anova metals limited

ANNUAL REPORT 2018

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Mr Steven Jackson

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STOCK EXCHANGE LISTING

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

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CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Anova Metals Board, I present the company's Annual Report for the 2018 financial year. Despite the continued effort and dedication of Anova's Board and management team, it is fair to say that this year has been a challenging one for the Company.

The Company's first mining campaign at the Second Fortune Gold Project commenced in November 2017 and was completed in July 2018. Anova proceeded with a campaign mining approach, rather than committing the Company to a full development plan.

There were valuable learnings from this first mining campaign regarding the critical risks relating to geology and resource which are now much better understood, and provide a higher level of confidence for future operations. The Second Fortune mining plan is being revised before Anova commits to proceeding with the next stage of mining.

In July 2018, the Company announced its intention to divest its Big Springs Gold Project. This will allow the Company to unlock significant value from the work undertaken at Big Springs over the past five years as well as allowing the Company to focus on its core Australian projects and other opportunities. The Company has also re-organised its financing and has significantly reduced expenditure.

We continue to be appreciative of the support from shareholders and the efforts of the Board and management. We look forward to a positive year ahead, where our focus will be to advance projects within the Company's Australian portfolio, as well as actively seeking out new opportunities that benefit our shareholders.

Yours sincerely,

Mal James
Non-Executive Chairman

REVIEW OF OPERATIONS

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 17 tenements that cover 66.0 square kilometres. 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 from 1941 to 1988.

Figure 1: Anova Western Australian Project Location Plan

Second Fortune Gold Mine

Following the completion of the Scheme of Arrangement in early October 2017, the Company initiated its plan for mining at Anova's Second Fortune gold mine. Mining was planned as a campaign to evaluate the geology and resource models, mining method, ore sorting process and toll treating arrangements prior to committing to a full development plan.

A Mining Contractor, GBF Mining, were appointed in late October. Mine dewatering, camp expansion and other site preparations progressed as planned and GBF mobilised to Second Fortune in mid-November 2017.

In preparation for mine development, a reverse circulation drilling programme was completed to test the grades and vein thickness in the first mining levels. Holes were designed to intercept the planned stopes immediately below previous mine workings. Results were consistent with expected grades and thickness.

To ensure surveys of the underground voids were consistent with plans an underwater drone survey was conducted to inspect shafts and mine voids. Video imagery and depth logs from the drone confirmed there were no unexpected mining voids and plans were consistent with those in use.

The campaign, which ran from November 2017 to July 2018 included development of a new portal and decline to intersect the old workings on level 1 and level 2, then mining, sorting and toll milling of remnant ore from level 1 and production from a full strike of new development and stoping on level 2.

Mining Campaign Overview

Key points and statistics for the mining campaign are outlined below:

- *Total gold produced: 3,701 oz vs forecast of 5,503 oz.*
- *Total tonnes milled: 37,637 vs forecast of 17,486.*
- *Average mill grade of 3.24 g/t vs forecast of 10 g/t.*
- *Toll treatment at Burbanks mill performed as forecast with 94% recovery.*
- *Difference in grade and tonnages largely due to unplanned dilution from hanging wall failures in stopes.*
- *Significantly lower than forecast throughputs and utilisation for the ore sorter with around 15,000t of low grade being sorted, compared to a forecast of 33,000t.*
- *Additional tonnages from dilution and less tonnes processed by sorting resulted in an additional 20,000t sent for milling, resulting in increased transport and milling costs.*
- *Difference in total ounces is attributed in equal part to:*

  - loss of ore on level 1 due to geotechnical problems with stope; and

  - overstatement of ore grades in block model next to high grade areas.
- *Level 2 stope produced approximately 3,358 oz vs forecast of 4,025 oz.*
- *Block model reconciliation on level 2 shows model has overstated grade by approximately 18% in the vicinity of high-grade zones.*

Mining

The geology model for the main vein performed well and confirmed the continuity of the vein. Mapping of the vein highlighted the simple geometry of the northern extents, confirmed the presence of higher grade shoots developed in the central zone and added to the understanding of the more complex vein structure in the southern zone. Face sampling of the veins showed good general agreement with predicted grades however the final reconciliation with the resource model showed areas of high grade were overestimated in the model by around 15% for level 2.

Geotechnical problems did become a significant issue. Whilst GBF performed well with a number of costs below budget, additional costs were incurred for ground support in shallow areas of the decline.

Similar problems on level 1 south resulted in hanging wall failures with the loss of around 1,000 oz in unrecoverable stope ore and ore diluted below cut-off grade.

On level 2 there were areas of significant dilution in the stopes due to hanging wall failures contributing almost 10,000 tonnes of waste to second level stope ore. The failures in level 2 only became evident at the completion of the campaign once ore was extracted and final surveys were completed.

A significant fault, that was previously unknown, was observed to truncate the main vein at the south end of both level 1 and 2, approximately where mining was planned to terminate on those levels. Ground conditions associated with that fault were poor, due to deeper weathering on the fault zone and the sub-parallel geometry of the fault in the stope hanging wall. This was a main contributing factor to unplanned dilution and loss of ore in the level 1 southern stope.

The dilution from wedge failures on level 2 are considered to be due to planes of weakness parallel to the main vein becoming linked to the ore drive. There is no indication of similar failures on the old mine workings, where ore drives are narrower. Future mine plans will use smaller ore drives to minimise this risk.

There is now good confidence the main vein geometry is regular and can be mined using simple long hole methods with simple face sampling for grade control. There is also good confidence that geometry and structure may be extrapolated to lower levels. Extrapolation of face grades to lower levels, particularly the shoot zones, also seems reasonable, however the high variance will remain an issue for detailed modelling of grade. However the modelling of grade does appear to perform as expected over larger parcels, e.g. grade by stope.

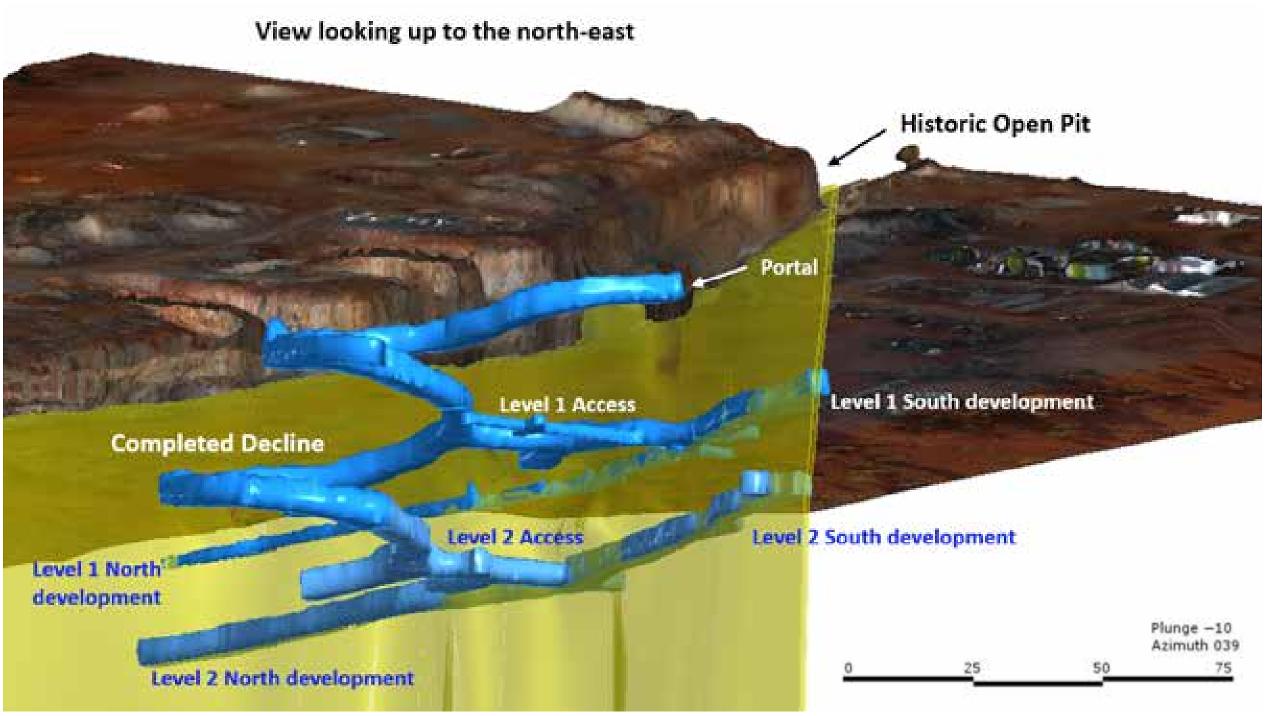


Figure 2: *Second Fortune Underground Development at 22 April 2018*

Figure 3: *Level 2 North Ore Drive at 10 April 2018*

Ore Sorting

The ore sorter performed as expected technically with greater than three times upgrade into product, however costs and overall performance of the sorter were adversely affected by higher levels of fines and slower than forecast throughput rates. The fines generated in the mining operation were significantly higher than forecast, around 50%, causing a reduction in material suitable to be presented to the sorter. The throughput rates on the sorter were also significantly lower than forecast in part due to the slabby nature of the rock reducing volume on the belt as well as operating trade-offs between throughput and recovery. Consequently, the ore sorter did not achieve forecast production rates which therefore resulted in higher than planned unit cost rates.

Processing

Anova entered a Toll Milling Agreement with the Burbanks Gold Processing Facility for processing of ore from the first campaign. Toll milling at Burbanks performed according to expectations, with an achieved recovery factor of c.94% However, additional tonnages from dilution caused significant increases in both the haulage and processing costs for the first campaign.

Mining finance

In September 2018 Anova's wholly owned subsidiary Anova Metals Australia Pty Ltd ("AMA") entered into a Facility Agreement ("Facility") with Twynam Agricultural Group Pty Ltd. The two-year $3m Facility, which was drawn down in September 2018, provided Anova with the ability to re-pay the six-month financing facility that was provided by a loan syndicate and drawn down in February 2018. Key facility terms include:

Forward Plan

Post mining assessments attribute the problems of poor ground conditions largely to the weathered shallow parts of the mine, particularly in the early decline and first level. As the current development heading is in strong fresh rock the effected of weathering are not expected to cause further problems. In the fresh rock the problems with stope hanging wall failures and consequent dilution are attributed to the use of wider development drives as no similar stability issues have been observed in the older areas of the mine. Use of narrower mining techniques and avoidance of the parallel faults should all this dilution to be adequately managed.

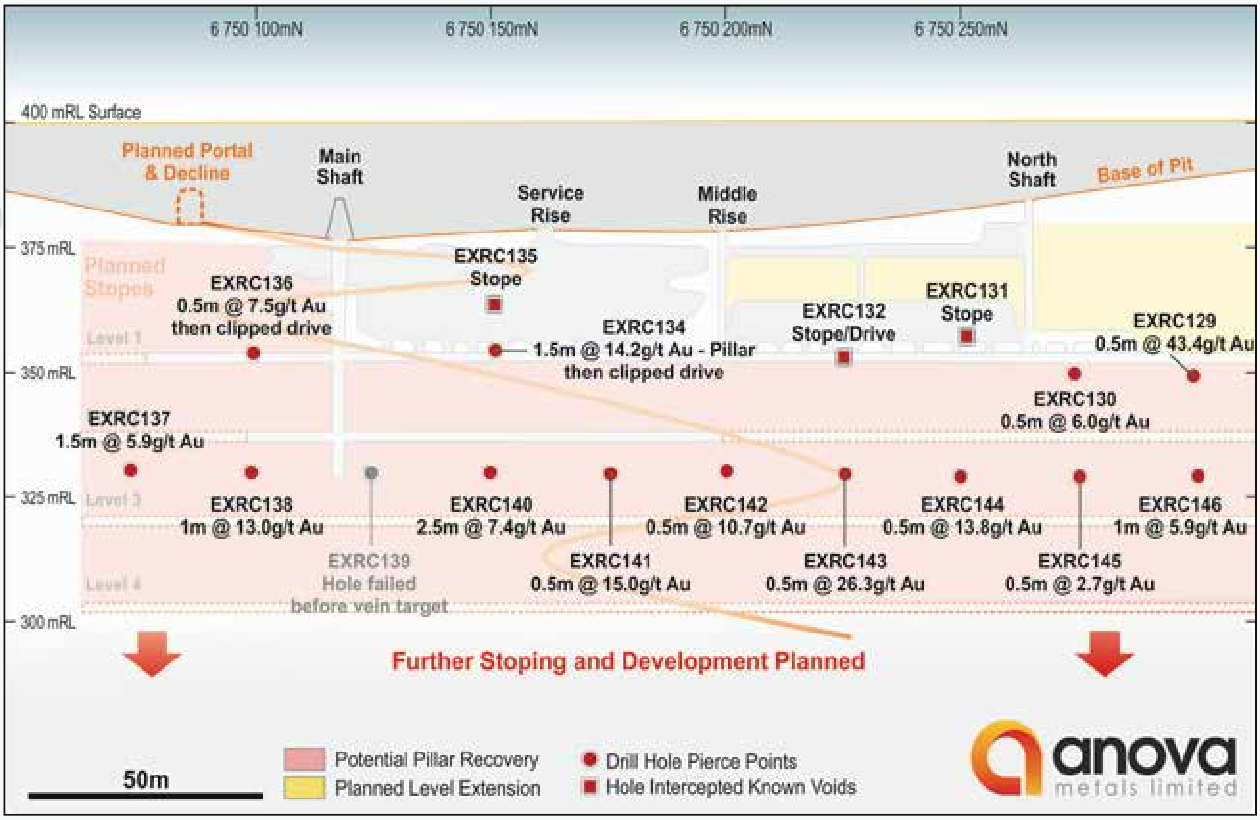


Figure 4: *North-south Long-Section showing new 2017 drilling results (downhole intercepts) at the Second Fortune Deposit*

The continuation of mining at Second Fortune will be subject to development of a new mine plan which addresses the various risks and incorporates the development experience arising from the the initial campaign. The new mine plan will also take into account the operational experience from the ore sorting and toll milling.

Discussions are continuing with various parties, including GBF, in relation to the continuation of mining at Second Fortune. (For further information see ASX Announcement, 14 August 2018)

Exploration

Exploration at Linden was focussed on preparation for mine development at Second Fortune. A reverse circulation (RC) drilling programme was completed to test the grades and vein thickness in the first mining levels. Holes were designed to intercept the planned stopes immediately below previous mine workings. Results were consistent with expected grades and thickness.

A total of 18 RC holes were drilled for 1,546.5m targeting the initial two shallowest mining levels (Fig. 6) that are planned for mining in Q1 and Q2, 2018.

Drill holes were designed to intersect the north-striking, sub-vertical gold-bearing Main Vein at 25m spaced pierce points (south to north) along the two levels and were sampled on 0.5m downhole intervals.

The results for all the holes that intercepted the Main Vein position are detailed in Table 1, including both downhole and estimated true thickness intercepts. Downhole intercepts include:

- *EXRC129: 0.5m @ 43.4g/t Au from 64.5m*
- *EXRC143: 0.5m @ 26.3g/t Au from 81m*
- *EXRC134: 1.5m @ 14.2g/t Au from 62.5m*
- *EXRC138: 1.0m @ 13.0g/t Au from 84m*

A number of holes lifted in dip during drilling, possibly due to low drill angles, and intercepted or clipped known voids (historic level drives and stopes). Also, hole EXRC133 was drilled to 24m targeting a shallow western vein but returned no intersection of significance and hole EXRC139 was stopped due to collar instability prior to the planned intersection depth of the Main Vein. (Refer AWV ASX release 14/11/2017)

OTHER
WA PROJECTS

BAR TWENTY GOLD PROJECT

The Bar Twenty Gold Project (Bar Twenty) is located approximately 20km WNW of the Second Fortune Gold Mine at Linden.

The Bar Twenty JV 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*

Exploration activities conducted during the year included geological mapping and costeaning at the Northern and Southern Workings and a Reverse Circulation (RC) drill programme at the Southern and Southeast (Main) workings.

Mapping at Northern Workings confirmed the presence of mineralisation on a discontinuous, NW-SE trend line. Previous unrecorded drilling appears to have been ineffective at targeting this mineralisation.

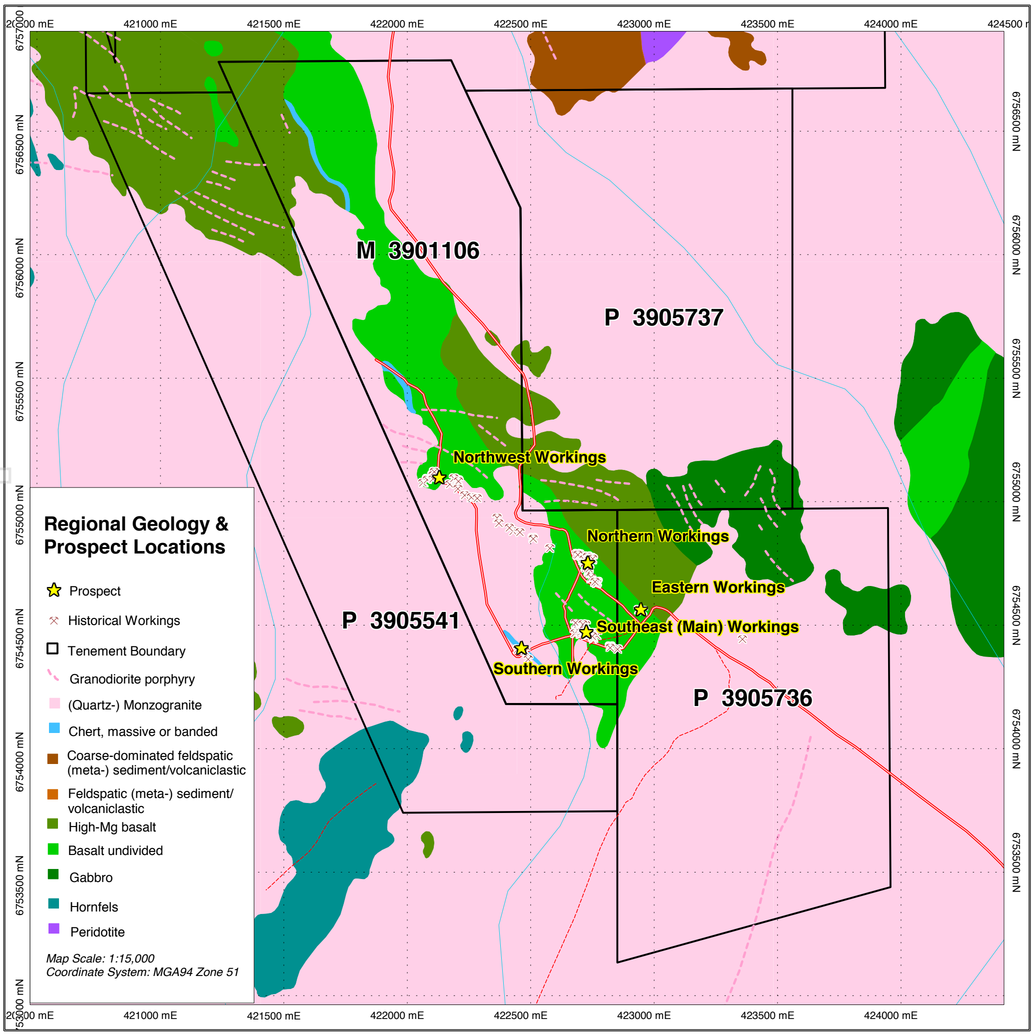


Figure 5:
Bar Twenty Project Regional Geology and Tenement Plan

Reverse Circulation Drilling

The main focus of the 2017 RC drill programme was the Southeast Workings. The aim was to test for potential along-strike and down-dip continuations of the 2016 ore zone. The programme consisted of 25 holes for a total of 737 m. Drilling was conducted on an irregular, staggered grid of 20 m hole spacing immediately to the northwest and southeast of the existing mineralisation, and 40 m hole spacing in the deeper areas to the north, northeast and east of the existing mineralisation. Drill holes were vertical, and ranged in depth from 14 m to 68 m.

The drill programme at the Southeast Workings confirmed the mineralisation is still open along strike and at depth to the northeast and east of the current ore zone.

ZELICA GOLD PROJECT

The Zelica gold project is located 20km to the NW of Linden, contains 30,000 ozs[1] 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.

Exploration activities conducted during the year included Reverse Circulation (RC) drilling on the low-grade stockpile to confirm grades from historic drilling and a programme of pit floor trenching, mapping and sampling to confirm grades from historic pit floor grade control drilling and provide samples for further metallurgical test work.

Reverse Circulation Drilling

The RC drilling programme was conducted over an historic low-grade ore stockpile to the west of the Zelica pit and consisted of 15 holes for a total of 123 metres, drilled to a maximum depth of 11 meters. The purpose of the drill programme was to determine the stockpile thickness and grade distribution, which had previously only been tested by three drill holes clustered in the central part of the stockpile.

Pit Floor Trenching Mapping & Sampling

A pit-floor trenching programme was conducted within the historic Zelica open pit.

The first trenching campaign was to provide samples for metallurgical test work and consisted of three trenches spaced along the length of the pit and positioned to coincide with existing drill sections.

One 10 kg bulk channel sample was collected across the exposed ore zone in each trench. Each sample was separately crushed and split into samples for head assays, mill calibration tests and leaching tests. The remaining material from the three samples was then combined into a single composite for bond work index determination.

The second trenching campaign was aimed at improving the definition of the ore body boundaries at the pit floor surface, particularly in areas where the information from existing drill sections was insufficient or inadequate.

18 trenches were excavated, for a total of 213 m. Each trench was geologically logged along its entire length. Once the ore zone was identified, 1 m samples were collected within the ore zone and subsequently assayed for Au using fire assay. The trenches were also photographed to keep a visual record.

The potential presence of near-surface, high-grade zones within the main ore zone, most notably in the central parts, and near the southern pit ramp was noted.

Figure 6: *Zelica Project Site Layout Plan*

[1] Refer to Mineral Resources and Ore Reserves tables, Page 13

MALCOLM GOLD PROJECT

The Malcolm Project consists of granted Mining Lease M37/1164 (105 ha), over 2.0km in strike, and contains 37,900 ozs1 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 21.03 g/t Au and 28.00 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.

BIG SPRINGS PROJECT, NEVADA, USA

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 comprise five separate zones which exhibit many of the characteristics of Carlin-type deposits. 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 comprising 1,029.9 Koz of Measured, Indicated and Inferred resources the Project also comprises more than 50 km2 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.

Divestment

Subsequent to year end, Anova announced its intention to divest its Big Springs Gold Project. The divestment of Big Springs will allow Anova to realise value from its past investments in the US and focus on its Australian projects.

Anova acquired Big Springs in 2013 and 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 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

The divestment process, led and managed by experienced Canadian resources advisors Haywood Securities Inc. Anova expects the process to run for several months and is targeting completion before the end of the 2018 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.

Permitting

During the year the Nevada Division of Environmental Protection ("NDEP") and United States Forest Service ("USFS") agreed for the environmental bond for the Big Springs Mine Project to be posted in stages. 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 submitted in the June 2017 quarter 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.

In the December quarter aquifer testing was successfully completed on all monitoring wells located at the Big Springs Project. The results were processed by Anova's hydrogeological consultant and used to develop a hydrogeological model which will form part of the regulatory approvals for North Sammy. The first stage of the modelling process involved 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.

Mining

Anova and Jerritt Canyon Gold LLC are in ongoing discussions regarding the terms of a tolling agreement. During the year updated mine designs for South Sammy and North Sammy were completed by Small Mine Development LLC, the underground mining contractor at Jerritt Canyon. The designs were reviewed by Anova and minor modifications were requested. The updated designs are anticipated to be completed shortly and will once finalised be forwarded to Jerritt Canyon's technical team for review of tonnages, grade and scheduling of ore.

Exploration

Beadles Creek

During the September 2017 quarter Anova commenced an exploration drilling programme designed to follow up on the excellent results returned at South Sammy and Beadles Creek during the 2016 drilling.

The drilling at Beadles Creek was 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 holes intersected the structurally controlled Beadles Creek shoot up dip to the east. The best results were returned from ***AWVBC17-010*** *where* ***9.1m @ 4.7 g/t Au****, including* ***4.6m @ 8.1 g/t Au*** *was intersected, and* ***AWVBC17-008*** *which returned* ***4.6m @ 4.1 g/t Au****, including* ***1.5m @ 6.6 g/t Au****. Mineralisation at Beadles Creek remains open in all directions.*

South Sammy

Drilling at South Sammy commenced at the end of September 2017 following completion of the Beadles Creek programme. 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 uptake in exploration activity in the United States, resulted in only one drill rig being operational at a time.

Anova completed three holes for a total of 612 metres. One hole (AWV17-063) was drilled to test for southern extensions to the high grade zone intersected in AWV16-061 in 2016, while two holes (AWV17-064 and AWV17-065) were drilled to test for additional stacked mineralised zones that Anova could access through the proposed 601 underground operation for which the Company received regulatory approval in January 2017.

The best results from the South Sammy programme were in ***AWV17-063*** *where three stacked zones were intersected, returning a best intercept of* ***6.1m @ 4.1 g/t Au*** *from 82.3m.* ***AWV17-064*** *and* ***AWV17-065*** *intersected mineralised intervals in the target area including* ***3.0 m @ 3.7 g/t Au*** *from 198.1m (AWV17-064) and* ***4.6m @ 3.6 g/t Au*** *from 152m(AWV17-065). (Refer AWV ASX release 3/11/2017)*

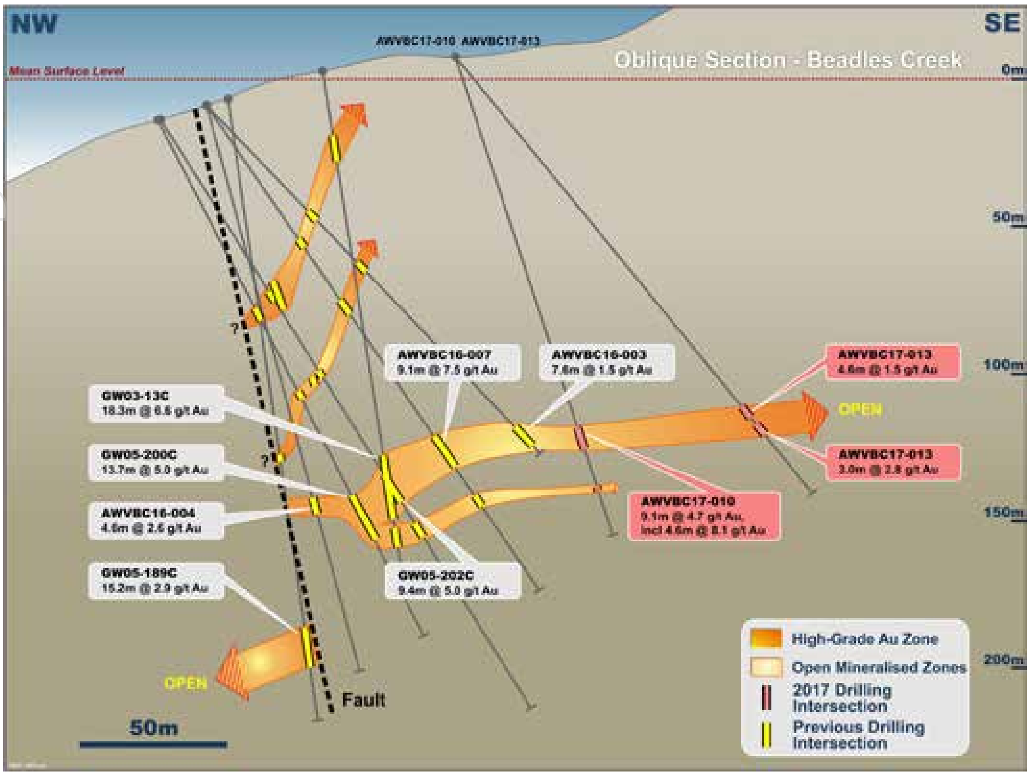


Figure 7:
Oblique Section showing 2017 drilling results at the Beadles Creek Prospect

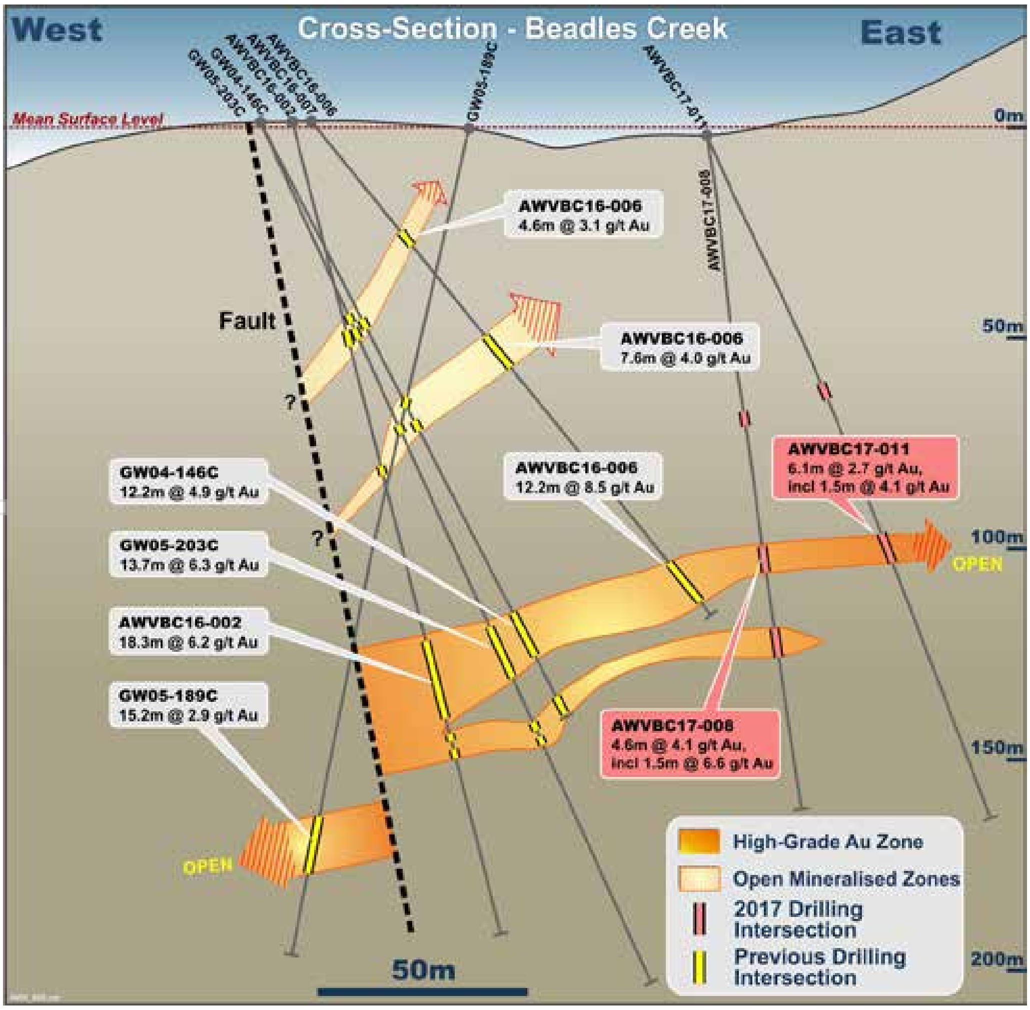


Figure 8:
East-West Section showing 2017 drilling results at the Beadles Creek– (4,602,300mN- UTM Zone 11N, NAD83)

MINERAL RESOURCES

Project	Measured			Indicated			Inferred			Combined		
	kT	Grade	Koz	kT	Grade	Koz	kT	Grade	Koz	kT	Grade	Koz
Big Springs *(JORC 2012)*	*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***

During the period since the Mineral Resources and Ore Reserves were reported in the 2017 Annual Report of the Company, there have been no changes to the Mineral Resources or Ore Reserves reported by the Company.

A mining campaign at the Second Fortune project was completed in the intervening period. Please see the Review of Operations for details of the mining campaign and the ASX Release 15 August 2018 for further detail. A depleted Resource and Ore Reserve has not yet been completed by a Competent Person. The Company will release an updated Resource and Reserve Statement as soon as reasonably practicable and upon completion of the review by the Competent Person.

Governance of Mineral Resources and Reserves

Anova Metals Limited ensures that the Mineral Resource and Reserve estimates for its projects are subject to appropriate levels of governance and internal controls. The Mineral Resource estimation procedures are well established and are subject to annual review internally and externally undertaken by suitably competent and qualified professionals. This review process has not identified any material issues or risks associated with the existing Mineral Resource estimates. The Company periodically reviews the governance framework in line with the development of the business. Anova reports its Mineral Resources in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 edition'. Competent Persons named by the Company are Members or Fellows of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and/or Members of Recognised Overseas Professional Organisations included in the list promulgated by ASX and qualify as Competent Persons as defined in the JORC Code.

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 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 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'. 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 the Second Fortune Main Lode Mineral Resources is based on and fairly represents, information and supporting documentation compiled by Mr 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. Mr 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". Mr 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 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 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%*	*M39/0629*	*Linden*	*100%*
E39/1539	*Linden*	*100%*	*M39/0649*	*Linden*	*100%*
E39/1754	*Linden*	*100%*	*M39/0650*	*Linden*	*100%*
E39/1977	*Linden*	*100%*	*M39/0794*	*Linden*	*100%*
L39/0012	*Linden*	*100%*	*P39/5599*	*Linden*	*100%*
L39/0013	*Linden*	*100%*	*E39/1897*	*Zelica*	*100%*
L39/0014	*Linden*	*100%*	*M39/1101*	*Zelica*	*100%*
L39/0230	*Linden*	*100%*	*L39/261*	*Zelica*	*100%*
M39/0255	*Linden*	*100%*	*L39/270*	*Bar Twenty*	*100%*
M39/0386	*Linden*	*100%*	*L39/271*	*Bar Twenty*	*100%*
M39/0387	*Linden*	*100%*	*M37/1164*	*Malcolm*	*100%*
M39/0500	*Linden*	*90%*	*E37/1294*	*Malcolm*	*100%*

Nevada, USA

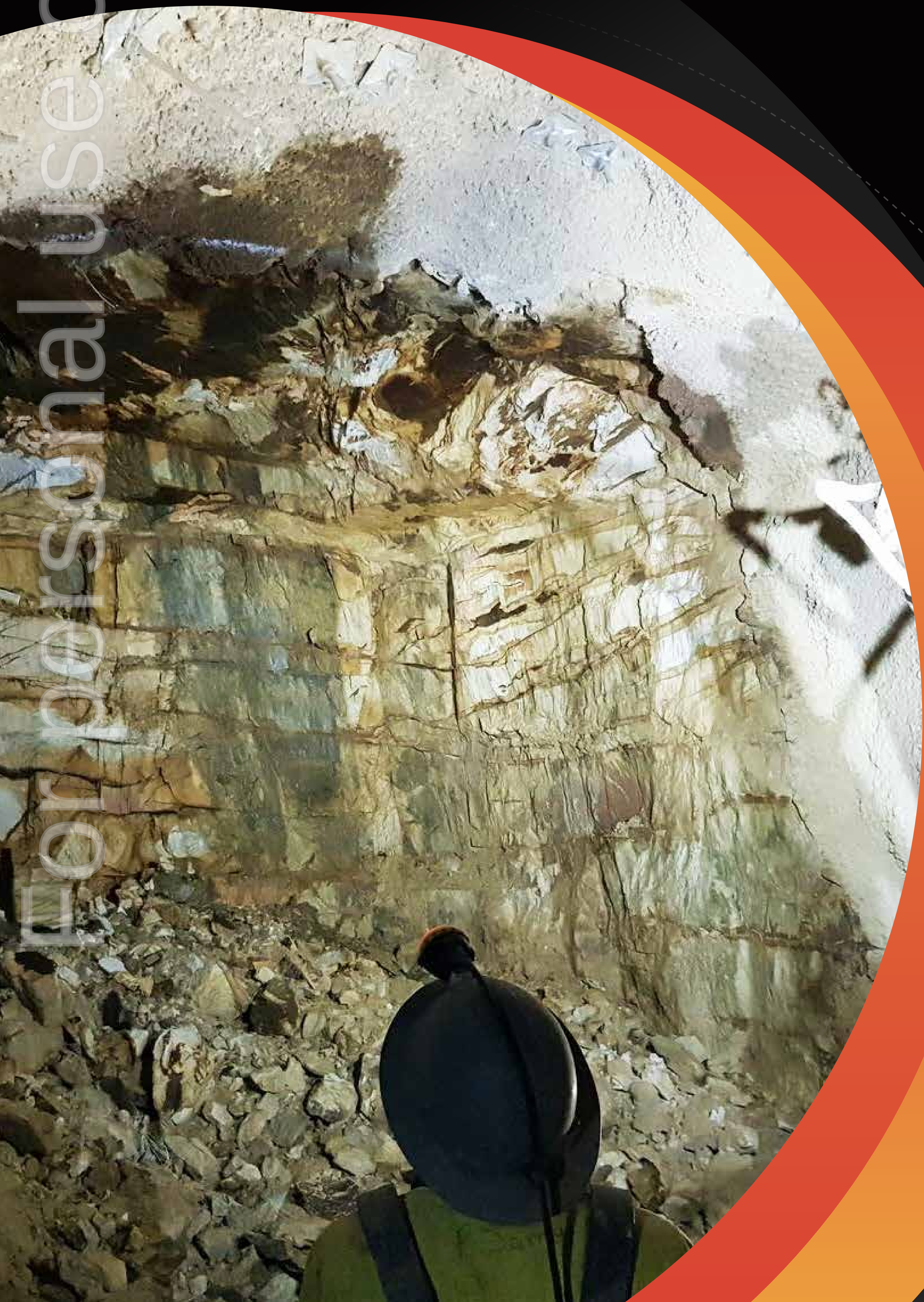
Tenement Reference	*Location*	*Percentage Held*
NDEEP-31, NDEEP-32	*Big Springs*	*100%*
TT-108 to TT-157, TT-163, TT-164, TT-185, TT-187, TT-189 to TT-204, TT-220 to TT 267, TT-327 to TT-344	*Big Springs*	*100%*
NDEEP-18, NDEEP-19, NDEEP-35, NDEEP-36, NDEEP-52, NDEEP-53	*Dorsey Creek*	*100%*
TT-158 to 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

FINANCIAL REPORT

30 June 2018



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 2018.

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 Alasdair Cooke, Executive Director (Non-Executive Director to 1 November 2017)
Mr Geoffrey Laing, Executive Director (appointed 20 September 2017)
Mr John Davis, Non-Executive Director (appointed 20 September 2017)
Mr Steven Jackson, Company Secretary

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 (ASX:AEB)
Vimy Resources Ltd (ASX:VMY)

Special responsibilities
Chairman
Chairman of the audit and remuneration committees

Former listed directorships in the last three years
Moko Social Media Ltd (ASX:MKB)

Interests in shares and options
558,191 ordinary shares

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 (ASX:AFR)
EVE Investments Limited (ASX:EVE)

Special responsibilities
n/a

Former listed directorships in the last three years
Exterra Resources Limited (ASX:EXC)

Interests in shares and options
5,600,000 ordinary shares
195,313 option

Mr Alasdair Cooke BSc (Hons) | 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 (ASX:AFR)
EVE Investments Limited (ASX:EVE)

Special responsibilities
Member of the audit and remuneration committee

Former listed directorships in the last three years
n/a

Interests in shares and options
28,783,992 ordinary shares
5,176,993 options

Mr Geoffrey 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
Aurora Minerals Ltd (ASX:ARM)

Special responsibilities
n/a

Former listed directorships in the last three years
Exterra Resources Limited (ASX:EXC)

Interests in shares and options
187,500 ordinary shares
5,402,999 options

Mr John Davis |Non-Executive Director

Mr Davis is a Geologist with more than 30 years of 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
n/a

Special responsibilities
Member of the audit and remuneration committee

Former listed directorships in the last three years
Exterra Resources Limited (ASX:EXC)

Interests in shares and options
250,000 ordinary shares
3,250,000 options

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 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. Principal Activities

The principal activity of the Company is mining and mineral exploration and evaluation in the Australia and United States of America.

3. Operating Results

The operating loss of the Group attributable to equity holders of the Company for the financial year ended 30 June 2018 amounted to $15,119,185 (2017: $3,402,743).

4. Significant changes in the state of affairs

During the year Anova Metals Limited and Exterra Resources Limited ("Exterra") completed a Scheme of Arrangement ("Scheme") whereby Anova acquired all of the issued capital of Exterra. On 5 October 2017, 172,594,404 Anova shares were issued to Exterra shareholders on a 1:2 ratio and 33,916,248 unlisted options were issued to Exterra option holders with various exercise prices and expiry dates in consideration for the cancellation of their Exterra options. Existing Anova shareholders hold approximately 72.4% of the shares in the merged entity and Exterra shareholders hold approximately 27.6%. Exterra directors Mr Geoffrey Laing and Mr John Davis were appointed as an Executive Director and Non-Executive Director respectively of Anova.

5. Review of Operations

Mining and exploration operations

Second Fortune Gold Mine

Following the completion of the Scheme of Arrangement in early October 2017, the Company initiated its plan for mining at Anova's Second Fortune gold mine. Mining was planned as a campaign to evaluate the geology and resource models, mining method, ore sorting process and toll treating arrangements prior to committing to a full development plan.

An Operations Manager and Mining Contractor (GBF Mining) were appointed in late October. Mine dewatering, camp expansion and other site preparations progressed as planned and GBF mobilised to Second Fortune on 12 November 2017.

In preparation for mine development, a reverse circulation drilling programme was completed to test the grades and vein thickness in the first mining levels. Holes were designed to intercept the planned stopes immediately below previous mine workings. Results were consistent with expected grades and thickness.

To ensure surveys of the underground voids were consistent with plans an underwater drone survey was conducted to inspect shafts and mine voids. Video imagery and depth logs from the drone confirmed there were no unexpected mining voids and plans were consistent with those in use.

The campaign, which ran from November 2017 to July 2018 included development of a new portal and decline to intersect the old workings on level 1 and level 2, then mining, sorting and toll milling of remnant ore from level 1 and production from a full strike of new development and stoping on level 2.

Contracts were finalised in January 2018 for Ore Haulage and Toll Treating at Eastern Goldfields Milling Services Pty Ltd's Burbanks Gold Processing Facility.

Mining

The geology model for the main vein performed well and confirmed the continuity of the vein. Mapping of the vein highlighted the simple geometry of the northern extents, confirmed the presence of higher grade shoots developed in the central zone and added to the understanding of the more complex vein structure in the southern zone. Face sampling of the veins showed good general agreement with predicted grades however the final reconciliation with the resource model showed areas of high grade were overestimated in the model by around 15% for level 2.

Geotechnical problems did become a significant issue. Whilst GBF performed well with a number of costs below budget, additional costs were incurred for ground support in shallow areas of the decline.

Similar problems on level 1 south resulted in hanging wall failures with the loss of around 1,000 oz in unrecoverable stope ore and ore diluted below cut-off grade.

On level 2 there were areas of significant dilution in the stopes due to hanging wall failures contributing almost 10,000 tonnes of waste to second level stope ore. The failures in level 2 only became evident at the completion of the campaign once ore was extracted and final surveys were completed.

A significant fault, that was previously unknown, was observed to truncate the main vein at the south end of both level 1 and 2, approximately where mining was planned to terminate on those levels. Ground conditions associated with that fault were poor, due to deeper weathering on the fault zone and the sub-parallel geometry of the fault in the stope hanging wall. This was a main contributing factor to unplanned dilution and loss of ore in the level 1 southern stope.

The dilution from wedge failures on level 2 are considered to be due to planes of weakness parallel to the main vein becoming linked to the ore drive. There is no indication of similar failures on the old mine workings, where ore drives are narrower. Future mine plans will use smaller ore drives to minimise this risk.

There is now good confidence the main vein geometry is regular and can be mined using simple long hole methods with simple face sampling for grade control. There is also good confidence that geometry and structure may be extrapolated to lower levels. Extrapolation of face grades to lower levels, particularly the shoot zones, also seems reasonable, however the high variance will remain an issue for detailed modelling of grade. The modelling of grade does appear to perform as expected over larger parcels, e.g. grade by stope.

Ore Sorting

The ore sorter performed as expected technically, but the fines generated in the mining operation were higher than forecast, causing a reduction in sortable material. Consequently, the ore sorter did not achieve forecast production rates as less material was sorted than planned. Development ore was effectively sorted, with greater than three times upgrade to product. Overall the lower production rates through the sorter resulted in higher than planned unit cost rates.

Processing

The increased tonnages from dilution caused significant increases in both the haulage and processing costs for the first campaign. Toll milling at Burbanks performed according to expectations, with an achieved recovery factor of c.94%

Going Forward

Given that the problems of poor ground conditions were limited to the weathered shallow parts of the mine in the early decline and first level and the problems with stope hanging wall failures and consequent dilution are attributed to the use of wider development drives (no similar stability issues have been observed in the older areas of the mine), it is expected this dilution can be adequately managed using narrow development drives.

Discussions are continuing with various parties, including GBF, in relation to the continuation of mining at Second Fortune. Alternative development models are also being explored which may reduce some of the costs and risks associated with the previous campaign. *(For further information see ASX Announcement, 14 August 2018)*

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^2 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.

Divestment

Subsequent to year 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 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

The divestment process, led and managed by experienced Canadian resources advisors Haywood Securities Inc. Anova expects the process to run for several months and is targeting completion before the end of the 2018 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.

Permitting

During the year the Nevada Division of Environmental Protection ("NDEP") and United States Forest Service ("USFS") agreed for the environmental bond for the Big Springs Mine Project to be posted in stages. 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 submitted in the June 2017 quarter 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.

In the December quarter aquifer testing was successfully completed on all monitoring wells located at the Big Springs Project. The results were processed by Anova's hydrogeological consultant and used to develop a hydrogeological model which will form part of the regulatory approvals for North Sammy. The first stage of the modelling process involved 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.

Mining

Anova and Jerritt Canyon Gold LLC are in ongoing discussions regarding the terms of a tolling agreement. During the year updated mine designs for South Sammy and North Sammy were completed by Small Mine Development LLC, the underground mining contractor at Jerritt Canyon. The designs were reviewed by Anova and minor modifications were requested. The updated designs are anticipated to be completed shortly and will once finalised be forwarded to Jerritt Canyon's technical team for review of tonnages, grade and scheduling of ore.

Drilling

Beadles Creek

During the September quarter Anova commenced an exploration drilling programme designed to follow up on the excellent results returned at South Sammy and Beadles Creek during the 2016 drilling.

The drilling at Beadles Creek was 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 holes intersected the structurally controlled Beadles Creek shoot up-dip to the east. The best results were returned from AWVBC17-010 where 9.1m @ 4.7 g/t Au, including 4.6m @ 8.1 g/t Au was intersected, and AWVBC17-008 which returned 4.6m @ 4.1 g/t Au, including 1.5m @ 6.6 g/t Au. Mineralisation at Beadles Creek remains open in all directions.

South Sammy

Drilling at South Sammy commenced at the end of September following completion of the Beadles Creek programme. 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 uptake in exploration activity in the United States, resulted in only one drill rig being operational at a time.

Anova completed three holes for a total of 612 metres. One hole (AWV17-063) was drilled to test for southern extensions to the high grade zone intersected in AWV16-061 in 2016, while two holes (AWV17-064 and AWV17-065) were drilled to test for additional stacked mineralised zones that Anova could access through the proposed 601 underground operation for which the Company received regulatory approval in January 2017.

The best results from the South Sammy programme were in AWV17-063 where three stacked zones were intersected, returning a best intercept of 6.1m @ 4.1 g/t Au from 82.3m. AWV17-064 and AWV17-065 intersected mineralised intervals in the target area including 3.0 m @ 3.7 g/t Au from 198.1m (AWV17-064) and 4.6m @ 3.6 g/t Au from 152m(AWV17-065).

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 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.

Corporate

Scheme of Arrangement

On 15 September 2017, shareholders of Exterra Resources Limited 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 the Company appointed Mr Geoffrey Laing as an Executive Director and Mr John Davis as a Non-Executive Director, effective 20 September 2017.

On 5 October 2017, Anova acquired 100% of the shares of Exterra Resources Limited under the Scheme of Arrangement and Anova issued 172,594,404 ordinary shares to Exterra Resources Limited shareholders. The Company also issued 33,916,248 unlisted replacement options to Exterra Resources Limited option holders with various exercise prices and expiry dates in consideration for the cancellation of those Exterra options.

In November 2017, the Company issued 1,300,313 Performance Rights and 2,089,918 Unlisted Options exercisable at $0.08 by 25 October 2020 under the Company's Employee Incentive Scheme.

Mining finance

In January 2018 Anova's wholly owned subsidiary Anova Metals Australia Pty Ltd ("AMA") entered into a Facility Agreement ("Facility") with a loan syndicate co-ordinated by agent and security trustee, MSQ Holdings Pty Ltd. The Facility provided AMA with the ability to drawdown $3m in February 2018 to meet expenditure requirements at the Second Fortune Gold Project and for working capital. The Facility was subject to standard terms of a Facility of its size and nature and prior to drawdown AMA was required, amongst other things, to 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).

Sale of projects

During the year the Company disposed of two projects:

- The Grass Flat Project located 200km north of Southern Cross, to a private mining group ("Buyer") for a consideration of $50,000 cash, a 2.5% net smelter return on any metals produced from the project, and, shares to the value of $300,000 on admission of the Buyer or any parent company of the Buyer to the ASX or other securities exchange or a company who is listed on a securities exchange being entitled to own the project;
- The Moolyella Project located in the Pilbara of WA, to Lithium Australia for a consideration of $25,000 cash and $25,000 in shares of Lithium Australia NL (ASX:LIT).

Other

In the period the Company submitted a Research and Development Tax Incentive application for approximately $120k. This was approved and received subsequent to the year end.
During the year 2,250,000 unlisted performance rights lapsed.

6. 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.

7. Significant events after the balance date

Big Springs divestment strategy

On 18 July 2018 the Company announced that it intends to divest its Big Springs Gold Project, located in Nevada, USA. The divestment of Big Springs will allow Anova to unlock significant value from its past operations in the US and focus on its core Australian projects.

In August 2017, Dunbar Resource Management (DRM) in its Independent Technical Assessment and Valuation Report, prepared as part of the Company's Scheme of Arrangement with Exterra Resources produced a range of independent valuations for the Big Springs Gold Project. This report valued Big Springs and the US exploration assets between $51.2m (lower valuation) and $75.8m (upper valuation), with a preferred valuation of $63.1m. The Board doesn't consider there have been any material changes to the circumstances upon which the valuation was based since it was prepared.

The divestment process, led by experienced Canadian resources advisors Haywood Securities Inc., will explore multiple opportunities for Anova to divest its 100% interest in the Big Springs Gold Project and unlock value for the Company's shareholders The Company expects the process to run for several months and is targeting completion before the end of December 2018.

Re-financing

On 4 September 2018 the Company announced that its wholly owned subsidiary Anova Metals Australia Pty Ltd had entered into a Facility Agreement ("Facility") with Twynam Agricultural Group Pty Ltd. The Facility provided AMA with the repay the existing $3m financing facility. The Facility was subject to standard terms of a Facility of its size and nature and prior to drawdown AMA was required, amongst other things, to execute satisfactory tolling and haulage agreements for ore from Second Fortune and issue the unlisted options mentioned below. Key facility terms include:

- Interest rate of 10% per annum, payable monthly.
- Maturity date being the earlier of 24 months from drawdown or sale of the Big Springs Project.
- 50,000,000 unlisted options over Anova shares, exercisable at 4.5 cents per share by 30 June 2020.
- 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).
- Minimum interest over the facility term of $300,000.

On 11 September 2018 the Company issued 2,812,500 shares to an advisor as a facilitation fee for the re-financing of the above-mentioned loan facility.

There are no other matters or circumstances that have arisen since the end of the financial year which have 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.

8. Likely developments and expected results

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

9. Directors' Meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	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
Geoffrey Laing	4	4	-	-	-	-
John Davis	4	4	-	-	2	2

10. Interests in the shares, options, and performance rights of the Company

At the date of this report, share, options, and performance rights granted to Directors of the Company

	Shares	Options	Performance rights
Gregory (Bill) Fry	5,600,000	195,313	-
Malcolm James	558,191	-	-
Alasdair Cooke	28,783,992	5,176,993	-
Geoffrey Lang	187,500	5,402,999	-
John Davis	250,000	3,250,000	-
	35,379,683	14,025,305	-

11. Unissued shares under option or rights

At the date of this report unissued ordinary shares or interests of the Company under option or rights are:

Class	Number	Grant date	Expiry date	Exercise price (cents)
Unlisted options	4,500,000	4-Oct-17	19-Jun-20	4.3
Unlisted options	4,687,502	4-Oct-17	1-Jul-19	12.0
Unlisted options	1,250,000	4-Oct-17	26-Aug-19	20.0
Unlisted options	1,250,000	4-Oct-17	26-Aug-19	25.0
Unlisted options	8,926,873	4-Oct-17	29-Jul-19	12.0
Unlisted options	8,926,873	4-Oct-17	29-Jul-19	16.0
Unlisted options	500,000	4-Oct-17	1-Dec-19	20.0
Unlisted options	1,375,000	4-Oct-17	28-Nov-21	20.0
Unlisted options	2,089,918	15-Nov-17	25-Oct-20	8.0
Unlisted options	6,250,000	15-Feb-18	31-Dec-18	10.0
Unlisted options	1,250,000	11-Apr-18	31-Dec-18	10.0
Performance rights	975,234	15-Nov-17	25-Oct-20	n/a
	41,981,400			

12. Shares issued during or since the end of the year as a result of exercise or vesting

As at the date of this report details of ordinary shares issued by the Company are:

Date rights granted	Shares issued	Amount paid
15-Nov-17	325,079	n/a
	325,079	-

The fair of the rights vested and converted to ordinary shares was $19,180.

13. Remuneration report

The Remuneration Report, which forms part of the Directors’ report, outlines the remuneration arrangements in place for the Key Management Personnel of the Company for the financial year ended 30 June 2018 and is included on page 23.

14. Indemnification and insurance of Directors and Officers of the Company

The Company has agreed to indemnify all the Directors and Officers of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, Anova Metals Limited paid premiums of $65,490 (2017: $24,240) in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001.

15. Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 28 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the 65 2001.

The Directors are of the opinion that the services do not compromise the auditor’s independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

16. Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 27 and forms part of this Directors’ report for the year ended 30 June 2018.

17. Corporate Governance Statement

The Company’s Corporate Governance Statement for the year ended 30 June 2018 can be accessed from the Company’s website at http://anovametals.com.au/corporate/corporate-governance.

18. 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.

On behalf of the Board of
Anova Metals Limited

Dated at Perth this 28 September 2018.
Signed in accordance with a resolution of the Directors.

Gregory William Fry

19. 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
Mr Malcolm James, Non-Executive Chairman
Mr Gregory (Bill) Fry, Executive Director
Mr Alasdair Cooke, Executive Director (Non-Executive Director to 1 November 2017)
Mr Geoffrey 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 programme 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.

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' remuneration
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 $100,000 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 2017	$120,000	3 months base salary, excl. gross misconduct
Alasdair Cooke	On-going commencing 1 October 2017	$100,000	3 months base salary, excl. gross misconduct
Geoffrey Laing	On-going commencing 1 October 2017	$50,000	3 months base salary, excl. gross misconduct
John Davis (i)	On-going commencing 1 October 2017	$50,000	1 month base salary, excl. gross misconduct

(i) Contract includes $10,000 for consulting fees in addition to Non-Executive Director fee.

Voting and comments made at the Company's 2017 Annual General Meeting

The Company received 95.83% of "yes" votes on its remuneration report for the 2017 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			
2018	**$**	**$**	**$**	**$**	**%**
Directors					
Gregory (Bill) Fry	109,589	10,411	-	120,000	-
Malcolm James	54,795	5,205	-	60,000	-
Alasdair Cooke	127,324	-	-	127,324	-
Geoffrey Lang	41,601	-	-	41,601	-
John Davis	66,302	-	-	66,302	-
Total	**399,611**	**15,616**	**-**	**415,227**	**-**
2017	**$**	**$**	**$**	**$**	**%**
Directors					
Gregory (Bill) Fry	109,589	10,411	-	120,000	-
Malcolm James	54,795	5,205	-	60,000	-
Alasdair Cooke	111,662	-	-	111,662	-
Total	**276,046**	**15,616**	**-**	**291,662**	**-**

At the end of the year the following liabilities were arising from the above transactions:

Directors	**$**
Gregory (Bill) Fry	-
Malcolm James	5,000
Alasdair Cooke	25,000
Geoffrey Lang	8,333
John Davis	14,934
Total	**53,267**

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 20.

Options/Performance Rights
Granted as compensation
No options or performance rights were granted as compensation during the year.
Exercised
No options or performance rights were exercised during the year.

Lapsed during the year
No options or performance rights lapsed during the year.

Key management personnel equity holdings

	Balance at 1 July 2017	Issued (i)	Conversion of performance rights	Balance at 30 June 2018
Gregory (Bill) Fry	5,600,000	-	-	5,600,000
Malcolm James	558,191	-	-	558,191
Alasdair Cooke	24,889,299	3,894,693	-	28,783,992
Geoffrey Lang	-	187,500	-	187,500
John Davis	-	250,000	-	250,000
	31,047,490	4,332,193	-	35,379,683

	Balance at 1 July 2017	Issued (i)	Balance at 30 June 2018	Vested during the year	Vested and exercisable at 30 June 2018
Gregory (Bill) Fry	-	195,313	195,313	195,313	195,313
Malcolm James	-	-	-	-	-
Alasdair Cooke	-	5,176,993	5,176,993	5,176,993	5,176,993
Geoffrey Lang	-	5,402,999	5,402,999	5,402,999	5,402,999
John Davis	-	3,250,000	3,250,000	3,250,000	3,250,000
	-	14,025,305	14,025,305	14,025,305	14,025,305

(i) Shares and options issued in the period as consideration under the Scheme of Arrangement (see note 23)

Loans to key management personnel
There were no loans made to key management personnel during the year ended 30 June 2018 (2017: 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, excluding Hartree which is solely controlled by Alasdair Cooke:

	Charges from:		Charges to:	
	2018	2017	2018	2017
	$	$	$	$
Mitchell River Group Pty Ltd	321,366	281,440	30	66
Provision of a fully serviced office, admin and technical staff				
EVE Investments Limited	435	1,995	178	311
Recharge of costs				
African Energy Resources Ltd	-	249	-	17
Recharge of costs				
Aurora Uranium Ltd	-	46,459	-	-
Recharge of costs				
Oregon Energy LLC	-	-	734	-
Recharge of costs				
Omniblend Innovation Pty Ltd	-	-	491	262
Recharge of costs				
Hartree Pty Ltd	15,645	-	-	-
Recharge of costs				

Assets and liabilities arising from the above transactions

	2018 $	2017 $
Trade receivables	-	384
Trade payables	127,282	62,108

This is the end of the audited remuneration report.

HLB Mann Judd
Accountants | Business and Financial Advisers

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 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in 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
28 September 2018

D I Buckley
Partner

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

Statement of Profit or Loss and Other Comprehensive Income

	Note	2018 $	2017 $
Revenue	*2*	3,725,313	-
Cost of goods sold	*3*	(7,574,882)	-
Gross loss		**(3,849,569)**	**-**
Interest income	*2*	20,441	48,713
Other income	*2*	100,909	-
Employee benefits expense		(889,852)	(707,519)
Exploration expensed as incurred		(1,727,571)	(2,091,616)
Depreciation expense		(5,325)	-
Finance costs		(437,942)	-
Administration expenses		(212,183)	(452,700)
Occupancy expenses		(261,588)	(174,623)
Share-based payment reversal / (expense)		(101,985)	41,127
Foreign exchange gain / (loss)		(173,169)	(66,125)
Scheme of arrangement transaction costs		(1,080,788)	-
Exploration expenditure impaired	*13*	(4,555,181)	-
Mine development expenditure impaired	*14*	(4,578,096)	-
Loss before income tax		(17,751,899)	(3,402,743)
Income tax benefit	*4*	2,632,714	-
Loss for the year		(15,119,185)	(3,402,743)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences of foreign operations		434,329	(246,994)
Total comprehensive loss for the year		(14,684,856)	(3,649,737)
Loss per share:			
Basic (cents per share)	*6*	(2.61)	(0.78)

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

anova metals limited

Statement of Financial Position

	Note	2018 $	2017 $
Assets			
Current Assets			
Cash and cash equivalents	*7*	567,660	7,709,437
Trade and other receivables	*8*	663,083	29,641
Other assets	*9*	153,540	57,417
Inventories	*10*	2,089,022	-
Total current assets		3,473,305	7,796,495
Non-current Assets			
Plant and equipment	*12*	1,549,276	33,031
Exploration and evaluation expenditure	*13*	12,992,897	10,746,051
Mine properties	*14*	9,852,133	-
Other financial assets	*11*	564,275	423,781
Total non-current assets		24,958,581	11,202,863
Total assets		28,431,886	18,999,358
Liabilities			
Current Liabilities			
Trade and other payables	*15*	3,953,705	314,392
Borrowings	*16*	3,000,000	-
Rehabilitation provision	*17*	37,951	49,644
Total current liabilities		6,991,656	364,036
Non-current Liabilities			
Rehabilitation provision	*17*	585,554	182,150
Deferred tax liability	*4*	356,723	-
Total non-current liabilities		942,277	182,150
Total liabilities		7,933,932	546,186
Net assets		20,497,953	18,453,172
Equity			
Issued capital	*18*	60,448,614	44,747,741
Reserves	*19*	3,326,100	1,863,007
Accumulated losses		(43,276,761)	(28,157,576)
Total equity attributable to shareholders of the Company		20,497,953	18,453,172

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

Statement of Changes in Equity

	Notes	Issued capital	Foreign currency translation reserve	Share-based payments reserve	Accumulated losses	Total equity
		$	$	$	$	$
Balance as at 1 July 2017		44,747,741	1,863,007	-	(28,157,576)	18,453,172
Loss for the year		-	-	-	(15,119,185)	(15,119,185)
Other comprehensive income	*19*	-	434,329	-	-	434,329
Total comprehensive income / (loss) for the year		-	434,329	-	(15,119,185)	(14,684,856)
Share issue net of issue costs	*18*	15,675,861	-	-	-	15,675,861
Recognition of share-based payments	*20*	-	-	1,053,776	-	1,053,776
Transfer of historic share-based payment expenses to issued capital on vesting of performance rights	*18*	25,012	-	(25,012)	-	-
Balance at 30 June 2018		60,448,614	2,297,336	1,028,764	(43,276,761)	20,497,953
Balance as at 1 July 2016		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 loss	*19*	-	(246,994)	-	-	(246,994)
Total comprehensive loss for the year		-	(246,994)	-	(3,402,743)	(3,649,737)
Share issue net of issue costs	*18*	9,752,618	-	-	-	9,752,618
Recognition of share-based payments	*20*	-	-		-	-
Reversal of capitalised share-based payments	*20*	-	-	(41,127)	-	(41,127)
Transfer of historic share-based payment expenses to issued capital	*18*	48,000	-	(274,000)	226,000	-
Balance at 30 June 2017		44,747,741	1,863,007	-	(28,157,576)	18,453,172

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

Statement of Cash Flows

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		3,725,313	-
Cash paid to suppliers and employees		(6,744,094)	(1,443,791)
Payment for exploration and evaluation expenditure		(1,986,706)	(1,859,821)
Payments for exploration bonds		(116,093)	-
Interest received		24,232	45,626
Finance costs		(437,942)	-
Net cash used in operating activities	7	(5,535,290)	(3,257,986)
Cash flows from investing activities			
Payment for property plant and equipment		(204,093)	(1,488)
Payment for mine development		(4,526,756)	-
Proceeds from the sale of property, plant and equipment		100,909	-
Loan provided to Exterra Resources	22	(2,000,000)	-
Cash gained on purchase of Exterra Resources	22	1,792,523	-
Net cash used in investing activities		(4,837,417)	(1,488)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	10,299,874
Payment for share issue costs		(30,230)	(547,256)
Proceeds from borrowings		3,000,000	-
Net cash provided by financing activities		2,969,770	9,752,618
Net increase / (decrease) in cash and cash equivalents		(7,402,937)	6,493,144
Cash and cash equivalents at beginning of year		7,709,437	1,287,493
Effect of exchange rates on cash holdings in foreign currencies		261,160	(71,200)
Cash and cash equivalents at end of year	7	567,660	7,709,437

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

1. Statement of significant accounting policies

a) Basis of preparation

Anova Metals Limited (the "Company") is a listed public company incorporated in Australia and operating in Australia and The United States of America. The entity's principal activities are the exploration, evaluation, development and mining of mineral resources.

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of Anova Metals Limited and its subsidiaries (together referred to as the "Group") for the financial year ended 30 June 2018. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars

b) Adoption of new and revised standards

(i) Standards and Interpretations applicable to 30 June 2018

In the year ended 30 June 2018, 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 2018. 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.

c) Statement of compliance

The consolidated financial report was authorised for issue by the Directors on 28 September 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

d) Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model, utilising the assumptions detailed in Note 20.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Mine development expenditure carried forward

The recoverability of the carrying amount of mine development expenditure carried forward has been reviewed by the Directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Estimated production and sales levels;
- Estimate future commodity prices;
- Future costs of production;
- Future capital expenditure; and/or

- Future exchange rates

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

Mine rehabilitation provision
The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Ore reserve and resource estimates
The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves [the JORC Code]). Reserves determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, deferred mining costs, rehabilitation and environmental expenditure.

In estimating the remaining life of the mine for the purposes of amortisation and depreciation calculations, due regard is given, not only to remaining recoverable metals contained in proved and probable ore reserves, but also to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over a lengthy time frame.

Where a change in estimated recoverable metals contained in proved and probable ore reserves is made, depreciation and amortisation are accounted for prospectively.

The determination of ore reserves and remaining mine life affects the carrying value of a number of the Group's assets and liabilities including deferred mining costs and the provision for rehabilitation.

Units-of-production depreciation
Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure.

Exploration and evaluation expenditure
The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Inventories
Costs incurred in or benefits of the productive process are accumulated as stockpiles, gold in process, ore on leach pads and product inventory. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

The metallurgical balancing process is constantly monitored and the recovery estimates are refined based on reconciliations with actual results over time.

Impairment
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

e) Going concern
Notwithstanding the fact that the Group incurred an operating loss before tax of $17,751,899 for the year ended 30 June 2018, has a working capital deficit of $3,518,351, and a net cash outflow from operating activities amounting to $5,535,290, the Directors are of the opinion that the Company is a going concern for the following reasons:

- Subsequent to year end the Group re-financed a loan of $3,000,000 for a term of two years;
- Inventories were converted into gold bullion or cash to meet working capital requirements;
- The Company is pursuing, and has received interest in, the sale of other non-core assets in its portfolio;
- On 18 July 2018 the Directors announced a decision to begin the process of divesting the Big Springs Gold Project, Nevada USA. An Independent Technical Assessment and Valuation Report, prepared as part of the Company's Scheme of Arrangement with Exterra Resources produced a range of independent valuations for the Big Springs and the US exploration assets of between $51.2m and $75.8m. The Directors do not consider there have been any material changes to the circumstances since the valuation was prepared;
- There is a standstill on payments to directors and related parties until the completion of the Big Springs Gold Project divestment program. There has also been a reduction in planned expenditure while the divestment program is undertaken to reduce the working capital requirement; and
- The Board could also considering other financing activities including raising additional equity.

At the date of this report the divestment process is not complete. Should the divestment exercise not be completed, there is a material uncertainty that may cast significant doubt as to whether the Company will be available to realise its assets and extinguish its liabilities in the normal course of business.

f) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group's ownership interest in existing subsidiaries
Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

g) 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;
- 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.

h) Revenue recognition
Revenue is measured at fair value of the consideration received or receivable.

Sale of goods
Revenue is recognised when the goods are delivered, and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

i) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation
Anova Metals Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Anova Metals Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

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

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

k) Segment reporting

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.

Management currently identifies the Group's industry as being gold exploration, development and mining and its geographic segments as being Western Australian and the United States. The unallocated column refers to corporate costs and cash management.

l) 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.

m) 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.

n) Trade and other receivables

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

o) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

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.

p) 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.

q) Mine and development properties

Mine and development properties

Mine and development properties represents the acquisition cost and/or accumulated exploration, evaluation and development expenditure in respect of areas of interest in which production has commenced. Mine development costs are deferred until commercial production commences. When commercial production is achieved mine development is transferred to mine properties, at which time it is amortised on a unit of production basis over the total estimated resources related to this area of interest.

Development expenditure is capitalised as either a tangible or intangible asset depending on the nature of the costs incurred.

Development expenditure includes the following:

- Reclassified exploration and evaluation assets;
- Direct costs of construction including plant and equipment and related infrastructure costs;
- Pre-production waste removal costs; and
- An appropriate allocation of overheads and borrowing costs incurred during the construction phase.

Pre-production waste removal costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs, which are subsequently amortised over the life of the open pit resource, once transferred to mine properties.

The Group applies the units of production method for amortisation of its mine properties, which results in an amortisation charge proportional to the depletion of the anticipated remaining life and profile of mine production. These calculations require the use of estimates and assumptions in relation to reserves and resources, metallurgy and the complexity of future capital development requirements. These estimates and assumptions are reviewed annually, changes to these estimates and assumptions may impact the amortisation charge in the income statement and asset carrying values, which would be adjusted if appropriate on a prospective basis.

Production waste removal
Production waste removal costs are accumulated and deferred on the statement of financial position as part of the total of mine properties and mine development. These costs include the costs of drilling, blasting, loading and haulage of waste rock from the open pit or underground to the waste pile. The costs are predominantly in the nature of payments to mining, blasting and other contracting companies or costs of internal labour and materials used in the process. These costs are amortised on a units-of production basis in accordance with the amortisation policy set out for mine development above.

Amortisation of production waste removal costs is included in cost of goods sold in profit or loss. Cash spent on waste removal is included in cash flows from investing activities in the statement of cash flows. As waste removal activities are an integral part of the mining operation, the deferred pre-production waste asset is grouped with the other assets at the mine site or other level which represents the lowest level of separately identifiable cash flows in order to assess recoverable amount.

Reserves and resources
Resources are estimates of the amount of gold that can be economically extracted from the Group's mine properties. In order to calculate resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements short and long-term commodity prices and exchange rates.

Estimating the quantity and/or grade of resources requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgments and calculations to interpret the data.

The Group determines and reports ore resources under the Australian Code of Reporting of Exploration Results, Mineral Resource and Ore Reserves December 2012, (the JORC Code). The JORC Code requires the use of reasonable assumptions to calculate resources. Due to the fact that economic assumptions used to estimate resources change from period to period, and geological data is generated during the course of operations, estimates of resources may change from period to period. Changes in reported resources may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying values may be impacted due to changes in estimates of future cash flows;
- Amortisation charged in the income statement may change where such charges are calculated using the units of production basis;
- Decommissioning, site restoration and environmental provisions may change due to changes in estimated resources after expectations about
- the timing or costs of these activities change; and,
- Recognition of deferred tax assets, including tax losses.

r) 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 straight-line 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
Mining plant & equipment	Lesser of expected life of item, or life of operation
Land and buildings	10%
Motor vehicles	25%

s) Trade and other 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.

Employee leave benefits
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.

t) 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.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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.

u) 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.

Long service leave
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.

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.

v) 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.

w) Business combinations
The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value 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 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 the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

x) 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.

y) **Share-based payments**

Share-based compensation benefits are provided to employees. Information relating to these benefits is provided in note 20.

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.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the use of a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Anova Metals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

z) **Parent entity financial information**

The financial information for the parent entity, Anova Metals Limited, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements.

2. Revenue from continuing operations

Revenue

Revenue from gold bullion sales is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated.

	2018 $	2017 $
Gold sales	3,717,412	-
Silver sales	7,901	-
	3,725,313	-

Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

	2018 $	2017 $
Interest received	20,441	48,713

Other Income

	2018 $	2017 $
Disposal of tenements	100,909	-

3. Cost of goods sold

	2018 $	2017 $
Depreciation of mine properties and equipment	437,078	-
Amortisation of mine properties	2,081,814	-
Amortisation of rehabilitation asset	40,535	-
Production costs	7,104,477	-
Costs deferred as inventory	(2,089,022)	-
	7,574,882	-

4. Income tax

	2018 $	2017 $
Income tax expense:		
Current tax	(121,063)	-
Deferred tax	(2,511,651)	-
	(2,632,714)	-
Reconciliation of income tax expense to prima facie tax payable:		
Loss before income tax	(17,751,899)	(3,402,743)
Income tax benefit calculated at 27.5% (2017: 27.5%)	(4,881,772)	(935,754)
Expenses that are not deductible in determining taxable profit	(3,039)	(34,629)
Changes in unrecognised temporary differences	819,948	16,766
Unused tax losses and tax offsets not recognised as deferred tax assets	1,553,212	953,617
Research and development tax concession	(121,063)	-
	(2,632,714)	-
The applicable average weighted tax rates are as follows:	0%	0%
The following deferred tax balances have not been recognised:		
Deferred tax assets		
Carried forward domestic revenue losses	7,261,041	3,430,105
Capital losses (domestic)	97,087	-
Carried forward foreign revenue losses	2,642,063	2,111,654
Capital raising costs	379,197	122,174
Tenement acquisition costs	171,464	-
Rehabilitation provision	20,454	-
Other temporary differences	47,156	9,238
	10,618,462	5,673,171
Deferred tax liabilities		
Exploration and mine properties	3,414,009	-
Prepayments	21,316	296
Accrued interest income	66	1,108
	3,435,391	1,404

The tax benefits of the above deferred tax assets will only be obtained if:
(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised
(b) the Company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the Company in utilising the benefits.

The following deferred tax balances have been recognised:

Deferred tax liabilities		
Exploration and mine properties	356,723	-
	356,723	-

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% (2017: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law.

5. Segment information

Year ended 30 June 2018	Western Australia $	United States $	Unallocated $	Consolidated $
Revenue	3,725,313	-	-	3,725,313
Total segment revenue	**3,725,313**	**-**	**-**	**3,725,313**
Segment net gain / (loss) after tax	**(4,180,212)**	**(1,356,037)**	**(9,582,936)**	**(15,119,185)**
Interest income	2,501	14	17,926	20,441
Depreciation and Amortisation	(2,512,438)	(9,993)	(1,785)	(2,524,216)
Exploration expensed as incurred	(417,755)	(1,309,816)	-	(1,727,571)
Share-based payments expense	-	-	(101,985)	(101,985)
Impairment of exploration and development expenditure	(9,133,277)	-	-	(9,133,277)
Segment assets	**16,541,226**	**11,732,604**	**158,056**	**28,431,886**
Segment liabilities	**5,917,655**	**304,670**	**1,711,607**	**7,933,932**

Year ended 30 June 2017	Western Australia $	United States $	Unallocated $	Consolidated $
Revenue	-	887	47,826	48,713
Total segment revenue	**-**	**887**	**47,826**	**48,713**
Segment net loss after tax	**-**	**(3,104,132)**	**(298,612)**	**(3,402,743)**
Interest income	-	887	47,826	48,713
Depreciation	-	(9,192)	(987)	(10,179)
Exploration expensed as incurred	-	(1,859,821)	(231,795)	(2,091,616)
Share-based payments expense	-	-	41,127	41,127
Impairment of exploration expenditure	-	-	-	-
Segment assets	**-**	**15,034,842**	**3,964,516**	**18,999,358**
Segment liabilities	**-**	**130,447**	**415,740**	**546,186**

6. Loss per share

Basic loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing, divided by the weighted average number of ordinary shares.

	2018 $	2017 $
Basic loss per share	(2.61)	(0.78)
	$	$
Loss for the year	(15,119,185)	(3,402,743)
	No.	No.
Weighted average number of shares for the purposes of basic loss per share	580,198,392	438,066,376

	2018 $	2017 $
Accumulated losses at 30 June	(43,276,761)	(28,157,576)
Reconciliation of movement in losses		
Balance at the beginning of the year	(28,157,576)	(24,980,833)
Loss for the year	(15,119,185)	(3,402,743)

Transfer of historic share-based payment expenses to losses	-	226,000
Carrying amount at 30 June	(43,276,761)	(28,157,576)

7. Cash and cash equivalents

	2018 $	2017 $
Cash at bank	567,660	7,709,437
	567,660	7,709,437

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

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

Cash flows from operating activities	2018 $	2017 $
Loss for the year	(15,119,185)	(3,402,743)
Adjustments for:		
Depreciation and amortisation expense	2,524,217	10,179
Impairment expense	9,133,277	-
Rehabilitation provision	53,921	231,794
Gain on sale of fixed assets	(96,616)	-
Equity-settled share-based payments	157,007	(41,127)
Foreign exchange gain / loss	173,169	66,125
Change in operating assets & liabilities		
(Increase)/decrease in trade and other receivables	(703,362)	(13,239)
(Increase)/decrease in prepayments	(13,461)	(36,295)
(Increase)/decrease in stocks and WIP	(2,089,022)	-
(Decrease)/increase in trade and other payables	2,956,418	(72,680)
(Decrease)/increase in deferred tax liabilities	(2,511,651)	-
Net cash used in operating activities	(5,535,290)	(3,257,986)

Changes in liabilities arising from financing activities

	Convertible notes $	Secured loan facilities $	Total $
Net cash as at 1 July 2017	-	-	-
Loan provided to Exterra Resources	2,000,000	-	2,000,000
Extinguishment of loan on acquisition	(2,000,000)	-	(2,000,000)
Loan provided by financing syndicate	-	3,000,000	3,000,000
Net Cash at 30 June 2018	-	3,000,000	3,000,000
Net cash as at 1 July 2016	-	-	-
Net cash at 30 June 2017	-	-	-

8. Trade and other receivables

	2018 $	2017 $
GST receivable	483,795	25,158
Accrued interest income	238	4,029
Other debtors	179,050	454
	663,083	29,641

No trade and other receivables are past due and not impaired.

9. Other assets

	2018 $	2017 $
Prepayments	153,540	57,417
	153,540	57,417

10. Inventories

	2018 $	2017 $
Ore stocks - at NRV	279,874	-
Gold in circuit - at NRV	1,147,586	-
Gold bullion - at NRV	661,562	-
	2,089,022	-

Inventories are valued at the lower of cost and net realisable value. At the year end a provision to reduce the net realisable value of inventories by $1,338,682 was recognised against the value of inventories and a corresponding expense recorded in the costs of goods gold.

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price (in the ordinary course of business), less estimated costs of completion and costs of selling final product. Cost is determined using the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods.

11. Non-current other financial assets

	2018 $	2017 $
Term deposits	564,275	30,000
Security deposits	-	393,781
	564,275	423,781

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

12. Plant and equipment

Carrying Value

	Land and buildings $	Plant and equipment $	Motor vehicles $	Total $
Cost	270,307	2,079,637	96,207	2,446,150
Accumulated depreciation	(223,190)	(622,112)	(51,573)	(896,874)
Carrying value at 30 June 2018	47,117	1,457,525	44,634	1,549,276
Cost	-	7,178	38,779	45,957
Accumulated depreciation	-	(5,223)	(7,703)	(12,926)
Carrying value at 30 June 2017	-	1,955	31,076	33,031

Reconciliation

	Land and buildings $	Assets under construction	Plant and equipment $	Motor vehicles $	Total $
30 June 2018					
Carrying value as at 1 July 2017	-	-	1,955	31,076	33,031
Acquired under scheme of arrangement	72,824	1,964,255	145,792	23,859	2,206,730
Additions	-	181,426	72,289	-	253,715
Transferred to mine properties	-	(245,968)	-	-	(245,968)
Transferred to plant and equipment	-	(1,899,713)	1,899,713	-	-
Exchange differences	-	-	(17)	708	691
Depreciation expense	(25,707)	-	(662,206)	(11,010)	(698,923)
	47,117	-	1,457,526	44,633	1,549,276
30 June 2017					
Carrying value as at 1 July 2016	-	-	2,849	-	2,849
Additions	-	-	1,355	39,513	40,868
Exchange differences	-	-	(48)	(459)	(507)
Depreciation expense	-	-	(2,476)	(7,703)	(10,179)
	-	-	1,680	31,351	33,031

Plant and equipment are pledged as security for a loan as disclosed in note 16.

13. Exploration and evaluation expenditure

	2018 $	2017 $
Balance at the beginning of the year	10,746,051	10,974,219
Additions (i)	6,542,892	-
Impairment (ii)	(4,555,181)	-
Exchange differences	259,135	(228,168)
Carrying amount at 30 June	12,992,897	10,746,051

(i) Includes an amount of $6,542,892 in respect of the fair value of exploration and evaluation expenditure acquired under the Scheme of Arrangement (see note 22)
(ii) At the end of the period management assessed each exploration asset for impairment indicators. An impairment expense of $4,555,181 was recorded against the carrying value of the Linden project in relation to non-core prospectus which are not the focus of the Group and there are no significant activities planned at this stage. The carrying value of other explorations including the Big Springs Project were not impaired.

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.

14. Mine and development properties

	2018 $	2017 $
Mine properties and development at cost	11,933,947	-
Less: Accumulated amortisation	(2,081,814)	-
Carrying amount at 30 June	9,852,133	-

Reconciliation of movement in mine properties and development		
At cost		
Balance at the beginning of the year	-	-
Acquired under scheme of arrangement	13,501,205	-
Transferred to property, plant & equipment	(1,964,255)	-
Additions	4,975,093	-
Impairment (i)	(4,578,096)	-
Carrying amount at 30 June	11,933,947	-
Accumulated amortisation		
Balance at the beginning of the year	-	-
Additions	(2,081,814)	-
Carrying amount at 30 June	(2,081,814)	-

Mine properties and development will be recouped through the successful production and sale of gold from the respective properties.

(i) The carrying amount of the relevant cash generating unit was compared with the recoverable amounts using value in use. Value in use is estimated based on discounted cash flows over the life of mine. For calculation purposes, management prepared cash flow projections for a 2-year period based off key assumptions from the 2017 feasibility study on the Second Fortune Project prepared by Exterra Resources. To test sensitivity of the value in use amount on the remaining mine life cash flows, management prepared a scenario with a higher discount rate 12%, compared to 8% in the feasibility study as well as a 7% reduction in gold grade. Cost of production estimates as well as the gold price assumption of A$1,645/oz remained unchanged.

The scenario highlighted sensitivity to these factors and management thought it was prudent to recognise an impairment to the lower recoverable value in this scenario based on the risk profile of the project. Accordingly, an impairment of $4,578,096 was recognised in the period. This impairment will reduce the amortisation expense per ounce in future periods.

Mine properties and development are pledged as security for a loan as disclosed in note 16.

15. Trade and other payables

	2018 $	2017 $
Trade and other creditors	3,892,272	299,422
Payroll liabilities	61,433	14,970
	3,953,705	314,392

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

16. Borrowings

On 31 January 2018 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. The Facility provided Anova with the ability to drawdown $3m in February 2018 to meet expenditure requirements at the Second Fortune Gold Project and for working capital. The Facility was subject to standard terms of a Facility of its size and nature. Prior to drawdown the Company was required to execute satisfactory tolling and haulage agreements for ore from Second Fortune and issue the unlisted options mentioned below. Anova subsequently 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.

Key terms of the Facility included:

- 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).

17. Rehabilitation and restoration provision

	2018 $	2017 $
Balance at the beginning of the year	231,794	-
Additions	337,790	-
Arising during the year	53,921	231,794
Carrying amount at 30 June	623,505	231,794
Current	37,951	49,644
Non-current	585,554	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.

18. Issued capital

	2018 $	2017 $
626,319,775 (2017: 453,400,292) fully paid ordinary shares	60,448,613	44,747,741

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

	2018		2017	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of year	453,400,292	44,747,741	362,155,108	34,947,123
Consideration issued under the Scheme of Arrangement	172,594,404	15,706,091	-	-
Placements	-	-	71,307,684	9,269,999
Conversion of performance rights	325,079	25,012	1,500,000	48,000
Conversion of unlisted options	-	-	18,437,500	1,029,875
Share issue costs	-	(30,230)	-	(547,256)
Balance at end of year	626,319,775	60,448,614	453,400,292	44,747,741

As at 30 June 2018, the Company has 43,506,156 options and 975,324 performance rights on issue, convertible on a 1:1 basis for 44,481,400 shares. The performance rights have various vesting hurdles and expire by 25 October 2020, see note 20. Options and performance rights issued by the Company carry no rights to dividends and no voting rights.

19. Reserves

	2018 $	2017 $
Share-based payments reserve	1,028,764	-
Foreign currency translation reserve	2,297,336	1,863,007
	3,326,100	1,863,007
Reconciliation of movement in reserves		
Share-based payments reserve		
Balance at the beginning of the year	-	315,127
Consideration issued under the Scheme of Arrangement	896,770	-
Performance rights issued to employees	63,936	(41,127)
Options issued to employees	38,048	-
Options issued under financing arrangements	55,022	-
Performance rights exercised	(25,012)	(48,000)
Transfer of historic share-based payment expenses to accumulated losses	-	(226,000)
Balance at 30 June	1,028,764	-
Foreign currency translation reserve		
Balance at the beginning of the year	1,863,007	2,110,001
Effect of translation of foreign currency operations to group presentation currency	434,329	(246,994)
Balance at 30 June	2,297,336	1,863,007

Share-based payments reserve
The share-based payments reserve arose on the grant of incentive options and performance rights to employees, see note 20.

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.

20. Share-based payments

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
Performance rights	2,250,000	27-Nov-14	27-Nov-17	n/a	72,000
Unlisted options	4,500,000	4-Oct-17	19-Jun-20	4.3	265,709
Unlisted options	4,687,502	4-Oct-17	1-Jul-19	12.0	117,666
Unlisted options	2,500,000	4-Oct-17	4-Jul-18	12.0	33,107
Unlisted options	1,250,000	4-Oct-17	26-Aug-19	20.0	18,159
Unlisted options	1,250,000	4-Oct-17	26-Aug-19	25.0	13,151
Unlisted options	8,926,873	4-Oct-17	29-Jul-19	12.0	230,741
Unlisted options	8,926,873	4-Oct-17	29-Jul-19	16.0	166,052
Unlisted options	500,000	4-Oct-17	1-Dec-19	20.0	8,444
Unlisted options	1,375,000	4-Oct-17	28-Nov-21	20.0	43,740
Performance rights	1,300,313	25-Oct-17	25-Oct-20	n/a	100,047
Unlisted options	2,089,918	25-Oct-17	25-Oct-20	8.0	61,093
Unlisted options	6,250,000	15-Feb-18	31-Dec-18	10.0	52,699
Unlisted options	1,250,000	11-Apr-18	31-Dec-18	10.0	2,322

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 options granted during the year is $1,012,884. (2017: nil). The value is based on the underlying share price on the date of issue, the likelihood of vesting conditions being met, and, the options being exercised. At each reporting date the likelihood of each class of options vesting is reviewed by management and the share-based payment adjusted accordingly. The fair value of options which vested during the year was $989,840 (2017: nil).

The fair value of the performance rights granted during the year was $100,047. (2017: 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 recognised during the year was $63,937 (2017: $7,737).

The following is a summary of movements in options during the year.

	2018		2017	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of year	-	-	23,937,500	0.06
Granted during the year	43,506,166	0.12	-	-
Exercised during the year	-	-	(19,937,500)	(0.05)
Lapsed during the year	-	-	(4,000,000)	(0.12)
Balance at end of year	43,506,166	-	-	-
Exercisable at end of year	40,963,494	0.13	-	-

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)
2018			
Performance rights[1]	325,079	11-Apr-18	5.9
	325,079		
2017			
Unlisted 5c options	2,500,000	11-Jul-16	16.0
Unlisted 5c options	6,250,000	17-Aug-16	16.0
Unlisted 5c options	1,875,000	18-Aug-16	17.5
Unlisted 10.4c options	1,500,000	3-Oct-16	16.5
Unlisted 5c options	3,000,000	7-Nov-16	15.5
Unlisted 5c options	2,812,500	30-Nov-16	14.0
Unlisted 10.4c options	500,000	30-Nov-16	14.0
Performance rights[1]	1,500,000	6-Feb-17	12.5
	19,937,500		

[1] Performance rights converted to ordinary shares for nil consideration and a fair value of $25,012.

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 1.2 years (2017: 0.4 years).

The fair value of the equity-settled share options granted during the year was estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The fair value of performance rights is determined using the Company's closing share price on the date of grant.

Inputs into the model	Issues 1	Issue 2	Issue 3	Issue 4
Grant Date	4-Oct-17	25-Oct-17	15-Feb-18	11-Apr-18
Grant date share price (cents)	9.10	7.69	6.69	5.98
Exercise price (cents)	Various	8.0	10.0	10.0
Expected volatility	70%	69%	68%	50%
Option life	Various	3 years	319 Days	264 Days
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	1.50%	1.50%	1.50%	1.50%

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

21. Financial Instruments

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.

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 $
2018						
Financial assets						
Non-interest bearing	663,083	-	-	-	-	663,083
Variable interest rate	567,660	-	-	-	-	567,660
Fixed interest rate	-	-	40,000	524,275	-	564,275
	1,230,743	-	40,000	524,275	-	1,795,018
Financial liabilities						
Fixed interest rate	-	3,025,890	-	-	-	3,025,890
Non-interest bearing	915,494	897,569	2,140,642	-	-	3,953,705
	915,494	3,923,459	2,140,642	-	-	6,979,595
2017						
Financial assets						
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
	7,739,078	-	30,000	393,781	-	8,162,859
Financial liabilities						
Non-interest bearing	314,392	-	-	-	-	314,392
	314,392	-	-	-	-	314,392

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:

	2018 $	2017 $
Cash	169,027	3,457,147
Trade receivables	-	-
Prepayments	11,932	-
Other assets	524,275	393,781
Trade payables	59,488	80,777

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.

	FX exchange rate increase by 10%		FX exchange rate decrease by 10%	
	2018 $	2017 $	2018 $	2017 $
Profit or loss	(69,520)	(306,943)	84,969	375,152
Equity	69,520	306,943	(84,969)	(375,152)

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 2018 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 financial assets and financial liablities is assumed to approximate their fair value due to their short-term nature.

22. Business Combination

Acquisition

On 5 October 2017, Anova acquired 100% of the shares of Exterra Resources Limited by a Scheme of Arrangement, under which Anova issued 172,594,404 ordinary shares to Exterra Resources shareholders. The consolidated entity also issued 33,916,248 unlisted replacement options to Exterra Resources option holders with various exercise prices and expiry dates.

The total cost of the combination was $16,602,861 and comprised an issue of shares and options. The consolidated entity issued 172,594,404 ordinary shares with a fair value of 9.1 cents each, based on the quoted price of the shares of Anova Metals Limited on the Implementation Date of the Scheme of Arrangement. The 33,916,248 unlisted replacement options were valued based with the Black-Scholes valuation method. Key variables in the option valuation include the price of date of issue of 9.1 cents, a risk-free rate of 1.5% and volatility of 69.6%.

Consideration transferred

On the acquisition date, 5 October 2017, the fair value of consideration transferred was recorded as:

	$
Shares issued, at fair value	15,706,091
Options issued, Black-Scholes valuation	896,769
Total purchase consideration	16,602,860

Assets acquired and liabilities assumed at the date of acquisition
The Consolidated Entity recognised the fair values of the identifiable assets and liabilities of Exterra Resources as follows.

Assets and liabilities at fair value	$
Cash	1,792,523
Trade and other receivables	153,231
Second Fortune Mine	13,501,205
Exploration	6,542,892
Property, plant and equipment	242,475
Trade and other payables	(423,303)
Convertible note	(2,000,000)
Provisions	(337,789)
Deferred tax liability	(2,868,374)
Net identifiable assets acquired	16,602,860

Net cash inflow from transaction

	$
Convertible note provided	2,000,000
Less: Net cash acquired with the subsidiary	(1,792,523)
Net cash inflow	207,477

Impact of acquisition on the results of the consolidated entity
If the business combination had taken place at the beginning of the year, the loss of the Consolidated Entity would have been $16,541,508 and the revenue from continuing operations would have been unchanged at $3,725,313.

23. Contingent assets and liabilities
There were no contingent liabilities or contingent assets at 30 June 2018 (2017: nil).

24. Capital and other commitments

	2018 $	2017 $
Renewal fees for Big Springs claims (payable within 12 months)	160,564	154,742
Advance net smelter royalty payments (payable within 12 months)	81,653	81,653
Minimum tenement expenditure (within 12 months)	508,000	-
Loan Facility Agreement with Exterra Resources Limited	-	2,000,000
	750,217	2,234,256

25. Related parties
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:

	2018 $	2017 $
Short-term employee benefits	399,611	276,046
Post-employment benefits	15,616	15,616
Share based payments	-	-
	415,227	291,662

As at 30 June 2018 $2,365 (2017: $40,527) 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.

Key management personnel transactions

	Charges from: 2018 $	Charges from: 2017 $	Charges to: 2018 $	Charges to: 2017 $
Mitchell River Group Pty Ltd	321,366	281,440	30	66
Provision of a fully serviced office, admin and technical staff				
EVE Investments Limited	435	1,995	178	311
Recharge of costs				
African Energy Resources Ltd	-	249	-	17
Recharge of costs				
Aurora Uranium Ltd	-	46,459	-	-
Recharge of costs				
Oregon Energy LLC	-	-	734	-
Recharge of costs				
Omniblend Innovation Pty Ltd	-	-	491	262
Recharge of costs				
Hartree Pty Ltd	15,645	-	-	-
Recharge of costs				

Assets and liabilities arising from the above transactions

	2018 $	2017 $
Trade receivables	-	384
Trade payables	127,282	62,108

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.

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.

26. 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 2018	Ownership interest 2017
Direct subsidiaries of the parent			
Big Springs Project Pty Ltd	Australia	100%	100%
Anova Metals Australia Pty Ltd (formerly Exterra Resources Ltd)	Australia	100%	100%
Indirect subsidiaries			
(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.

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.

27. Parent company disclosures

	2018 $	2017 $
Current assets	115,571	7,586,435
Non-current assets	22,093,990	11,100,353
Total Assets	22,209,561	18,686,788
Current Liabilities	1,354,885	233,616
Non-current liabilities	356,723	-
Total Liabilities	1,711,608	233,616
Contributed equity	60,448,613	44,747,741
Reserves	1,028,765	-
Accumulated losses	(40,979,425)	(26,294,569)
Total Equity	20,497,953	18,453,172
Loss for the year	14,684,856	(3,649,736)
Total comprehensive loss / (gain) for the year	14,684,856	(3,649,736)

No guarantees were entered into by the parent company during the year (2017: nil).

At 30 June 2018 the parent company had no contingent liabilities (30 June 2017: nil).

28. Remuneration of auditor

	2018 $	2017 $
Audit or review of the financial report	48,500	29,400
	48,500	29,400

29. Significant events after the balance date

Big Springs divestment strategy

On 18 July 2018 the Company announced that it intends to divest its Big Springs Gold Project, located in Nevada, USA. The divestment of Big Springs will allow Anova to unlock significant value from its past operations in the US and focus on its core Australian projects.

In August 2017, Dunbar Resource Management (DRM) in its Independent Technical Assessment and Valuation Report, prepared as part of the Company's Scheme of Arrangement with Exterra Resources produced a range of independent valuations for the Big Springs Gold Project. This report valued Big Springs and the US exploration assets between $51.2m (lower valuation) and $75.8m (upper valuation), with a preferred valuation of $63.1m. The Board doesn't consider there have been any material changes to the circumstances upon which the valuation was based since it was prepared.

The divestment process, led by experienced Canadian resources advisors Haywood Securities Inc., will explore multiple opportunities for Anova to divest its 100% interest in the Big Springs Gold Project and unlock value for the Company's shareholders The Company expects the process to run for several months and is targeting completion before the end of December 2018.

Re-financing

On 4 September 2018 the Company announced that its wholly owned subsidiary Anova Metals Australia Pty Ltd had entered into a Facility Agreement ("Facility") with Twynam Agricultural Group Pty Ltd. The Facility provided AMA with the repay the existing $3m financing facility. The Facility was subject to standard terms of a Facility of its size and nature and prior to drawdown AMA was required, amongst other things, to execute satisfactory tolling and haulage agreements for ore from Second Fortune and issue the unlisted options mentioned below. Key facility terms include:

- Interest rate of 10% per annum, payable monthly.
- Maturity date being the earlier of 24 months from drawdown or sale of the Big Springs Project.
- 50,000,000 unlisted options over Anova shares, exercisable at 4.5 cents per share by 30 June 2020.
- 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).
- Minimum interest over the facility term of $300,000.

On 11 September 2018 the Company issued 2,812,500 shares to an advisor as a facilitation fee for the re-financing of the above-mentioned loan facility.

There are no other matters or circumstances that have arisen since the end of the financial year which have 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.

DIRECTOR'S 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 2018 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
28 September 2018

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Accountants | Business and Financial Advisers

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 consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2018, 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, and 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 consolidated entity is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 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 consolidated entity 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 1e) in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty*

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Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report**.**

Key Audit Matter	How our audit addressed the key audit matter
Inventories Note 10 of the financial report	
As at balance date, the carrying value of the consolidated entity's inventory was $2,089,022. We considered this to be a key audit matter as the carrying value of inventory is a significant area of judgement by management as detailed in Note 1d). This judgement is specifically used in valuing the ore stocks on hand and the gold still being processed at year end.	Our audit procedures included but were not limited to: • Considering the appropriateness of the consolidated entity's accounting policy and application; • Considering management's processes and controls in relation to inventory; • Verifying existence of inventory at year end, we observed the processes and procedures used to estimate both the ore and gold in process stocks, evaluating the key areas of estimation involved in the process and how these estimation risks were addressed and minimised by management; • Testing included a reconciliation of the gold sales during the year to sales records, ensuring that all of production gold had been accounted for; • Considering the methodology applied by management to record all appropriate costs within the inventory model; • Considering management's calculation of net realisable value; • Considering whether inventory is valued at the lower of cost or net realisable value by comparing the carrying value to gold price data; and • Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.
Mine and development properties Note 14 of the financial report	
At balance date, management assessed that an indicator of impairment was present in relation to mine and development properties and as a result was required to test the asset for impairment in accordance with AASB 136 *Impairment of Assets.* A net present value calculation was performed which resulted in an impairment of $4,578,096. We considered this to be a key audit matter due to its importance to the users' understanding of the financial statements, the	Our audit procedures included but were not limited to: • Obtaining an understanding of the key controls associated with the net present value calculation used to assess the recoverable amount; • Critically evaluating management's methodology used in the net present value calculation and the basis for key assumptions; • Assessing the net present value calculation for consistency with the

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degree of estimation involved in future cash flows, discount rates and other inputs to the net present value calculation and the degree of audit effort directed towards this area.	requirements of Australian Accounting Standards; • Comparing key assumptions in net present value calculation to historical results and, where these were materially different, we critically reviewed the basis for differing future expectations; • Comparing forecast cash flows to the latest Board approved forecasts; • Considering the appropriateness of the discount rate used; • Considering whether the assets comprising the cash-generating unit had been correctly allocated; • Comparing the net present value to the carrying amount of assets comprising the cash-generating unit; • Performing sensitivity analyses around the key inputs used in the cash flow forecasts and the impact on the net present value calculation; • Reviewing the mathematical accuracy of the net present value calculation; and • Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.
Exploration and evaluation expenditure Note 13 of the financial report	
The consolidated entity has capitalised exploration and evaluation expenditure. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the consolidated entity capitalises acquisition costs and then expenses further exploration and evaluation expenditure as incurred. The cost model is applied after recognition. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. Our audit focussed on the consolidated entity's assessment of the carrying amount of the capitalised exploration and evaluation asset. 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. We considered this to be a key audit matter due to its size and importance to the users' understanding of the financial statements.	Our audit procedures included but were not limited to: • Obtaining an understanding of the key processes associated with management's review of the carrying values of each area of interest; • Substantiate a sample of exploration and evaluation expenditure recognised; • Considering the directors' assessment of potential indicators of impairment; • Obtaining evidence that the consolidated entity has current rights to tenure of its areas of interest; • Examining the exploration budget for the year ending 30 June 2019 and discussed with management the nature of planned ongoing activities; and • Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

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Acquisition of Exterra
Note 22 of the financial report

During the year the consolidated entity acquired 100% of the shares of Exterra Resources Limited by a Scheme of Arrangement. The acquisition has been accounted for as a business combination under AASB 3 *Business Combinations*. We considered this to be a key audit matter due to its size, complexity and judgement involved.	Our audit procedures included but were not limited to: • Reading the Merger Implementation Agreement to understand the key terms and conditions; • Assessing the principles applied in the acquisition accounting; • Considering whether or not Exterra Resources Limited constituted a business under AASB 3; • Assessing and recalculating the deemed consideration constituting the purchase price. The excess of the consideration over the fair values of the assets acquired and the liabilities assumed was recognised as a scheme of arrangement transaction cost; • Auditing the net assets acquired; and • Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

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 consolidated entity's annual report for the year ended 30 June 2018, 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 consolidated entity 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 consolidated entity or to cease operations, or have no realistic alternative but to do so.

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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 consolidated entity'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 consolidated entity'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 consolidated entity 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.

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.

HLB Mann Judd

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 2018.

In our opinion, the Remuneration Report of Anova Metals Limited for the year ended 30 June 2018 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

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 September 2018

D I Buckley
Partner

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

2. Substantial Shareholders (Holding Not Less Than 5%)
Nil substantial shareholders have lodged relevant disclosures with the Company.

3. Class of Shares and Voting Rights
At 28 September 2018, there were 2,231 holders of 629,132,275 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:

a. each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

b. 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

c. 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	593,272,228	451	94.30
10,001 to 100,000	32,646,925	851	5.19
5,001 to 10,000	2,109,731	282	0.34
1,001 to 5,000	1,007,420	296	0.16
1 to 1,000	95,971	351	0.02
Total	**629,132,275**	**2,231**	**100.00**
Unmarketable Parcels	10,906,856	1,364	1.73

5. Unquoted Securities as at 28 September 2018

Securities	Number on issue	Number of holders	Holders with more than 20%	Number held
Unlisted options exercisable at 4.3 cents on or before 19/06/2020	4,500,000	3	Sammy Pty Ltd <J &D Davis Super Fund A/C>	2,500,000
			Aradia Ventures Pty Ltd <J & A Brown Family A/C>	1,500,000
Unlisted options exercisable at 12 cents on or before 01/07/2019	4,687,502	24	N/A	N/A
Unlisted options exercisable at 20 cents on or before 26/08/2019	1,250,000	1	Taycol Nominees Pty Ltd <211 A/C>	1,250,000
Unlisted options exercisable at 25 cents on or before 26/08/2019	1,250,000	1	Taycol Nominees Pty Ltd <211 A/C>	1,250,000
Unlisted options exercisable at 12 cents on or before 29/07/2019	8,926,873	12	Mr Geoffrey Laing	2,410,255
Unlisted options exercisable at 16 cents on or before 29/07/2019	8,926,873	12	Mr Geoffrey Laing	2,410,255
Unlisted options exercisable at 20 cents on or before 01/12/2019	500,000	2	Mr Monte Ling	250,000
			Duketon Consolidated Pty Ltd	250,000
Unlisted options exercisable at 20 cents on or before 01/12/2019	1,375,000	3	Sammy Pty Ltd <J &D Davis Super Fund A/C>	750,000
			Aradia Ventures Pty Ltd <J & A Brown Family A/C>	375,000
Unlisted employee options exercisable at 8 cents on or before 25/10/2020	522,480	1	n/a	n/a
Unlisted options exercisable at 10 cents on or before 31/12/2018	7,500,000	4	Hindsight Pty Ltd	2,500,000
			Skye Alba Pty Ltd	2,500,000
Unlisted options exercisable at 4.5 cents on or before 30/06/2020	50,000,000	1	Twynam Agricultural Group Pty Ltd	50,000,000

6. Listing of 20 Largest Shareholders as at 28 September 2018

Rank	Name	Number of shares held	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,469,554	5.80
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	36,266,016	5.76
3	TWYNAM AGRICULTURAL GROUP PTY LTD	19,398,594	3.08
4	LOMACOTT PTY LTD <THE KEOGH SUPER FUND A/C>	16,000,000	2.54
5	MR REX SEAGER HARBOUR	13,500,000	2.15
6	MR JOHN CAMPBELL SMYTH <SMYTH SUPER FUND A/C>	13,100,000	2.08
7	GREGORACH PTY LTD	12,472,010	1.98
8	CITICORP NOMINEES PTY LIMITED	12,345,714	1.96
9	DARLEY PTY LIMITED <DJW INVESTMENT A/C>	12,300,000	1.96
10	DEFENDER EQUITIES PTY LTD <DEFENDER AUS OPPORTUN FD A/C>	11,550,000	1.84
11	JETOSEA PTY LTD	11,096,564	1.76
12	RANGUTA LIMITED	10,653,765	1.69
13	SFN HOLDINGS PTY LTD	9,947,878	1.58
14	MR BERNARD OWEN STEPHENS & MRS ERIN JOSEPHINE STEPHENS <THE STEPHENS GROUP SUPER A/C>	8,369,047	1.33
15	MR ALASDAIR CAMPBELL COOKE	8,249,121	1.31
16	CLARIDEN CAPITAL LIMITED	7,600,000	1.21
17	MITCHELL RIVER GROUP PTY LTD	7,500,000	1.19
18	GURRAVEMBI INVESTMENTS PTY LTD <THE GURRAVEMBI S/FUND A/C>	7,252,016	1.15
19	COAST EQUITY PTY LTD <COAST TRADING A/C>	7,000,000	1.11
20	ELEMENT 25 LIMITED	7,000,000	1.11
		268,070,279	**42.61**

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.

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