

31 October 2017

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 SEPTEMBER 2017

HIGHLIGHTS

- Scheme of Arrangement with Exterra Resources completed in early October
- Second Fortune Progressing to Production
 - Mobilisation of Mine Contractor in Late November
 - GM of Operations Appointed
- Exploration Drilling Program Conducted at Big Springs Project

CORPORATE

Scheme of Arrangement

During the quarter Anova Metals Limited (“**Company**” or “**Anova**”) (ASX: AWW) and Exterra Resources Limited (“**Exterra**”) (ASX: EXC) continued progressing a Scheme of Arrangement (“**Scheme**”) whereby Anova would acquire all of the issued capital of Exterra.

During the quarter, the Scheme became Effective, having received the overwhelming approval of Exterra shareholders as well as approval by the Federal Court. In early October 172,594,404 Anova shares were issued to Exterra shareholders on a 1:2 ratio. Existing Anova shareholders hold approximately 72.4% of the shares in the merged entity and Exterra shareholders hold approximately 27.6%. In late September, Exterra directors Mr Geoff Laing and Mr John Davis were appointed as an Executive Director and Non-Executive Director respectively of Anova.

The merged entity holds an outstanding portfolio of production, development and exploration projects under the guidance of an experienced and proven management team. The Board of Anova believes that the combination of Anova’s strong balance sheet and the near term production potential of the Linden Gold Project provides a compelling position for the ongoing growth of the company.

Cash Position

As at 30 September 2017, the Company’s cash balance was \$4.4m. During the quarter \$2m was drawn down by Exterra Resources prior to the completion of the Scheme of Arrangement. Following completion of the Scheme of Arrangement in early October, \$1.7m was held by Exterra Resources and collectively \$6.1m held by the merged entity.

SECOND FORTUNE

Appointment of Mine Contractor

Following the completion of the quarter Anova appointed GBF Underground Mining Company (“**GBF**”) as the preferred mining contractor for the Second Fortune Gold Mine. It is intended that GBF will mobilise to Second Fortune by late November.

GBF are an experienced underground mining contractor with a strong presence in Western Australia, including the Goldfields region. GBF employs over 350 underground mining and maintenance staff and is the contractor at a number of current WA gold mining operations.

Anova has elected for a staged approach to mining. The initial stage will see the construction of the portal, the development of the decline down to the first ore drive and the development and stoping of this drive. This will produce a marketable parcel of ore for toll treatment and allow for a review of the geology, mining method and ore sorting prior to proceeding with further development.

Proceeding with this strategy will greatly reduce the project risk as well as lowering the financing cost for commencing mining operations. The Company is at an advanced stage of negotiations with a number of parties in the region for toll treatment of ore from the Second Fortune Gold Mine and anticipates finalisation of a toll treatment agreement prior to the mobilisation of GBF.



Image 1: Second Fortune Gold Mine

Site Works

Anova is continuing with site works and the dewatering program, in preparation for mobilisation of GBF in late November.

Camp facilities are currently being expanded to accommodate the additional staff that will be on site during mine operations. The open pit dewatering is nearing completion and the pumping infrastructure is in place to dewater the historic underground workings.

Grade Control Drilling

During the quarter a program of Reverse Circulation drilling consisting of 18 holes was completed in the immediate vicinity of the old underground workings to provide information on grade/width/location of the ore lodes to support the mine design.



Appointment of GM of Operations

Subsequent to quarter end, the Company appointed Mr Jake Campbell as General Manager of Operations effective immediately. Mr Campbell is responsible for the management of the Second Fortune Gold Mine and will oversee the transition from development to production.

Mr Campbell is an experienced engineer with specific expertise in mine development and management. Most recently Mr Campbell worked at Panoramic Resources where he variously held the positions of Mine Manager at the Lanfranchi Nickel Mine and Savannah Nickel Mine.

BIG SPRINGS

Permitting

As previously announced, the Nevada Division of Environmental Protection (“NDEP”) and United States Forest Service (“USFS”) have agreed for the environmental bond for the Big Springs Mine Project to be posted in stages (Refer to the Company’s June 2017 Quarterly Report). This allows Anova to initiate exploration within the Mine Project Area under the Mine Plan of Operations without posting the full mine bond and without the requirement for further environmental approvals.

Anova submitted a reclamation cost estimate reflecting the rehabilitation costs associated with exploration drilling late in the previous quarter. The reclamation cost estimate was approved by NDEP and USFS in August 2017, and NDEP subsequently issued the Nevada State Reclamation Permit for the Project.

In August 2017 Anova and its key environmental consultants presented a work plan for the second phase of mining at Big Springs, the North Sammy Underground Project, to USFS and NDEP. The work plan consists of a framework through which Anova and its consultants intend to progress the environmental approvals for the Project. The work plan was well received by both agencies and field work consisting of aquifer testing was undertaken subsequent to the end of the quarter. Furthermore, Anova is planning to construct a monitoring well downgradient of the proposed mine workings during the quarter to provide additional critical data for the development of the hydrological model.

Results from the test work and proposed monitoring well will be incorporate into a site wide numerical hydrological model to be developed by Anova and its hydrogeological consultant.

Exploration

During the quarter Anova commenced an exploration drilling program designed to follow up on the excellent results returned at South Sammy and Beadles Creek during the 2016 drilling campaign (Refer to the Company’s December 2016 Quarterly Report for details of the 2016 program).

The drilling at Beadles Creek has been designed to test for shallow up-dip eastern extensions of the high grade zone intersected during the 2016 drilling campaign. Anova successfully completed seven holes for a total of 1,230 metres at the prospect, all of which have been submitted for geochemical analyses. Final results are expected shortly and will be reported during the first week of November 2017.

Drilling at South Sammy commenced at the end of September following completion of the Beadles Creek program. While Anova was initially expecting to have two drill rigs operating in tandem, personnel shortages experienced by the drilling contractor as a result of an uptick in exploration activity in the United States, resulted in only one drill rig being operational at a time.

Anova commenced drilling at South Sammy late in the quarter and has completed three holes for a total of 615 meters. Results from geochemical analyses are expected in mid-November and will be reported to the market once they have been received.



Image 2: Drill rig at the Big Springs Project

Mining

Anova and Jerritt Canyon Gold LLC are currently in discussions regarding the terms of a tolling agreement. Representatives from Jerritt Canyon visited the Big Springs Project in October to review the planned mine operations. During the quarter, a revised mine design was prepared by Small Mine Development LLC, the underground mine contractor at Jerritt Canyon. This design work is currently being reviewed by Anova, prior to being forwarded to Jerritt Canyon's technical team for review of tonnages, grade and scheduling of ore. Further updates will be provided during the next quarter.

Mineral Resources

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

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
Second Fortune	-	-	-	339.0	6.0	65.0	339.0	6.0	65.0
Combined Total of Ore Reserves	-	-	-	339.0	6.0	65.0	339.0	6.0	65.0

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
E39/1232	Linden	100%
E39/1539	Linden	100%
E39/1754	Linden	100%
E39/1977	Linden	100%
L39/0012	Linden	100%
L39/0013	Linden	100%
L39/0014	Linden	100%
L39/0230	Linden	100%
M39/0255	Linden	100%
M39/0386	Linden	100%
M39/0387	Linden	100%
M39/0500	Linden	90%
M39/0629	Linden	100%
M39/0649	Linden	100%
M39/0650	Linden	100%
M39/0780	Linden	100%
M39/0781	Linden	100%
M39/0794	Linden	100%
P39/5599	Linden	100%
E39/1897	Zelica	100%
M39/1101	Zelica	100%
M37/1164	Malcolm	100%
E37/1294	Malcolm	100%
P77/4351	Grass Flat	100%
P77/4352	Grass Flat	100%
P77/4353	Grass Flat	100%
P77/4354	Grass Flat	100%
P77/4355	Grass Flat	100%
P77/4454	Grass Flat	100%
E77/2355	Grass Flat	100%
E77/2365	Grass Flat	100%
E77/2430	Grass Flat	100%
E45/4766	Moolyella	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%
DOME-1 to DOME-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 (SW¼ SW¼); SE¼ SW¼; NE¼ SE¼
- Section 8 - N ½ SW¼
- Section 31 - Lot 2 (SW¼ NW¼); Lot 4 (SW¼ SW¼); NE¼ SW¼; SW¼ SE¼

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Anova Metals Limited

ABN

20 147 678 779

Quarter ended ("current quarter")

30 SEP 2017

Consolidated statement of cash flows

1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for:		
	(a) exploration & evaluation	(548)	(548)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(204)	(204)
	(e) administration and corporate costs	(323)	(323)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	11	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,190)	(1,190)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(3)	(3)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(2,000)	(2,000)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,003)	(2,003)

Current quarter \$'000	Year to date (3 months) \$'000
-	-
(548)	(548)
-	-
-	-
(204)	(204)
(323)	(323)
-	-
11	11
-	-
-	-
-	-
-	-
(1,190)	(1,190)
(3)	(3)
-	-
-	-
-	-
-	-
-	-
(2,000)	(2,000)
-	-
-	-
(2,003)	(2,003)

	Current quarter \$'000	Year to date (3 months) \$'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,709	7,709
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,190)	(1,190)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,003)	(2,003)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	(85)	(85)
4.6 Cash and cash equivalents at end of quarter	4,432*	4,432

	Current quarter \$'000	Previous quarter \$'000
Reconciliation of cash and cash equivalents		
5. at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	2,819	3,572
5.2 Call deposits	1,613	4,137
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,432*	7,709

* In early October, the Company gained \$1.7m, being funds held by Exterra Resources which was acquired via a Scheme of Arrangement.

	Current quarter \$'000
6. Payments to directors of the entity and their associates	
6.1 Aggregate amount of payments to these parties included in item 1.2	110
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Payment of director fees	

	Current quarter \$'000
7. Payments to related entities of the entity and their associates	
7.1 Aggregate amount of payments to these parties included in item 1.2	79
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
Payment for administration and technical staff and provision of a fully serviced office	

Financing facilities available

8. Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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

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9. **Estimated cash outflows for next quarter**

9.1 Exploration and evaluation

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other (provide details if material)

9.7 **Total estimated cash outflows**

\$'000
480
655
325
270
480
-
2,400

10. **Changes in tenements (items 2.1(b) and 2.2(b) above)**

10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced

10.2 Interests in mining tenements and petroleum tenements acquired or increased

Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
-	-	-	-
-	-	-	-

Compliance statement

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



Mr Steven Jackson

Company Secretary

Date: 31 October 2017

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.