

31 July 2018

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 JUNE 2018

HIGHLIGHTS

- Second Fortune completed nine gold pours during the quarter
- Mining of the stopes on level 2 was completed
- Majority of phase 1 ore processed at the Burbank's process facility
- 3,244 oz's produced for the quarter
- Total unreconciled campaign production including July approximately 3,700 oz's
- Design review underway for Level 3 onwards to focus on narrower vein mining and reduced dilution
- Big Springs Gold Project Nevada divestment to allow Anova to unlock significant value to focus on WA assets

SECOND FORTUNE

Mining

During the quarter, mining of levels 1 & 2 was completed. All ore mined, as well as the commissioning stock piles of Second Fortune ore was transported to the Burbanks Mill for processing. The first milling campaign was completed on the 16th of July. Sorting of development ore was successfully trialled although elevated fines quantities resulted in less material being sorted than planned. Stope ore was direct shipped to the toll treatment facility.

There has been significant unplanned dilution in the level 2 stopes, most of which has been caused by the larger drive opening aligning with a structure and resulting in failures. This has resulted in an increase in tonnes, and a corresponding reduction in grade. Preliminary reconciliations indicate gold production has been consistent with estimates from face sample grades taken during the development of the drive but lower than block model estimates by about 15%. Production costs will be higher than forecast due to the increased tonnes hauled and processed. A full reconciliation will be undertaken at the completion of processing and final Gold in Circuit calculations.

A design review is being completed for level 3 onwards which involves the use of smaller development drives and narrow vein mining techniques such as split firing ore faces. This is expected to reduce the impact of the mine dilution issues. This review will be completed once the gold produced from level 2 is finalised and reconciled with the block model estimates.

The mining operations for the first stage (level 1 and level 2) are now complete in accordance with the staged development approach previously outlined (see ASX release 20 October 2017). Anova is now

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in negotiations with GBF, the mine contractor for the first campaign, to re-commence mining activities on the lower levels of the deposit, which will be subject to agreement on a new mining proposal and new financing arrangements.

Processing and Ore Haulage

Subject to final reconciliation, the Company produced 3,244 oz's to the end of the quarter. The quarter processing include ore sourced from the level 1 and 2 stopes, ore sorter product and fines from level 1 and 2 development material as well as ore sorter material from the commissioning. Preliminary reconciliation indicates mill production consistent with estimates of grades delivered to the mill.

Mill processing continued into July with a further six gold pours. Processing in July increased the total gold production for the campaign to approximately 3,700 oz's, subject to final reconciliation.



Image 1: Gold bar from Second Fortune processing on 19 June.

Table 2: Gold production schedule, campaign to 30 June 2018

	Wet	Dry
Tonnes Milled	32399.0	31116
	G	oz's
Opening GIC	11003	354
Closing GIC	20916	672
Difference	9912	319
Gold to tails	5799	186.45
Gold in Bullion	90991.1	2925.43
Gold In Feed	106702.6	3430.57
Gold Recovered	100903.4	3244.12
Reconciled Recovery	94.57	
Reconciled Head Grade	3.29	

BIG SPRINGS

Subsequent to quarter end, Anova announced its intention to divest its Big Springs Gold Project. The divestment of Big Springs will allow Anova to realise significant value from its past investments in the US and focus on its Australian projects including Anova's 100% owned Second Fortune Gold Project.

Anova acquired Big Springs in 2013 and has completed significant work on the project to reach the 2017 valuation. This work primarily focused on increasing the project's gold inventory and advancing permitting. Key milestones included a maiden resource in 2013, an increased resource in 2014 (see Table 1) as well as completing the Plan of Operations process and receiving all of the necessary permits to commence operations in early 2017. Anova also identified new exploration targets, some of which have been drilled - increasing the extent of known mineralisation and resulting in resource growth.

Resource Category	Cut-off (g/t Au)	Metric Tonnes (Kt)	Grade (g/t Au)	Contained gold (ounces)
Measured	0.9	641	5.7	116,100
Indicated	0.8	4,762	2.2	343,300
Inferred	0.9	10,630	1.7	570,400
Total	0.9	16,032	2.0	1,029,900

Note: Appropriate rounding applied

Table 1: Big Springs Mineral Resource estimate June 2014 (2012 JORC Code guidelines)

The divestment process, led by experienced Canadian resources advisors Haywood Securities Inc. ("Haywood Securities"), who will manage the divestment process.

Anova expects the process to run for several months and is targeting completion before the end of this calendar year. The process concerning a potential divestment transaction Remains confidential, however Anova will keep the market informed in the event of a material development from the process. There is no certainty that the process will lead to the divestment of the Big Springs Gold Project and any agreement, once entered into, will be disclosed and be subject to any necessary regulatory approval process including any approvals required by the ASX.

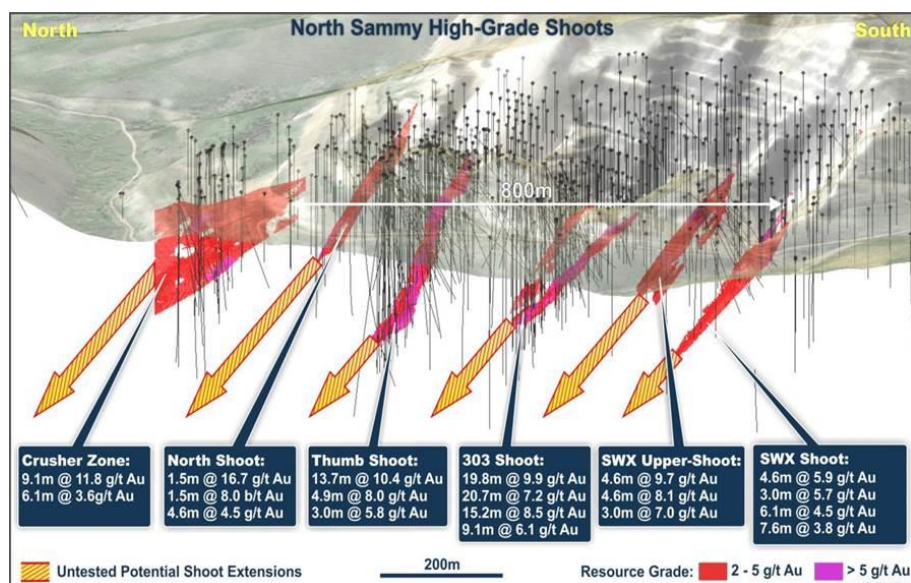


Figure 1: North Sammy Extension Targets

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Figure 2: Gold in Soil Anomalies at Big Springs

CORPORATE

The Company has entered into negotiations with the loan syndicate (see ASX Release 31 January 2018) to potentially extend the term of the \$3,000,000 financing facility. The Company will update the market in due course on the status of these negotiations.

In the period the Company submitted a Research and Development Tax Incentive application for approximately \$120k, this was approved and received subsequent to the quarter end.

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

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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%
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 June 2018

Consolidated statement of cash flows

	Current quarter \$'000	Year to date (12 months) \$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,725	3,725
1.2 Payments for:		
(a) exploration & evaluation	(14)	(1,483)
(b) development	-	(4,385)
(c) production	(5,629)	(5,629)
(d) staff costs	(247)	(945)
(e) administration and corporate costs	(131)	(569)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	24
1.5 Interest and other costs of finance paid	(151)	(198)
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	(2,445)	(9,564)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(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)	25	76
(c) investments	21	21
(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	46	(345)

	Current quarter \$'000	Year to date (12 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	(2)	(30)
3.5 Proceeds from borrowings	-	3,000
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	(185)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(2)	2,785
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	2,956	7,709
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,445)	(9,564)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	46	(345)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(2)	2,785
4.5 Effect of movement in exchange rates on cash held	14	(17)
4.6 Cash and cash equivalents at end of quarter	568	568

	Current quarter \$'000	Previous quarter \$'000
5. Reconciliation of cash and cash equivalents		
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	567	2,494
5.2 Call deposits	1	462
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)	568	2,956

	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	84
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 (\$59k) and interest (\$25k)	

	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	-
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.

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).

Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
3,000	3,000
-	-
-	-

9. Estimated cash outflows for next quarter

9.1 Exploration and evaluation

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other (provide details if material) – Repayment of debt (see section 8).

9.7 Total estimated cash outflows

\$'000
215
0
2,600
20
200
3,000 ¹
6,035 ²

¹ Refer to note in Corporate Section of the quarterly regarding re-negotiation discussions.

² Doesn't take into account forecast revenue (\$2.75m) from Second Fortune operations which are expected to 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
E45/4766	-	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: 31 July 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.