

30 April 2018

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 31 MARCH 2018

HIGHLIGHTS

- \$3m Secured Loan Facility Executed
- Level 1 strip-out and development extension completed
- Ore being processed through Anova's ore sorter and being transported to Burbanks process facility
- Toll Milling Agreement finalised with Maximus
- Processing of ore commenced at Burbanks process facility
- Second Fortune first gold pour expected this week

SECOND FORTUNE

Mining

During the quarter the strip-out of level 1 was completed and the level 1 ore drive was extended beyond the historic workings by 30m in a southerly direction. Stopping of ore on level 1 has commenced and was processed through the ore sorter prior to transporting to the Burbanks mill, where ore from Second Fortune is being toll treated.

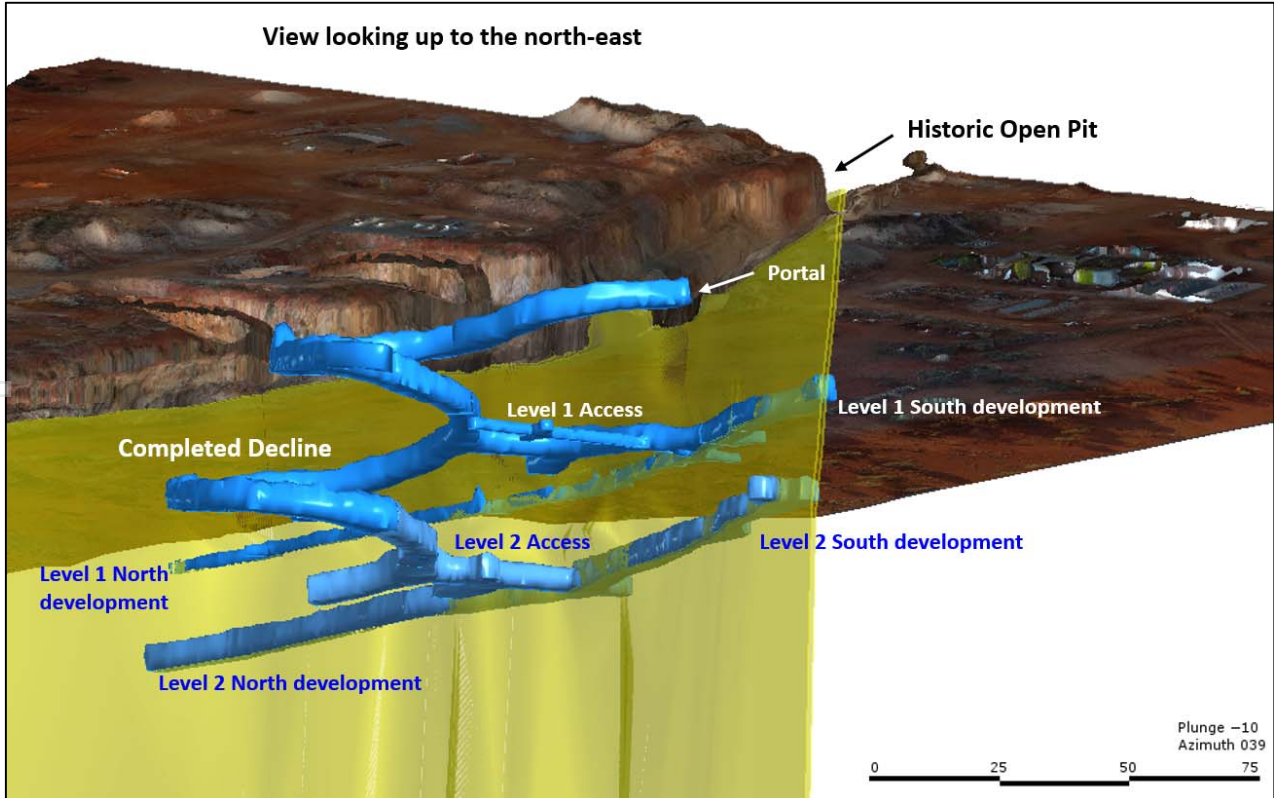


Figure 1: Second Fortune Underground Development at 22 April 2018.

+61 8 6465 5500

www.anovametals.com.au

info@anovametals.com.au

Suite 1, 245 Churchill Avenue Subiaco WA 6008

ABN 20 147 678 779

The level 2 development access has been cut allowing access to the level 2 historic workings and stripping of the ore drive commenced. Development ore is being processed through the ore sorter prior to haulage to Burbanks.



Figure 2: Level 2 North Ore Drive at 10 April 2018.

Ore Sorting

The ore sorter continued to process underground development material over the past month. The ore sorter utilises optical scanners to selectively identify and separate white quartz vein material from the darker mafic volcanic host rock, thereby removing most of the mining dilution and reducing haulage and processing costs.

The sorter has been performing well with respect to recovery although throughput rates have been lower than forecast. The reduced throughput rate has been offset by the run of mine ore currently producing higher percentage of fines than expected (around 40% vs forecast 20-30%) and this has reduced the tonnes presented to the ore sorter. It is also expected that not all stope ore will require sorting depending on the performance of the stopes, allowing direct treatment of unprocessed stope ore.

Processing and Ore Haulage

Ore haulage commenced with SideTippers contracted to transport ore from Second Fortune to the Burbanks processing facility. The initial ore shipment is both fines and sorted ore from stockpiles plus new development and stope ore from level 1. Material was stockpiled at Burbanks ahead of the first milling campaign on the 15th of April 2018 and the first gold pour is expected early this week.

Mining, transporting and processing of ore from levels 1 & 2 will continue through May and June. Processing at Burbanks continues to progress well with the first gold pour expected this Tuesday and subsequent gold pours thereafter on a regular basis.



Figure 3: The first road train being loaded with ore from Second Fortune.

Toll Milling Agreement

Anova entered into a Toll Milling Agreement with Eastern Goldfields Milling Services Pty Ltd, a wholly owned subsidiary of Maximus Resources Ltd (ASX:MXR) for the processing of ore from Anova's Second Fortune Gold Project in WA.

Under the terms of the agreement ore from the Second Fortune Gold Project is being processed at the Burbanks Gold Processing Facility ("Burbanks"). Burbanks is located approximately 270kms from the Second Fortune Gold Project via public road through Coolgardie.

Anova's ore will be treated on a campaign basis with fees payable to Maximus for the processing comprising a fixed cost for tonnage and an allowance for variable costs based on performance of the ore in the mill. Anova has also agreed to pay a partial pre-payment of processing costs to secure priority for the milling of 40,000 tonnes of ore. The pre-payment is secured and will be deducted from costs of ore processed.

Mining Finance

Anova's wholly owned subsidiary Anova Metals Australia Pty Ltd entered into a Facility Agreement ("Facility") with a loan syndicate co-ordinated by agent and security trustee, MSQ Holdings Pty Ltd. Under this Facility Anova has drawn \$3m to meet expenditure requirements at the Second Fortune Gold Project and for working capital. The Facility is

subject to standard terms of a Facility of its size and nature and prior to drawdown the Company must, amongst other things, execute satisfactory tolling and haulage agreements for ore from Second Fortune and issue the unlisted options mentioned below.

Key facility terms include:

- 5% upfront facility fee.
- Interest rate of 15% per annum, payable monthly.
- 7,500,000 unlisted options over Anova shares, exercisable at 10 cents per share by 31 December 2018.
- Secured over all the assets of Anova Metals Australia Pty Ltd, Anova Metals Ltd and Big Springs Project Pty Ltd (owner of the Big Springs Project).

BIG SPRINGS

Permitting

Permitting activities at Big Springs focussed primarily on the North Sammy Underground Project where Anova and its hydrogeological consultant is developing a hydrogeological model which will form part of the regulatory approvals for North Sammy. The first stage of the modelling process involves creation of a 3D structural and geological model that will be used to constrain aquifers and how these aquifers interact with the surface water regime. The geology model is expected to be completed during the next quarter to then prepare for final hydro modelling and reporting.

Mining

Anova and Jerritt Canyon Gold LLC are in ongoing discussions regarding the terms of a tolling agreement. During the quarter mine designs for South Sammy and North Sammy were updated by Small Mine Development LLC, the underground mining contractor at Jerritt Canyon. Anova has received the updated designs and is currently reviewing the results.

CORPORATE

General Meeting

A general meeting was held on 5 April 2018 to ratify the issue of financier options and approve the issuer of financier options to a related party. Both resolutions passed on a show of hands.

Sale of the Moolyella Project

Subsequent to the quarter end, Anova sold the Moolyella tenement, located in the Pilbara of WA, to Lithium Australia as the project was deemed to be a non-core asset.

Consideration for the sale include:

1. \$25,000 cash at Settlement; and
2. \$25,000 in shares of Lithium Australia NL (ASX:LIT).

Cash Position

As at 31 March 2018, the Company's cash balance was \$3m.

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 Andrew McDonald, a full-time employee of Anova Metals Ltd, and Mr Lauritz Barnes (Principal Consultant Geologist, Trepanier Pty Ltd). Mr McDonald and Mr Barnes are shareholders of Anova Metals. Mr McDonald and Mr Barnes are members of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as 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 McDonald and Mr Barnes consent 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%
M39/0794	Linden	100%
P39/5599	Linden	100%
E39/1897	Zelica	100%
M39/1101	Zelica	100%
L39/261	Zelica	100%
L39/270	Zelica	100%
L39/271	Zelica	100%
M37/1164	Malcolm	100%
E37/1294	Malcolm	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")

31 March 2018

Consolidated statement of cash flows

1. Cash flows from operating activities

1.1	Receipts from customers	-	-
1.2	Payments for:		
	(a) exploration & evaluation	(239)	(1,469)
	(b) development	(3,722)	(4,385)
	(c) production	-	-
	(d) staff costs	(142)	(698)
	(e) administration and corporate costs	(72)	(438)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	23
1.5	Interest and other costs of finance paid	(47)	(47)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material) - Bonding	-	(105)
1.9	Net cash from / (used in) operating activities	(4,216)	(7,119)

2. Cash flows from investing activities

2.1	Payments to acquire:		
	(a) property, plant and equipment	(54)	(254)
	(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)	51	51
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(2,000)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) – cash gained from Scheme of Arrangement	-	1,813
2.6	Net cash from / (used in) investing activities	3	(390)

Current quarter \$'000	Year to date (9 months) \$'000
-	-
(239)	(1,469)
(3,722)	(4,385)
-	-
(142)	(698)
(72)	(438)
-	-
5	23
(47)	(47)
-	-
-	-
-	(105)
(4,216)	(7,119)
(54)	(254)
-	-
-	-
-	-
-	-
-	-
-	(2,000)
-	-
-	1,813
3	(390)

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	Current quarter \$'000	Year to date (9 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	-	(28)
3.5 Proceeds from borrowings	3,000	3,000
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(185)	(185)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(2,815)	(2,786)
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	4,350	7,709
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,216)	(7,119)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3)	(390)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2815	2,786
4.5 Effect of movement in exchange rates on cash held	11	(30)
4.6 Cash and cash equivalents at end of quarter	2,956	2,956

	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	2,494	2,043
5.2 Call deposits	462	2,307
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)	2,956	4,350

	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	121
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 (\$113k) and interest (\$8k)	

	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	93
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
3,000	3,000
-	-
-	-

5% upfront facility fee.

Interest rate of 15% per annum, payable monthly.

7,500,000 unlisted options over Anova shares, exercisable at 10 cents per share by 31 December 2018.

Secured over all the assets of Anova Metals Australia Pty Ltd, Anova Metals Ltd and Big Springs Project Pty Ltd (owner of the Big Springs Project).

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
150
1,500
5,100
130
265
-
7,145*

**Doesn't take into account forecast revenue from Second Fortune operations which will be received in the next quarter*

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
M39/0780	-	100%	0
M39/0781		100%	0
P77/4351		100%	0
P77/4352		100%	0
P77/4353		100%	0
P77/4354		100%	0
P77/4355		100%	0
P77/4454		100%	0
E77/2355		100%	0
E77/2365		100%	0
E77/2430		100%	0
L39/261	-	0	100%
L39/270		0	100%
L39/271		0	100%

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: 30 April 2018

Notes

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

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