Mr Geoffrey Laing (Executive Director)*  
*Mr Alasdair Cooke (Non-Executive Director)*  
*Mr John Davis (Non-Executive Director)*

### **COMPANY SECRETARY**

*Mr Steven Jackson*

### **REGISTERED OFFICE IN AUSTRALIA**

*Suite 1, 245 Churchill Avenue*  
*Subiaco WA 6008*  
*Ph: + 61 8 6465 5500*

### **SHARE REGISTRY**

*Link Market Services*  
*Level 12, QV1 Building*  
*250 St Georges Terrace*  
*Perth WA 6000*

### **STOCK EXCHANGE LISTING**

*Anova Metals Limited shares are listed on the*  
*Australian Securities Exchange (ASX: AWV)*

### **AUDITOR**

*HLB Mann Judd*  
*Level 4, 130 Stirling Street*  
*Perth WA 6000*

### **SOLICITORS**

*Fairweather Corporate Lawyers*  
*595 Stirling Highway*  
*Cottesloe WA 6011*

### **BANKERS**

*Westpac Banking Corporation*  
*Level 6, 109 St Georges Terrace*  
*Perth WA 6000*

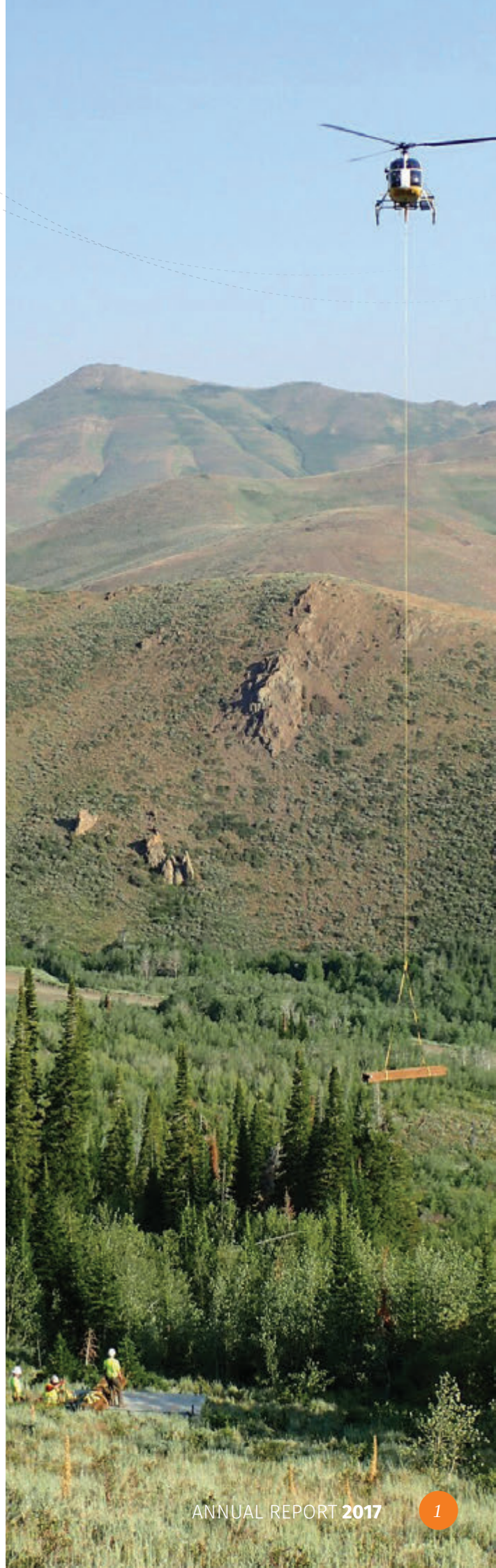
### **WEBSITE**

[www.anovametals.com.au](http://www.anovametals.com.au)



# TABLE OF CONTENTS

- 02.** *Chairman's Letter*
- 03.** *Highlights*
- 04.** *Review of Operations*
- 14.** *Mineral Resources and Ore Reserves*
- 16.** *Tenement Schedule*
- 17.** *Financial Report*
- 18.** *Directors' Report*
- 26.** *Directors' Declaration*
- 27.** *Consolidated Statement of Profit or Loss  
and Other Comprehensive Income*
- 28.** *Consolidated Statement of Financial Position*
- 29.** *Consolidated Statement of Changes in Equity*
- 30.** *Consolidated Statement of Cash Flows*
- 31.** *Notes to the Consolidated Financial Statements*
- 44.** *Auditor's Independence Declaration*
- 45.** *Independent Auditor's Report*
- 49.** *Additional Shareholder Information*



# CHAIRMAN'S LETTER



THE JUNE 2017 FINANCIAL YEAR WAS ONE OF SIGNIFICANT ACHIEVEMENT FOR THE COMPANY WITH REGARDS TO OUR FLAGSHIP PROJECT IN NEVADA AND CORPORATE ACTIVITY.

*Dear Shareholder,*

*The June 2017 financial year was one of significant achievement for the Company with regards to our flagship project in Nevada and corporate activity.*

***At the end of the financial year the Company had achieved:***

- *Permitting of mining operations at Big Springs*
- *Successfully completed a drilling program with additional exploration planned for the 2018 financial year*
- *A cash balance of over \$7.5M*

*Commencement of mining production at Big Springs is subject to finalisation of negotiations for the processing of ore at the nearby Jerriitt Canyon facility. Further work during the year has identified improved economics for both organisations on a toll treating agreement.*

*Subsequent to the year end the merger with Extrerra Resources Ltd has been completed and the expanded company is focussed on commencing production at Second Fortune (WA) later this year with Big Springs (Nevada) to commence in 2018. The Company is well advanced in mine planning and tendering of contracts.*

*With geographical and geological diversity, the Company is now well positioned to become a mid-size gold producer, creating further value for all stakeholders.*

*The continued development of the Company is only achieved through the commitment and professionalism of the management team and I thank them for another positive year.*

*To our shareholders we appreciate your continued support and look forward to the opportunities in 2018 to increase the value of the Company.*

**Mal James**

*Non-Executive Chairman*





## HIGHLIGHTS

1

Scheme of Arrangement completed with Exterra Resources.

2

Second Fortune Gold Mine production imminent.

3

Combined portfolio of production, development and exploration projects.

4

Regulatory approvals for Big Springs 601/701 open pit and underground received.

5

North Sammy underground permitting commenced.

6

Exploration program completed with high grade intersections at South Sammy and Beadles Creek.

7

North Sammy geotechnical program completed.





# REVIEW OF **OPERATIONS**

## **SCHEME OF ARRANGEMENT**

*In early June, the Company and Exterra Resources Limited (“**Exterra**”) (ASX: EXC) entered into a Merger Implementation Agreement (“**MIA**”) under which Anova agreed to acquire all of the issued capital of Exterra by way of a Scheme of Arrangement (“**Scheme**”). In late September, shareholders of Exterra and the Federal Court of Australia approved of the Scheme and subsequently in early October the Scheme was completed with Exterra becoming a wholly owned subsidiary of Anova. Following the transaction Anova holds an outstanding portfolio of production, development and exploration projects, a strong balance sheet and the guidance of an experienced and proven management team.*

## Transaction Summary

- Created a multi-jurisdictional gold producer with a project portfolio in Western Australia and Nevada, USA;
- JORC compliant Mineral Resources totalling 1.23 Moz gold and JORC compliant Ore Reserves totalling 65k oz gold across two advanced projects with outstanding exploration upside;
- Exterra's Second Fortune gold mine, located in Western Australia, is commencing production;
- Anova's Big Springs gold project (Mineral Resource of 1.03 Moz) located in Nevada, USA is project permitted and ready for initial production;
- Exterra shareholders received one (1) Anova share for every two (2) Exterra shares held, approximately 27.6% of Anova's expanded issued capital; and
- Based on the closing price of \$0.125 of Anova shares last traded on ASX prior to the transaction announcement Exterra was valued at approximately \$21.3 million.

## Transaction Rationale

The Boards of both Anova and Exterra believe that the combination of the two companies had a clear strategic rationale and will generate significant value for shareholders of both companies.

Shareholders now have exposure to Exterra's production and exploration projects while also benefiting from the growth potential of Anova's near term production asset and exploration projects.

Shareholders are expected to benefit from the increased scale and liquidity associated with an investment in the merged entity. Further, the strengthened balance sheet together with cashflow expected to be generated from operations should enable Anova to accelerate development of its projects and planned exploration programs.

Anova now has a diversified asset base with excellent leverage to the gold price, as well as a strengthened Board and management team with a proven track record of taking development assets into production.

## Board of Merged Company

At completion of the Scheme, existing Exterra directors Mr John Davis and Mr Geoff Laing joined the Board of Anova with Mr Laing in the role of Executive Director. The skills, knowledge and expertise of both Mr Laing and Mr Davis will complement the existing Anova board.

## REVIEW OF WESTERN AUSTRALIAN OPERATIONS

Anova's Western Australian projects are all located in the Archaean Yilgarn Craton in the North Eastern Goldfields, a world class gold province which has been a prolific producer of gold since the late 1880s and includes the Kalgoorlie "Golden Mile" deposit which has produced over 50 million ounces of gold since its discovery in 1893.

Anova's focus is on the Linden Gold Project and specifically the Second Fortune Gold Mine. Anova has recently successfully completed a Feasibility Study on the development of its Second Fortune Gold Mine, and expects that project to start producing gold in early 2018.

Anova's other Western Australian projects include the Zelica Gold Project, the Malcolm Gold Project, the Grass Flat Gold project and the Bar Twenty Project.

## PROJECT DEVELOPMENT LINDEN GOLD PROJECT, Western Australia

The Linden Gold Project is located at the southern end of the highly endowed Laverton Tectonic Zone approximately 200km north east of Kalgoorlie and 75km south of Laverton.

The Linden Gold Project is 100% owned by Anova (other than mining lease M39/500, which is 90% owned by Anova) and includes 19 tenements that cover 66.8 square kilometers. These licences are within the Laverton Tectonic Zone which hosts a number of world class gold deposits including Wallaby (7.1 Moz Au), Granny Smith (1.8 Moz Au), Sunrise Dam (7.0 Moz Au). The Second Fortune Gold Mine is part of the Linden Gold Project and was originally mined intermittently from 1941 to 1988.



Figure 1: Location of WA Projects

The Linden Gold Project is well advanced and the Second Fortune Gold Mine has received all regulatory approvals required to enable mine development to commence. Subject to completion of key development milestones summarised below, first gold is targeted for the first half of 2018 from the Second Fortune Gold Mine.

The Company's major focus during the year was on both the development of surface infrastructure on the back of securing final regulatory approvals and the completion of the underground feasibility study:

- A Feasibility Study was completed on the Second Fortune Gold Project, including the proposed underground mining operation, ore sorting plant, toll treatment of sorted products and all surface infrastructure (camp, power plant etc).
- An optical ore sorting plant and associated infrastructure (crusher, screen, washing plant) has been installed at the Second Fortune Mine Site and is fully operational, initially processing low grade dumps.
- The construction of evaporation ponds required to de-water the underground workings was completed and the requisite approvals and licence to operate the ponds and dewatering system were acquired.
- Anova has entered into a farm in and joint venture agreement with Bar Twenty Pty Ltd over the Bar Twenty Project.

### Second Fortune Feasibility Study

The results of the Feasibility Study on the Linden Gold Project were announced on 25 May 2017.

The Feasibility Study concluded that the Second Fortune Gold Mine is financially and technically viable based on developing an underground mine below the existing open pit and generating a sorted concentrate for toll treating. The Feasibility Study proposes the ore would be trucked to the Lakewood Plant located approximately five kilometres south-east of Kalgoorlie.

The Second Fortune Gold Mine scope includes the development of a high-grade underground mine and processing infrastructure to produce sorted ore concentrates. A new portal and decline will provide access to the proposed mine. The development strategy includes the use of ore sorting technology to pre-concentrate ore in a process where dilution and low-grade material are rejected post mining and before haulage and processing in a conventional carbon in leach toll treatment facility. Surface infrastructure includes mining workshops, a power plant, mine camp, and evaporation ponds.

The development phase and sorting proof of concept, including installation and operation of surface sorting plant, evaporation ponds and camp refurbishment plant was completed in May 2017.



Accordingly, the key outstanding phases required to bring the Second Fortune Gold Mine through to production comprise:

- Construction phase including completion of mining surface infrastructure (workshop, power, change houses) and camp expansion – planned to commence in September 2017.
- Mining phase including portal and decline development, production commencement, ramp-up and steady stage operations – planned to commence in the last quarter of 2017.

The Feasibility Study assumes that the Second Fortune Gold Mine has a life of mine production target of 392kt grading 5.8g/t Au for approximately 73koz of gold.

## Second Fortune Resources and Reserves

(As reported on 8 June 2017)

Second Fortune Resource Summary – Main Lode – JORC 2012 (QG Australia Pty Ltd, 2016)

Lode	Indicated			Inferred			Total		
	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces
Main Lode	211,800	9.8	66,700	35,400	8.0	9,100	247,200	9.5	75,800

Second Fortune Resource Summary – Minor Lodes – JORC 2004 (Ravensgate 2012).

Lode	Indicated			Inferred			Total		
	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces
Hanging	-	-	-	58,200	8.2	15,300	58,200	8.2	15,300
Footwall	18,500	8.9	5,400	52,900	7.4	12,500	71,400	7.8	17,900
West	4,200	4.2	600	107,200	6.1	21,000	111,400	6.0	21,600
<b>TOTAL</b>	<b>22,700</b>	<b>8.2</b>	<b>6,000</b>	<b>218,300</b>	<b>7.0</b>	<b>48,800</b>	<b>241,000</b>	<b>7.0</b>	<b>54,600</b>

Second Fortune Underground Ore Reserve May 2017

Proved Ore Resources			Probable Ore Reserve			Total Ore Reserve		
Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces
-	-	-	339,000	6.0	65,000	339,000	6.0	65,000



**Figure 2:** Ore Sorter at Second Fortune

## Second Fortune Mining

The mining operation at Second Fortune will utilise a decline on a gradient of 1 in 7 to access the narrow vein orebody, down to a depth of approximately 315m below surface. Ore drives will then be developed along the strike of the orebody to allow access for stoping operations. The ore is planned to be extracted using the Long Hole Open Stopping (LHOS) and pillar mining method. The mine is planned to be developed and stoped out in a top down sequence, with mining panels retreated back towards the access cross-cut. The stopes are not planned to be backfilled with the exception of the upper stope directly adjacent to the portal.

The underground operation is planned around the use of small scale underground mining equipment, with the mining activities being conducted by both specialised underground mining contractors and Exterra underground operators. The planned decline profile is 4.5m wide x 4.7m high, and the planned ore drive profile 3.0m wide x 3.5m high.

## Second Fortune Ore Sorting

Anova has installed an optical and near infra-red sorting circuit to recover mineralised quartz from the barren host material. Gold is associated with quartz mineralisation almost exclusively in the Second Fortune ore body making it highly amenable to the sorting technology. The plant is currently being operated on mullock material generated when the Second Fortune Mine was operated in the 1980's. Early indications of the circuit performance are very positive with sorted concentrate upgrades of 2 to 3 times the feed grade concentration. Ongoing technical work includes fine-tuning the sorting settings to achieve planned recoveries. The technology provides some significant flexibility with respect to yield and recovery and it is anticipated that the circuit will deliver outcomes in line with design expectations.

The installed process plant, which is 100% owned by Anova, has significantly greater capacity than that required for the planned underground mining operation. Anova continues to evaluate a number of opportunities that will utilise the spare capacity and provide production flexibility. In addition to mitigating the risk of unplanned dilution, the integration of sorting allows for the underground design and operating strategy to be adapted to a more cost effective model. The capacity to control/remove dilution at the mine site facilitates the use of more efficient mechanised mining methods that require larger development drives and can accommodate greater inter-level spacing. The mine design and operating philosophy are being finalised based on the benefits sorting delivers with respect to managing dilution, and recovery of marginal grade material.

## Surface infrastructure development and approvals

The evaporation cells have been completed and the Licence to Operate acquired. The dewatering system is being commissioned and the pit dewatering at an advanced stage as a result of the water drawdown required for the various site construction activities.

Site offices for the owner's team and mining contractors are being refurbished and reverse osmosis plants being installed. The site is now equipped for the ramp up phase of the project.

## BAR TWENTY TRANSACTION

On the 4 July 2017 a Farm-in and Joint Venture Agreement (JV Agreement) was executed with Bar Twenty Pty Ltd over the Bar Twenty Gold Project (Bar Twenty) which is located approximately 20km WNW of the Second Fortune Gold Mine at Linden.



The Bar Twenty project development will be run in parallel with the Second Fortune Mine development and has the potential to generate a secondary source of ore to add to the planned production from the Second Fortune Mine.

The Agreement with Bar Twenty Pty Ltd includes a farm-in stage followed by a joint venture. Key terms of the agreement include:

- Anova has the right to explore and develop Bar Twenty;
- Anova can earn a 75% joint venture interest by producing 5,000 ounces of gold from Bar Twenty;
- On commencement of the joint venture, Anova and Bar Twenty Pty Ltd must contribute to all ongoing expenditure on a 75/25 pro rata basis. Bar Twenty Pty Ltd may elect to:
- have its joint venture contributions carried by Anova to a maximum of \$1,000,000, and repaid from:
  - 50% of Bar Twenty Pty Ltd's entitlement to gold produced from Bar Twenty (secured against the tenements); or
  - Convert its JV interest to a right to receive a 2.5% NSR Royalty.

## **ZELICA GOLD PROJECT, Western Australia**

The Zelica gold project is located 20km to the NW of Linden, contains 30,000 ozs in Indicated and Inferred Resources and represents a potential production centre to support the Linden Project development. Anova is currently assessing the on-site ore stockpiles and carrying out optimisation studies on the insitu gold Resources as potential sources of ore supply.

## **MALCOLM GOLD PROJECT, Western Australia**

The Malcolm Project consists of granted Mining Lease M37/1164 (105 ha), over 2.0km in strike, and contains 37,900 ozs at 8.3 g/t Au in Inferred Resources. The historic North Star and Richmond Gem gold mines produced 40,000 oz of gold at an average grade of 21 g/t Au and 28 g/t Au respectively between 1894 and 1915. The project is located 18km to the east of Leonora and 70km to the NW of Zelica/Eucalyptus in the North Eastern Goldfields of Western Australia. Anova is reviewing data and planning further drilling to confirm and upgrade resources.

# **EXPLORATION ACTIVITIES**

## **LINDEN GOLD PROJECT, Western Australia**

A Reverse Circulation (RC) drilling programme was completed at Linden Star and Second Fortune Extended following up on previously reported drill results. 14 holes for 888m were completed at Linden Star, located 500m to the SW of Second Fortune, and 2 holes for 161m at Second Fortune Extended, located 350m to the south of Second Fortune.

The programme at Linden Star and Second Fortune Extended has confirmed the potential to outline near surface high grade gold resources to add further ounces to the Second Fortune mine development.

### **New results include:**

- EXRC095 – 10m @ 2.0g/t from 57m including 2m @ 8.0g/t from 64m
- EXRC096 – 6m @ 1.1g/t from 32m including 2m @ 2.3g/t from 32m
- EXRC097 – 12m @ 0.7g/t from 45m including 4m @ 1.8g/t from 52m
- EXRC098 – 4m @ 7.1g/t from 13m including 2m @ 13.5g/t from 14m
- EXRC102 – 2m @ 1.2g/t from 31m

## **Second Fortune Stope Definition**

Thirteen Reverse Circulation (RC) drill holes were completed at Second Fortune late in 2016 specifically designed to test and refine the northern (6 holes) and southern (7 holes) upper main vein position and stopping limits in preparation for mining.

### **Significant results included:**

- EXRC082 – 1.0m @ 7.0g/t from 33m
- EXRC084 – 0.5m @ 12.4g/t from 39m
- EXRC088 – 1.5m @ 8.7g/t from 39m
- EXRC090 – 1.0m @ 16.8g/t from 70m
- EXRC092 – 0.5m @ 9.6g/t from 49m

## Planning for further near-mine exploration

Anova is currently focussed on compilation of a comprehensive and detailed geological, structural, geophysical and mineralisation models of the Second Fortune and Linden area to assist in refinement of existing drill targets and generation of new targets for planned audi exploration programmes.

### GRASS FLAT GOLD PROJECT, Western Australia

Consists of 6 granted Prospecting Licences and 3 granted Exploration Licences and 1 Prospecting Licence application and 1 Exploration Licence application covering 293 square kilometres, located in the Marda-Diemals Greenstone Belt, north east of the Diemals Mining Centre, 150 km north of Southern Cross in WA. A review of historic exploration results highlighted the potential for near surface **high-grade Gold, Volcanogenic Massive Sulphide (VMS) Cu-Pb-Zn-Ag-Au and Hematite Iron Ore mineralisation**

within the project area. Access to the project area is excellent as ore from the recently mined and centrally located Halley's East gold deposit was hauled via Menzies to processing facilities in Coolgardie and Kanowna.

### MOOLYELLA LITHIUM PROJECT, Western Australia

The Moolyella Project is located 23 km ENE of Marble Bar and consists EL 45/4766 covering 3 sq km, holding a substantial position in a highly mineralised Li, Sn, Ta district in the Pilbara region of WA. Field reconnaissance confirmed the presence of extensive pegmatite outcrop on ELA45/4766 (100% Anova), which had not previously been reported. The presence of lithium bearing minerals was noted, including Lepidolite. Of the 18 samples collected, 4 located on ELA45/4766 reported Li<sub>2</sub>O values of 1.19%, 1.06%, 0.96%, 0.54%.

## REVIEW OF NEVADA OPERATIONS

### PERMITTING

Since acquiring the Big Springs Project, Anova has been focussed on obtaining regulatory approval for the South Sammy 601/701 Open Pit and Underground Operations from the United States Forest Service ("USFS") and the Nevada Division of Environmental Protection ("NDEP"). In January 2017 the Company achieved a major milestone at the Big Springs Project with the USFS issuing the environmental approval for the proposed operations. All regulatory approvals that would allow for mining to commence at Big Springs are now in place.

A summary of the work completed on each of the major permits during the period are provided below and overleaf.

### Mine Plan of Operations

The Mine Plan of Operations ("Mine Plan") is the key planning document required by the USFS for projects on their administered lands. The Mine Plan 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.

Preparation of the Environmental Assessment (“EA”) for the Mine Plan commenced in the preceeding period and was finalised by USFS during the second half of 2016. After a thorough review of the proposed Operation and potential environmental impacts, the USFS issued a “Finding of No Significant Impact” for the Project. The draft decision was published in late 2016 and the Mine Plan was approved by USFS following the final public comment and objection period, in which no objections were offered.

The Mine Plan authorises project development and resource definition drilling within the Mine Project Area once the environmental bond has been posted. NDEP and USFS agreed for Anova to post surety in stages allowing the Company to conduct follow-up drilling of high priority targets under the Mine Plan without posting the full bond.

### **Nevada Reclamation Permit**

The Nevada State Reclamation Permit (“NRP”) application reflects the USFS Mine Plan and includes the Reclamation Cost Estimate (“RCE”). The bond that is calculated in the RCE is provided by the Company, approved by NDEP and USFS, and administered by USFS. Early in 2017 Anova submitted an updated NRP application that reflects changes made in the Mine Plan. Following NDEP and USFS’s decision to allow Anova to post the bond in stages, the Company submitted a revised RCE reflecting the rehabilitation costs associated with exploration drilling. The RCE was approved shortly after the end of the reporting period and allows for the Company to commence its planned 2017 drilling program within the proposed Mine Area.

### **Water Pollution Control Permit**

Anova submitted a final Water Pollution Control Permit for the Project at the end of 2015 and in February 2016, the Company received notification from the NDEP of its decision to issue a draft Permit for the Project. The decision followed a 30-day public comment period during which no public comments or objections were received. The final Water Pollution Control Permit was subsequently granted in March 2016 and remains in effect until 2021 at which point the Permit may be renewed.

### **North Sammy Underground**

Following the successful conclusion of permitting for the South Sammy 601/701 Open Pit and Underground mines, Anova commenced permitting activities for the North Sammy Underground Project. The Company

and its key environmental consultants developed a work plan for the Project which was presented to USFS and NDEP in early August 2017. In the coming period Anova will be advancing, in consultation with regulators, the technical investigations that will enable the Company to lodge a Plan of Operations and other required permits for this Project.

## **EXPLORATION**

In September 2016, Anova commenced a 17-hole diamond drilling program at Big Springs. The program focussed primarily on 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

### **South Sammy**

In 2016, Anova completed five holes for a total of 880 metres at the 601 Deposit. Highlights from the program included AWW16-055 which passed through six separate 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 (Figure 3). Furthermore, the three deepest intersections in AWW16-055 either extended, or were outside the extent of known mineralised horizons.

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. The majority of historical holes appear to not have been drilled deep enough to test the limits of this high-grade zone.

Anova is planning to test the extent of the high grade zone intersected at the 601 deposit with a drilling program during the second half of 2017.

**Cross-Section - Beadles Creek**

West East

Mean Surface Level

0m

50m

100m

150m

50m

**High-Grade Au Zone**

**Open Mineralized Zones**

**2016 Drilling Intersection**

**Previous Drilling Intersection**

**AWVBC16-006**  
3.0m @ 2.3 g/t Au

**AWVBC16-006**  
4.6m @ 3.1 g/t Au

**AWVBC16-006**  
7.6m @ 4.0 g/t Au

**AWVBC16-007**  
9.1m @ 7.5 g/t Au  
Inc 4.6m @ 10.9 g/t Au

**AWVBC16-006**  
12.2m @ 8.5 g/t Au

**AWVBC16-002**  
18.3m @ 6.2 g/t Au

**GW04-146C**  
12.2m @ 4.9 g/t Au

**GW05-203C**  
13.7m @ 6.3 g/t Au

**GW05-189C**  
15.2m @ 3.0 g/t Au

Projected approximately 30m north onto section

OPEN

OPEN

OPEN

OPEN



## Beadles Creek

Anova commenced its first drilling campaign at Beadles Creek in September 2016. The initial program was designed to test for 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.

Drill hole AWVBC16-006 (Figure 4) was drilled to test for up-dip extensions and intersected the mineralised zone at a downhole depth of approximately 149m, returning a high-grade intercept of **12.2m @ 8.5g/t Au**. 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.

During the second half of 2017, Anova will be following up on the excellent results by relocating the drilling platform approximately 100 metres to the East. From this position the Company is planning to drill multiple holes targeting up-dip and strike extensions of the Beadles Creek shoot intersected in its 2016 program.

## North Sammy

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 AWV16-057), as well as the Thumb Shoot (**3.0m @ 12.5 g/t Au** in AWV16-059).

## MINING

Following the successful conclusion of permitting for the South Sammy 601/701 Open Pit and Underground, Anova and Jerritt Canyon LLC commenced discussions to revise the terms of the tolling agreement. Modelling completed by Anova shows improvements to the previous agreement are likely to provide significant benefit to both parties. Negotiations are continuing and final revisions to the mine design will be made once the tolling agreement is concluded to reflect any changes in the terms of the agreement.

## Geotechnical

During the period Anova drilled five geotechnical holes at North Sammy. All North Sammy geotechnical holes, as well as five exploration holes drilled at South Sammy were downhole logged by a local contractor using acoustic televiewer.

Core samples collected from North Sammy were submitted for geotechnical laboratory test work which included Unconfined Compressive Strength, Triaxial Compressive Strength and Direct Shear.

## Pit optimisation and mine design

Geotechnical data collected as part of the drilling program at North Sammy completed during the current period were incorporated by the Company's engineering consultant into updated mine designs. Processing and interpretation of the data were completed and used to determine stope dimensions and support recommendations for the proposed North Sammy underground development.

Final revisions to mine designs will be made once the tolling agreement is concluded in order to reflect any changes in the terms of the arrangement.

## MINERAL RESOURCES

Project	Measured			Indicated			Inferred			Combined		
	kT	Grade	Koz	kT	Grade	Koz	kT	Grade	Koz	kT	Grade	Koz
<b>Big Springs</b>	641	5.6	116.1	4,762	2.2	343.3	10,630	1.7	570.4	16,032	2.0	1,029.9
<b>Second Fortune (Linden)</b>												
Main Lode (JORC 2012)	-	-	-	211.8	9.8	66.7	35.4	8.0	9.1	247.2	9.5	75.8
Hangingwall Lode (JORC 2004) <sup>1,2</sup>	-	-	-				58.2	8.2	15.3	58.2	8.2	15.3
Footwall Lode (JORC 2004) <sup>1,2</sup>	-	-	-	18.5	8.9	5.4	52.9	7.4	12.5	71.4	7.8	17.9
West Lode (JORC 2004) <sup>1,2</sup>	-	-	-	4.2	4.2	0.6	107.2	6.1	21.0	111.4	6.0	21.6
<b>Second Fortune Sub-Total</b>	-	-	-	234.5	9.6	72.7	253.7	7.1	57.9	488.2	8.3	130.6
<b>Zelica (JORC 2004)<sup>1</sup></b>	-	-	-	358.2	1.7	19.0	212.6	1.6	11.0	570.8	1.6	30.0
<b>Malcolm (JORC 2004)<sup>1</sup></b>	-	-	-	-	-	-	142.2	8.3	37.9	142.2	8.3	37.9
<b>Combined Total of Mineral Resources</b>	<b>641</b>	<b>5.6</b>	<b>116.1</b>	<b>5,355</b>	<b>2.5</b>	<b>435.0</b>	<b>11,238</b>	<b>1.9</b>	<b>677.2</b>	<b>17,233</b>	<b>2.2</b>	<b>1,228.4</b>

**Note: Appropriate rounding applied**

1. Mineral Resource has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
2. Second Fortune other veins - 4.0 g/t Au lower cut-off (minor rounding variations may occur)

## ORE RESERVES

Project	Proved			Probable			Combined		
	kT	Grade	Koz	kT	Grade	Koz	kT	Grade	Koz
<b>Second Fortune</b>	-	-	-	339.0	6.0	65.0	339.0	6.0	65.0
<b>Combined Total of Ore Reserves</b>	-	-	-	<b>339.0</b>	<b>6.0</b>	<b>65.0</b>	<b>339.0</b>	<b>6.0</b>	<b>65.0</b>



#### **Competent Person Statement – Big Springs Project**

The information in this report that relates to Exploration Results and Mineral Resources for the Big Springs Project is based on and fairly represents 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 both the Australasian Institute of Mining and Metallurgy and 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 a Competent Person 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 information in the form and context in which it appears.

#### **Competent Person Statement – Second Fortune (Linden) Project**

The information in this report that relates to Exploration Results and overall supervision and direction of Mineral Resources (including database compilation, sampling processes, geological and mineralisation interpretation, project parameters and costs) is based on and fairly represents, information and supporting documentation compiled under the overall supervision and direction of John Davis (Member of the Australasian Institute of Mining and Metallurgy and the AIG). Mr Davis has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Davis consents to the inclusion in the release of the statements based on their information in the form and context in which they appear.

Information in this report that relates to estimation, depletion and reporting of Second Fortune Main Lode Mineral Resources is based on and fairly represents, information and supporting documentation compiled by Mike Job who is a Member of the Australasian Institute of Mining and Metallurgy and at the time, a full time employee of QG Consulting Pty Ltd. Job has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Job consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Ore Reserves has been compiled by Mr Andrew Gasmier, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Gasmier is employed full time by Mining Plus. Mr Gasmier has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gasmier consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

#### **Competent Person Statement – Zelica Project**

The information in this report that relates to Mineral Resources for the Zelica Project is based on and fairly represents information and supporting documentation compiled under the overall supervision and direction of John Davis (Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists). Mr Davis has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. **The information was prepared and disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.** Mr Davis consents to the inclusion in the release of the statements based on their information in the form and context in which they appear.

Information in this report that relates to the Zelica Mineral Resources is based on information compiled by Don Maclean (Member of the Australian Institute of Geoscientists). Mr Maclean, at the time of estimation, was a principal consultant for Ravensgate Mining Industry Consultants Pty Ltd. Mr Maclean has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Maclean consents to the inclusion in the report of the statements based on his information in the form and context in which they appear.

#### **Competent Person Statement – Malcolm Project**

The information in this report that relates to Mineral Resources for the Malcolm Project is based on and fairly represents information and supporting documentation compiled under the overall supervision and direction of John Davis (Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists). Mr Davis has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. **The information was prepared and disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.** Mr Davis consents to the inclusion in the release of the statements based on their information in the form and context in which they appear.

## TENEMENT SCHEDULE

### Western Australia

Tenement Reference	Location	Percentage Held	Tenement Reference	Location	Percentage Held
E39/1232	Linden	100%	M39/0794	Linden	100%
E39/1539	Linden	100%	P39/5599	Linden	100%
E39/1754	Linden	100%	E39/1897	Zelica	100%
E39/1977	Linden	100%	M39/1101	Zelica	100%
L39/0012	Linden	100%	M37/1164	Malcolm	100%
L39/0013	Linden	100%	E37/1294	Malcolm	100%
L39/0014	Linden	100%	P77/4351	Grass Flat	100%
L39/0230	Linden	100%	P77/4352	Grass Flat	100%
M39/0255	Linden	100%	P77/4353	Grass Flat	100%
M39/0386	Linden	100%	P77/4354	Grass Flat	100%
M39/0387	Linden	100%	P77/4355	Grass Flat	100%
M39/0500	Linden	90%	P77/4454	Grass Flat	100%
M39/0629	Linden	100%	E77/2355	Grass Flat	100%
M39/0649	Linden	100%	E77/2365	Grass Flat	100%
M39/0650	Linden	100%	E77/2430	Grass Flat	100%
M39/0780	Linden	100%	E45/4766	Moolyella	100%
M39/0781	Linden	100%			

### Nevada, USA

Tenement Reference	Location	Percentage Held
NDEEP-31, NDEEP-32	Big Springs	100%
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	100%
NDEEP-18, NDEEP-19, NDEEP-35, NDEEP-36, NDEEP-52, NDEEP-53	Dorsey Creek	100%
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	Dorsey Creek	100%
DOM-1 to DOM-51	Golden Dome	100%
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	Golden Dome	100%
MP-14, MP-16, MP-18, MP-41, MP-43, MP-45, MP-47, MP-49 to MP-54	Golden Dome	100%
NDEEP-1 to NDEEP-16, NDEEP-44 to NDEEP-90	Golden Dome	100%
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	Jack Creek	100%
BS-500 to BS-550, BS-557 to BS-579	Mac Ridge	100%
MR-500 to MR-524, MR-526, MR-528, MR-530 to MR-537	Mac Ridge	100%
NDEEP-33, NDEEP-34	Mac Ridge	100%
TT-205 to TT-219	Mac Ridge	100%

**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<sup>1</sup>/<sub>4</sub> SW<sup>1</sup>/<sub>4</sub>); SE<sup>1</sup>/<sub>4</sub> SW<sup>1</sup>/<sub>4</sub>; NE<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub>

Section 8 - N <sup>1</sup>/<sub>2</sub> SW<sup>1</sup>/<sub>4</sub>

Section 31 - Lot 2 (SW<sup>1</sup>/<sub>4</sub> NW<sup>1</sup>/<sub>4</sub>); Lot 4 (SW<sup>1</sup>/<sub>4</sub> SW<sup>1</sup>/<sub>4</sub>); NE<sup>1</sup>/<sub>4</sub> SW<sup>1</sup>/<sub>4</sub>; SW<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub>



For personal use only

# FINANCIAL REPORT

30 June 2017



# DIRECTORS' REPORT

The Directors present their report together with the financial report of Anova Metals Limited ("the Company" or "AWV") and its controlled entities ("Group" or "Consolidated Entity"), for the financial year ended 30 June 2017.

## 1. Directors and Company Secretary

The Directors and Company Secretary in office at any time during or since the end of the financial year are:

Mr Malcolm James, Non-Executive Chairman

Mr Gregory (Bill) Fry, Executive Director

Mr Geoff Laing, Executive Director (appointed 20 September 2017)

Mr Alasdair Cooke, Non-Executive Director

Mr John Davis, Non-Executive Director (appointed 20 September 2017)

Mr Steven Jackson, Company Secretary

### Directors' Meetings

	Board of Directors		Remuneration Committee		Audit Committee	
	Present	Held	Present	Held	Present	Held
Malcolm James	4	4	-	-	2	2
Gregory (Bill) Fry	4	4	-	-	-	-
Alasdair Cooke	4	4	-	-	2	2

### Directors and Company Secretary

#### Mr Malcolm James B.Bus, FAICD, MAusIMM | Non-Executive Chairman

Mr James is a business graduate of RMIT University (Melbourne) with over 30 years of experience in merchant banking, engineering, manufacturing, mining, energy, financing, philanthropic and social ventures. Over the past 25 years he has had active roles in identifying, exploring, financing and developing a number of significant natural resource and energy projects in Australia, the former Soviet Union, the Middle East, Africa, Asia, South America and the USA.

Mr James has held executive and non-executive board positions on several Australian and London listed companies, business associations, sporting and not-for profit organisations. He has been directly involved in over A\$2 billion of equity and debt financing and was a founding director of MRJ Advisors (formerly Resource & Capital Management) – a boutique resource and capital management firm that was responsible for the identification, financing and listing of several projects/companies on the Australian and London Securities Exchanges.

#### Other current listed directorships

Algae.Tec Ltd  
Vimy Resources Ltd

#### Special responsibilities

Chairman  
Chairman of the audit and remuneration committees

#### Former listed directorships in the last three years

Moko Social Media Ltd

#### Interests in shares and options

558,191 ordinary shares  
No unlisted options or performance rights were granted to directors of the company and entities it controlled as part of their remuneration during or since the financial year

#### Mr Gregory Fry | Executive Director

Mr Fry has more than 20 years corporate experience in the mining and resources industry, specialising in accounting, management, business development and general corporate activities. He has vast experience in project evaluation and development, project funding, management, finance and operations. Over the past 15 years, Mr Fry has been a Director of several private and public companies with activities ranging from funds management, minerals exploration, mining and quarrying.

#### Other current listed directorships

African Energy Resources Limited  
Exterra Resources Limited  
EVE Investments Limited

#### Special responsibilities

-

#### Former listed directorships in the last three years

n/a

#### Interests in shares and options

5,600,000 ordinary shares  
No unlisted options or performance rights were granted to directors of the company and entities it controlled as part of their remuneration during or since the financial year

#### Mr Geoff Laing | Executive Director

Mr Laing is a Chemical Engineer with over 20 years' experience in the mining sector across a variety of commodities, including gold, in Australia, Southern Africa and South America. Mr Laing has experience in project funding and mine development through to production. Previously, as Managing Director and GM Corporate and Project Development for Exco Resources Ltd, Mr Laing was instrumental in the successful development and divestment of the Cloncurry Copper Project in North Queensland and the highly successful White Dam Gold Mine in South Australia.

#### Other current listed directorships

Exterra Resources Limited

#### Special responsibilities

-

#### Former listed directorships in the last three years

n/a

#### Interests in shares and options

-



#### Mr Alasdair Cooke BSc (Hons) | Non-Executive Director

Mr Cooke is a qualified geologist and has been involved throughout his career in mineral exploration and corporate development, including 8 years spent with BHP Minerals Business Development Group and over 15 years managing public resource companies.

Mr Cooke is a founding partner of the Mitchell River Group, which over the past 15 years has established a number of successful mining projects and resources companies, developing greenfield mines in Australia, Africa and South America.

#### Other current listed directorships

African Energy Resources Limited  
EVE Investments Limited

#### Special responsibilities

Member of the audit and remuneration committee

#### Former listed directorships in the last three years

n/a

#### Interests in shares and options

24,889,299 ordinary shares  
No unlisted options or performance rights were granted to directors of the company and entities it controlled as part of their remuneration during or since the financial year

#### Mr John Davis | Non-Executive Director

Mr Davis is a Geologist with more than 30 years experience in mineral exploration and development in Australia and Southern Africa, including gold, base metals and rare metals. He has extensive experience in the gold sector, from regional exploration, resource development to production, including as Exploration Manager/Chief Geologist for Metana Minerals NL. He was founding managing director of Jabiru Metals Ltd, where he played a key role in the discovery of the Jaguar base metal deposit, and a Technical Director of Monarch Gold Mining Co Ltd.

#### Other current listed directorships

Exterra Resources Limited

#### Special responsibilities

-

#### Former listed directorships in the last three years

n/a

#### Interests in shares and options

-

#### Mr Steven Jackson BEc CPA | Company Secretary

The company secretary is Mr Steven Jackson BEc CPA. Mr Jackson graduated from the University of Western Australia in 2008 with a Bachelor of Economics having majored in International Business Economics and Money and Banking. Mr Jackson has held the position of Company Secretary since 2013.

## 2. Review of Operations

### Corporate

#### Scheme of Arrangement

In early June 2017, the Company entered into a Merger Implementation Agreement ("MIA") under which Anova agreed to acquire all of the issued capital of Exterra by way of a Scheme of Arrangement ("Scheme") with Anova being the surviving entity. On 15 September 2017, shareholders of Exterra Resources passed a resolution to approve a merger with Anova Metals by way of a Scheme of Arrangement. Subsequently, on 20 September 2017 the Federal Court approved the Scheme of Arrangement and the Court Order approving the Scheme of Arrangement was lodged with ASIC.

The merged entity has an outstanding portfolio of production, development and exploration projects under the guidance of an experienced and proven management team. The Boards of both Anova and Exterra believe that the combination of Anova's strong balance sheet and Exterra's near term production Linden gold project is compelling for shareholders of both companies.

The Boards of Anova and Exterra believe that the combination of the two companies has a clear strategic rationale and will generate significant value for shareholders of both companies. Shareholders will have exposure to Exterra's production and exploration projects and will also benefit from the growth potential of Anova's near term production asset and exploration projects.

Shareholders of both companies are expected to benefit from the increased scale and liquidity associated with an investment in the merged entity. Further, the strengthened balance sheet together with cashflow expected to be generated from operations should enable the merged entity to accelerate development of its projects and planned exploration programs.

#### Other Corporate

In August 2016, the Company completed a placement raising \$7.1 million (before costs) by issuing 54,615,385 new fully paid ordinary shares at an issue price of 13 cents per share to sophisticated and professional investors. The Company also conducted a Share Purchase Plan for existing eligible shareholders to enable them to purchase up to \$15,000 of new shares at the same price as the placement. The Share Purchase Plan was capped at a maximum of \$2m and close to \$3 million in valid applications were received. The Board elected to expand the target to \$2.17m and all applications received the first \$3,000 of their entitlement, with applications between \$3,000 and \$15,000 being scaled back on a pro-rata basis.

During the year 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. Additionally, 1,500,000 performance rights converted into ordinary shares upon meeting the relevant vesting hurdle.

#### Big Springs Project

Big Springs is a Carlin-style gold deposit located in an established gold mining region, 80km north of Elko in north eastern Nevada, USA. The Project's gold deposits exhibit many of the characteristics of Carlin-type deposits and comprise five separate zones. The Project was mined by Freeport McMoRan between 1987 and 1993 producing 386,000 ounces of gold from several open pits. Mining at the Project ceased in 1993 due to low gold prices. From 2002, the then owners of the Project, Gateway Gold Corp (Gateway) completed exploration work on the Project including 311 RC and diamond drillholes. This work was combined with pre-existing drill data to produce a combined database with over 2,400 drill holes. In addition to the complex of known deposits, the Project also comprises more than 50 km<sup>2</sup> of highly prospective stratigraphy which contains significant, untested, gold-in-soil geochemical anomalies as well as a number of geophysical targets that remain to be drill tested.

## DIRECTORS' REPORT (Continued)

### Permitting

During the year the Company met key milestones relating to the permitting program for the 601/701 Open Pits and Underground and commenced permitting activities for the North Sammy mine.

### 601/701 Open Pit and Underground

Anova achieved a significant milestone with the United States Forest Service ("USFS") issuing the environmental approval for the 601 and 701 Open Pit and Underground Operations. Anova received the USFS Decision Notice on the back of the project's Environmental Assessment completed by USFS in 2016 and the subsequent Finding of No Significant Impact that was assigned to the project. The Company's Plan of Operations and mining proposal was approved following a final public comment and objection period, in which no objections were offered.

### Mining

Following the successful conclusion of permitting of South Sammy, Anova and Jerritt Canyon LLC commenced discussions on the terms of a toll mining agreement. Modelling completed by the Company shows improvements to the previously negotiated agreement are likely to provide significant benefit to both parties. Negotiations are continuing and final revisions to the mine design will be made once a tolling agreement is concluded.

In light of the continuing toll treatment negotiations with Jerritt Canyon LLC, the Nevada Division of Environmental Protection ("NDEP") and the USFS agreed for the Big Springs Project's environmental bond to be posted in stages. This will allow Anova to initiate exploration drilling without posting the full bond that would be required when mining commences. A revised Reclamation Cost Estimate ("RCE") reflecting the rehabilitation costs associated with exploration drilling was submitted to NDEP and USFS in June.

### North Sammy Underground

Following completion of the regulatory approvals for South Sammy, Anova initiated permitting for the North Sammy underground mine. Preliminary site, infrastructure and mine design has been completed by the Company's engineering consultant and forms the basis for underground regulatory approvals.

### Drilling

During the year Anova 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.

The final hole 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. The zone remains open to the south and it appears that the majority of historical holes were terminated too shallow to adequately test this area. 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.

Drilling at the Beadles Creek prospect 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.

Hole AWWBC16-006 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. Furthermore, AWWBC16-006 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 AWWBC16-006 demonstrated the up-dip continuity of the Beadles Creek high-grade zone. AWWBC16-007 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 AWWBC16-002 where 18.3m @ 6.2 g/t Au from 140.2m was returned.

The high-grade zone intersected in AWWBC16-006 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 AWWBC16-006 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.

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).

### Exploration

In August 2017, Anova commenced its 2017 exploration program. The planned 22-hole diamond drilling program has been designed to follow up on the excellent results returned at South Sammy and Beadles Creek during the 2016 drilling campaign and to drill test two new targets in close proximity to the permitted 601 and 701 mining area. Additionally, the Company is planning to conduct soil and stream sediment surveys in the highly prospective area east of Beadles Creek where previous exploration appears to be limited to minor stream sediment sampling collected in the early 1980s.

### South Sammy

Anova is planning to drill five holes for approximately 1,000m to test the extent of the high-grade zone identified at the 601 Deposit during the 2016 campaign. This initial program will test an area of approximately 10,000 square metres potentially adding high grade ounces that Anova could access through the proposed 601 underground operation for which the Company received Regulatory Approval in January 2017.



#### **Beadles Creek**

Anova is planning to relocate the drilling platform constructed during the 2016 campaign approximately 100 metres to the East. From this position the Company is planning to drill multiple holes targeting up-dip and strike extensions of the Beadles Creek shoot intersected in its 2016 program. The initial program is expected to consist of seven holes for approximately 1,250 metres.

#### **Beadles Link**

The Beadles Fault has been recognised as one of the major conduits for gold-bearing fluid movement at Big Springs. The Beadles Fault is obscured by Quaternary glacial till, but has been intersected in multiple drill holes, most recently at the Beadles Creek prospect. Drilling by previous operators intersected gold mineralisation approximately 300 metres south of the Beadles Creek prospect along the interpreted strike of the Fault. Historic intercepts in this area include 10.7m @ 3.4 g/t Au, 19.8m @ 3.1 g/t Au (incl. 3.0m @ 10.0 g/t Au) and 4.6m @ 5.7 g/t Au.

Anova intends to evaluate the area immediately south of the historical intercepts by drilling 6 holes for a total of 1,000m. Drilling at this target, referred to as the Beadles Link prospect, will be conducted from three readily accessible drill sites that will test approximately 500m strike extent of the interpreted Beadles Fault.

#### **Briens Fault**

The NNE-SSW trending near-vertical Briens Fault straddles numerous deposits at Big Springs and is believed to have played a critical role in the emplacement of gold mineralisation. The vast majority of historical drill holes at Big Springs were drilled vertically and as a result a number of vertical to sub-vertical structures, including Briens Fault, remain untested.

In 2003 and 2004, a previous operator (Gateway Gold Limited) drilled four angled holes targeting the Briens Fault below the previously mined shallow 401 Pit. All four holes intersected the target zone and associated gold mineralisation. Results included 6.1m @ 8.9 g/t Au in GW04-71C and 3.3m @ 4.5 g/t Au in GW04-131C. Mineralisation remains open down-dip and along strike. Anova intends to follow up on these results through an initial program of four angled drill holes for a total of 600m.

#### **Competent Person Statement**

*The information in this report that relates to 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 Australasian Institute of Mining and Metallurgy 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.*

### **3. Remuneration Report – Audited**

This Remuneration Report outlines the remuneration arrangements which were in place during the year, and remain in place as at the date of this report, for the Directors and key management personnel of Anova Metals Limited.

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

#### **Key management personnel details**

##### Directors

Mr Malcolm James, Non-Executive Chairman  
Mr Gregory (Bill) Fry, Executive Director  
Mr Alasdair Cooke, Non-Executive Director  
Mr Geoff Laing, Executive Director (appointed 20 September 2017)  
Mr John Davis, Non-Executive Director (appointed 20 September 2017)

#### **Principles of compensation**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

#### **Alignment to shareholders' interests:**

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

#### **Alignment to program participants' interests:**

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

## DIRECTORS' REPORT (Continued)

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the group, the balance of this mix shifts to a higher proportion of "at risk" rewards. Currently no remuneration consultants are used by the Company in formulating remuneration policies.

### **Role of the Remuneration Committee**

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-Executive Director Fees;
- remuneration levels of Executive Directors and other key management personnel;
- the over-arching executive remuneration framework and operation of the incentive plan; and
- key performance indicators and performance hurdles for the executive team.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

The Corporate Governance Statement provides further information on the role of the Board.

### **Non-Executive Directors' fees**

The Company's Non-Executive Directors receive fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Company's non-executive Directors reflect the demands on, and responsibilities of these Directors. They do not receive any retirement benefits (other than compulsory superannuation). The Board decides annually the level of fees to be paid to non-Executive Directors with reference to market standards.

Non-Executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options vest across the life of the option and are primarily designed to provide an incentive to non-Executive Directors to remain with the Company.

A Non-Executive Directors' fee pool limit of \$300,000 per annum was approved by the Directors in 2010. This pool is currently utilised to the level of \$160,000 per annum. The fees currently paid to Non-Executive Directors are \$60,000 per annum for the Non-Executive Chairman and \$40,000 per annum for the Non-Executive Directors.

### **Executive pay**

An executive's total remuneration comprises the following two components:

- base pay and benefits, including superannuation; and
- equity (being share options granted at the discretion of the Board and ordinary shares issued under the Company's Long Term Incentive Scheme).

### **Base pay**

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There is no guaranteed base pay increases included in any executives' contracts.

### **Long-term incentives**

Long-term incentives are provided to certain Non-Executive Directors and executives under the Company's Share Option Plan and the Company's Long Term Incentive Scheme.

### **Share trading policy**

The trading of shares issued to participants under the Company's employee option plan is subject to, and conditional upon, compliance with the Company's employee share trading policy. Executives are prohibited from entering into and hedging arrangements over unvested options under the Company's employee option plan. The Company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potential dismissal.

### **Service contracts**

The Company currently has Service Agreements in place with the following Key Management Personnel. Details of the agreements are listed below.

Name	Term of Agreement	Base Salary inc Super	Termination Benefit
Gregory (Bill) Fry	On-going commencing 1 October 2010	\$120,000	3 months base salary, excl. gross misconduct
Alasdair Cooke (i)	On-going commencing 1 October 2010	\$100,000	1 months base salary, excl. gross misconduct

(i) Contract includes \$60,000 for consulting fees in addition to Non-Executive Director fee.

### **Voting and comments made at the Company's 2016 Annual General Meeting**

The Company received more than 99% of "yes" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### **Director and Key Management Personnel remuneration**

Details of the remuneration of the Directors and other key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) are set out in the following tables.

### **Details of remuneration**

The following tables set out remuneration paid to Directors and other key management personnel of the Consolidated Entity during the year.



	Short-term employee benefits	Post-employment	Share based payments	Total	Share based payments
	Salary & fees	Superannuation			
2017	\$	\$	\$	\$	%
Gregory Fry	109,589	10,411	-	120,000	-
Malcolm James	54,795	5,205	-	60,000	-
Alasdair Cooke	111,662	-	-	111,662	-
<b>Total</b>	<b>276,046</b>	<b>15,616</b>	<b>-</b>	<b>291,662</b>	<b>-</b>
2016	\$	\$	\$	\$	%
Gregory Fry	109,589	10,411	-	120,000	-
Malcolm James	54,795	5,205	5,040	65,040	8%
Alasdair Cooke	100,000	-	-	100,000	-
<b>Total</b>	<b>264,384</b>	<b>15,616</b>	<b>5,040</b>	<b>285,040</b>	<b>2%</b>

The Group currently has no performance based remuneration built into Director or key management personnel packages; the total remuneration shown in the table above is fixed.

#### Share-based compensation

For details on the valuation of rights, including models and assumptions used, see note 22.

#### Equity instrument held by key management personnel

##### (i) Share holdings

	Balance at 1 July 2016	Purchased / sold	Balance at 30 June 2017
Gregory Fry	5,600,000	-	5,600,000
Malcolm James	500,000	58,191	558,191
Alasdair Cooke	24,889,299	-	24,889,299
	<b>30,989,299</b>	<b>58,191</b>	<b>31,047,490</b>

#### Loans to key management personnel

There were no loans made to key management personnel during the year ended 30 June 2017 (2016: nil).

#### Other transactions with key management personnel

The terms and conditions of the transactions with Directors and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis. The following transactions occurred with parties related to Directors Alasdair Cooke and Gregory Fry:

	Charges from:		Charges to:	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>Mitchell River Group Pty Ltd</b>	281,440	282,456	66	18
Provision of a fully serviced office, admin and technical staff				
<b>EVE Investments Limited</b>	1,995	2,935	311	-
Recharge of costs				
<b>African Energy Resources Ltd</b>	249	7,576	17	3,272
Recharge of costs				
<b>Aurora Uranium Ltd</b>	46,459	49,173	-	2,145
Recharge of costs				
<b>Omniblend Innovation Pty Ltd</b>	-	-	262	-
Recharge of costs				

#### Assets and liabilities arising from the above transactions

	2017 \$	2016 \$
Trade receivables	384	2,152
Trade payables	62,108	68,715

#### Exercise of options by key management personnel

No options were exercised by key management personnel in the period. During the prior period Mr Alasdair Cooke exercised 2,500,000 at an exercise price of \$0.05.

This is the end of the audited remuneration report.

## DIRECTORS' REPORT (continued)

### 4. Principal Activities

The principal activity of the Company is mineral exploration and evaluation in the United States of America. There were no significant changes in the nature of the Group's principal activities during the financial year.

### 5. Operating Results

The operating loss of the Group attributable to equity holders of the Company for the financial year ended 30 June 2017 amounted to \$3,402,743 (2016: \$2,206,504).

### 6. Proceedings On Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

### 7. Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

### 8. Matters Subsequent to Reporting Date

On 15 September 2017, shareholders of Exterra Resources passed a resolution to approve a merger with Anova Metals by way of a Scheme of Arrangement. Subsequently, on 20 September 2017 the Federal Court approved the Scheme of Arrangement and the Court Order approving the Scheme of Arrangement was lodged with ASIC.

As required under the Merger Implementation Agreement between the parties (see ASX announcement on 8 June 2017) the Company appointed Mr Geoff Laing as an Executive Director and Mr John Davis as a Non-Executive Director, effective 20 September 2017. Consideration under the Scheme of Arrangement will be issued on 5 October 2017 and the Company will request ASX remove Exterra Resources from the Official List shortly thereafter.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### 9. Likely Developments and Expected Results of Operations

Disclosure of information regarding the likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

### 10. Significant Changes in State of Affairs

In the opinion of the Directors, other than as stated under Review of Operations, and Matters Subsequent to Reporting Date, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review and subsequent to the financial year end.

### 11. Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2017 can be accessed from the Company's website at <http://anovametals.com.au/corporate/corporate-governance>.

### 12. Environmental Regulations

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply.

The Group is not subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

### 13. Unlisted Performance Rights

Unissued ordinary shares of Anova Metals Limited under performance rights at the date of this report are as follows:

Class	Number	Grant date	Expiry date	Exercise price (cents)
Performance rights	2,250,000	27-Nov-14	27-Nov-17	n/a
	<u>2,250,000</u>			

Rights holders do not have any right, by virtue of the right, to participate in any share issue of the Company.

Details of ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of an option or right are:

Exercise Date	Shares issued	Amount paid
11-Jul-16	2,500,000	125,000
17-Aug-16	6,250,000	312,500
18-Aug-16	1,875,000	93,750
3-Oct-16	1,500,000	156,000
7-Nov-16	3,000,000	150,000
30-Nov-16	2,812,500	140,625
30-Nov-16	500,000	52,000
6-Feb-17	1,500,000	-
	<u>19,937,500</u>	<u>1,029,875</u>

#### 14. Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

During the year and the comparative period no fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

#### 15. Lead Auditor's Independence Declaration under Section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 30 and forms part of the Directors' Report for the year ended 30 June 2017.

#### 16. Insurance of Officers

During the financial year, Anova Metals Limited paid a premium of \$24,420 (2016: \$18,870) to insure the directors and secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

*On behalf of the Board of  
Anova Metals Limited*

Dated at Perth this 29<sup>th</sup> day of September 2017.  
Signed in accordance with a resolution of the Directors.



Gregory William Fry  
Executive Director



## DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1 The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001; and
  - (a) comply with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
  - (b) give a true and fair view of the financial position as at 30 June 2017 and of its performance for the year ended on that date of the Consolidated Entity.
- 2 In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3 In the Directors' opinion, the financial statements and notes are prepared in accordance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board, as described in note 1.
- 4 The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



Gregory William Fry  
Executive Director

Perth  
29<sup>th</sup> September 2017

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017



		2017	2016
	Note	\$	\$
Revenue	3	48,713	16,240
Consultant and employee benefits expenses		(707,519)	(805,472)
Exploration expensed as incurred		(2,091,616)	(990,006)
Administration expenses		(452,700)	(256,278)
Share-based payment reversal / (expense)		41,127	(29,856)
Occupancy expenses		(174,623)	(141,175)
Foreign exchange gain / (loss)		(66,125)	43
<b>Loss before income tax</b>		<b>(3,402,743)</b>	<b>(2,206,504)</b>
Income tax expense	8	-	-
<b>Loss for the year</b>		<b>(3,402,743)</b>	<b>(2,206,504)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences of foreign operations		(246,994)	235,112
<b>Total comprehensive loss for the year</b>		<b>(3,649,737)</b>	<b>(1,971,392)</b>
<b>Loss per share:</b>			
Basic (cents per share)	9	(0.78)	(0.66)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	4	7,709,437	1,287,493
Trade and other receivables	5	29,641	16,999
Prepayments		57,417	21,124
<b>Total current assets</b>		<b>7,796,495</b>	<b>1,325,616</b>
<i>Non-current Assets</i>			
Plant and equipment	10	33,031	2,849
Exploration and evaluation expenditure	11	10,746,051	10,974,219
Other assets	6	423,781	437,742
<b>Total non-current assets</b>		<b>11,202,863</b>	<b>11,414,810</b>
<b>Total assets</b>		<b>18,999,358</b>	<b>12,740,426</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Trade and other payables	7	314,392	349,008
Rehabilitation provision	16	49,644	-
<b>Total current liabilities</b>		<b>364,036</b>	<b>349,008</b>
<i>Non-current Liabilities</i>			
Rehabilitation provision	16	182,150	-
<b>Total non-current liabilities</b>		<b>182,150</b>	<b>-</b>
<b>Total liabilities</b>		<b>546,186</b>	<b>349,008</b>
<b>Net assets</b>		<b>18,453,172</b>	<b>12,391,418</b>
<b>Equity</b>			
Issued capital	12	44,747,741	34,947,123
Reserves	13	1,863,007	2,425,128
Accumulated losses		(28,157,576)	(24,980,833)
<b>Total equity attributable to shareholders of the Company</b>		<b>18,453,172</b>	<b>12,391,418</b>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017



		Issued capital	Foreign currency translation reserve	Share-based payments reserve	Accumulated losses	Total equity
		\$	\$	\$	\$	\$
<b>Balance as at 1 July 2015</b>		32,895,624	1,874,889	301,271	(22,774,329)	12,297,455
Loss for the year		-	-	-	(2,206,504)	(2,206,504)
Other comprehensive income	13	-	235,112	-	-	235,112
<b>Total comprehensive loss for the year</b>		-	235,112	-	(2,206,504)	(1,971,392)
Share issue net of issue costs	12	2,035,499	-	-	-	2,035,499
Recognition of share-based payments	13	-	-	29,856	-	29,856
Reversal of capitalised share-based payments	12	-	-	-	-	-
Transfer of historic share-based payment expenses to issued capital	13	16,000	-	(16,000)	-	-
<b>Balance at 30 June 2016</b>		34,947,123	2,110,001	315,127	(24,980,833)	12,391,418
<b>Balance as at 1 July 2016</b>		34,947,123	2,110,001	315,127	(24,980,833)	12,391,418
Loss for the year		-	-	-	(3,402,743)	(3,402,743)
Other comprehensive income	13	-	(246,994)	-	-	(246,994)
<b>Total comprehensive loss for the year</b>		-	(246,994)	-	(3,402,743)	(3,649,737)
Share issue net of issue costs	12	9,752,618	-	-	-	9,752,618
Reversal of capitalised share-based payments	12	-	-	(41,127)	-	(41,127)
Transfer of historic share-based payment expenses to issued capital / accumulated losses	13	48,000	-	(274,000)	226,000	-
<b>Balance at 30 June 2017</b>		44,747,741	1,863,007	-	(28,157,576)	18,453,172

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

		2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees		(1,443,791)	(1,256,577)
Payment for exploration and evaluation expenditure		(1,859,821)	(990,006)
Interest received		45,626	14,196
<b>Net cash used in operating activities</b>	23	(3,257,986)	(2,232,387)
<b>Cash flows from investing activities</b>			
Payment for plant and equipment		(1,488)	-
<b>Net cash used in investing activities</b>		(1,488)	-
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		10,299,874	2,175,875
Payment for share issue costs		(547,256)	(140,376)
<b>Net cash provided by financing activities</b>		9,752,618	2,035,499
<b>Net increase / (decrease) in cash and cash equivalents</b>		6,493,144	(196,888)
<b>Cash and cash equivalents at beginning of year</b>		1,287,493	1,473,092
Effect of exchange rates on cash holdings in foreign currencies		(71,200)	11,289
<b>Cash and cash equivalents at end of year</b>	4	7,709,437	1,287,493

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017



Anova Metals Limited (the "Company") is a listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial report was authorised for issue by the Directors on 29 September 2017.

## 1. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Anova Metals Limited is a for-profit entity for the purposes of preparing the financial statements.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Accounting policies have been consistently applied to all years presented unless otherwise stated (see note 26).

### a) New and amended standards adopted by the Group

#### (i) Standards and Interpretations applicable to 30 June 2017

In the year ended 30 June 2017, 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 current annual reporting period. 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 and, therefore, no material change is necessary to Group accounting policies.

#### (ii) Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. 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 Group and, therefore, no change is necessary to Group accounting policies.

### b) Historical cost convention

The financial statements have been prepared under the historical cost convention.

### c) Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 26.

### d) Going concern

The Group has a working capital surplus of \$7,482,103 at balance date and incurred a loss from continuing operations of \$3,417,943 as well as a cash outflow from operating activities of \$3,257,986 for the year ended 30 June 2017. Since the end of the period the Company has loaned \$2,000,000 to Exterra Resources Limited, under a Loan Facility Agreement.

## 2. Segment information

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.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being gold exploration and one geographical segment, namely the United States. The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive Income. The segment assets and liabilities of this segment are those of the Group and are set out in the consolidated statement of financial position.

## 3. Revenue from continuing operations

Interest received

2017	2016
\$	\$
48,713	16,240
48,713	16,240

## 4. Cash and cash equivalents

### Cash and cash equivalents

Cash at bank

Term deposits

2017	2016
\$	\$
7,709,437	59,244
-	1,228,249
7,709,437	1,287,493

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2017

## 5. Trade and other receivables

GST receivable
Accrued interest income
Other debtors

2017	2016
\$	\$
25,158	12,985
4,029	1,539
454	2,475
29,641	16,999

## 6. Non-current assets

Term deposits
Security deposits

2017	2016
\$	\$
30,000	31,829
393,781	405,913
423,781	437,742

Term deposits are made for periods greater or equal to 12-months and earn interest at the respective term deposit rates.

## 7. Current liabilities

Trade and other creditors
Payroll liabilities

2017	2016
\$	\$
299,422	321,253
14,970	27,755
314,392	349,008

Trade payables are non-interest bearing and are normally settled on 30 day terms.

## 8. Income taxes

### Income tax expense:

Current tax
Deferred tax

2017	2016
\$	\$
-	-
-	-
-	-

### Reconciliation of income tax expense to prima facie tax payable:

Loss before income tax

(3,402,743)	(2,206,504)
-------------	-------------

Income tax benefit calculated at 27.5% (2016: 28.5%)

(935,754)	(628,854)
-----------	-----------

Effect of expenses that are not deductible in determining taxable profit

(34,629)	8,771
----------	-------

Effect of changes in unrecognised temporary differences

16,766	(18,192)
--------	----------

Effect of unused tax losses and tax offsets not recognised as deferred tax assets

953,617	638,275
---------	---------

-	-
---	---

### Unrecognised deferred tax assets arising on timing differences and losses

Carried forward domestic revenue losses
Carried forward foreign revenue losses
Capital raising costs
Other temporary differences

3,430,105	3,200,934
2,111,654	1,573,136
122,174	49,180
9,238	10,783
5,673,171	4,834,033

### Unrecognised deferred tax liabilities arising on timing differences and losses

Prepayments
Accrued interest income

296	559
1,108	438
1,404	997

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% (2016: 28.5%) payable by Australian corporate entities on taxable profits under Australian tax law.

## 9. Loss per share

	2017 \$	2016 \$
Basic loss per share	(0.78)	(0.66)
	\$	\$
Loss for the period	(3,402,743)	(2,206,504)
	No.	No.
Weighted average number of shares for the purposes of basic loss per share	438,066,376	333,197,938

## 10. Plant and equipment

	2017 \$	2016 \$
Carrying amount at 30 June	33,031	2,849
<b>Reconciliation of movement in plant and equipment</b>		
<b>At cost</b>		
Balance at the beginning of the year	9,023	8,894
Additions	40,868	-
Disposals	(3,200)	-
Exchange differences	(734)	129
Carrying amount at 30 June	45,957	9,023
<b>Accumulated depreciation</b>		
Balance at the beginning of the year	(6,174)	(3,563)
Depreciation charge for the year	(10,179)	(2,608)
Disposals	3,200	-
Exchange differences	227	(3)
Carrying amount at 30 June	(12,926)	(6,174)

## 11. Exploration and evaluation expenditure

	2017 \$	2016 \$
Balance at the beginning of the year	10,974,219	10,752,627
Exchange differences	(228,168)	221,592
Carrying amount at 30 June	10,746,051	10,974,219

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

## 12. Issued capital

	2017 \$	2016 \$
453,400,292 (2016: 362,155,108) fully paid ordinary shares	44,747,741	34,947,123

### Ordinary shares

Ordinary shares entitle the holder to one vote per share and to participate in dividends and the proceeds on winding up of the Company in the proportion to the number and amount paid on the shares held.

### Movement in share capital

	2017		2016	
	No.	\$	No.	\$
<b>Fully paid ordinary shares</b>				
Balance at beginning of year	362,155,108	34,947,123	313,684,272	32,895,624
Placements	71,307,684	9,269,999	44,533,336	2,004,000
Conversion of unlisted options	18,437,500	1,029,875	3,437,500	171,875
Conversion of performance rights	1,500,000	48,000	500,000	16,000
Share issue costs	-	(547,256)	-	(140,376)
Balance at end of year	453,400,292	44,747,741	362,155,108	34,947,123

As at 30 June 2017, the Company has 2,250,000 performance rights on issue, convertible on a 1:1 basis for 2,250,000 shares. The performance rights have various vesting hurdles and expire by 27 November 2017, see note 21. Performance rights issued by the Company carry no rights to dividends and no voting rights.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2017

## 13. Reserves

### Share-based payments reserve

Balance at the beginning of the year	315,127	301,271
Recognition of share-based payments expense (reversal)	(41,127)	29,856
Transfer of historic share-based payment expenses to issued capital	(48,000)	(16,000)
Transfer of historic share-based payment expenses to accumulated losses	(226,000)	-
Balance at 30 June	-	315,127

### Foreign currency translation reserve

Balance at the beginning of the year	2,110,001	1,874,889
Effect of translation of foreign currency operations to group presentation currency	(246,994)	235,112
Balance at 30 June	1,863,007	2,110,001

### Share-based payments reserve

The share-based payments reserve arose on the grant of incentive options and performance rights to employees, see note 21.

### Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the Consolidated Entity.

## 14. Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 15. Remuneration of auditor

Audit or review of the financial report

2017 \$	2016 \$
29,400	31,500
29,400	31,500

## 16. Rehabilitation Provision

Balance at the beginning of the year  
Arising during the year  
Carrying amount at 30 June

Current

Non-current

2017 \$	2016 \$
-	-
231,794	-
231,794	-
49,644	-
182,150	-

The provision for restoration and rehabilitation relates to the estimated cost of rehabilitation work to be carried out in relation to the removal of facilities, closure of sites and restoring the affected areas. The provision represents the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

## 17. Contingent assets and liabilities

There were no contingent liabilities or contingent assets at 30 June 2017 (2016: nil).

## 18. Capital and other commitments

Renewal fees for Big Springs claims (payable within 12 months)  
Advance net smelter royalty payments (payable within 12 months)  
Loan Facility Agreement with Exterra Resources Limited

2017 \$	2016 \$
154,742	146,698
79,514	82,264
2,000,000	-
2,234,256	228,962

Subsequent to the end of the period, the \$2,000,000 available under the Loan Facility Agreement to Exterra Resources Limited has been fully drawn.

## 19. Events occurring after reporting date

On 15 September 2017, shareholders of Exterra Resources passed a resolution to approve a merger with Anova Metals by way of a Scheme of Arrangement. Subsequently, on 20 September 2017 the Federal Court approved the Scheme of Arrangement and the Court Order approving the Scheme of Arrangement was lodged with ASIC.



As required under the Merger Implementation Agreement between the parties (see ASX announcement on 8 June 2017) the Company appointed Mr Geoff Laing as an Executive Director and Mr John Davis as a Non-Executive Director, effective 20 September 2017. Consideration under the Scheme of Arrangement will be issued on 5 October 2017 and the Company will request ASX remove Exterra Resources from the Official List shortly thereafter.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 20. Related parties

### a) Key management personnel compensation

Details of key management personnel compensation are disclosed in the Remuneration Report which forms part of the Directors' Report and has been audited. The aggregate compensation of the key management personnel which has been paid or is payable is summarised below:

	2017 \$	2016 \$
Short-term employee benefits	276,046	264,384
Post-employment benefits	15,616	15,616
Share based payments	-	5,040
	291,662	285,040

As at 30 June 2017 \$40,527 (2016: nil) was payable to Hartree Pty Ltd for outstanding fees. Hartree Pty Ltd is a Company that provides Mr Cooke's director services to the Company.

### b) Key management personnel transactions

	Charges from:		Charges to:	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>Mitchell River Group Pty Ltd</b>	281,440	282,456	66	18
Provision of a fully serviced office, admin and technical staff				
<b>EVE Investments Limited</b>	1,995	2,935	311	-
Recharge of costs				
<b>African Energy Resources Ltd</b>	249	7,576	17	3,272
Recharge of costs				
<b>Aurora Uranium Ltd</b>	46,459	49,173	-	2,145
Recharge of costs				
<b>Omniblend Innovation Pty Ltd</b>	-	-	262	-
Recharge of costs				

#### Assets and liabilities arising from the above transactions

	2017 \$	2016 \$
Trade receivables	384	2,152
Trade payables	62,108	68,715

The terms and conditions of the transactions with related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related parties on an arm's length basis. The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties. See the remuneration report for further details on these transactions.

### c) Exercise of options by key management personnel

No options were exercised by key management personnel in the period. In the prior period Mr Alasdair Cooke exercised 2,500,000 at an exercise price of \$0.05.

## 21. Interests in Subsidiaries

The consolidated financial statements include the financial statements of Anova Metals Limited and the subsidiaries listed in the following table:

	Country of incorporation	Ownership interest 2017	Ownership interest 2016
<b>Direct subsidiaries of the parent</b>			
Big Springs Project Pty Ltd	Australia	100%	100%
<b>Indirect subsidiaries</b>			
(Direct subsidiaries of Big Springs Project Pty Ltd)			
Anova Metals USA LLC	USA	100%	100%

Anova Metals Limited, incorporated in Australia, is the ultimate parent entity of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2017

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

## 22. Share-based payments

### a) Options/Performance Rights

The following share-based payment arrangements were in existence during the current and prior year:

Class	Number	Grant date	Expiry date	Exercise price (cents)	Fair value at grant date
Unlisted options	2,000,000	16-Jan-13	31-Dec-16	10.4	78,000
Unlisted options	4,000,000	16-Jan-13	31-Dec-16	12.1	148,000
Placement attaching options	16,437,500	28-Nov-14	30-Nov-16	5	-
Performance rights	3,750,000	27-Nov-14	27-Nov-17	n/a	120,000

The Anova Performance Rights Plan and Employee Option Plan are designed to provide long-term incentives for senior managers and above (including directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance rights are granted for nil consideration and nil consideration is required to convert the right into an ordinary share when vested. Options are granted for no consideration, to convert the option into an ordinary share when vested an exercise price is required to be paid to the Company. Performance rights and options granted under the plans carry no dividend or voting rights. When vested, each performance right or option is convertible into one ordinary share. Performance rights and options may be exercised at any time from the date of vesting to the date of their expiry.

The fair value of the performance rights granted during the year is nil. (2016: nil). The value is based on the underlying share price on the date of issue and likelihood of the performance right hurdle being met. At each reporting date the likelihood of each performance right hurdle is reviewed by management and the share-based payment adjusted accordingly. The fair value of performance rights vested during the year is \$7,737 (2016: \$29,856).

Placement attaching options were issued to participants of the November 2014 capital raising for nil consideration. To convert the option into an ordinary share when vested an exercise price is required to be paid to the Company and each option is convertible into one ordinary share.

	2017		2016	
	Number of options / rights	Weighted average exercise price \$	Number of options / rights	Weighted average exercise price \$
Balance at beginning of year	26,187,500	0.06	30,125,000	0.06
Exercised during the year	(19,937,500)	(0.05)	(3,937,500)	-
Lapsed during the year	(4,000,000)	(0.12)	-	-
Balance at end of year	2,250,000	-	26,187,500	0.06
Exercisable at end of year	-	-	26,187,500	0.06

There has been no alteration of the terms and conditions of the above share-based payment arrangement since grant date.

The following performance rights and options were exercised / converted during the year.

	Number	Exercise / conversion date	Share price on exercise / conversion date (cents)
<b>2017</b>			
Unlisted 5c options	2,500,000	11-Jul-16	16.00
Unlisted 5c options	6,250,000	17-Aug-16	16.00
Unlisted 5c options	1,875,000	18-Aug-16	17.50
Unlisted 10.4c options	1,500,000	3-Oct-16	16.50
Unlisted 5c options	3,000,000	7-Nov-16	15.50
Unlisted 5c options	2,812,500	30-Nov-16	14.00
Unlisted 10.4c options	500,000	30-Nov-16	14.00
Performance rights <sup>1</sup>	1,500,000	6-Feb-17	12.50
	<u>19,937,500</u>		
<b>2016</b>			
Performance rights <sup>1</sup>	250,000	30-Jun-16	12.50
Unlisted 5c options	2,500,000	30-Jun-16	12.50
Unlisted 5c options	937,500	6-Apr-16	7.20
Performance rights <sup>1</sup>	250,000	2-Mar-16	5.30
	<u>3,937,500</u>		

<sup>1</sup> Performance rights converted to ordinary shares for nil consideration.

#### Balance at end of the year

The options and performance rights outstanding at the end of the year had a weighted average remaining contractual life of 0.4 years (2016: 0.6 years).

#### 23. Reconciliation of loss after income tax to net cash outflow from operating activities

	2017 \$	2016 \$
<b>Cash flows from operating activities</b>		
<b>Loss for the year</b>	(3,402,743)	(2,206,504)
Adjustments for:		
Depreciation and amortisation expense	10,179	2,608
Recognition of rehabilitation provision	231,794	-
Equity-settled share-based payments	(41,127)	29,856
Foreign exchange gain / loss	66,125	(43)
<b>Change in operating assets &amp; liabilities</b>		
(Increase)/decrease in trade and other receivables	(13,239)	3,978
(Increase)/decrease in prepayments	(36,295)	(3,235)
(Decrease)/increase in trade and other payables	(72,680)	(59,047)
<b>Net cash used in operating activities</b>	<b>(3,257,986)</b>	<b>(2,232,387)</b>

#### 24. Parent company disclosures

	2017 \$	2016 \$
Current assets	7,586,435	1,308,494
Non-current assets	11,100,353	11,196,312
<b>Total Assets</b>	<b>18,686,788</b>	<b>12,504,806</b>
Current Liabilities	233,616	113,388
<b>Total Liabilities</b>	<b>233,616</b>	<b>113,388</b>
Contributed equity	44,747,741	34,947,123
Reserves	-	315,127
Accumulated losses	(26,294,569)	(22,870,832)
<b>Total Equity</b>	<b>18,453,172</b>	<b>12,391,418</b>
Loss for the year	(3,649,736)	(1,971,391)
Total comprehensive loss for the year	(3,649,736)	(1,971,391)

No guarantees were entered into by the parent company during the year (2016: nil).

At 30 June 2017 the parent company had a commitment under a Loan Facility Agreement with Exterra Resources Limited to provide them with up to \$2,000,000 in funding (30 June 2016: nil).

At 30 June 2017 the parent company had no contingent liabilities (30 June 2016: nil).

#### 25. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Interest rate risk;
- Foreign currency risk management; and
- Capital management.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this note and the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

##### Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 June 2017

## Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk management is the responsibility of the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities and identifying when further capital raising initiatives may be required.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. Financial assets are based on the undiscounted contractual maturities including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different year. Financial liabilities are based on undiscounted cash flows on the earliest date on which the Group can be required to pay, including both interest and principal cash flows.

	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5+ years \$	Total \$
<b>2017</b>						
<b>Financial assets</b>						
Non-interest bearing	29,641	-	-	-	-	29,641
Variable interest rate	7,709,437	-	-	-	-	7,709,437
Fixed interest rate	-	-	30,000	393,781	-	423,781
	<b>7,739,078</b>	<b>-</b>	<b>30,000</b>	<b>393,781</b>	<b>-</b>	<b>8,162,859</b>
<b>Financial liabilities</b>						
Non-interest bearing	314,392	-	-	-	-	314,392
	<b>314,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>314,392</b>
<b>2016</b>						
<b>Financial assets</b>						
Non-interest bearing	15,460	-	-	-	-	15,460
Variable interest rate	1,287,493	-	-	-	-	1,287,493
Fixed interest rate	-	-	31,829	405,913	-	437,742
	<b>1,302,953</b>	<b>-</b>	<b>31,829</b>	<b>405,913</b>	<b>-</b>	<b>1,740,695</b>
<b>Financial liabilities</b>						
Non-interest bearing	347,469	-	-	-	-	347,469
	<b>347,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>347,469</b>

## Interest rate risk management

Although some of the Group's assets are subject to interest rate risk, it is not dependent on this income. Interest income is only incidental to the Group's operations and operating cash flows.

## Foreign currency risk management

The Group operates internationally and is exposed to foreign exchange risk arising from exposures to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2017 \$	2016 \$
Cash	3,457,147	15,583
Other assets	393,781	405,913
Trade payables	80,777	234,081

## Foreign currency sensitivity analysis

The Group is exposed to US Dollar (USD) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates a decrease in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	2017 \$	2016 \$
Profit or loss	(306,943)	(21,850)
Equity	306,943	21,850

#### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of equity only, comprising issued capital and reserves, net of accumulated losses. The Group's policy is to use capital market issues to meet the funding requirements of the Group.

The Group is not subject to externally imposed capital requirements.

#### Fair value of financial assets and liabilities

AASB 7 - Financial Instruments: Requires disclosure of the fair values of financial assets and liabilities categorised by the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has no financial assets or liabilities at 30 June 2017 which have been measured at fair value using any of the above measurements.

Unless otherwise stated, the carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in notes 1 and 26. The carrying amount of trade payables is assumed to approximate their fair value due to their short term nature.

## 26. Summary of significant accounting policies

### a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Anova Metals Limited ("Company" or "Parent Entity") at 30 June 2017. Anova Metals Limited and its subsidiaries together are referred to in these financial statements as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

### c) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's controlled entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Anova Metals Limited's functional and presentation currency, as well as the functional currency of Big Springs Project Pty Ltd. The functional currency of Anova Metals (USA) LLC is US dollars.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

#### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

*For the year ended 30 June 2017*

- income and expenses for each statement of comprehensive income are translated at the average exchange rates (unless it is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## **d) Revenue recognition**

### *Interest revenue*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

## **e) Income tax**

### *Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

### *Deferred tax*

Deferred tax is provided on all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

### *Current and deferred tax for the year*

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

## **f) Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

## **g) Impairment of assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.



Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **h) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand; cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

#### **i) Receivables**

Trade and other receivables are recorded at amounts due less any allowance for doubtful debts.

#### **j) Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments in subsidiaries are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost price, net of transaction costs.

#### **k) Financial instruments issued by the Company**

##### *Debt and equity instruments*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Transaction costs on the issue of equity instruments*

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

#### **l) Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting year.

The following estimated useful lives are used in the calculation of depreciation:

Class of fixed asset	Depreciation rate (%)
Office furniture & equipment	20%
Exploration equipment	20%
Computer Equipment	20%

#### **m) Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred may be accumulated in respect of each identifiable area of interest. Exploration and evaluation costs, excluding the cost of acquiring areas of interest, are expensed as incurred. Acquisition costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- i. such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- ii. exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated acquisition costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward acquisition costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30 June 2017

## **n) Payables**

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

## **o) Provisions**

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

## **p) Provisions for restoration and rehabilitation**

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the year, in which case the amount is included in the cost of production for the year. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

## **q) Employee benefits**

### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefits obligations are presented as payables.

### *(ii) Other long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

### *(iii) Share-based payments*

Share-based compensation benefits are provided to employees. Information relating to these benefits is provided in note 21.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied.

At the end of each period, the entity revised its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## **r) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

## **s) Earnings per share**

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**t) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**u) Parent entity financial information**

The financial information for the parent entity, Anova Metals Limited, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements.

**27. Critical accounting judgements and key sources of estimation uncertainty**

Judgements made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant note to the financial statements.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

*Impairment*

The Company assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

*Share-based payments*

The Company measures the cost of equity settled transactions with consultants and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black & Scholes model using various assumptions, as discussed in note 21.



## AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 30 June 2017



### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Anova Metals Limited for the year ended 30 June 2017, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia  
29 September 2017

A handwritten signature in black ink, appearing to read 'D I Buckley', written over a horizontal line.

D I Buckley  
Partner

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

# INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2017



## INDEPENDENT AUDITOR'S REPORT

To the members of Anova Metals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Anova Metals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

# INDEPENDENT AUDITOR'S REPORT (Continued)

For the year ended 30 June 2017



Key Audit Matter	How our audit addressed the key audit matter
<b>Carrying amount of exploration and evaluation expenditure</b> Note 11 of the financial report	
<p>The Group has capitalised exploration and evaluation expenditure of \$10,746,051 as at 30 June 2017.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises acquisition costs and then expenses further exploration and evaluation expenditure as incurred. The cost model is applied after recognition.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"><li>• We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest;</li><li>• We considered the Directors' assessment of potential indicators of impairment;</li><li>• We obtained evidence that the Group has current rights to tenure of its areas of interest;</li><li>• We substantiated a sample of exploration and evaluation expenditure incurred during the year;</li><li>• We examined the exploration budget for the year ending 30 June 2018 and discussed with management the nature of planned ongoing activities; and</li><li>• We examined the disclosures made in the financial report.</li></ul>

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



#### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## INDEPENDENT AUDITOR'S REPORT *(Continued)*

*For the year ended 30 June 2017*



### **Report on the Remuneration Report**


#### *Opinion on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Anova Metals Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

  
HLB Mann Judd  
Chartered Accountants

  
D I Buckley  
Partner

Perth, Western Australia  
29 September 2017

## ADDITIONAL SHAREHOLDER INFORMATION

For the year ended 30 June 2017



### 1. Exchange Listing

Anova Metals Limited shares are listed on the Australian Securities Exchange. The Company's ASX code is AWW.

### 2. Substantial Shareholders (Holding Not Less Than 5%)

The following substantial shareholders have lodged relevant disclosures with the Company.

Name of Shareholder	Number of shares held	% held
Phoenix Gold Fund Limited	27,986,111	6.17
Lujeta Pty Ltd	25,000,000	5.51
Mr Alasdair Campbell Cooke	24,889,299	5.49

### 3. Class of Shares and Voting Rights

At 11 September 2017, there were 1,779 holders of 453,400,292 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited)."

### 4. Distribution of Shareholders

Range	Securities	No of holders	%
100,001 and Over	427,322,785	314	94.25
10,001 to 100,000	23,415,905	628	5.16
5,001 to 10,000	1,707,933	232	0.38
1,001 to 5,000	856,914	268	0.19
1 to 1,000	96,755	337	0.02
Total	453,400,292	1,779	100.00
Unmarketable Parcels	1,267,008	663	0.28

### 5. Unquoted Securities as at 11 September 2017

Securities	Number on issue	Number of holders	Holders with more than 20%	Number held
Performance Rights	2,250,000	2	N/A	N/A

### 6. Listing of 20 Largest Shareholders as at 11 September 2017

Rank	Name	Number of shares held	% IC
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	35,959,053	7.93
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,615,353	7.41
3	LOMACOTT PTY LTD <THE KEOGH SUPER FUND A/C>	17,800,000	3.93
4	MR JOHN CAMPBELL SMYTH <SMYTH SUPER FUND A/C>	12,310,000	2.72
5	DARLEY PTY LIMITED <DIW INVESTMENT A/C>	12,300,000	2.71
6	GREGORACH PTY LTD	12,046,010	2.66
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	10,725,750	2.37
8	GEARED INVESTMENTS PTY LTD <INVESTMENT A/C>	9,000,000	1.99
9	MR REX SEAGER HARBOUR	8,635,000	1.90
10	MR ALASDAIR CAMPBELL COOKE	8,249,121	1.82
11	BPM CAPITAL LIMITED	8,000,000	1.76
12	CLARIDEN CAPITAL LIMITED	7,600,000	1.68
13	DEFENDER EQUITIES PTY LTD <DEFENDER AUS OPPORTUN FD A/C>	7,600,000	1.68
14	MITCHELL RIVER GROUP PTY LTD	7,500,000	1.65
15	GOLDRICH HOLDINGS PTY LTD	7,500,000	1.65
16	HARTREE PTY LTD	6,972,564	1.54
17	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	6,186,787	1.36
18	SINO PORTFOLIO INTERNATIONAL LIMITED	5,935,121	1.31
19	LUJETA PTY LTD <MARGARET A/C>	5,384,615	1.19
20	BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	5,000,000	1.10
		<b>228,319,374</b>	<b>50.36</b>

### 7. Other Information

There is no current on-market buyback of the Company's securities and the Company does not have any securities on that issue that are subject to escrow restriction.

This page has been left blank intentionally.

For personal use only





For personal use only



*Telephone:* +61 8 6465 5500

*Facsimile:* +61 8 6465 5599

*PO Box 162, Subiaco WA 6904*

*Suite 1, 245 Churchill Avenue*

*Subiaco WA 6008*

**[anovametals.com](http://anovametals.com)**

ABN 20 147 678 779

