

**ANOVA METALS LIMITED  
ACN 147 678 779**

**NOTICE OF GENERAL MEETING  
AND  
EXPLANATORY STATEMENT**

**For the General Meeting of Shareholders  
to be held on 4 August 2020 at 10:00am (WST)  
at Orelia Room, Mercure Hotel, 10 Irwin Street, Perth, Western Australia**

***This is an important document. Please read it carefully.***

***Shareholders are urged to vote by lodging the proxy form attached to this Notice.***

***Shareholders wishing to attend in person are advised that strict social distancing rules will apply. There will be no catering for the event.***

## TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE

### Venue

The General Meeting of Anova Metals Limited will be held at:

**Orelia Room  
Mercure Hotel  
10 Irwin Street  
Perth, Western Australia, 6000**

**Commencing  
at 10:00am (WST)  
on 4 August 2020**

### How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

#### Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 10:00am (WST). Given the current COVID-19 pandemic, Shareholders are urged to vote by proxy.

#### Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice as soon as possible and either deliver the proxy form by post, by facsimile or by email in accordance with the instructions on the proxy form. You may also submit your proxy form online in accordance with instructions on the proxy form.

Your proxy form must be received not later than 48 hours before the commencement of the Meeting.

**Your proxy form is enclosed.**

**ANOVA METALS LIMITED**  
**ACN 147 678 779**

**NOTICE OF GENERAL MEETING**

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Notice is hereby given that the General Meeting of the Shareholders of Anova Metals Limited will be held at Orelia Room, Mercure Hotel, 10 Irwin Street, Perth, Western Australia on 4 August 2020 at 10:00am (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

**RESOLUTION 1 – RATIFICATION OF ISSUE OF SHARES UNDER MARCH PLACEMENT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That the issue of 50,000,000 Shares to Institutional Investors under the March Placement is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**RESOLUTION 2 – RATIFICATION OF ISSUE OF SHARES UNDER TOP-UP PLACEMENT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That the issue of 81,344,822 Shares to Au Xingao Investment Pty Ltd (Xingao) under the Top-Up Placement is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by Au Xingao Investment Pty Ltd or a counterparty to the agreement being approved or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **RESOLUTION 3 – RATIFICATION OF ISSUE OF NIL SUBSCRIPTION SHARES TO UNRELATED PARTIES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That the issue of 17,142,857 Shares for nil subscription to Institutional Investors is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **RESOLUTION 4 – APPROVAL TO ISSUE NIL SUBSCRIPTION SHARES TO DR MINGYAN WANG**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That the issue up to 4,285,714 Shares for nil subscription to Dr Mingyan Wang or his nominees is approved under and for the purposes of Listing Rule 10.11 and for all other purposes, on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Dr Mingyan Wang and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **RESOLUTION 5 – RATIFICATION OF ISSUE OF INCENTIVE OPTIONS TO LEAD MANAGER**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That the issue of 16,295,390 Incentive Options to Argonaut Securities Pty Limited is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Argonaut Securities Pty Limited or a counterparty to the agreement being approved or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **RESOLUTION 6 – APPROVAL TO ISSUE BALANCE OF INCENTIVE OPTIONS TO LEAD MANAGER**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That the issue up to 48,704,610 Incentive Options to Argonaut Securities Pty Limited or its nominees is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Argonaut Securities Pty Limited, a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## RESOLUTION 7 – APPROVAL TO ISSUE SHARES TO XINGAO AS A FOLLOW-ON PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 8, the issue up to 181,767,004 Shares at 1.7 cents per Share to Au Xingao Investment Pty Ltd (Xingao) or its nominee is approved under and for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, which will result in Xingao's relevant interest and voting power in the Company increasing to 30.00%, on the terms set out in the Explanatory Statement."*

**Voting exclusion:** No votes may be cast in favour of the Resolution by:

- (a) the person proposing to make the acquisition and their associates; or
- (b) the persons (if any) from whom the acquisition is to be made and their associates.

Accordingly, the Company will disregard any votes cast on this Resolution by Xingao and any of their associates.

**Expert's Report:** Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under item 7 of section 611 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the issue of the Shares the subject of this Resolution is **not fair but is reasonable** to the non-associated Shareholders. The Independent Expert's Report considered this Resolution together with Resolution 8 formed part of one overall transaction as they are interdependent with one another.

## RESOLUTION 8 – APPROVAL TO ISSUE OPTIONS TO XINGAO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 7, the issue up to 90,000,000 Options in 3 series to Au Xingao Investment Pty Ltd (Xingao) or its nominees is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Au Xingao Investment Pty Limited, a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 2 August 2020 at 4.00pm (WST).
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

**By order of the Board**



**Mr David Palumbo**  
**Company Secretary**

Dated: 1 July 2020

**ANOVA METALS LIMITED**  
**ACN 147 678 779**

**EXPLANATORY STATEMENT**

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This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

**Resolutions 7 and 8 are interdependent on one another. Thereby, if either of Resolution 7 or 8 are not passed, each will not have effect and will be taken to have been rejected by Shareholders.**

The Directors recommend that Shareholders read this Explanatory Statement in full, including the Independent Expert's Report the subject of Resolution 7, before making any decision in relation to the Resolutions. The Independent Expert concludes that the issue of Shares the subject of Resolution 7 is **not fair but is reasonable** to the non-associated Shareholders.

**1. OVERVIEW OF RECAPITALISATION**

**1.1 Recapitalisation**

Financial Condition of Anova and commitment by Xingao

As at the date the Lead Management Agreement was executed (14 April 2020), Anova was financially challenged and required capital to fund its ongoing operations and commitments. Its cash balance was approximately \$617,000 after raising \$500,000 from the March Placement. Current liabilities were in excess of \$4.3 million giving rise to a working capital deficiency of approximately \$3.7 million. The Shares were trading at or about 0.8 cents, giving a market capitalisation of approximately \$5.5 million. Xingao has acted as the cornerstone investor to the recapitalisation of Anova by committing to approximately \$4.5 million in equity subscriptions.

Without the commitment by Xingao to cornerstone the recapitalisation, it is doubtful that such a successful recapitalisation of Anova could have been executed.

March Placement

Prior to undertaking the Entitlements Offer, the Company completed the March Placement by which it issued 50,000,000 Shares on 2 March 2020 at 1 cent per Share to Institutional Investors (March Placees). The March Placement raised \$500,000 before costs.

Entitlement Offer

The Company initially commenced an entitlements offer (1 Share for every 2 Shares held) at 1 cent per Share. However, due to adverse market conditions, the Company re-priced the entitlements offer to 0.7 cents per Share.

By the Entitlements Offer, eligible shareholders were invited to participate in a non-renounceable pro-rata entitlements offer on the basis of 2 Shares for every 3 Shares held at the record date at an issue price of 0.7 cents per Share. The Entitlements Offer closed on 1 May 2020 and Shares were issued to eligible shareholders on 8 May 2020.



### Committed Investors and Top-Up Placement

Argonaut Securities as Lead Manager to the recapitalisation received conditional firm commitments for Shortfall under the Entitlements Offer from Institutional Investors for a minimum of \$1,750,000. The largest commitment was by Xingao for a minimum of \$1,300,000.

The Company completed the placement of Shortfall to the Committed Investors on 8 May 2020. There was insufficient Shortfall to satisfy the commitment by Xingao and thereby the Company undertook the Top-Up Placement (a further placement on a "top-up" basis) to Xingao for a further \$569,413.

### Nil Subscription Shares

As set out above, the March Placement was conducted at 1 cent per Share. By reason of the Entitlements Offer being re-priced to 0.7 cents per Share, the Company resolved, subject to any necessary Shareholder approval, to issue Shares at a nil subscription price to the March Placees so that the average price of the Shares issued under the March Placement (of 1 cent) and the Shares with a nil subscription price (0 cents) is 0.7 cents. This average price of 0.7 cents equates to the Shares offered and issued under the Entitlements Offer which were re-priced to 0.7 cents.

### Follow-On Placement and Options

In accordance with the commitment by Xingao to the Company, subject to Shareholder approval and FIRB Approval, the Company will undertake a revised Follow-On Placement by which Xingao will subscribe for a placement of Shares at 1.7 cents per Share (a 143% premium to the recapitalisation fundraising of 0.7 cents per Share) to take its voting power beyond the 20% statutory takeover threshold to 30%. As set out in Section 8.4 of this Explanatory Statement, the Follow-On Placement will raise up to \$3,090,039 before costs.

Xingao agreed to re-price the Follow-On Placement from 1 cent per Share to 1.7 cents per Share (see ASX announcement of 10 June 2020). This re-pricing will raise up to a further \$1,272,369. In consideration of Xingao agreeing to re-price the Follow-On Placement, subject to Shareholder approval, the Company has agreed to issue 90,000,000 Options to Xingao or its nominee in 3 series of Options. The first series of Options have an exercise price of 2 cents and an expiry date of 30 June 2022 (see Schedule 2). The second series of Options have an exercise price of 2.5 cents and an expiry date of 30 June 2023 (see Schedule 3). The third series of Options have an exercise price of 3 cents and an expiry date of 30 June 2024 (see Schedule 4). In the event Resolution 8 is passed, Xingao has agreed to a standstill so that it will not increase its voting power in the Company above 30% for 12 months from the issue of the Follow-On Placement Shares.

The Company has an existing loan facility with Twynam which is due to be repaid by 3 September 2020. The sum of \$2,825,000 is currently outstanding. The Follow-On Placement will be used to repay the Twynam loan facility in full, which will result in the Company becoming debt free.

In the event that Shareholder or FIRB approval to the Follow-On Placement is not obtained, the Company will need to seek to extend the repayment date with Twynam (of 3 September 2020) or raise further funds to pay the outstanding sum of approximately \$2,825,000 to Twynam.

### Incentive Options

Pursuant to a lead management agreement with the Lead Manager concerning the recapitalisation, the Company is required to issue 65,000,000 Incentive Options to the Lead Manager. The Company has issued 16,295,390 Incentive Options utilising its existing 15% placement capacity (Resolution 5) and seeks Shareholder approval to issue 48,704,610 Incentive Options (the balance) (Resolution 6) as the Company does not currently have sufficient placement capacity to issue the balance of the Incentive Options.

## 1.2 Capital Structure

The different stages of the recapitalisation are set out in the Capital Structure Table below.

	<b>Total</b>
Shares (before recapitalisation)	639,132,275
March Placement (see Resolution 1)	50,000,000
<b>Sub-Total</b>	<b>689,132,275</b>
Shares to eligible shareholders under Entitlements Offer	241,815,500
Shortfall Shares issued to Committed Investors	217,606,017
Top-Up Placement to Xingao (see Resolution 2)	81,344,822
Nil Subscription Shares to unrelated parties (see Resolution 3)	17,142,857
Shares on exercise of Options and cleansing prospectus Share (10 June 2020)	11
<b>Total at date of this Notice</b>	<b>1,247,041,482</b>
Nil Subscription Shares to Mingyan Wang (see Resolution 4)	4,285,714
Follow-On Placement (see Resolution 7)	181,767,004
<b>Total</b>	<b>1,433,094,200</b>

In addition to Shares, the Company has on issue or will issue the following Options:

- (a) 522,480 existing unlisted Options (exercise price 8 cents and expiry date 25 October 2020);
- (b) 1,375,000 existing unlisted Options (exercise price 20 cents and expiry date 28 November 2021);
- (c) 65,000,000 Incentive Options – unlisted (exercise price 1.1 cents and expiry date 31 March 2022) to be issued to the Lead Manager as part of consideration for its role in the recapitalisation. 16,295,390 Incentive Options have been issued (see Resolution 5) and 48,704,610 Incentive Options are proposed to be issued to the Lead Manager (Resolution 6);
- (d) 30,000,000 Options – unlisted (exercise price 2 cents and expiry date 30 June 2022) proposed to be issued to Xingao or its nominees (see Resolution 8);
- (e) 30,000,000 Options – unlisted (exercise price 2.5 cents and expiry date 30 June 2023) proposed to be issued to Xingao or its nominees (see Resolution 8); and
- (f) 30,000,000 Options – unlisted (exercise price 3 cents and expiry date 30 June 2024) proposed to be issued to Xingao or its nominees (see Resolution 8).

### 1.3 Shareholder approvals

As set out in the Capital Structure Table above, various Shareholder approvals are sought by this Notice.

Resolutions 1, 2 and 3 seek Shareholder approval to ratify the issue of Shares that have occurred. Shares and Shortfall Shares issued under the Entitlements Offer fall within exceptions to placement capacity and no ratification Shareholder approval is required.

Resolution 4 seeks Shareholder approval to issue Nil Subscription Shares to Mingyan Wang, a related party.

Resolutions 5 and 6 respectively seek Shareholder approval to ratify the issue of part of the Incentive Options to the Lead Manager, which utilised the Company's existing placement capacity (Resolution 5) and to approve the issue of the balance of the Incentive Options to the Lead Manager (Resolution 6).

Resolution 7 seeks Shareholder approval to issue Follow-On Placement Shares to Xingao. The Independent Expert's Report has been commissioned in respect of this Shareholder approval.

Resolution 8 seeks Shareholder approval to issue Options to Xingao.

### 1.4 Timetable

Set out below is a Timetable of material events relevant to matters set out in this Notice.

Event	Date
March Placement issued	2 March 2020
Shares issued to eligible shareholders under Entitlements Offer	8 May 2020
Shortfall Shares issued	8 May 2020
Top-Up Placement Shares issued	8 May 2020
Nil Subscription Shares issued to unrelated parties	8 May 2020
Part of Incentive Options issued	8 May 2020
Meeting of Shareholders	4 August 2020
Nil Subscription Shares to be issued to Mingyan Wang	estimated 5 August 2020
Balance of Incentive Options to be issued	estimated 5 August 2020
FIRB Approval (estimated)	estimated 10 August 2020
Follow-On Placement Shares and Options to be issued to Xingao (within 5 days of Shareholder approval at the Meeting and FIRB Approval by Xingao)	estimated 14 August 2020

Xingao has lodged an application for consent or approval by the Foreign Investment Review Board for Xingao to subscribe for Shares to take its voting power beyond the 20% statutory threshold to 30%. The date for FIRB Approval in the Timetable above is indicative only.

## 1.5 Board of Directors

The Board of Directors comprises:

Mr Edward Rigg – Non-Executive Chairman  
Dr Mingyan Wang – Managing Director  
Mr John Davis – Non-Executive Director

## 1.6 Interdependent Resolutions

Resolutions 7 and 8 are conditional upon the passing of each other, so that each will not have effect unless and until the other is passed.

## 1.7 Directors' recommendation

Mr Edward Rigg is an executive and shareholder of the Argonaut group of companies. Argonaut Securities is the Lead Manager to the recapitalisation that is the subject of this Notice. Mr Rigg therefore abstains from a recommendation on the Resolutions.

Dr Mingyan Wang participated in the March Placement the subject of Resolution 1 and is the subject of the proposed issue of Shares under Resolution 4. Dr Wang therefore abstains from making a recommendation on Resolutions 1 and 4. Dr Wang otherwise does not have a material personal interest in the other Resolutions and recommends that Shareholders vote in favour of the other Resolutions as he believes it is in the best interests of the Company.

Mr John Davis does not have a material personal interest in the outcome of any of the Resolutions other than as a Shareholder of the Company. Mr Davis recommends that Shareholders vote in favour of all Resolutions as he believes it is in the best interests of the Company.

A more detailed recommendation is provided in Section 8.7 concerning Resolution 7.

In the event that FIRB Approval or Shareholder approval to the Follow-On Placement (Resolution 7) is not received, the Follow-On Placement will not proceed. The Twynam loan will remain outstanding (currently approximately \$2,825,000), which is due to be repaid by 3 September 2020. In this case, the Company will need to seek to extend this repayment date or raise further moneys to pay this outstanding sum.

## 2. RESOLUTION 1 - RATIFICATION OF ISSUE OF SHARES UNDER MARCH PLACEMENT

### 2.1 Background

On 2 March 2020 ("**Issue Date**") the Company issued 50,000,000 Shares to Institutional Investors under the March Placement.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The March Placement does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the Issue Date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to the March Placement under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the March Placement will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the March Placement will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

## 2.2 Listing Rule 7.5

For Shareholders to approve the March Placement under and for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in accordance with Listing Rule 7.5:

- (a) The securities were issued to Institutional Investors exempt from or outside the disclosure requirements under Chapter 6D of the Corporations Act. None of the subscribers is a related party of the Company.
- (b) The number of securities issued was 50,000,000 Shares.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued shares.
- (d) The Shares were issued on 2 March 2020.
- (e) The Shares were issued at 1 cent each.
- (f) The funds raised from the issue of the Shares together with funds from the recapitalisation will be used for evaluation, exploration and assessment of the Company's projects, identifying new opportunities and for general working capital.
- (g) The securities were not issued under a relevant agreement.

## 3. RESOLUTION 2 – RATIFICATION OF ISSUE OF SHARES UNDER TOP-UP PLACEMENT

### 3.1 Background

On 8 May 2020 ("**Issue Date**") the Company issued 81,344,822 Shares to Xingao under the Top-Up Placement being subsequent to the Entitlements Issue.

Information about Listing Rules 7.1 and 7.4 is set out above in Section 2.1.

The securities issued the subject of this Resolution were issued within the Company's 15% capacity.

This Resolution seeks Shareholder approval to the Top-Up Placement under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the Top-Up Placement will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the Top-Up Placement will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

### 3.2 Listing Rule 7.5

For Shareholders to approve the Top-Up Placement under and for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in accordance with Listing Rule 7.5:

- (a) The securities were issued to Xingao. Xingao is not a related party of the Company.
- (b) The number of securities issued was 81,344,822 Shares.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued shares.
- (d) The Shares were issued on 8 May 2020.
- (e) The Shares were issued at 0.7 cents each.
- (f) The funds raised from the issue of the Shares together with funds from the recapitalisation will be used for evaluation, exploration and assessment of the Company's projects, identifying new opportunities and for general working capital.
- (g) The securities were issued under an agreement between the Company and Xingao. Xingao agreed to subscribe for a further placement on a "top-up" basis (the Top-Up Placement) in the event there was insufficient Shortfall to satisfy a commitment to subscribe for Shortfall under the Entitlements Offer.

## 4. RESOLUTION 3 – RATIFICATION OF ISSUE OF NIL SUBSCRIPTION SHARES TO UNRELATED PARTIES

### 4.1 Background

On 8 May 2020 ("**Issue Date**") the Company issued 17,142,857 Nil Subscription Shares to Institutional Investors who are unrelated parties.

Information about Listing Rules 7.1 and 7.4 is set out above in Section 2.1.

The securities issued the subject of this Resolution were issued within the Company's 15% capacity.

This Resolution seeks Shareholder approval to the issue of the Nil Subscription Shares under and for the purposes of Listing Rule 7.4

If this Resolution is passed, the issue of the Nil Subscription Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the issue of the Nil Subscription Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

#### 4.2 Listing Rule 7.5

For Shareholders to approve the issue of the Nil Subscription Shares under and for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in accordance with Listing Rule 7.5:

- (a) The securities were issued to Institutional Investors exempt from or outside the disclosure requirements under Chapter 6D of the Corporations Act and that subscribed for Shares in the March Placement (March Placees – see Resolution 1). None of these March Placees was a related party of the Company at that time.
- (b) The number of securities issued was 17,142,857 Shares.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued shares.
- (d) The Shares were issued on 8 May 2020.
- (e) The Shares were issued for nil subscription.
- (f) No funds were raised from the issue of the Shares as they were issued for nil consideration in order to reduce the average price of the Shares subscribed for in the March Placement (see Resolution 1).
- (g) The securities were not issued under a relevant agreement.

### 5. RESOLUTION 4 – APPROVAL TO ISSUE NIL SUBSCRIPTION SHARES TO DR MINGYAN WANG

#### 5.1 Background

This Resolution seeks shareholder approval so that the Company may issue 4,285,714 Shares for nil subscription to Dr Mingyan Wang or his nominees ("**Issue**").

As set out in Section 1, prior to the Entitlements Offer, the Company issued Shares to Institutional Investors by the March Placement at 1 cent per Share. The intention was that the Entitlements Offer was to issue Shares at the same price as the March Placement. The Entitlements Offer originally offered Shares at 1 cent per Share but, due to market conditions, the offer was re-priced to 0.7 cents per Share. The Company thereafter resolved to issue Shares at a nil subscription price to the March Placees so that the average price of the Shares issued under the March Placement (of 1 cent) and the Shares with a nil subscription price (0 cents) is 0.7 cents. This average price of 0.7 cents equates to the Shares offered and issued under the Entitlements Offer which were re-priced to 0.7 cents.

Dr Wang was one of the March Placees that subscribed for Shares at 1 cent each. Dr Wang subscribed for 10,000,000 Shares at 1 cent per Share under the March Placement. Thereby, it is intended to issue 4,285,714 Shares at a nil subscription price to Dr Wang.

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) Listing Rule 10.11.1 - a related party;
- (b) Listing Rule 10.11.2 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) Listing Rule 10.11.3 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) Listing Rule 10.11.4 - an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) Listing Rule 10.11.5 - a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue falls within Listing Rule 10.11.1 (as Dr Wang is a Director of the Company) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

This Resolution seeks the required Shareholder approval to the Issue under and for the purposes of Listing Rule 10.11.

If this Resolution is passed, the Company will be able to proceed with the Issue.

If this Resolution is not passed, the Company will not be able to proceed with the Issue.

## 5.2 Listing Rule 10.13

For Shareholders to approve the issue of the Nil Subscription Shares under and for the purposes of Listing Rule 10.11, the following information is provided to Shareholders in accordance with Listing Rule 10.13:

- (a) The securities will be issued to Dr Mingyan Wang or his nominees.
- (b) Dr Wang is a Director and is therefore a related party (Listing Rule 10.11.1).
- (c) The maximum number of securities the Company will issue is 4,285,714 Shares.
- (d) The Shares will be fully paid ordinary shares in the Company and will rank equally with the Company's current issued Shares.
- (e) The Shares will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (f) The Shares will be issued for nil subscription.
- (g) There will be no funds raised from the issue of the Shares as they will be issued for nil consideration in order to reduce the average price of the Shares subscribed for by Dr Wang in the March Placement.
- (h) The issue of the Shares affects Dr Wang in the capacity of an investor and is not intended to remunerate or incentivise the Director.



- (i) The securities are not to be issued under a relevant agreement.

The Directors of the Company independent of Dr Wang have resolved that the issue of the securities the subject of this Resolution is on reasonable arms length terms for the Company as Dr Wang will be issued with securities on reasonable arms length terms being the same terms as securities (Shares with a nil subscription price) issued to other March Placees (Institutional Investors who participated in the March Placement). These securities were issued to unrelated parties and are the subject of ratification under Resolution 2.

The effect of issuing the particular number of Shares with a nil subscription price to the March Placees is so that the average price of the Shares issued under the March Placement (of 1 cent) and the Shares with a nil subscription price (0 cents) is 0.7 cents. The average price of 0.7 cents equates to the Shares offered and issued under the Entitlements Offer which were re-priced from 1 cent to 0.7 cents per Share.

By reason of the securities being issued on reasonable arms length terms, no separate related party approval under the Corporations Act is sought.

## **6. RESOLUTION 5 – RATIFICATION OF ISSUE OF INCENTIVE OPTIONS TO LEAD MANAGER**

### **6.1 Background**

Pursuant to a lead management agreement with the Lead Manager concerning the recapitalisation, the Company is required to issue 65,000,000 Incentive Options to the Lead Manager. The Company has issued 16,295,390 Incentive Options on 8 May 2020 ("**Issue Date**") utilising its existing 15% placement capacity (Resolution 5) and seeks Shareholder approval to issue 48,704,610 Incentive Options (the balance) (Resolution 6) as the Company does not currently have sufficient placement capacity to issue the balance of the Incentive Options.

This Resolution seeks Shareholder approval in relation to the issue of 16,295,390 Incentive Options already issued.

Information about Listing Rules 7.1 and 7.4 is set out above in Section 2.1.

The securities issued the subject of this Resolution were issued within the Company's 15% capacity.

This Resolution seeks Shareholder approval to the issue of 16,295,390 Incentive Options under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the Incentive Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the Incentive Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

### **6.2 Listing Rule 7.5**

For Shareholders to approve the issue of 16,295,390 Incentive Options under and for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in accordance with Listing Rule 7.5:

- (a) The securities were issued to the Lead Manager (Argonaut Securities Pty Limited), which

is not a related party of the Company.

- (b) The number of securities issued was 16,295,390 Incentive Options.
- (c) The Options have an exercise price of 1.1 cents and an expiry date of 31 March 2022. The full terms of the Options are set out in Schedule 1.
- (d) The Incentive Options were issued on 8 May 2020.
- (e) The Options will be issued with a subscription price of \$0.00001 each.
- (f) Nominal funds of \$163 were raised by the issue of the Options, which funds will be used for general working capital. The purpose of the issue of the Options is to incentivise and reward Argonaut Securities for its Lead Manager services in the recapitalisation.
- (g) The securities are being issued under the terms of a lead management agreement between the Company, Argonaut Securities and Argonaut Capital, the material terms of which are summarised in the Offer Document announced on ASX on 22 April 2020.

## **7. RESOLUTION 6 – APPROVAL TO ISSUE BALANCE OF INCENTIVE OPTIONS TO LEAD MANAGER**

### **7.1 Background**

As summarised in Section 6.1, this Resolution seeks Shareholder approval so that the Company may issue the balance of Incentive Options to the Lead Manager, being up to 48,704,610 Incentive Options.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Incentive Options does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

This Resolution seeks the required Shareholder approval to the issue of the Incentive Options under and for the purposes of Listing Rule 7.1.

If this Resolution is passed, the Company will be able to proceed with the issue and complete the contractual commitment. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company intends to comply with its contractual commitment to issue the Incentive Options the subject of this Resolution when it has placement capacity to do so. The use of such placement capacity will decrease the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the issue.

### **7.2 Listing Rule 7.3**

For Shareholders to approve the issue of 48,704,610 Incentive Options under and for the purposes of Listing Rule 7.1, the following information is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) The Options will be issued to the Lead Manager (Argonaut Securities Pty Limited) or its

nominees. None of the recipients will be a related party of the Company.

- (b) The maximum number of securities to issue is up to 48,704,610 Incentive Options.
- (c) The Options have an exercise price of 1.1 cents and an expiry date of 31 March 2022. The full terms of the Options are set out in Schedule 1.
- (d) The Options will be issued no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The Options will be issued with a subscription price of \$0.00001 each.
- (f) Nominal funds of \$487 will be raised by the issue of the Options, which funds will be used for general working capital. The purpose of the issue of the Options is to incentivise and reward Argonaut Securities for its Lead Manager services in the recapitalisation.
- (g) The securities are being issued under the terms of a lead management agreement between the Company, Argonaut Securities and Argonaut Capital, the material terms of which are summarised in the Offer Document announced on ASX on 22 April 2020.

## **8. RESOLUTION 7 – APPROVAL TO ISSUE SHARES TO XINGAO AS A FOLLOW-ON PLACEMENT**

### **8.1 General**

As at the date the Lead Management Agreement was executed (14 April 2020), Anova was financially challenged and required capital to fund its ongoing operations and commitments. Its cash balance was approximately \$617,000 after raising \$500,000 from the March Placement. Current liabilities were in excess of \$4.3 million giving rise to a working capital deficiency of approximately \$3.7 million. The Shares were trading at or about 0.8 cents, giving a market capitalisation of approximately \$5.5 million. Xingao has acted as the cornerstone investor to the recapitalisation of Anova by committing to approximately \$4.5 million in equity subscriptions.

Without the commitment by Xingao to cornerstone the recapitalisation, it is doubtful that such a successful recapitalisation of Anova could have been executed.

This Resolution seeks Shareholder approval for the purpose of item 7 of section 611 of the Corporations Act to allow the Company to issue up to 181,767,004 Shares at 1.7 cents per Share (being a 143% premium to the recapitalisation fundraising of 0.7 cents per Share) to Xingao which will result in Xingao's relevant interest and voting power in the Company increasing to 30.00%. Prior to the Follow-On Placement, the voting power of Xingao will be less than the 20% statutory threshold.

No Listing Rule approval is sought in addition to the approval sought for the purposes of item 7 of section 611 of the Corporations Act. This is because Listing Rule 7.2 Exception 8 provides that shareholder approval pursuant to Listing Rule 7.1 is not required where approval is being obtained pursuant to item 7 of section 611 of the Corporations Act. Accordingly, if this Resolution is passed, the issue of the Shares will be made without using the Company's 15% annual placement capacity in Listing Rule 7.1 and any additional 10% annual placement capacity in Listing Rule 7.1A.

Further, if a party is a Listing Rule 10.11 party, Listing Rule 10.12 Exception 6 provides that shareholder approval pursuant to Listing Rule 10.11 is not required where approval is being obtained pursuant to item 7 of section 611 of the Corporations Act.

The Corporations Act and ASIC Regulatory Guide 74 (Acquisitions approved by members) set out a number of regulatory requirements which must be satisfied. These are summarised below.

## 8.2 Item 7 of section 611 of the Corporations Act

### (a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

**(Prohibition).**

### (b) Voting Power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the votes attached to voting shares in the company in which the person and the person's associates have a relevant interest.

### (c) Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
  - (A) a body corporate the first person controls;
  - (B) a body corporate that controls the first person; or
  - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's affairs, or acts in concert with a person in relation to the entity's affairs.

An entity controls another entity if it has the capacity to determine the outcome of decisions about that other entity's financial and operating policies.

A relevant agreement includes an agreement, arrangement or understanding, whether written or oral, formal or informal and whether or not having legal or equitable force.

Further, by reason of section 11 of the Corporations Act where a primary person is a body corporate, the associate reference includes a reference to a director or secretary of the body corporate, a related body corporate and a director or secretary of a related body corporate.

Hong Kong Xinqu Investment Co., Ltd ("**Hong Kong Xinqu**") holds 100% of the shares in Xingao. Xinqu (Xinqu Zhongbao Co. Ltd) hold 100% of the shares in Hong Kong Xinqu. Xinqu is therefore the ultimate holding company of Xingao. Xinqu is a company listed on the Shanghai Stock Exchange (code:600208).

Xingao has advised the Company that the following persons and entities are its associates by reason of the Corporations Act:

- the sole director of Xingao being Luke Huang;
- Hong Kong Xinqu as a related body corporate;
- the directors of Hong Kong Xinqu being Junbo Lin, Xiona Pan and Difeng Yu;
- Xinqu as a related body corporate;
- the directors of Xinqu being Junbo Lin, Zhengmeng Ye, Fang Huang, Shucui Chen, Anke Xue, Jiamei Cai and Xiaodong Xu; and
- the secretary of Xinqu being Difeng Yu.

The individuals listed above will not have a relevant interest, or a voting power, in any Shares.

(d) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

By section 608(3) of the Corporations Act, both Hong Kong Xinqu and Xinqu hold a relevant interest in the securities held by Xingao in the Company.

### 8.3 Reason why section 611 approval is required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Prior to the Follow-On Placement, Xingao will have a relevant interest in Shares in the Company representing voting power less than the 20% statutory threshold. Following the issue of the

Shares by the Follow-On Placement, Xingao will have a relevant interest in Shares in the Company, representing a 30.00% voting power in the Company.

Accordingly, this Resolution seeks Shareholder approval for the purpose of item 7 of section 611 and all other purposes to enable the Company to issue the Shares by the Follow-On Placement to Xingao.

#### 8.4 **Specific information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74**

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by PKF Melbourne Corporate Pty Ltd annexed to this Explanatory Statement as Annexure 1.

(a) **Identity of the person proposing to make the acquisition and their associates**

The Shares the subject of the Follow-On Placement will be issued to Xingao by a subscription at 1.7 cents per Share.

The directors and secretary of each of Xingao, Hong Kong Xihu and Xihu (referred to in Section 8.2) are associates of Xingao. They do not have a relevant interest, or voting power, in any Shares.

Hong Kong Xihu and Xihu are each associates of Xingao as related bodies corporate and will be held for the purposes of section 608(3) of the Corporations Act to have a relevant interest in the Shares to be issued to Xingao by the Follow-On Placement.

(b) **Increase in relevant interest and voting power as a result of the acquisition**

At the date of this Notice, Xingao has a relevant interest of 248,161,253 Shares, which represents a voting power of 19.90%.

Set out in the Table below is the voting power changes to Xingao from the date of this Notice to immediately after the Follow-On Placement, the subject of this Resolution.

**Table  
Relevant Interest and Voting Power of Xingao**

	Number of Shares at date of this Notice (Relevant Interest)	Voting Power at date of this Notice	Voting Power after the issue of Shares the subject of Resolution 4	Follow-On Placement Shares	Number of Shares after the Follow-On Placement (Relevant Interest)	Voting Power after the Follow-On Placement	Increase in Voting Power by the Follow-On Placement
Voting power of Xingao	248,161,253	19.90%	19.83%	181,767,004	429,928,257	30.00%	10.17%

The following assumptions have been made in calculating the above:

- (i) The Company has 1,247,041,482 Shares on issue at the date of this Notice. This includes the Shares already issued that are the subject of Resolutions 1, 2 and 3 (ratification resolutions).
- (ii) The Company does not issue any additional Shares other than the 4,285,714

Shares to Dr Mingyan Wang the subject of Resolution 4. The Shares on issue will thereby increase to a total of 1,251,327,196.

As set out in the Table above and based on the assumptions, Xingao will subscribe for, and be issued with, 181,767,004 Shares raising \$3,090,039 by the Follow-On Placement so as to take its voting power to 30.00%. If Resolution 4 is not passed, Xingao will subscribe for, and be issued with, 179,930,269 Shares raising \$3,058,815 by the Follow-On Placement so as to also take its voting power to 30.00%.

Based on the assumptions in the Table above:

- (i) Xingao will acquire a relevant interest in up to 181,767,004 Shares by the Follow-On Placement.
- (ii) The maximum extent of the increase in Xingao's voting power in the Company that will result from the acquisition of the Shares is 10.17% (being from a voting power of 19.83% immediately prior to the Follow-On Placement to 30.00% immediately after the Follow-On Placement).
- (iii) The voting power that Xingao will have as a result of the acquisition by the Follow-On Placement is 30.00%.

As at the date of this Notice, the associates of Xingao that will hold a relevant interest in Shares and a voting power in the Company are each of Hong Kong Xinhu and Xinhu. By section 608(3) of the Corporations Act they hold the relevant interest in Shares that Xingao holds in the Company. As such, based on the assumptions in the Table above:

- (i) Hong Kong Xinhu and Xinhu will acquire a relevant interest in up to 181,767,004 Shares by the Follow-On Placement.
- (ii) The maximum extent of the increase in the voting power of Hong Kong Xinhu and Xinhu in the Company that will result from the acquisition of the Shares is 10.17% (being from a voting power of 19.83% immediately prior to the Follow-On Placement to 30.00% immediately after the Follow-On Placement).
- (iii) The voting power that Hong Kong Xinhu and Xinhu will have as a result of the acquisition under the Follow-On Placement is 30.00%.

Xingao, Hong Kong Xinhu and Xinhu are together referred to below as the **Relevant Interest Holders**.

By Resolution 8 Shareholder approval is being sought to issue 90,000,000 Options to Xingao or its nominees in consideration for Xingao agreeing to re-price the Follow-On Placement from 1 cent to 1.7 cents per Share. The issue of these Options will not result in an increase in Xingao's voting power as the holding of Options does not give rise to a relevant interest in unissued Shares. In the event that Xingao elects to exercise any of the 90,000,000 Options, it would have a relevant interest in the Shares issued. Xingao is not seeking Shareholder approval by this Resolution to increase its voting power by the exercise of the Options.

If Xingao is issued with the Options and exercises them in the future, it will need to do so under an exception to the section 606 Corporations Act Prohibition if its voting power at that time would otherwise infringe this Prohibition.

(c) **Reasons for the proposed acquisition**

The issue of the Shares to Xingao by the Follow-On Placement will raise up to \$3,090,039 before costs and is part of the recapitalisation of the Company.

The funds raised by the Follow-On Placement will be used to repay the existing loan facility with Twynam in full (being approximately \$2,825,000), which will result in the Company becoming debt free.

The balance of funds raised by the Follow-On Placement after repayment of the Twynam loan facility, will be used to assist all or any of evaluation, exploration and assessment of the Company's projects, identifying new opportunities and for general working capital.

(d) **Date the proposed acquisition is to occur**

The issue of the Shares the subject of the Follow-On Placement is subject to both Shareholder approval by the Notice and Xingao obtaining FIRB Approval. The Follow-On Placement is intended to be completed within 5 days of the later of Shareholder approval at the Meeting and FIRB Approval as set out in the Timetable in Section 1 of this Explanatory Statement.

At the date of this Notice, FIRB Approval has not been received. In the event that either Shareholder approval or FIRB Approval is not obtained, the Follow-On Placement will not occur.

(e) **Material terms of proposed acquisition**

The proposed acquisition is the subscription by Xingao for Shares under the Follow-On Placement. The Shares will be subscribed for at 1.7 cents per Share. This is a 143% premium to the issue of the rights issue Shares and Top-Up Placement Shares, where the subscription was 0.7 cents per Share.

(f) **Details of the terms of any other relevant agreement between the acquirer and the Company that is conditional on Shareholder approval of the proposed acquisition**

As set out in Section 1 of this Explanatory Statement, in addition to the Follow-On Placement (the proposed acquisition for Corporations Act purposes), the agreement to issue the 90,000,000 Options to Xingao the subject of Resolution 8 is a relevant agreement between the Lead Manager (on behalf of the Company) and Xingao (the acquirer) that is also conditional on Shareholder approval to this Resolution.

(g) **Acquirer's intentions**

Other than as disclosed elsewhere in this Explanatory Statement, as at the date of this Notice, the Company understands that if Shareholders approve this Resolution, the Relevant Interest Holders are looking to be long term supportive investors and:

- (i) have no present intention of making any significant changes to the business of the Company;
- (ii) intend to participate in further capital raisings of the Company to maintain its shareholding interest;
- (iii) have no present intention of making changes regarding the future employment of the present employees of the Company;



- (iv) do not intend to transfer any property between the Company and the Relevant Interest Holders;
- (v) do not intend to redeploy any fixed assets of the Company; and
- (vi) have no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Relevant Interest Holders at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

**(h) Interests of Directors in the acquisition or any contingent relevant agreement**

Mr Edward Rigg is an executive and shareholder of the Argonaut group of companies. Argonaut Securities is the Lead Manager to the recapitalisation the subject of this Notice including the Follow-On Placement the subject of this Resolution.

Argonaut Securities as Lead Manager is to be paid a 2% fee on the value of the Follow-On Placement Shares issued. This fee will be \$61,801 based on a Follow-On Placement of \$3,090,039.

By reason of the entitlement of the Argonaut group of companies to the fee referred to above, Mr Rigg may be seen to have an interest in the outcome of this Resolution (ie the acquisition) and a contingent relevant agreement. Mr Rigg will therefore abstain from making a recommendation on this Resolution.

Dr Mingyan Wang and Mr John Davis do not have a material personal interest in the outcome of this Resolution (ie the acquisition) or any relevant agreement conditional on this Shareholder approval.

**(i) Proposed change of directors of the Company if Shareholders approve the acquisition**

If Shareholders approve this Resolution, there is not proposed to be any change of Directors. The Board currently consists of Mr Edward Rigg (Non-Executive Chairman), Dr Mingyan Wang (Managing Director) and Mr John Davis (Non-Executive Director).

## **8.5 Advantages of the issue of the Shares**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on this Resolution:

- (a) the issue of the Follow-On Placement Shares will raise sufficient moneys (\$3,090,039 before costs) to repay the existing loan facility with Twynam in full (currently \$2,825,000 outstanding), which will result in the Company becoming debt free;
- (b) the Follow-On Placement is to be conducted at a price of 1.7 cents per Share being a 143% premium to the 0.7 cents per Shares subscription price for the Shares issued under the Entitlements Offer, Shortfall and Top-Up Placement; and

- (c) Xingao is an institutional shareholder with Xihu as the ultimate holding company and the Directors anticipate this may add value to the Company's strategic goals of developing its projects and provide a level of market confidence in achieving the strategic goals.

## 8.6 Disadvantages of the issue of the Shares

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on this Resolution:

- (a) the issue of the Follow-On Placement Shares will increase the voting power of Xingao from 19.83% (after the issue of the Nil Subscription Shares to Dr Wang the subject of Resolution 4) to 30.00% reducing the voting power of non-associated Shareholders from between 80.17% to 70.00%;
- (b) Xingao with a voting power of greater than 25% has the ability to block a special resolution; and
- (c) the presence of a substantial shareholder with 30.00% voting power may reduce the attractiveness of the Company to other parties. However, if Resolution 8 is passed, Xingao has agreed to a standstill and will not increase its voting power for 12 months from the issue of the Follow-On Placement Shares.

## 8.7 Recommendations of Directors

The Directors other than Mr Rigg recommend that Shareholders vote in favour of this Resolution as they consider the proposed issue of the Shares by the Follow-On Placement to be in the best interests of Shareholders because after assessment of the advantages and disadvantages referred to in Sections 8.5 and 8.6 they are of the view that the advantages outweigh the disadvantages.

Mr Rigg abstains from making a recommendation as he may be seen to receive a benefit (as set out in Section 8.4(h) above) if the Follow-On Placement proceeds.

## 8.8 Independent Expert's Report

The Independent Expert's Report (a copy of which is attached as Annexure 1 to this Explanatory Statement) assesses whether the issue of Shares the subject of this Resolution is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the issue of Shares the subject of this Resolution is **not fair but is reasonable** to the non-associated Shareholders of the Company. The Independent Expert considered this Resolution together with Resolution 8 formed part of one overall transaction as they are interdependent with one another.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

## 8.9 Other information

The Directors are not aware of any information other than as set out in this Notice that is material to the decision on how to vote on this Resolution.

## **9. RESOLUTION 8 – APPROVAL TO ISSUE OPTIONS TO XINGAO**

### **9.1 Background**

This Resolution seeks Shareholder approval so that the Company may issue up to 90,000,000 Options to Xingao or its nominees in 3 series in consideration of Xingao agreeing to re-price the Follow-On Placement from 1 cent per Share to 1.7 cents per Share. The material terms of the agreement between the Lead Manager (on behalf of the Company) and Xingao is set out in Section 1.1. Xingao and any of its nominees are not a related party of the Company or a Listing Rule 10.11 party.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Options does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

This Resolution seeks the required Shareholder approval to the issue of the Options under and for the purposes of Listing Rule 7.1.

Resolutions 7 and 8 are conditional upon the passing of one another, so each will not have effect unless and until the other is passed.

If this Resolution is passed, the Company will be able to proceed with the issue and complete the commitment. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company will not proceed with the Follow-On Placement and the issue of the Options.

### **9.2 Listing Rule 7.3**

For Shareholders to approve the issue of the Options and for the purposes of Listing Rule 7.1, the following information is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) The Options will be issued to Xingao or its nominees. None of the recipients will be a related party of the Company.
- (b) The maximum number of securities to issue is up to 90,000,000 Options in 3 series of Options.
- (c) Up to 30,000,000 Options will be issued in the first series with an exercise price of 2 cents and an expiry date of 30 June 2022. The full terms of the first series of Options are set out in Schedule 2. Up to 30,000,000 Options will be issued in the second series with an exercise price of 2.5 cents and an expiry date of 30 June 2023. The full terms of the second series of Options is set out in Schedule 3. Up to 30,000,000 Options will be issued in the third series with an exercise price of 3 cents and an expiry date of 30 June 2024. The full terms of the third series of Options is set out in Schedule 4.
- (d) The Options will be issued no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

- (e) The Options will be issued for nil cash consideration.
- (f) There will be no funds raised by the issue of the Options. The purpose of the issue of the Options is they are issued in consideration of Xingao agreeing to re-price the Follow-On Placement from 1 cent per Share to 1.7 cents per Share (see ASX announcement of 10 June 2020).
- (g) The securities are being issued under the terms of an agreement between the Lead Manager (on behalf of the Company) and Xingao, the material terms of which are summarised in Section 1.1 of this Notice under the heading "*Follow-On Placement and Options*".

Additionally, the Options to be issued to Xingao the subject of this Resolution are valued at Appendix D of the Independent Expert's Report which addresses Resolution 7. Based on the Black-Scholes option valuation model and the assumptions set out in Appendix D, the total indicative value of the Options the subject of this Resolution is \$1,020,000.

The Options are being issued in consideration of the re-pricing of the Follow-On Placement from 1 cent per Share to 1.7 cents per Share to raise a further \$1,272,369 which will enable the Company to be debt free by repaying in full the existing loan facility with Twynam. The Directors consider the re-pricing of the Follow-On Placement with the issue of the Options far more favourable to the Company than undertaking the initial Follow-On Placement raising less money at 1 cent per Share and requiring a re-financed \$2,000,000 loan facility.

**ANOVA METALS LIMITED**  
**ACN 147 678 779**

**GLOSSARY**

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In the Notice and this Explanatory Statement the following expressions have the following meanings:

"**AEDT**" means Australian Eastern Daylight Time.

"**AEST**" means Australian Eastern Standard Time.

"**Argonaut Capital**" means Argonaut Capital Limited (ACN 099 761 547).

"**Argonaut Securities**" or "**Lead Manager**" means Argonaut Securities Pty Limited (ACN 108 330 650).

"**ASIC**" means Australian Securities and Investments Commission.

"**ASX**" means the ASX Limited (ACN 008 624 691).

"**ASX Listing Rules**" or "**Listing Rules**" means the Listing Rules of the ASX.

"**Board**" means the Board of Directors of the Company.

"**Chair**" or "**Chairman**" means the chairman of the Company.

"**Committed Investors**" means Institutional Investors which provided conditional firm commitments for Shortfall.

"**Company**" or "**Anova**" means Anova Metals Limited (ACN 147 678 779).

"**Constitution**" means the constitution of the Company.

"**Corporations Act**" means Corporations Act 2001 (Cth).

"**Directors**" mean the directors of the Company from time to time.

"**Entitlements Offer**" means the pro-rata non-renounceable offer conducted pursuant to an offer document under which Shares were offered to eligible shareholders on the basis of 2 New Shares for every 3 Shares held at the record date at 0.7 cents per Share.

"**Explanatory Statement**" means this Explanatory Statement.

"**FIRB Approval**" means consent or approval by Foreign Investment Review Board under the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

"**Follow-On Placement**" means a placement at 1.7 cents per Share to Xingao so that the voting power of Xingao in the Company will be 30.00%.

"**General Meeting**" or "**Meeting**" means the meeting convened by this Notice.

"**Incentive Options**" means an Option with an exercise price of 1.1 cents and an expiry date of 31 March 2022, the full terms of which are set out in Schedule 1.

"**Independent Expert**" means PKF Melbourne Corporate Pty Ltd (ACN 063 564 045) (AFSL 222050);

"**Independent Expert's Report**" means the independent expert's report prepared by the Independent Expert which is attached to this Notice as Annexure 1.

**"Institutional Investor"** means a sophisticated, professional or other investor who is exempt from or outside the disclosure requirements under Chapter 6D of the Corporations Act.

**"March Placees"** means Institutional Investors that subscribed for the March Placement.

**"March Placement"** means the placement of 50,000,000 Shares on 2 March 2020 at 1 cent per Share to the March Placees raising \$500,000 before costs.

**"Nil Subscription Shares"** means Shares to be issued to the March Placees for nil subscription.

**"Notice"** means the notice of meeting that accompanies this Explanatory Statement.

**"Option"** means an option to acquire a Share.

**"Resolution"** means a resolution referred to in the Notice.

**"Share"** means a fully paid ordinary share in the capital of the Company.

**"Shareholder"** means a registered holder of Shares in the Company.

**"Shortfall"** means the number of Shares not applied for under the Entitlements Offer before the closing date.

**"Top-Up Placement"** means a placement subsequent to the Entitlements Issue at 0.7 cents per Share to Xingao.

**"Twynam"** means Twynam Agricultural Group Pty Ltd.

**"WST"** means Western Standard Time, Perth, Western Australia.

**"Xingao"** means Au Xingao Investment Pty Ltd.

**"Xinhu"** means Xinhu Zhongbao Co. Ltd.

**"A\$" or "\$"** means Australian dollars unless otherwise stated.

## SCHEDULE 1

### Terms of Incentive Options (Resolutions 5 and 6)

The terms of the Incentive Options to be issued to Argonaut Securities or its nominees are:

1. Each Option will be issued with a subscription price of \$0.00001.
2. Each Option entitles the holder to one Share (fully paid ordinary share).
3. The exercise price of the Options is 1.1 cents per Option.
4. The Options are exercisable at any time prior to 5.00 pm AEDT on 31 March 2022 ("Expiry Date").
5. The Options are freely transferable.
6. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
7. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares. The Company will apply for the Shares to be admitted to quotation.
8. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised (except for a bonus issue). The Company will ensure that the Option holder will be notified of a proposed issue after the issue is announced. This will give an Option holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
9. If there is a bonus issue ("Bonus Issue") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
10. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.

## SCHEDULE 2

### Terms of Options (first series) (Resolution 8)

The terms of the first series of Options to be issued to Xingao or its nominees are:

1. Each Option entitles the holder to one Share (fully paid ordinary share).
2. The exercise price of the Options is 2 cents per Option.
3. The Options are exercisable at any time prior to 5.00 pm AEDT on 30 June 2022 ("Expiry Date").
4. The Options are freely transferable. The Options are not intended to be quoted.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
6. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares. The Company will apply for the Shares to be admitted to quotation.
7. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised (except for a bonus issue). The Company will ensure that the Option holder will be notified of a proposed issue after the issue is announced. This will give an Option holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
8. If there is a bonus issue ("Bonus Issue") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.



### SCHEDULE 3

#### Terms of Options (second series) (Resolution 8)

The terms of the second series of Options to be issued to Xingao or its nominees are:

1. Each Option entitles the holder to one Share (fully paid ordinary share).
2. The exercise price of the Options is 2.5 cents per Option.
3. The Options are exercisable at any time prior to 5.00 pm AEDT on 30 June 2023 ("Expiry Date").
4. The Options are freely transferable. The Options are not intended to be quoted.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
6. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares. The Company will apply for the Shares to be admitted to quotation.
7. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised (except for a bonus issue). The Company will ensure that the Option holder will be notified of a proposed issue after the issue is announced. This will give an Option holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
8. If there is a bonus issue ("Bonus Issue") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.

## SCHEDULE 4

### Terms of Options (third series) (Resolution 8)

The terms of the third series of Options to be issued to Xingao or its nominees are:

1. Each Option entitles the holder to one Share (fully paid ordinary share).
2. The exercise price of the Options is 3 cents per Option.
3. The Options are exercisable at any time prior to 5.00 pm AEDT on 30 June 2024 ("Expiry Date").
4. The Options are freely transferable. The Options are not intended to be quoted.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
6. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares. The Company will apply for the Shares to be admitted to quotation.
7. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised (except for a bonus issue). The Company will ensure that the Option holder will be notified of a proposed issue after the issue is announced. This will give an Option holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
8. If there is a bonus issue ("Bonus Issue") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.

**ANNEXURE 1**  
**INDEPENDENT EXPERT'S REPORT**  
**(Resolution 7)**



29 June 2020

The Directors  
Anova Metals Limited  
Suite 1, 245 Churchill Avenue  
Subiaco WA 6008

Dear Directors

**Re: Independent Expert's Report**

**1. Introduction**

The directors of Anova Metals Limited ("Anova" or "AWV" or "the Company") have requested PKF Melbourne Corporate Pty Ltd ("PKF Corporate") to prepare an Independent Expert's Report ("IER") in respect of the completion of a capital raising that may see Au Xingao Investment Pty Ltd, a subsidiary of Hong Kong Xinhua Investment Co Ltd (the "Cornerstone Investor" or "Xingao") increase its voting power in the Company. The proposal may result in the voting power of the Cornerstone Investor increasing beyond the 20% limit imposed by Section 606 of the Corporations Act 2001 ("the Act").

**2. The Proposed Transaction**

**2.1 Background to the Proposed Transaction**

On 2 March 2020, Anova completed a placement of 50 million AWV shares at AU\$0.01 per AWV share to raise AU\$500,000 (the "Initial Placement"). On 11 March 2020, Anova launched a capital raising of AU\$3.45 million under a 1 for 2 non-renounceable offer at AU\$0.01 per AWV share. This proposal was withdrawn on 9 April 2020 and a revised proposal (the "Revised Recapitalisation") was announced on 14 April 2020.

The Revised Recapitalisation consisted of the following:

- a new entitlement offer to issue up to 459,421,517 shares at an offer price of AU\$0.007 per AWV share under a 2 for 3 non-renounceable offer to raise up to approximately AU\$3.2 million (the "Revised Offer");
- if under the Revised Offer any shortfall was less than AU\$1.75 million, Anova was to conduct a placement (the "Top-Up Placement") so that the aggregate of the shortfall taken up by clients of the Lead Manager, Argonaut Securities Pty Ltd, and the Top-Up Placement is AU\$1.75 million;
- upon completion of the Revised Offer, Anova agreed to conduct a placement of approximately 21.4 million AWV shares at nil consideration to those investors that participated in the Initial Placement to ensure that the effective offer price is AU\$0.007 per AWV share in order to be aligned with the Revised Offer (the "Placement"); and
- the Placement of 21.4 million shares includes 4,285,714 AWV shares to be issued to Anova's new managing director Dr Mingyan Wang. The issue of these shares to Dr Mingyan Wang requires prior shareholder approval (refer to Resolution 4 as set out in paragraph 2.2 of this report).

On 10 June 2020, Anova announced the terms of a revised<sup>1</sup> further placement to raise approximately AU\$3.09 million at an increased offer price of AU\$0.017 per AWW share (the “Revised Follow-On Placement”). This is subject to prior shareholder approval and approval from the Foreign Investment Review Board and will give the Cornerstone Investor a relevant interest in 30% of Anova’s issued capital. The proceeds from this placement will be used to fully repay an existing loan. In consideration for agreeing to the revised terms, the Cornerstone Investor will be entitled to receive 90 million unlisted options in Anova, the issue of which is also subject to prior shareholder approval. If approved, the unlisted options will be issued in three equal tranches each with varying exercise prices (AU\$0.020, AU\$0.025 and AU\$0.030) and expiry dates (30 June 2022, 30 June 2023 and 30 June 2024). Conditional on receiving shareholder approval for the issue of options, the Cornerstone Investor also agreed to not increase its shareholding in Anova above 30% within 12 months of the issue of shares under the Revised Follow-On Placement.

On 6 May 2020, Anova announced the results of the Revised Offer and Top-Up Placement. In total Anova raised AU\$3,785,364 at AU\$0.007 per AWW share, resulting in the issue of an additional 540,766,339 AWW shares. Anova also issued 17,142,857 shares for nil consideration to shareholders as part of the Placement. The movement in Anova’s share capital is set out in the table below.

Table 1

Anova Metals Limited	Number of shares
Before the Revised Recapitalisation	689,132,275
Revised Offer	241,815,500
Revised Offer - Shortfall Shares	217,606,017
Placement	17,142,857
Top-Up Placement	81,344,822
After the Revised Recapitalisation	1,247,041,471

Source: ASX

The Cornerstone Investor acquired a total of 205,304,110 shares pursuant to the shortfall shares offered under the Revised Offer and the Top-up Placement, resulting in the Cornerstone Investor holding 16.46% of Anova’s voting power. Subsequent to the Cornerstone Investor’s participation in the Revised Offer and Top-Up Placement, the Cornerstone Investor acquired 42,857,143 AWW shares via an off-market transaction on 18 May 2020<sup>2</sup> resulting in a holding of 248,161,253 AWW shares or 19.90% of Anova’s voting power.

On 10 June 2020, 10 AWW shares were issued following the exercise of 10 unlisted options and this increased the total shares on issue in Anova to 1,247,041,481. On the same date, Anova released a cleansing prospectus for the issue of 1 AWW share at an issue price of AU\$0.017, which when issued will increase the total shares on issue in Anova by 1. As at 10 June 2020, this additional share was yet to be issued and given the immaterial impact it will have, we have excluded this additional share from our calculations in the balance of this report.

<sup>1</sup> as part of the Revised Recapitalisation announced on 14 April 2020 and in addition to the Revised Offer and Top-Up Placement, the Cornerstone Investor committed a further placement to raise approximately AU\$1.8 million at an offer price of AU\$0.01 per AWW share. Anova entered into a Loan Facility Term Sheet with the Cornerstone Investor for AU\$2 million subject to completion of this further placement amongst other conditions. Under the terms of this loan, the Cornerstone Investor was entitled to receive 26 million AWW options.

<sup>2</sup> as announced to the Australian Securities Exchange on 21 May 2020.

## 2.2 Proposed Resolutions to be Approved by Shareholders

Anova is seeking shareholder approval at the forthcoming General Meeting (“GM”). The Notice of General Meeting (the “Notice”) requires the shareholders to vote on the following ordinary resolutions:

Resolution 4: Approval to issue nil subscription shares to Dr Mingyan Wang.

*“That the issue up to 4,285,714 Shares for nil subscription to Dr Mingyan Wang or his nominees is approved under and for the purposes of Listing Rule 10.11 and for all other purposes, on the terms set out in the Explanatory Statement.”*

Resolution 7: Approval to issue shares to Xingao as a follow-on placement.

*“That, subject to the passing of Resolution 8, the issue up to 181,767,004 Shares at 1.7 cents per Share to Au Xingao Investment Pty Ltd (Xingao) or its nominees is approved under and for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, which will result in Xingao’s relevant interest and voting power in the Company increasing to 30.00%, on the terms set out in the Explanatory Statement.”*

Resolution 8: Approval to issue options to Xingao.

*“That, subject to the passing of Resolution 7, the issue up to 90,000,000 Options in 3 series to Au Xingao Investment Limited (Xingao) or its nominees is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms set out in the Explanatory Statement.”*

We have been requested to provide an opinion on whether Resolution 7 is fair and reasonable to Non-Associated Shareholders. As Resolutions 7 and 8 are interdependent on one another, shareholders have to approve both of these resolutions for either resolution to become effective. For this reason we regard the two resolutions as together forming part of one overall transaction and in the balance of this report we refer to this transaction as the Proposed Transaction (“the Proposed Transaction”).

## 2.3 Impact of the Proposed Transaction

The Proposed Transaction will result in the issue of additional Anova shares to the Cornerstone Investor in order increase its voting power in Anova to 30.00% and the issue of 90,000,000 Options. As Anova is only seeking shareholder approval for the issue of the Options and not to increase Xingao’s voting power as a consequence of an exercise of the options, Xingao will not be able to exercise the options in circumstances that would result in an increase in its voting power beyond 30% (unless one of the other exemptions set out in section 611 were to apply).

Further, should Anova’s shareholders approve Resolution 4 of the Notice, this will result in the issue of an additional 4,285,714 shares to Dr Mingyan Wang.

The table below shows the impact of the Proposed Transaction and the issue to Dr Mingyan Wang subject to Resolution 4 of the Notice on Anova's voting power.

Table 2

Anova Metals Limited Shareholder name	if Res 4 & 7 not approved		if Res 7 approved only		if Res 4 & 7 approved	
	Number of shares held	Voting power	Number of shares held	Voting power	Number of shares held	Voting power
Au Xingao Investment Pty Ltd	248,161,253	19.90%	428,091,522	30.00%	429,928,257	30.00%
Defender Equities Pty Ltd & associated entities	78,729,167	6.31%	78,729,167	5.52%	78,729,167	5.49%
Aims Asset Management SDN. BHD.	59,664,351	4.78%	59,664,351	4.18%	59,664,351	4.16%
Other Non-Associated Shareholders	860,486,710	69.00%	860,486,710	60.30%	864,772,424	60.34%
Total Non-Associated Shareholders	998,880,228	80.10%	998,880,228	70.00%	1,003,165,942	70.00%
Total shares on issue	1,247,041,481	100.00%	1,426,971,750	100.00%	1,433,094,199	100.00%

As can be seen from the above table, if the Non-Associated Shareholders approve Resolution 4, the Cornerstone Investor will be entitled to subscribe for 181,767,004 shares, whereas if the Non-Associated Shareholders do not approve Resolution 4, the Cornerstone Investor will only be entitled to subscribe for 179,930,269 shares. As can be seen from the table, in both scenarios the voting power of the Cornerstone Investor will increase from 19.90% to 30.00%.

As the Proposed Transaction will result in an increase in the voting power of the Cornerstone Investor from below 20% to up to 30.00%, the Proposed Transaction cannot take place without prior approval by the Anova shareholders in accordance with Section 611 item 7 of the Act.

The Directors of Anova have requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise the shareholders whether the Proposed Transaction is fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders (all shareholders entitled to vote on the Proposed Transaction).

### 3. Summary opinions

In our opinion, the Proposed Transaction is **not fair but is reasonable to the Non-Associated Shareholders**. Our principal reasons for reaching this opinion are:

#### Fairness

- In Section 7 of this report, we assessed the value of an Anova ordinary share on a control basis before the Proposed Transaction to be in a range of AU\$0.022 to AU\$0.030 per share;
- In Section 8 of this report, we assessed the value of an Anova ordinary share on a minority basis after the Proposed Transaction to be in a range of AU\$0.017 to AU\$0.023 per share; and
- As the minority value range mid-point (AU\$0.020 per share) of an Anova ordinary share after the Proposed Transaction is less than the control value range mid-point (AU\$0.026 per share) of an Anova share before the Proposed Transaction, we have concluded that the Proposed Transaction is **not fair**.

## Reasonableness

The reasons for assessing the Proposed Transaction as **reasonable** are:

- Approval of the Proposed Transaction will enable Anova to raise additional funds via the Revised Follow-On Placement which will be used to repay an existing loan with Twynam Agricultural Group Pty Ltd (the “Twynam Loan”) that is due to mature in September 2020.
- If Shareholders do not approve the Proposed Transaction, Anova will need to seek alternative funding to repay the Twynam Loan prior to September 2020 which may be on substantially less advantageous terms than the Proposed Transaction and may require extensive management focus and expense to secure.
- If Shareholders approve the Proposed Transaction, the Cornerstone Investor will control up to 30.00% of Anova’s voting power, an increase from 19.90%. As a result, the stake of the Non-Associated Shareholders will be diluted from 80.10% to 70.00% and they will have reduced ability to influence the operating, financing and strategic decision of Anova. Further, as the Cornerstone Investor’s voting power will increase beyond 25% it may have the capacity to block the passing of a special resolution.
- If Shareholders approve the Proposed Transaction, the consolidation of the Cornerstone Investor as a major shareholder of the Company may provide a level of market confidence and may also financially support the future exploration and development activities of Anova. In addition, the Cornerstone Investor has indicated that it has no intention to change the strategic direction of Anova, its employment level or management team.
- The issue price of the Anova ordinary shares subject to the Proposed Transaction (AU\$0.017 per AWW share) is at a 143% premium to the Revised Offer in which Non-Associated Shareholders of Anova were entitled to participate in (AU\$0.007 per AWW share). The issue price subject to the Proposed Transaction is at a 26% discount to the closing share price of an Anova share on the date the Revised Follow-On Placement was announced to the ASX on 10 June 2020.

## 4. Structure of this report

The remainder of this report is divided into the following sections:

<u>Section</u>		<u>Page</u>
5	Purpose of the report	6
6	Anova - key information	8
7	Valuation of Anova before the Proposed Transaction	15
8	Valuation of Anova after the Proposed Transaction	24
9	Assessment as to Fairness	25
10	Assessment as to Reasonableness	25
11	Assessment as to Fairness and Reasonableness	26
12	Financial Services Guide	27
<u>Appendix</u>		
A	Sources of Information	29
B	Declarations, Qualifications and Consents	30
C	Placement Discount Research	31
D	Valuation of Options	32
<u>Attachment</u>		
1	Valuation and Resource Management Pty Ltd Independent Technical Specialists Report	



## 5. Purpose of the report

This report has been prepared to meet the following regulatory requirements:

- **Corporations Act 2001 – Section 611**

Section 606 of the Act contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Section 611 of the Act contains an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

Anova is seeking shareholder approval for the Proposed Transaction under item 7 of Section 611 of the Act, as the voting power of Xingao will increase from 20% or below to more than 20% as provided by Section 606 of the Act.

- **ASIC Regulatory Guides**

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

**RG 111 – Content of Expert Reports (“RG111”)**

RG 111.24 An issue of shares by a company otherwise prohibited under s606 may be approved under item 7 of s611 and the effect on the company’s shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of s611 that are comparable to takeover bids under Ch 6 include:

- (b) a company issues securities in exchange for cash, as a consequence, the allottee acquires over 20% of the company. The allottee could have achieved the same or a similar outcome by using a cash-rich entity to make a scrip takeover bid for the company.

RG 111.10 It has long been accepted in Australian mergers and acquisitions practice that the words ‘fair and reasonable’ in s640 establish two distinct criteria for an expert analysing a control transaction:

- (a) is the offer ‘fair’; and
- (b) is it ‘reasonable’?

That is, ‘fair and reasonable’ is not regarded as a compound phrase.

RG 111.11 Under this convention, an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer<sup>3</sup>. This comparison should be made:

- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length; and

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<sup>3</sup> In an ASIC Corporate Finance Liaison presentation in May 2013, ASIC has expressed the view that transactions purpose to item 7 of Section 611 should be assessed by “comparing the fair market value of the company’s shares pre-transaction on a control basis, with the fair market value of the company’s shares post-transaction on a minority basis”.

- (b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or 'portfolio' parcel of shares.

RG 111.12 An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.27 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment or increase an existing holding of 20% or more, but does not obtain a practical measure of control or increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account in assessing whether the issue price is 'reasonable' if it has assessed the issue price as being 'not fair' applying the test in RG 111.11.

ASIC Regulatory Guide 111 requires that the Proposed Transaction be assessed as if it was a takeover of Anova. In assessing a takeover bid, Regulatory Guide 111 states that the expert should consider whether the Proposed Transaction is both "fair" and "reasonable".

- **General**

The terms "fair" and "reasonable" are not defined in the Act, however, guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

Fairness	the Proposed Transaction is "fair" if the value of the minority shares held by the Non-Associated Shareholders' in Anova after the Proposed Transaction is equal to or greater than the control value of the shares in Anova before the Proposed Transaction.
Reasonableness	the Proposed Transaction is "reasonable" if it is fair. It may also be "reasonable" if, despite not being "fair" but after considering other significant factors, shareholders should vote in favour of the Proposed Transaction in the absence of a superior proposal being received.

What is fair and reasonable for the Non-Associated Shareholders should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as follows:

- (i) In determining whether the Proposed Transaction is fair, we have:
  - assessed the value of Anova before the Proposed Transaction and determined the control value of one Anova share;
  - assessed the value of Anova after the Proposed Transaction and determined the minority value of one Anova share; and
  - compared the control value of one Anova share before the Proposed Transaction with the minority value of one Anova share after the Proposed Transaction.
- (ii) In determining whether the Proposed Transaction is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting the Proposed Transaction.

## 6. Anova - key information

### 6.1 Background

6.1.1 Anova is a gold exploration and development company with two current projects being the Big Springs Gold Project in Nevada, USA and the Linden Gold Project which includes the Second Fortune Gold Mine in the Shire of Menzies in Western Australia, Australia. In addition, the Company also has the Malcolm Gold Project in Western Australia.

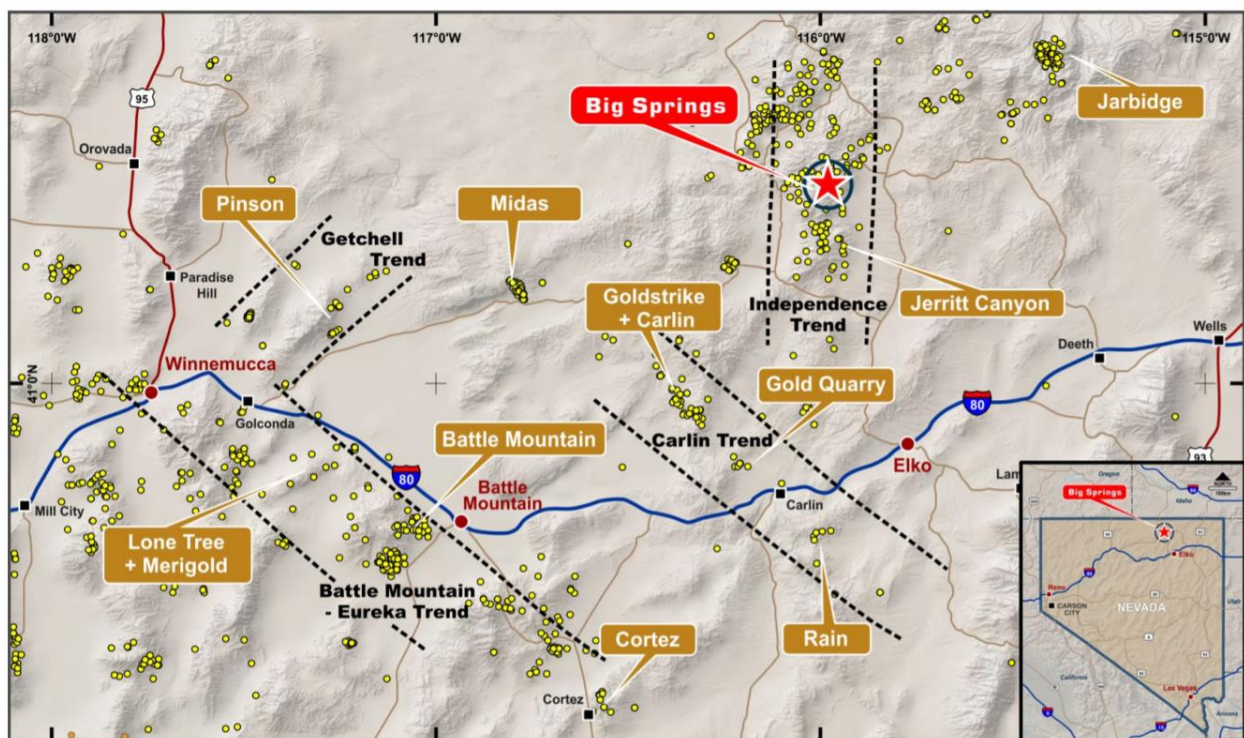
6.1.2 Following the completion of its recapitalisation strategy, Anova's primary objective is to:

- Big Springs Gold Project - extend the current resource base and outline new resources; and
- Linden Gold Project - seek low risk development opportunities for re-commencing production at the underground mine and the processing or sale of tailings and stockpiles for potential early cash flows.

### 6.1.3 Big Springs Gold Project (100% interest)

The Big Springs Gold Project includes various tenements across five locations (Big Springs, Dorsey Creek, Golden Dome, Jack Creek and Mac Ridge) which are wholly owned by Anova. Below is a map showing the location of the Big Springs Gold Project.

Figure 1



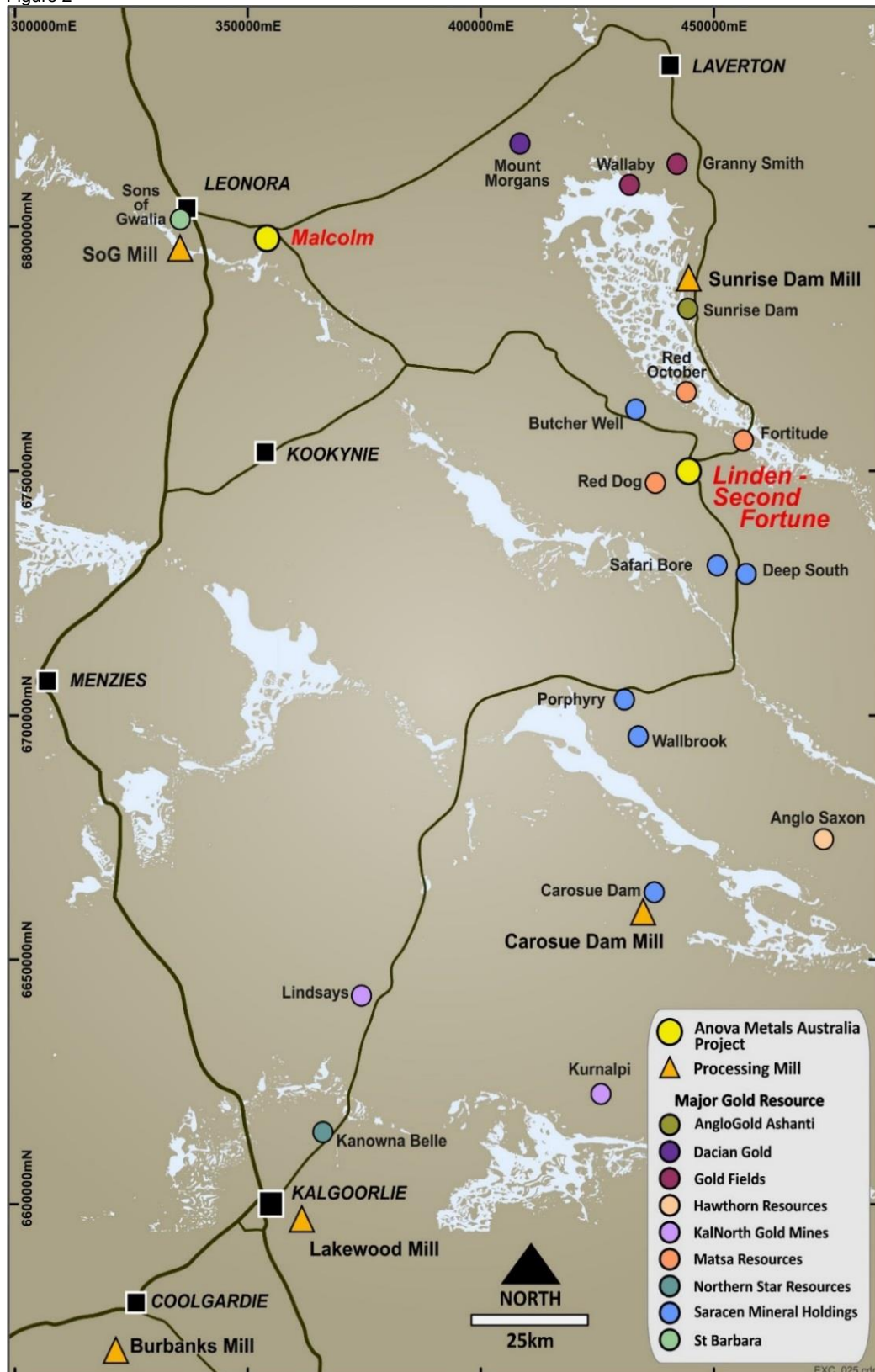
Source: Anova March 2020 Quarterly Report

The Big Springs Gold Project is located 80 kilometres north of Elko in North East Nevada, USA and produced 386,000 ounces of gold between 1987 and 1993, ceasing production due to low gold prices. It currently has Measured, Indicated and Inferred Resources of 16 million tonnes of gold bearing ore and is fully permitted for Stage 1 mining operations.

### 6.1.4 Linden Gold Project (100% interest)

The Linden Gold Project includes various tenements which are wholly owned by Anova. Below is a map showing the location of the Linden Gold Project at Linden as well as the location of Anova's Malcolm Gold Project at Malcolm.

Figure 2



Source: Anova



Prior to 2018, Anova developed a stage one mining program, however since this time the Second Fortune Gold Mine has been placed on care and maintenance whilst project evaluations are being undertaken. Anova has been in discussions with surrounding processing plants to assess the economic viability of processing or sale of historic gold bearing dumps and tailings located on the Linden Gold Project leases.

- 6.1.5 Anova's segment financial reporting pertaining to its projects in Western Australia and United States for the financial years ended 30 June 2018 ("FY18") and 2019 ("FY19") and the half year ended 31 December 2019 ("HY20") are presented in the table below.

Table 3

<b>Anova Metals Limited Segment reporting</b>	<b>Audited FY18 AU\$</b>	<b>Audited FY19 AU\$</b>	<b>Reviewed HY20 AU\$</b>
<b>Western Australia</b>			
Revenue	3,725,313	2,807,581	-
Net gain/ (loss) after tax	(4,180,212)	(5,071,533)	57,575
Assets	16,541,226	7,094,905	6,562,105
Liabilities	5,917,655	3,409,212	3,283,950
Net assets	10,623,571	3,685,693	3,278,155
<b>United States</b>			
Revenue	-	-	-
Net gain/ (loss) after tax	(1,356,036)	(323,336)	(364,244)
Assets	11,732,604	11,858,765	11,741,601
Liabilities	304,670	331,370	332,164
Net assets	11,427,934	11,527,395	11,409,437

Source: Anova's annual reports for the financial years ended 30 June 2018 and 2019 and the half year financial report for the half year ended 31 December 2019

Revenues reported for FY19 occurred during the first half of FY19 as Anova conducted mining 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 at the Second Fortune Gold Mine. Higher costs and reduced revenues resulted in negative cashflows from this campaign.

- 6.1.6 Further detailed information in relation to the projects and the relevant licences held by Anova is provided in the Valuation and Resource Management Pty Ltd ("VRM") Independent Technical Specialists Report (see Attachment 1).

## 6.2 Directors

Anova's Board of Directors and other key executives at the date of this report are presented in the table below.

Table 4

<b>Anova Metals Limited Board of Directors</b>
Mr Edward Rigg (Non-Executive Chairman)
Dr Mingyan (Joe) Wang (Managing Director)
Mr John Davis (Non-Executive Director)

Source: ASX

### 6.3 Share capital

6.3.1 As at 10 June 2020, Anova had on issue 1,247,041,481 fully paid ordinary shares. The major shareholders of Anova as at 10 June 2020 are presented in the table below. As at that date, the top 3 shareholders and their associated entities held approximately 31.00% of the issued ordinary capital of Anova.

Table 5

Anova Metals Limited Shareholder name	Number of shares held	Percentage interest
Au Xingao Investment Pty Ltd	248,161,253	19.90%
Defender Equities Pty Ltd & associated entities	78,729,167	6.31%
Aims Asset Management SDN. BHD.	59,664,351	4.78%
	<u>386,554,771</u>	<u>31.00%</u>

Source: ASX

6.3.2 As at 10 June 2020, shares held by the Directors and Xingao total 259,577,920<sup>4</sup> Anova shares or 20.82% of the issued capital. The balance of the issued capital is 987,463,561 Anova shares or 79.18% of the issued capital and this represents the 'free float' that is readily tradeable on market.

6.3.3 Anova also has a total of 72,692,860 unlisted options on issue that are convertible into ordinary shares of Anova. The options on issue include:

- 6,397,470 employee options which have various exercise prices in the range of AU\$0.043 to AU\$0.200 and have various expiry dates ranging between 19 June 2020 and 28 November 2021;
- 50 million options held by Twynam Agricultural Group Pty Ltd which have an exercise price of AU\$0.045 and expire on 30 June 2020; and
- 16,295,390 options that are held by the Lead Manager, Argonaut Securities Pty Ltd, and have an exercise price of AU\$0.011 and an expiry date of 31 March 2022. As these options are in the money, the Lead Manager can exercise them at any time before their expiry date which would result in Anova raising approximately \$179,000. As the expiry date of these options is over 18 months away, we see no reason why the Lead Manager would exercise the options at this point in time. Accordingly, we have not treated these options on an as converted basis in the balance of this report.

<sup>4</sup> sourced from S&P Capital IQ

## 6.4 Statements of financial position

Anova's consolidated statements of financial position as at 30 June 2018, 30 June 2019 and 31 December 2019 are presented in the table below.

Table 6

Anova Metals Limited Consolidated Statement of Financial Position	Audited 30-Jun-18 AU\$	Audited 30-Jun-19 AU\$	Reviewed 31-Dec-19 AU\$
<b>Current Assets</b>			
Cash and cash equivalents	567,660	1,092,260	472,093
Trade and other receivables	663,083	37,552	28,925
Other assets	153,540	63,788	29,087
Inventories	2,089,022	-	-
	3,473,305	1,193,600	530,105
<b>Non-Current Assets</b>			
Plant and equipment	1,549,276	586,313	538,309
Exploration and evaluation expenditure	12,992,897	11,475,469	11,296,386
Mine properties	9,852,133	5,908,845	5,908,845
Other financial assets	564,275	424,158	425,400
	24,958,581	18,394,785	18,168,940
<b>Total Assets</b>	28,431,886	19,588,385	18,699,045
<b>Current Liabilities</b>			
Trade and other payables	3,953,705	1,711,436	2,054,649
Borrowings	3,000,000	-	2,825,000
Rehabilitation provision	37,951	35,628	41,818
	6,991,656	1,747,064	4,921,467
<b>Non-Current Liabilities</b>			
Rehabilitation provision	585,554	567,752	595,278
Borrowings	-	3,000,000	-
Deferred tax liability	356,723	-	-
	942,277	3,567,752	595,278
<b>Total Liabilities</b>	7,933,933	5,314,816	5,516,745
<b>Net Assets</b>	20,497,953	14,273,569	13,182,300
<b>Equity</b>			
Issued capital	60,448,614	60,716,986	60,716,986
Reserves	3,326,100	3,656,109	3,121,428
Accumulated losses	(43,276,761)	(50,099,526)	(50,656,114)
<b>Total Equity</b>	20,497,953	14,273,569	13,182,300

Source: Anova's annual reports for the financial years ended 30 June 2018 and 2019 and the half year financial report for the half year ended 31 December 2019

## 6.5 Operating performance

Anova's consolidated statements of comprehensive income for FY18, FY19 and HY20 are presented in the table below.

Table 7

Anova Metals Limited Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited FY18 AU\$	Audited FY19 AU\$	Reviewed HY20 AU\$
<b>Revenue from continuing operations</b>			
Gold sales	3,717,412	2,802,707	-
Silver sales	7,901	4,874	-
	3,725,313	2,807,581	-
<b>Cost of goods sold</b>			
Depreciation of mine properties and equipment	(437,078)	(82,192)	-
Amortisation of mine properties	(2,081,814)	-	-
Amortisation of rehabilitation asset	(40,535)	-	-
Production costs	(7,104,477)	(2,700,666)	-
Costs deferred as inventory	2,089,022	-	-
	(7,574,882)	(2,782,858)	-
	(3,849,569)	24,723	-
<b>Gross profit / (loss)</b>			
<b>Other income</b>			
Interest received	20,441	2,107	365
Disposal of tenements	100,909	11,977	-
Other income	-	-	294,453
	121,350	14,084	294,818
<b>Expenses</b>			
Employee benefit expense	(889,852)	(271,752)	(62,700)
Exploration expensed as incurred	(1,727,571)	(723,104)	(620,031)
Depreciation expense	(5,325)	(7,609)	(2,703)
Finance costs	(437,942)	(496,833)	(150,450)
Administration expenses	(212,183)	(239,143)	(59,754)
Occupancy expenses	(261,588)	(128,701)	(53,155)
Share-based payment reversal / (expense)	(101,985)	63,086	-
Foreign exchange gain / (loss)	(173,169)	(658)	1
Scheme of arrangement transaction costs	(1,080,788)	-	(436,463)
Exploration expenditure impaired	(4,555,181)	(1,637,711)	(25,000)
Mine development expenditure impaired	(4,578,096)	(3,943,288)	-
Gain / (loss) on sale of assets		(300,137)	4,636
	(14,023,680)	(7,685,850)	(1,405,619)
	(17,751,899)	(7,647,043)	(1,110,801)
<b>Loss before income tax</b>			
Income tax benefit	2,632,714	736,149	-
	(15,119,185)	(6,910,894)	(1,110,801)
<b>Loss for the year</b>			
<b>Other comprehensive income</b>			
Exchange differences of foreign operations	434,329	388,042	19,532
	434,329	388,042	19,532
	(14,684,856)	(6,522,852)	(1,091,269)

Source: Anova's annual reports for the financial years ended 30 June 2018 and 2019 and the half year financial report for the half year ended 31 December 2019



## 6.6 Cash flow statements

Anova's consolidated statements of cash flows for FY18, FY19 and HY20 are presented in the table below.

Table 8

Anova Metals Limited Consolidated Statement of Cash Flows	Audited FY18 AU\$	Audited FY19 AU\$	Reviewed HY20 AU\$
<b>Cash flows from operating activities</b>			
Receipts from customers	3,725,313	2,807,581	42,338
Payments to suppliers and employees	(6,744,094)	(2,901,072)	(230,063)
Payment for exploration and evaluation expenditure	(1,986,706)	(756,253)	(580,416)
Payments / (refunds) for exploration bonds	(116,093)	166,441	-
Interest received	24,232	2,345	365
Research and development tax incentive	-	500,489	-
Finance costs	(437,942)	(355,839)	(150,450)
<b>Net cash used in operating activities</b>	<b>(5,535,290)</b>	<b>(536,308)</b>	<b>(918,226)</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment	(204,093)	-	-
Payment for mine development	(4,526,756)	-	-
Proceeds from the sale of property, plant and equipment	100,909	579,985	50,000
Proceeds from the sale of tenements	-	259,537	425,000
Loan provided to Exterra Resources	(2,000,000)	-	-
Cash gained on purchase of Exterra Resources	1,792,523	-	-
<b>Net cash provided by / (used in) investing activities</b>	<b>(4,837,417)</b>	<b>839,522</b>	<b>475,000</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	-	225,000	-
Payment for share issue costs	(30,230)	(4,441)	-
Proceeds from borrowings	3,000,000	-	-
Repayment of borrowings	-	-	(175,000)
<b>Net cash provided by financing activities</b>	<b>2,969,770</b>	<b>220,559</b>	<b>(175,000)</b>
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>(7,402,937)</b>	<b>523,773</b>	<b>(618,226)</b>
Cash and cash equivalent at beginning of year	7,709,437	567,660	1,092,260
Effect of exchange rates on cash holdings in foreign currencies	261,160	827	(1,941)
<b>Cash and cash equivalent at end of year</b>	<b>567,660</b>	<b>1,092,260</b>	<b>472,093</b>

Source: Anova's annual reports for the financial years ended 30 June 2018 and 2019 and the half year financial report for the half year ended 31 December 2019

## **7. Valuation of Anova before the Proposed Transaction**

### **7.1 Value definition**

PKF Corporate's valuation of the securities to be issued by Anova is on the basis of 'fair market value', defined as:

*'the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length'.*

### **7.2 Valuation methodologies**

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- asset based methods;
- comparable market transactions; and
- alternate acquirer.

### **7.3 Share price history**

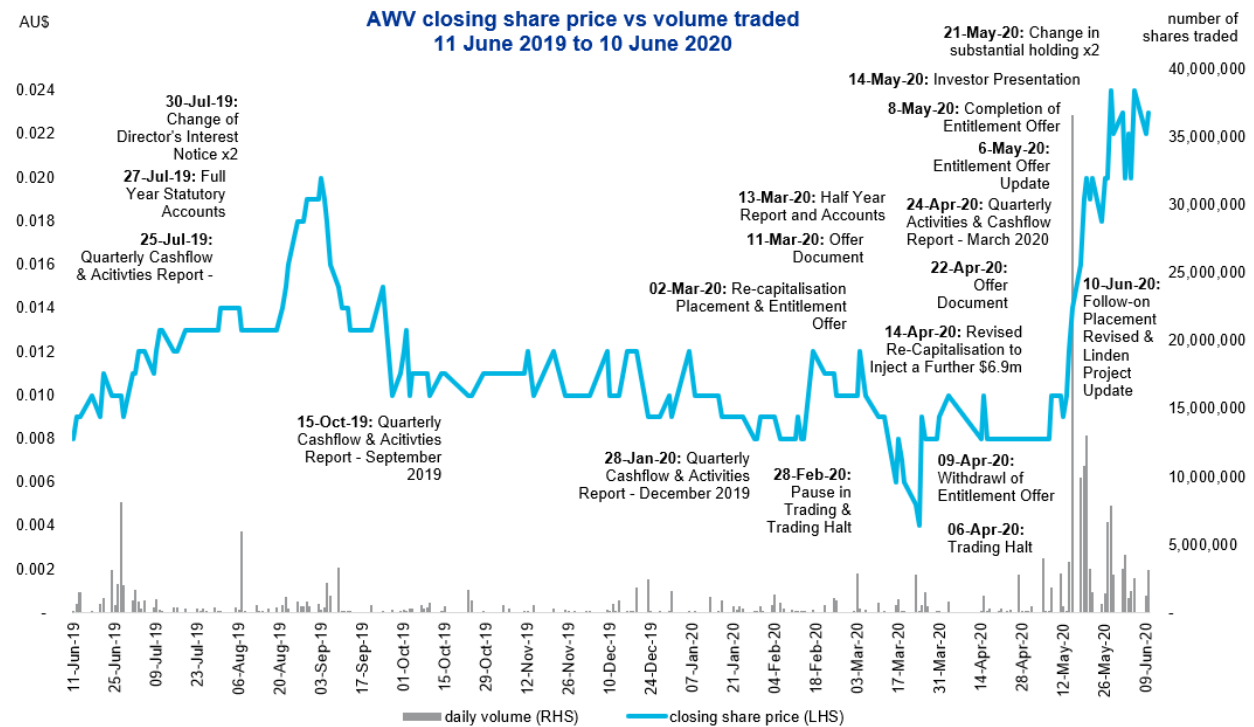
7.3.1 The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of any proposed transaction.

7.3.2 As the share price history of Anova will incorporate all publicly available information, we consider that the share price history is an appropriate methodology to consider in assessing the value of a share in Anova.

7.3.3 We note that the Revised Recapitalisation was announced on 14 April 2020 and the Proposed Transaction was announced to the ASX on 10 June 2020 and as there are components of the Proposed Transaction which continue up to the current date, we have analysed the share price of Anova up to the current date.

7.3.4 We have set out below a graph showing the daily closing share price and volume of Anova shares up to 10 June 2020 as well as a selection of market sensitive announcements on the ASX.

Graph 1



Source: ASX, PKF Corporate analysis

As can be seen from the graph above, Anova's share price traded within a tight range of AU\$0.008 to AU\$0.012 per AWW share on relatively low volume from October 2019 up to the days following the Company's announcement to the ASX with respect to its re-capitalisation strategy in early March 2020. Anova's share price subsequently traded below this range for a short period of time before trading in a range of AU\$0.008 to AU\$0.010 per AWW share again on relatively low volume during April 2020 and early May 2020.

Since the Company's announcement to the ASX with respect to the completion of the capital raising under the Revised Offer and Top-Up Placement and its Investor Presentation which detailed Anova's strategy with respect to advancing the Big Springs Gold Project and the Linden Gold Project, Anova's share price has doubled on significantly higher volume.

On 15 May 2020, the share trading activity in Anova shares increased significantly and approximately 36.54 million Anova shares were traded in a range of AU\$0.013 to AU\$0.015 per AWW share. During the week commencing 18 May 2020 to 22 May 2020, the share trading activity in Anova shares also saw increased volume where approximately 38.38 million Anova shares were traded in a range of AU\$0.014 to AU\$0.021 per AWW share. Since 25 May 2020 to 10 June 2020, Anova shares have traded in a range of AU\$0.018 to AU\$0.025 per AWW share and since 26 May 2020 the closing share price was AU\$0.020 per AWW share or higher.

7.3.5 We have also examined the recent share prices and trading volumes in Anova shares up to 10 June 2020 including the volume weighted average price (“VWAP”) of Anova shares based on closing daily prices on the ASX for business trading dates. We have set out our analysis in the table below.

Table 9

Anova Metals Limited Share price analysis	Shares Traded		VWAP AU	Share Price (AU)	
	Number	Value (AU)		Low	High
5 days to 10 June 2020	9,424,205	\$212,328	\$0.023	\$0.019	\$0.025
10 days to 10 June 2020	34,055,519	\$751,301	\$0.022	\$0.019	\$0.025
20 days to 10 June 2020	114,824,389	\$2,062,493	\$0.018	\$0.010	\$0.025
30 days to 10 June 2020	124,668,992	\$2,150,923	\$0.017	\$0.008	\$0.025
60 days to 10 June 2020	137,359,200	\$2,247,500	\$0.016	\$0.004	\$0.025

Source: ASX, PKF Corporate analysis

As can be seen from the above table, the VWAP has increased over the past 60 business days up to 10 June 2020 driven by the trading volume over the past 20 business days to 10 June 2020 which represents approximately 84% of the trading volume in Anova shares over the 60 business day period. During the more recent trading period, Anova shares traded in a range of AU\$0.019 to AU\$0.025 per share. The significantly increased trading volume in Anova shares has been influenced by the additional number of new shares on issue following the quotation of shares issued under Revised Recapitalisation on 8 May 2020 totalling 557,909,196 Anova shares<sup>5</sup> as well as the repositioning of Anova as set out in its Investor Presentation announced to the ASX on 14 May 2020.

7.3.6 As set out in paragraph 6.3.2 of this report, the ‘free float’ of Anova shares that is readily tradeable on market comprise of 987,463,561 shares. Prior to the Revised Offer, the Placement and the Top-Up Placement, Anova had approximately 689,132,275 shares on issue and as 557,909,196 new shares were issued on 8 May 2020, we have calculated the volume of shares traded in Anova over the past 20 business days of the ‘free float’ only. We have set out our analysis in the table below.

Table 10

Anova Metals Limited Share volume	% of free float traded			
	5 days	10 days	20 days	
Number of shares traded to 10 June 2020	9,424,205	34,055,519	114,824,389	
AWV free float	987,463,561	0.95%	3.45%	11.63%

Source: ASX, PKF Corporate analysis

7.3.7 Based on the above information and our analysis, we consider that the market in Anova shares is relatively liquid. The shares issued under the Revised Offer, the Placement and the Top-Up Placement were completed at a share price of AU\$0.007 per Anova share. As at 10 June 2020, the closing share price of an Anova share was AU\$0.023 per share which represents a premium of approximately 229% to the new shares issued.

7.3.8 The Revised Offer and the Top-Up Placement was completed at a share price of AU\$0.007 per Anova share and resulted in the issue of a further 540,766,339 shares. Although we consider that the share trading in Anova shares was relatively illiquid prior to the issue of shares under the Revised Offer, it demonstrated the ability of Anova to raise funds and, as such, we have considered the share price valuation methodology in assessing the market value of Anova shares.

<sup>5</sup> On 8 May 2020, 476,564,374 AWW shares were quoted on the ASX under the Revised Offer (459,421,517) and the Placement (17,142,857) and 81,344,822 AWW shares were quoted on the ASX under the Top-Up Placement

- 7.3.9 As a result of Anova repositioning itself as a gold explorer that is now well funded to advance its flagship Big Springs Gold Project coupled with the appreciation in the spot price of gold, we are of the opinion that it has improved its value proposition in the current market resulting in an incremental improvement in its share price. Accordingly, we have formed the opinion that the Anova shares have a market value in a range of AU\$0.018 to AU\$0.023 per share as at 10 June 2020.
- 7.3.10 The share prices upon which we have formed our opinion reflect the prices at which minority parcels of shares are traded on a daily basis and, as such, do not incorporate a control premium. Accordingly, we have considered the application of a control premium which represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of Anova could be acquired.
- 7.3.11 In assessing the control premium to be applied to the share price of Anova, we have relied on the relevant matrix from the RSM Control Premium Study – 2017 applicable to Anova. We have summarised this research in the table below.

Table 11

Analysis by	Criteria	Control premium 20 days pre-announcement	
		Average	Median
All transactions		34.50%	27.00%
Industry	Metals & Mining	35.80%	30.00%
Consideration type	Cash	36.90%	29.60%
Size	<= \$25m	46.80%	34.20%

Source: RSM Control Premium Study - 2017

- 7.3.12 The actual control premium paid is transaction specific and depends on a range of factors, such as the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets. We note that the above research sets out statistical information about actual control premia paid and, as such, includes an unknown uplift on account of potential acquisition synergy benefits. We are of the opinion that the control premium in a transaction that did not include expected synergies would be lower.
- 7.3.13 After considering the above, we have applied a control premium in a range of 22.50% to 29.25% to the minority share price of one Anova share in a range of AU\$0.018 to AU\$0.023 per share. We have summarised the results of this calculation in the table below.

Table 12

Anova Metals Limited Share price methodology	Low	High
Value per AWV share (minority)	AU\$0.018	AU\$0.023
Control premium	22.50%	29.25%
<b>Valuer per AWV share (control)</b>	<b>AU\$0.022</b>	<b>AU\$0.030</b>

Source: PKF Corporate analysis

- 7.3.14 Having regard to the above, we have concluded that the control value of an Anova share is in a range of **AU\$0.022 to AU\$0.030 per share** as assessed under the share price valuation methodology.

## 7.4 Capitalisation of future maintainable earnings

- 7.4.1 Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.
- 7.4.2 As Anova does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value the Anova shares.

## 7.5 Net present value of future cash flows

- 7.5.1 An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business and/or asset remaining at the end of the forecast period.
- 7.5.2 Anova generated negative cash flows from operations during the financial years ended 30 June 2018 and 2019 and the half year ended 31 December 2019 (refer to Section 6.6 of this report).
- 7.5.3 In considering the application of this methodology, we note that Anova has indicated in its Investor Presentation<sup>6</sup> that it intends to re-start underground mining at the Second Fortune Gold Mine to generate early cash flows. As Anova does not have any current long term cash flow forecasts available that can be used to value any of its gold projects, the net present value of the future cash flows methodology cannot be used to value Anova or any of its assets.

## 7.6 Asset based methods

- 7.6.1 This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:
- (a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realization costs.

The net assets of Anova as at 31 December 2019 as per the reviewed financial statements were AU\$13.182 million (refer to Section 6.4 of this report).

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<sup>6</sup> Investor Presentation announced to the ASX on 14 May 2020

Anova's major assets are capitalised exploration assets relating to the existing exploration projects (AU\$11.296 million) as well as the mining assets at the Second Fortune gold mine (AU\$5.909 million) as at 31 December 2019. In addition, Anova also held cash assets (approximately AU\$472,000), security deposits (AU\$425,000) and plant and equipment (approximately AU\$538,000) as at 31 December 2019. We provide the following comments with regard to the major assets:

- Capitalised exploration assets as at 31 December 2019 relates to the exploration and evaluation costs expended and the ultimate recoverability of these costs carried forward is dependent on the successful development and commercial exploitation, or the sale of the respective assets.
- Mining assets as at 31 December 2019 relates to mine properties and development costs net of accumulated amortisations and their carrying value is subject to the successful production and sale of gold from the Second Fortune gold mine. We understand that mining assets do not include any fixed assets such as plant & equipment at the mine sites.

Having regard to our comments above, the book value of Anova's major assets may not reflect the market value of these assets. Further, Anova has completed a capital raising under the Revised Offer and the Top-Up Placement since 31 December 2019.

In light of the above, we have adjusted the net assets of Anova and reflected our adjustments in the table below and in the corresponding notes.

Table 13

Anova Metals Limited		Low	High
Net asset approach	notes	AU\$	AU\$
<b>Reported net assets as at 31 December 2019</b>		<b>13,182,300</b>	<b>13,182,300</b>
Net cash movement during March 2020 quarter	1	146,000	146,000
Cash raised during May 2020	2	3,785,364	3,785,364
Exploration and evaluation expenditure	3	(11,475,469)	(11,475,469)
Mine properties	3	(5,908,845)	(5,908,845)
Big Springs Gold Project	3	27,800,000	43,540,000
Linden Gold Project	3	1,270,000	2,840,000
Malcolm Gold Project	3	10,000	60,000
<b>Adjusted net assets</b>		<b>28,809,350</b>	<b>46,169,350</b>

Source: Anova's half year financial report for the half year ended 31 December 2019, Anova's March 2020 Quarterly Activities Report, ASX, VARM, PKF Corporate analysis

Note 1: During the quarter ended March 2020 Anova completed a capital raising of AU\$500,000 at an issue price of AU\$0.010 per AWV share resulting in a net increase to Anova's cash position of approximately AU\$146,000. As the additional amount of cash is not reflected as part of the net assets as at 31 December 2019, we have adjusted the net assets of Anova accordingly. We have assumed that there has been no other material change to Anova's other assets or its liabilities.



Note 2: During May 2020, Anova raised approximately AU\$3.785 million under the Revised Offer (AU\$1,692,709) including the shortfall placement (AU\$1,523,242) as well the Top-Up Placement (AU\$569,414) resulting in a further increase to Anova's cash position. As the additional amount of cash is not reflected as part of the nets assets as at 31 December 2019, we have adjusted the net assets of Anova accordingly. We have assumed there was no material cash outflow as part of the costs of the capital raise and no other material cash burn since 31 March 2020.

Note 3: We have engaged Valuation and Resource Management Pty Ltd<sup>7</sup> to assist us in assessing the value of Anova's exploration and mining assets. A full copy of the VRM technical valuation report is set out as Attachment 1 to this report. We have reviewed the VRM technical valuation report and present in the table below a summary of the VRM valuation ascribed to Anova's assets.

We have summarised the VRM technical valuation ranges in the table below.

Table 13

Anova Metals Limited Technical values	Low AU\$	Preferred AU\$	High AU\$
Big Springs Gold Project	27,800,000	40,980,000	43,540,000
Linden Gold Project	1,270,000	1,560,000	2,840,000
Malcolm Gold Project	10,000	30,000	60,000
<b>Total technical value</b>	<b>29,080,000</b>	<b>42,570,000</b>	<b>46,440,000</b>

Source: VRM report

As can be seen from the above table, VRM has provided a valuation range of AU\$29.080 million to AU\$46.440 million with a preferred technical value of AU\$42.570 million in relation to Anova's exploration and mining assets.

Based on the net assets valuation methodology, the value of Anova is in a range of say AU\$28.809 million to AU\$46.169 million. As Anova has 1,247,041,481 ordinary shares on issue, the Anova shares have a net asset backing in a range of **AU\$0.023 to AU\$0.037 per share**.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

Given Anova's level of cash assets and support from the Cornerstone Investor, we do not consider that an orderly realisation of its assets is an appropriate valuation methodology to use in assessing the value of Anova at this point in time.

(c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

We consider that this methodology is an inappropriate valuation methodology to use as Anova has existing cash resources, support from the Cornerstone Investor and an ability to raise capital as demonstrated in the recent capital raisings.

<sup>7</sup> a valuation and economic geology consulting company providing mineral asset valuation reports for inclusion in Independent Expert Reports



## 7.7 Comparable market transactions

7.7.1 Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

7.7.2 In considering the application of this methodology, we have considered Anova's interest in the gold projects based in Western Australia, Australia and Nevada, USA. Whilst there are no directly comparable market transactions as Anova's exploration and mining assets are unique, there are other comparable companies focused on gold exploration in or around the location of Anova's gold projects. However, there is limited comparability between the various companies that operate in locations nearby to Anova's gold projects due to the difference in the size and quality of deposits, stage of development, regulatory approvals and licences, and the ability of the companies to advance the development of their projects by obtaining the necessary funding and technical support. For this reason, we have not used the comparable market transaction valuation methodology to value Anova, however, this valuation methodology has been utilised by VRM.

## 7.8 Alternate acquirer

7.8.1 The value that an alternative offeror may be prepared to pay to acquire Anova is a relevant valuation methodology to be considered.

7.8.2 We are not aware of any offers for the Anova shares and we can see no reason as to why an offer would be initiated at this time without the consent and support of the major shareholders.

7.8.3 We understand that Anova has been approached by various interested parties with respect to the Big Springs Gold Project, Second Fortune Gold Project and the Malcolm Project. As Anova has terminated its divestment strategies and as we are not aware that any discussions from interested parties progressed to a point where formal offers have been made, we cannot rely on the alternative acquirer valuation methodology to assess the value of Anova's assets.

## 7.9 Conclusion

7.9.1 The applicable valuation methodologies that we have considered are summarised in the table below.

Table 14

Anova Metals Limited		Low	High
Valuation methodology	section	AU \$	AU \$
Share price history	7.3	0.022	0.030
Net asset approach	7.6.1 (a)	0.023	0.037

7.9.2 As can be seen from the table above, the valuation of an Anova ordinary share derived from the share price history valuation methodology and the net asset based approach are in a range of AU\$0.022 to AU\$0.037 per share on a control basis. We provide the following comments:

- The results of the share price history valuation methodology reflect the more recent increase in trading volume in Anova shares following completion of the Revised Offer and Top-Up Placement to recapitalise Anova as well as the appreciation in the spot price of gold. Accordingly, these factors have combined to increase the price range within which the Anova shares have recently traded.
- The mid-point of the valuation range from the share price history valuation methodology (AU\$0.026 per share) is approximately 13% lower than the mid-point of the valuation range of the net asset valuation methodology (AU\$0.030 per share), however the low end of the valuation range of the net asset valuation methodology (AU\$0.023 per share) falls within the range of the share price history valuation methodology.

- The high end of the net asset valuation range is approximately 19% higher than the high end of the share price valuation range. This suggests that whilst Anova cannot in the current circumstances expect to be able to raise capital at above the price reflected by its share price history, the underlying value of its shares may be higher. Whilst the high end of the net asset valuation range (based largely on comparable transactions) places a higher value on the net assets of Anova, the share price history valuation is based on current market evidence.

7.9.3 Having regard to the above, we have elected to prefer the share price methodology as it reflects the current market value of Anova shares. We have therefore concluded the fair market value of an Anova share lies in a range of **AU\$0.022 to AU\$0.030 per share, with a mid-point of AU\$0.026 per share, on a control basis.**

## 8. Valuation of Anova after the Proposed Transaction

- 8.1 The value of Anova after the Proposed Transaction will comprise of its value before the Proposed Transaction together with the value of the consideration being offered by Xingao for the subscription of 181,767,004 ordinary shares of Anova. The value of the consideration being offered by Xingao for the subscription of 181,767,004 ordinary shares of Anova at AU\$0.017 per share totals AU\$3,090,039 (181,767,004 ordinary shares x AU\$0.017 per share).
- 8.2 To estimate the minority value of an Anova share, we have eliminated the premium for control from the valuation range of an Anova share of AU\$0.022 to AU\$0.030 per share on a control basis. In Section 7.3 of this report, we selected a control premium in a range of 22.50% to 29.25% and the equivalent minority discount is in a range of 18.37% to 22.63%. We have set out in the table below our calculations of the minority value range of an Anova share.

Table 15

Anova Metals Limited				
Minority share value	section	formula	Low	High
Value of an Anova share before the Proposed Transaction (control basis)	7.9.3	a	AU\$0.022	AU\$0.030
Total ordinary shares on issue before the Proposed Transaction	2.3	b	1,247,041,481	1,247,041,481
Value of Anova before the Proposed Transaction (control basis)		$c = a \times b$	\$27,434,913	\$37,411,244
Control premium elimination to obtain minority value		d	22.63%	18.37%
Value of Anova before the Proposed Transaction (minority basis)		$e = c \times (1 - d)$	\$21,226,238	\$30,539,791
Value of an Anova share before the Proposed Transaction (minority basis)		$f = e / b$	AU\$0.017	AU\$0.024

- 8.3 As can be seen from the table above, the minority value of an Anova ordinary share is in a range of say AU\$0.017 to AU\$0.024 per share.
- 8.4 We have assessed the value of Anova after the Proposed Transaction, on a minority basis, as set out in the table below.

Table 16

Anova Metals Limited						
Valuation after the Proposed Transaction	section	formula	if Res 7 approved only		if Res 4 & 7 approved	
			Low	High	Low	High
Value of an Anova share before the Proposed Transaction (minority basis)	8.3	a	AU\$0.017	AU\$0.024	AU\$0.017	AU\$0.024
Total ordinary shares on issue before the Proposed Transaction	2.3	b	1,247,041,481	1,247,041,481	1,247,041,481	1,247,041,481
Value of Anova before the Proposed Transaction (minority basis)		$c = a \times b$	\$21,199,705	\$29,928,996	\$21,199,705	\$29,928,996
Shares to be issued to Xingao if the Proposed Transaction is approved	2.1	d	179,930,269	179,930,269	181,767,004	181,767,004
Issue price	2.1	e	AU\$0.017	AU\$0.017	AU\$0.017	AU\$0.017
Funds to be received if the Proposed Transaction is approved		$f = d \times e$	\$3,058,815	\$3,058,815	\$3,090,039	\$3,090,039
Shares to be issued to Dr Mingyan Wang	2.2	g	-	-	4,285,714	4,285,714
Total ordinary shares on issue in Anova after the Proposed Transaction	2.3	$h = b + d + g$	1,426,971,750	1,426,971,750	1,433,094,199	1,433,094,199
Adjusted value of Anova after the Proposed Transaction (minority basis)		$i = c + f$	\$24,258,520	\$32,987,810	\$24,289,744	\$33,019,035
Value of an Anova share after the Proposed Transaction (minority basis)		$j = i / h$	AU\$0.017	AU\$0.023	AU\$0.017	AU\$0.023

- 8.5 In our opinion, after completion of the Proposed Transaction the value of an Anova ordinary share will be in a range of say **AU\$0.017 to AU\$0.023 per share, with a mid-point of AU\$0.020 per share, on a minority basis.**

## 9. Assessment as to Fairness

- 9.1 The Proposed Transaction is 'fair' if the value of the minority shares held by the Non-Associated Shareholders' in Anova after the Proposed Transaction is equal to or greater than the control value of the shares in Anova before the Proposed Transaction.
- 9.2 In Section 7 of this report, we assessed the value of an Anova ordinary share on a control basis before the Proposed Transaction to be in a range of AU\$0.022 to AU\$0.030 per share, with a mid-point of AU\$0.026 per share.
- 9.3 In Section 8 of this report, we assessed the value of an Anova ordinary share on a minority basis after the Proposed Transaction to be in a range of AU\$0.017 to AU\$0.023 per share, with a mid-point of AU\$0.020 per share.
- 9.4 As the minority value range mid-point (AU\$0.020 per share) of an Anova ordinary share after the Proposed Transaction is less than the control value range mid-point (AU\$0.026 per share) of an Anova share before the Proposed Transaction, we have concluded that the Proposed Transaction is **not fair**.

## 10. Assessment as to Reasonableness

- 10.1 Prior to deciding whether to approve or reject the Proposed Transaction, the shareholders of Anova should also consider the following significant factors:
- In Section 9 of this report, we assessed the Proposed Transaction as being not fair.
  - Approval of the Proposed Transaction will enable Anova to raise additional funds via the Revised Follow-On Placement which will be used to repay the Twynam Loan that is due to mature in September 2020.
  - If Shareholders do not approve the Proposed Transaction, Anova will need to seek alternative funding to repay the Twynam Loan prior to September 2020 which may be on substantially less advantageous terms than the Proposed Transaction and may require extensive management focus and expense to secure. Alternately, Anova may be required to utilise the cash from the recent capital raising to repay the loan, which would leave it without the resources to achieve its business plans.
  - If Shareholders approve the Proposed Transaction, the Cornerstone Investor will control up to 30.00% of Anova's voting power, an increase from 19.90%. As a result, the stake of the Non-Associated Shareholders will be diluted from 80.10% to 70.00% and they will have reduced ability to influence the operating, financing and strategic decision of Anova. Further, as the Cornerstone Investor's voting power will increase beyond 25% it may have the capacity to block the passing of a special resolution.
  - If Shareholders approve the Proposed Transaction, the consolidation of the Cornerstone Investor as a major shareholder of the Company may provide a level of market confidence and may also financially support the future exploration and development activities of Anova. In addition, the Cornerstone Investor has indicated that it has no intention to change the strategic direction of Anova, its employment level or management team.
  - The issue price of the Anova ordinary shares subject to the Proposed Transaction (AU\$0.017 per AWW share) is at a 143% premium to the Revised Offer in which Non-Associated Shareholders of Anova were entitled to participate in (AU\$0.007 per AWW share). The issue price subject to the Proposed Transaction is at a 26% discount to the closing share price of an Anova share on the date the Revised Follow-On Placement was announced to the ASX on 10 June 2020.

- In Section 8 of this report, we assessed the value of an Anova ordinary share on a minority basis after the Proposed Transaction with a mid-point of AU\$0.020 per AWV share. Accordingly, the issue price subject to the Proposed Transaction (AU\$0.017 per AWV shares) is at a 15% discount to the mid-point valuation of AU\$0.020 per AWV share.
- If Shareholders do not approve the Proposed Transaction and if Anova was to raise further funds via a placement based on a discount to its current share price, the issue price may be at a higher share price than the issue price subject to the Proposed Transaction. We have analysed recent placements by ASX listed companies with a focus on gold exploration to identify the range of discounts that the placements were undertaken at. We have set out our research and analysis in Appendix C of this report. In table 9 of this report, we analysed Anova's recent share price trading and assessed a 5 day and 10 day VWAP of AU\$0.023 and AU\$0.022 per AWV share respectively. Based on the issue price of AU\$0.017 per AWV share under the Proposed Transaction and the VWAP analysis this represents a discount of approximately 26% and 23% respectively, which is within the range of the discounts set out in our research in Appendix C of this report, although it is slightly higher than the average of the discounts. However, any alternate placement would require extensive management focus and expense. On 11 March 2020, Anova launched a capital raising at AU\$0.010 per AWV share which was subsequently withdrawn and re-launched at AU\$0.007 per AWV share. Accordingly, although Anova's share price has recently increased there is no certainty that it will be able to successfully raise further funds without the support of the Cornerstone Investor.
- If Shareholders do not approve the Proposed Transaction and should the Cornerstone Investor wish to increase their voting power in Anova they can do so by acquiring shares on market. Although this may take the Cornerstone Investor some time to acquire additional Anova shares, they may have to acquire shares at a premium price to the AU\$0.017 per AWV share under the Proposed Transaction. If the Cornerstone Investor chooses to acquire shares on market to increase its voting power in Anova, the Company will not receive the benefit of cash raised under the Proposed Transaction.
- If Shareholders approve the Proposed Transaction, the Cornerstone Investor will be issued 90 million unlisted options in three equal tranches. The first tranche has an exercise price of AU\$0.020 per AWV share and is therefore in the money based on Anova's closing share price on 10 June 2020 of AU\$0.023 per AWV share. The second tranche has an exercise price of AU\$0.025 per AWV share and the third tranche has an exercise price of AU\$0.030 per AWV share. As the Proposed Transaction only seeks shareholder approval for the issue of the Options, the Cornerstone Investor will not be able to exercise the Options in circumstances that would result in an increase in its voting power beyond 30% (unless one of the other exemptions set out in section 611 were to apply). The Cornerstone Investor has agreed not to increase its shareholding in Anova above 30% within 12 months of the issue of the shares under the Revised Follow-On Placement. However, as the Options are freely transferable, the Cornerstone Investor may be able to benefit from the sale of the Options. We have set out our assessed indicative value of the Options in Appendix D of this report. Accordingly, the indicative value of the Options that the Cornerstone Investor may receive the benefit of is approximately AU\$1.020 million.

10.2 Based on the above, we consider that the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction, and for this reason, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of Anova.

## 11. Assessment as to Fairness and Reasonableness

After considering the above matters, we have concluded that the Proposed Transaction is **not fair but is reasonable to the Non-Associated Shareholders**.

## **12. Financial Services Guide**

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

### **12.1 PKF Corporate**

PKF Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

### **12.2 Financial Services Offered by PKF Corporate**

PKF Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by PKF Corporate are provided by the Entity to its members.

All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate's independence of the Entity commissioning the report and other parties to the transactions.

PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

### **12.3 General Financial Product Advice**

In the report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

### **12.4 Independence**

At the date of this report, none of PKF Corporate, Mr Paul Lom, Mr Steven Perri nor Mr Stefan Galbo have any interest in the outcome of the Proposed Transaction, nor any relationship with Anova, Xingao and associated entities or any of their directors.

Drafts of this report were provided to and discussed with the management of Anova and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with Anova that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

PKF Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

## 12.5 Remuneration

PKF Corporate is entitled to receive a fee of approximately AU\$33,000 for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

## 12.6 Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints should be in writing and sent to the Complaints Officer, PKF Corporate at level 12, 440 Collins Street, Melbourne Vic 3000.

PKF Corporate will make every effort to resolve a complaint within 45 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

**PKF Melbourne Corporate Pty Ltd**



**Paul Lom**  
Director



**Steven Perri**  
Director

## **Anova Metals Limited**

### **Sources of Information**

The key documents we have relied upon in preparing this report are:

- Anova's Annual Reports – 30 June 2018 and 2019;
- Anova's Half Year Financial Report for the half year ended 31 December 2019;
- Anova's draft resolution relating to the Proposed Transaction for the purpose of the Notice of General Meeting and Explanatory Memorandum;
- Valuation and Resource Management Pty Ltd Independent Technical Specialist report dated May 2020;
- Research data from publicly accessible web sites in particular Anova's ASX announcements; and
- Discussions with the management of Anova.



**Anova Metals Limited****Declarations, Qualifications and Consents****1. Declarations**

This report has been prepared at the request of the Directors of Anova pursuant to Section 606 of the Corporations Act 2001 to accompany the notice of meeting of shareholders to approve the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

**2. Qualifications**

Mr Paul Lom, director of PKF Corporate, and Mr Stefan Galbo, prepared this report. They have been responsible for the preparation of expert reports and are involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist) with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

Mr Galbo is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist). He has been responsible for the preparation of valuation reports relating to shares, businesses, options and performance rights and intellectual property for the purpose of acquisitions, divestments, litigation, taxation and capital reconstruction.

Mr Steven Perri, a director of PKF Corporate reviewed this report. Mr Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

**3. Consent**

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

Placement Discount Research

Transaction announced	Target Company/Issuer	ASX code	1 day prior		1 day prior		5 days prior	
			Market Cap (AU\$ million)	Offer Price	Closing Share Price	Discount	Closing Share Price	Discount
27-May-20	Rox Resources Limited	RXL	\$ 39.36	\$ 0.024	\$ 0.027	11.11%	\$ 0.028	14.29%
27-May-20	Silver Mines Limited	SVL	\$ 109.98	\$ 0.100	\$ 0.125	20.00%	\$ 0.135	25.93%
25-May-20	Kairos Minerals Limited	KAI	\$ 17.33	\$ 0.011	\$ 0.017	35.29%	\$ 0.017	35.29%
25-May-20	Dart Mining NL	DTM	\$ 3.54	\$ 0.050	\$ 0.056	10.71%	\$ 0.057	12.28%
21-May-20	PepinNini Lithium Limited	PNN	\$ 2.93	\$ 0.0016	\$ 0.002	20.00%	\$ 0.002	20.00%
20-May-20	Rimfire Pacific Mining NL	RIM	\$ 10.57	\$ 0.0032	\$ 0.007	54.29%	\$ 0.007	54.29%
14-May-20	Chalice Gold Mines Limited	CHN	\$ 343.46	\$ 1.050	\$ 1.250	16.00%	\$ 1.235	14.98%
04-May-20	3D Resources Limited	DDD	\$ 2.11	\$ 0.0013	\$ 0.0015	16.67%	\$ 0.0015	16.67%
01-May-20	Golden Mile Resources Limited	G88	\$ 1.94	\$ 0.020	\$ 0.027	25.93%	\$ 0.027	25.93%
30-Apr-20	New World Resources Limited	NWC	\$ 12.22	\$ 0.011	\$ 0.014	21.43%	\$ 0.013	15.38%
28-Apr-20	DGR Global Limited	DGR	\$ 45.99	\$ 0.040	\$ 0.075	46.67%	\$ 0.070	42.86%
27-Apr-20	Metalicity Limited	MCT	\$ 3.52	\$ 0.002	\$ 0.004	50.00%	\$ 0.004	50.00%
27-Apr-20	Musgrave Minerals Limited	MGV	\$ 46.69	\$ 0.105	\$ 0.115	8.70%	\$ 0.115	8.70%
24-Apr-20	Theta Gold Mines Limited	TGM	\$ 91.77	\$ 0.200	\$ 0.210	4.76%	\$ 0.210	4.76%
22-Apr-20	Sunstone Metals Limited	STM	\$ 11.08	\$ 0.005	\$ 0.008	37.50%	\$ 0.008	37.50%
22-Apr-20	Sunstone Metals Limited	STM	\$ 11.08	\$ 0.005	\$ 0.008	37.50%	\$ 0.008	37.50%
17-Apr-20	Maximus Resources Limited	MXR	\$ 1.70	\$ 0.030	\$ 0.039	23.08%	\$ 0.032	6.25%
14-Apr-20	Anova Metals Limited	AWV	\$ 6.89	\$ 0.007	\$ 0.010	30.00%	\$ 0.009	22.22%
09-Apr-20	Predictive Discovery Limited	PDI	\$ 2.94	\$ 0.005	\$ 0.006	16.67%	\$ 0.007	28.57%
08-Apr-20	Indiana Resources Limited	IDA	\$ 3.67	\$ 0.020	\$ 0.020	0.00%	\$ 0.020	0.00%
03-Apr-20	Prospect Resources Limited	PSC	\$ 24.56	\$ 0.050	\$ 0.100	50.00%	\$ 0.110	54.55%
03-Apr-20	Strategic Minerals Corporation NL	SMC	\$ 32.64	\$ 0.360	\$ 0.380	5.26%	\$ 0.380	5.26%
02-Apr-20	Perpetual Resources Limited	PEC	\$ 7.95	\$ 0.015	\$ 0.025	40.00%	\$ 0.030	50.00%
01-Apr-20	Mithril Resources Limited	MTH	\$ 2.94	\$ 0.005	\$ 0.006	16.67%	\$ 0.008	37.50%
31-Mar-20	Flinders Mines Limited	FMS	\$ 108.04	\$ 0.025	\$ 0.031	19.35%	\$ 0.032	21.88%
30-Mar-20	Saturn Metals Limited	STN	\$ 21.96	\$ 0.270	\$ 0.300	10.00%	\$ 0.340	20.59%
23-Mar-20	Southern Gold Limited	SAU	\$ 11.04	\$ 0.100	\$ 0.125	20.00%	\$ 0.130	23.08%
09-Mar-20	Great Northern Minerals Limited	GNM	\$ 2.08	\$ 0.006	\$ 0.006	0.00%	\$ 0.006	0.00%
02-Mar-20	Oklo Resources Limited	OKU	\$ 92.88	\$ 0.210	\$ 0.225	6.67%	\$ 0.230	8.70%
02-Mar-20	Ionic Rare Earths Limited	IXR	\$ 18.16	\$ 0.008	\$ 0.009	11.11%	\$ 0.009	11.11%
<b>Average</b>							<b>22.2%</b>	<b>23.5%</b>
<b>Median</b>							<b>19.7%</b>	<b>21.2%</b>

Source: S&P Capital IQ, PKF Corporate analysis

### Valuation of Options

If shareholders approve the Proposed Transaction, Xingao is entitled to receive 90 million unlisted options in three equal tranches. The terms of the Options are detailed in the Notice and we have set out below the key terms for valuation purposes.

- Tranche 1: 30 million unlisted options with an exercise price of AU\$0.020 per option and expiring on 30 June 2022
- Tranche 2: 30 million unlisted options with an exercise price of AU\$0.025 per option and expiring on 30 June 2023
- Tranche 3: 30 million unlisted options with an exercise price of AU\$0.030 per option and expiring on 30 June 2024

In assessing the value of the Options, we have adopted the Black-Scholes option valuation model and the assumptions and inputs used in its application are set out below.

- Share price: AU\$0.023 per share based on the closing share price of an Anova share on 10 Jun 2020.
- Risk-free rate: the risk-free interest rates are based on Treasury Bond yields as at 10 June 2020 and sourced from the Reserve Bank of Australia with a maturity approximating the respective expiry dates of each of the tranches being 0.285%, 0.265% and 0.320%
- Volatility: the volatility used in option pricing models is typically calculated with reference to the annualised standard deviation of daily share price returns on the underlying security over a specific period. We source historical volatility information for Australian listed companies from a quarterly research report issued by Rozetta Technology Pty Ltd which calculates volatility over a four-year historical period. We have assessed the volatility of Anova to be 80%.

Using the above inputs and the application of the Black-Scholes option valuation model, we have set out in the table below our assessment of the indicative value of the Options which Xingao may receive.

<b>Anova Metals Limited</b>			
<b>Xingao Options</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>
Value per option	AU\$0.011	AU\$0.011	AU\$0.012
Number of options	30,000,000	30,000,000	30,000,000
Total value per tranche	<u>AU\$330,000</u>	<u>AU\$330,000</u>	<u>AU\$360,000</u>


# INDEPENDENT TECHNICAL SPECIALISTS REPORT & VALUATION

Presented To:  
Anova Metals Limited



Date Issued:  
29 June 2020



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Valuation Date	14 April 2020

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## Executive Summary

PKF Melbourne Corporate Pty Ltd (PKF) engaged Valuation and Resource Management Pty Ltd (VRM) to prepare an Independent Technical Assessment and Valuation report (ITAR or the Report) on the mineral assets of Anova Metals Limited (Anova or the Company) (ASX: AWW). PKF was engaged by Anova to prepare an Independent Expert's Report (IER) for inclusion in a Notice of Meeting to assist the shareholders of Anova in relation to the proposed transaction.

This Report is a public document, in the format of an ITAR and is prepared in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – The VALMIN Code (2015 edition) (VALMIN). As the authors of this report are members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) they are required to ensure that all public reports comply with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC). VRM understands that PKF will include the Report within its IER relating to the proposed transaction.

This Report is a technical review and valuation opinion of the Linden and Big Springs Gold Projects, located in the Goldfields of Western Australia and Nevada USA respectively. Applying the principles of the VALMIN code VRM has used several valuation methods to determine the value for the mineral assets. Importantly, as neither the principal author nor VRM hold an Australian Financial Securities Licence, this valuation is not a valuation of Anova but rather an asset valuation of the Linden and Big Springs gold projects.

This valuation is current as of 14 April 2020, being the date that Anova announced the proposed transaction. PKF then engaged VRM to undertake the Report. As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by Anova along with publicly available data including ASX releases and published technical information. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading. The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral projects and not an absolute value. A range of likely values for the various mineral assets is provided with that range indicating the accuracy of the valuation.

### Big Springs Gold Project – Nevada USA

The Big Springs Gold Project located 90km north of the mining town of Elko, Nevada, is owned 100% by Anova Metals Limited. The project has previously been exploited for gold with approximately 386,000oz of gold produced between 1987 and 1993 by Freeport McMoRan when production ceased due to the low prevailing gold price. The historical production consisted of a series of small open pit gold mines with ore trucked to the Jerritt Canyon gold processing plant, located approximately 20km (43km by road) to the south of the deposits. The haul roads between the deposits and the public access road to the mill remain in

reasonable condition. It is expected that with minimal cost the existing road network could be reinstated for ore haulage from site to the Jerritt Canyon Mill.

Additional exploration, primarily by Gateway Gold Corp, since production ceased has enabled the delineated a JORC 2012 Resource of 16Mt at 2.0g/t Au for 1.03Moz of gold (Anova ASX release 26 June 2014). A high-grade core of this resource, using a 2.5g/t gold cut-off grade results in 3.1Mt at 4.2g/t gold for 415,000oz of gold. Extensive work by Anova has included additional drilling within several of the resource areas, estimation of the Mineral Resource, mining studies and designs, metallurgy, environmental approvals and hydrogeological studies have advanced the understanding of the deposit to a point where minimal work would be required prior to outlining a Reserve Estimate for the project. The project is an advanced exploration project, which with a commercial toll milling agreement could advance toward production.

Away from the defined resources there has been minimal exploration by Anova, other than minor exploration drilling in 2016 and 2017. Away from the drilled portions of the project there has been multiple rock, soil and stream sediment sampling programs with most of these surveys generating anomalies that require additional exploration including drilling.

## Linden Gold Project – Western Australia

The Second Fortune Gold Deposit within the Linden Gold Project is considered an advanced exploration project or a project that is on care and maintenance. The Second Fortune Mine was subject to trial mining from late 2017 until mid-2018. This trial mining resulted in 3,701oz of gold being produced versus a forecast production of 5,503oz. The total tonnes of ore treated was 37,637t versus a forecast of 17,486t at an average mill grade of 3.24g/t gold versus an expected grade of 10g/t gold. The trial mining program resulted in a very poor financial outcome for Anova on that basis the second phase of mining has not occurred. The mine remains on care and maintenance. Since production ceased the Ore Reserves or Mineral Resources for the Linden or Second Fortune project have not been revised or re-estimated. Therefore VRM has elected to deplete the 2014 JORC 2012 Mineral Resource by removing the forecast gold production from the total contained ounces of gold and also reduced the residual contained gold by 18% to reflect the poor reconciliation between the Mineral Resource / Ore Reserve and the production from Level 2 of the mine. As the Ore Reserves have not been updated and given the poor financial outcome from the trial mining VRM considers that the Ore Reserves stated by Anova are no longer current and are not reported in this report. This report documents the technical aspects of the Linden project and the Second Fortune Gold deposit along with determining a valuation, in accordance with the 2015 VALMIN Code.

## Conclusions

The Big Springs Gold Project contains a large Mineral Resource with significant studies to determine the feasibility of the project however no Pre-Feasibility studies have been reported. The exploration potential within the large contiguous claims is considered high. Several prospects and anomalies warrant additional

exploration. As Anova has not undertaken any significant exploration activities since 2017 the value of that exploration potential has not been determined in this report or valuation.

The Linden project contains the small high grade Second Fortune gold deposit which was subject to trial mining in 2017 until mid-2018. This trial mining did not result in the expected financial return to Anova.

In VRM's opinion, the Market Value of the Resources at the Big Springs Gold Project is between \$27.8 million and \$43.54 million with a preferred value of \$40.98 million.

The Linden Gold Project, which contains the Second Fortune Gold Deposit is valued at between \$1.27 million and \$2.84 million with a preferred valuation of \$1.56 million.

The Malcolm exploration project is considered to have minimal value with the preferred value being \$0.03 million within a range of \$0.01 million and \$0.06 million.

# 1. Introduction

Valuation and Resource Management Pty Ltd (VRM), was engaged by PKF Melbourne Corporate Pty Ltd (PKF) to undertake an Independent Technical Assessment and Valuation Report (Report or ITAR) on the mineral assets of Anova Metals Limited (Anova or the Company) (ASX: AWW). PKF was engaged by Anova to prepare an Independent Expert's Report (IER) for inclusion in a Notice of Meeting to assist the shareholders of Anova in relation to either approving or rejecting the proposed transaction.

VRM understands that this ITAR will be included in the Independent Experts Report (IER) being prepared by PKF. PKF will refer to, and rely on, the VRM report and mineral asset valuation which will be attached to its IER to inform the Anova shareholders as to the fairness and reasonableness of the proposed transaction.

Paul Dunbar and Deborah Lord of VRM were contacted to undertake a valuation of the Linden Gold Project located in the Goldfields of Western Australia and the Big Springs gold project located in Nevada USA. Stefan Galbo of PKF engaged VRM for the purposes of the ITAR and all correspondence was directed through PKF.

VRM was initially requested to value the Big Springs Gold Project and the exploration within the Australian assets of Anova and the reasonableness of the inputs in the financial model for the Second Fortune Gold Mine, located in the Linden project, Western Australia. Upon review of the model and the technical aspects used in the financial model VRM considered that the financial model was not suitable for use in a valuation due to it being out of date with no updates to the Mineral Resource, Ore Reserves or technical inputs in the model since prior to the 2017 – 2018 trial mining. On that basis, based on communication with PKF, VRM has valued the Linden Project, including the Second Fortune Gold mine and not provided comment on the reasonableness of the technical inputs into the financial model.

## 1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITAR is prepared applying the guidelines and principles of the 2015 VALMIN Code and the 2012 JORC Code. Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). These codes are also requirements under Australian Securities and Investments Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Anova and previous owners and associated Competent Persons as referenced in this ITAR and additional publicly available information.

## 1.2. Scope of Work

VRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the project.

VRM has compiled the valuation based upon the principle of reviewing and interrogating the documentation of Anova and previous exploration within the area. This Report is a summary of the work conducted, completed and reported by the various explorers to 14 April 2020 based on information supplied to VRM by Anova and other information sourced from the public domain, to the extent required by the VALMIN and JORC Codes.

VRM was initially engaged and understands that the objectives of this study were to provide:

- A summary of the regional and local geology, the security of the tenure, a summary of the recent and previous exploration,
- An assessment of the reasonableness of the technical inputs into the financial model for the Second Fortune Gold Deposit which is located within the Linden Project; and
- An independent valuation on the Big Springs gold projects as at 14 April 2020.

Soon after commencing the review Anova confirmed to VRM that the Second Fortune financial model and the Ore Reserves had not been updated post the trial mining activities that occurred between November 2017 and June 2018. Due to the technical aspects not being updated post mining and the significant disconnect between the financial model and the financial returns of the trial mining it is clear that the inputs in the financial model are no longer reasonable. Therefore, VRM notified PKF that, in VRM's opinion undertaking a valuation using an income based valuation method is not considered reasonable due to the technical deficiencies in the model.

VRM then has prepared an Independent Valuation of the Linden project (including the Second Fortune deposit) and the Big Springs project. VRM understands that its review and valuations will be relied upon and appended to an IER prepared by PKF for inclusion in a notice of meeting, to assist Anova shareholders in their decision regarding the approval of the proposed transaction. As such, it is understood that VRM's review and valuation will be a public document.

## 1.3. Statement of Independence

VRM was engaged to undertake an ITAR of the Linden and Big Springs gold projects. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of expert reports (RG111) and ASIC Regulatory guide 112 Independence of experts (RG112).

Ms Deborah Lord and Mr Paul Dunbar of VRM have not had in the past two years any association with Anova, its individual employees, or any interest in the securities of Anova which could be regarded as affecting their ability to give an independent, objective and unbiased opinion. Neither VRM, Ms Lord nor Mr Dunbar hold an Australian Financial Services Licence (AFSL) and the valuation contained within this Report

is limited to a valuation of the mineral assets being reviewed. VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee is not contingent on the results of this review and is estimated at \$23,000 to \$25,000.

#### **1.4. Competent Persons Declaration and Qualifications**

This Report was prepared by Mr Paul Dunbar as the primary author and peer reviewed by Ms Deborah Lord.

The Report and information that relates to geology, exploration and the mineral asset valuation is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). Mr Dunbar is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code) and a specialist under the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The 2015 VALMIN Code). Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Report and information that relates to geology, exploration and the mineral asset valuation is based on information reviewed by Ms Deborah Lord, BSc (Hons), a Competent Person who is a fellow of the AusIMM and a member of the AIG. Ms Lord is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 JORC Code and a specialist under the 2015 VALMIN Code.

Between 14 April 2020 and the date of this Report, nothing has come to the attention of VRM that would cause any material change to the conclusions.

#### **1.5. Reliance on Experts**

VRM has relied upon the previous Competent Persons for the Big Springs, Linden and Malcolm projects including for a site visit to the Project area. Some of the peripheral Mineral Resource Estimates within the Linden and Malcolm Projects have been reported under the 2004 JORC Code and are therefore considered by VRM to be historical resource estimates. Appropriate discounts to the JORC 2004 estimates have been applied in this report.

Mr Dunbar and Ms Lord, the authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the legislative environment and permitting in Nevada or Western Australia. In relation to the tenement status, VRM has relied on the documentation provided by Anova for the Big Springs project. In addition to relying on the company for the status of the Western Australian tenements, VRM also undertook an independent review of the Department of Mines,

Industry Regulation and Safety (DMIRS) online tenement database, Mineral Titles online. As required by the VALMIN Code the status of the tenements is detailed within this Report.

For the Linden Project including the Second Fortune Gold Deposit VRM has relied upon.

- The Second Fortune the Mineral Resource Estimates prepared by M. Job of Quantitative Group (2016)
- The Second Fortune (Main Lode and Non-Main Lodes) from 2012 and 2013 by C. Harvey of Ravensgate Mining Industry Consultants.
- The Second Fortune Feasibility Study and Ore Reserves from May 2017 by Andrew Gasmier of Mining Plus.
- ASX Release 4 August 2018 Review of Second Fortune Mining Campaign
- ASX release 13 February 2018 Second Fortune Progress
- ASX release 14 March 2018 Second Fortune Progress

For the Big Springs project VRM has relied on reports including.

- Resource Estimates contained in the Technical Report for the Big Springs Gold Deposit by Lauritz Barnes and Isobel Algar from 2014,
- The Maiden JORC Resource estimate in the Technical Report for the Big Springs Gold Deposit by Lauritz Barnes and Isobel Algar and Geoff Collis from 2013.
- The NI43-101 Technical Report on The Big Springs, Mac Ridge and Dorsey Creek Mineral Properties Big Springs Gold Project by Peatfield & Rozelle (2006)
- ASX release 3 November 2017 Beadles Creek mineralisation
- Anova Quarterly Report December 2017 (ASX release 31 January 2018)

## 1.6. Sources of Information

All information and conclusions within this report are based on information made available to VRM to assist with this report by Anova and other relevant publicly available data to 14 April 2020. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. VRM has relied on the information contained within the reports, articles and databases provided by Anova as detailed in the reference list. A draft of this Report was provided to Anova via PKF to identify and address any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to the company until the technical aspects were validated and the Report was declared final.

## 1.7. Site Visit

No specific site visit has occurred as a part of this Report or valuation. VRM has relied on the site visit of the Competent Person for the Mineral Resource estimates as described in the body of this Report.

VRM is satisfied that a site visit would not provide any additional material information that would modify the opinion or valuation of the assets.

Neither the Second Fortune Gold Deposit nor the Linden Project were visited as a part of the ITAR however it has historically been visited by Mr Paul Dunbar on several occasions between 2006 and 2009 when Mr Dunbar was working in and evaluating potential acquisitions in the general area. Due to Mr Dunbar's knowledge and experience, exploring and evaluating gold projects within the Eastern Goldfields, and specifically within a 10km radius of the Second Fortune deposit a site visit was not considered necessary for this ITAR.

A site visit to the Big Springs project has not been undertaken by the primary author or specifically to support this ITAR however the site has previously been visited by Mr David Chapman of Southern Geoscience Consultants. Mr Chapman undertook a site visit as a part of a due diligence visit in 2013 when he was employed by Paringa Resources Limited. Mr Chapman is independent of Anova Metals. Additionally, Mr Dunbar, has visited both the Cortez and the Carlin Trend gold deposits that are geologically similar and spatially close to the Big Springs Project on at least two occasions in the past.

## 2. Mineral Assets

The mineral assets that are included in this review are the Big Springs Gold Project. Located in Nevada, the Linden (including Second Fortune) and the Malcolm gold projects in Western Australia. Each of these projects are described in separate sections below. The location of the projects in relation to major infrastructure are shown in Figure 1 for the Big Springs gold project and Figure 13 for the Linden and Malcolm gold projects.

### 2.1. Big Springs Gold Project

The Big Springs Gold Project, (Figure 1) located 90km north of the mining town of Elko, Nevada, is owned 100% by Anova Metals Limited. The project has previously been exploited for gold with approximately 386,000oz of gold produced between 1987 and 1993. There is a significant mineral resource reported for the project with several studies that are to a pre-feasibility study level completed however no feasibility (Pre-Feasibility or Feasibility) Studies have been completed. Away from the resource areas there has been minimal exploration since mining ceased in 1993.



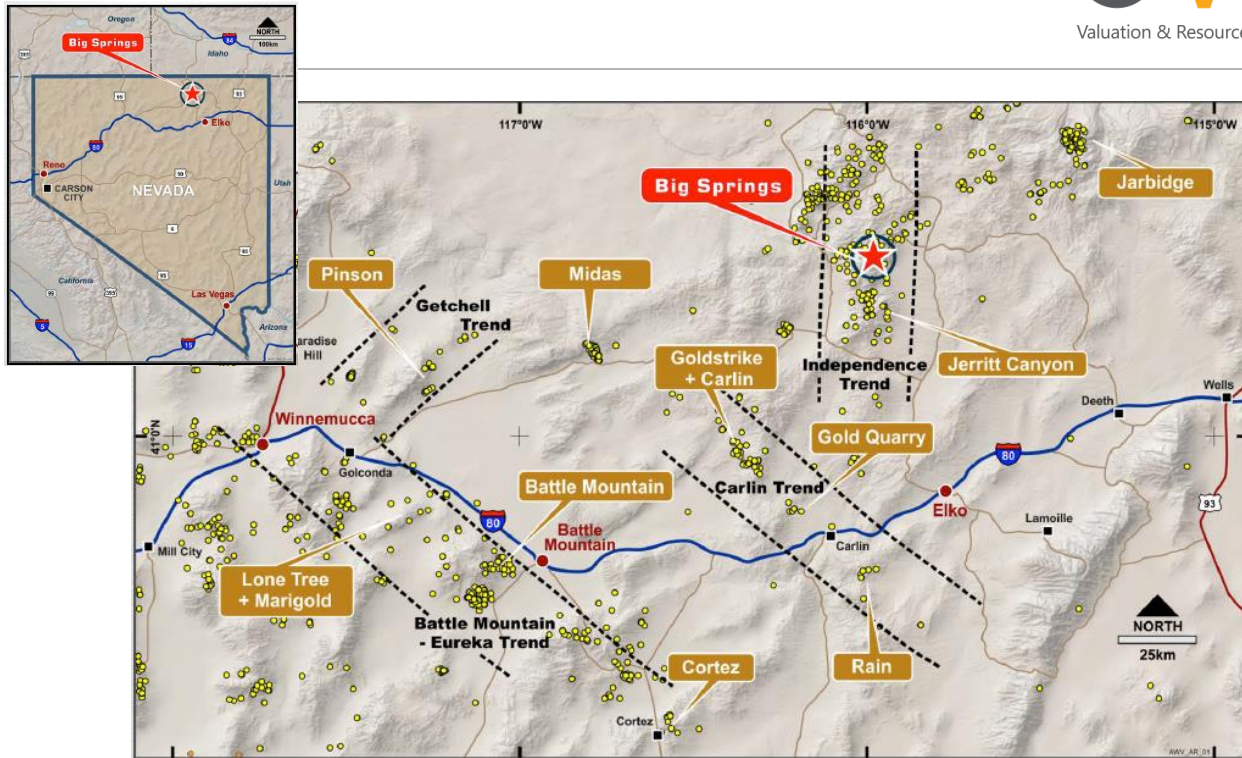


Figure 1 Location of the Big Springs Gold Project Nevada USA. (Source Anova Annual Report 2018)

### 2.1.1. Tenure

The Big Springs project tenements, comprising a total of 702 unpatented Lode Mining Claims (5,666 ha) are all owned by 100% by Anova. In addition to the 702 unpatented claims Anova also owns 148.55 ha of fee land (private or freehold land) within and adjacent to the Big Springs group of mining claims. The fee land includes all mineral rights and exclusive private surface rights. Most of the claims are subject to a 2% Net Smelter Return with the royalty held by multiple parties including the original vendors as shown in Figure 2.

VRM has made enquiries regarding the status of the mineral claims. A detailed legal report on the status of the Big Springs mineral claims was undertaken by Welborn Sullivan Meck and Tooley P.C. Attorneys at Law for Anova Metals in November 2012 when it was undertaking due diligence prior to Anova’s acquisition of the project. That report was provided to and reviewed by VRM and was also part of a notice of extraordinary meeting lodged by Anova Metals on 14 December 2012 (Anova (ASX: AWW) ASX release. A more recent online review of Bureau of Land Management records was the basis of the report by Paula Dodds an Independent Land Consultant from Elko Nevada, (dated 19 June 2017), which was also reviewed by VRM. That report was a review of the Unpatented Lode Mining Claims of Anova Metals Ltd Big Springs Gold Project in Nevada. The Dodds report details that all the 702 mineral claims are in good standing and remain active. As VRM and the authors of this report are not experts in the mineral claims or tenure in Nevada no warranty or guarantee, be it express or implied, is made by VRM with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure. VRM relies on the Dodds report which confirms Anova Metals as claimant, and the active status of the mineral claims. VRM has reviewed each of the annual claim fee lodgements since the Dodds Report and confirms that the annual fees for each of the claims has been paid. The claims are therefore considered to be active and current.

Due to the considerable number of claims VRM considers it unnecessary to include a full list of the individual claims within the body of this report however, they are appended in Appendix F. The total area of the mineral claims listed in Appendix F is 65.6km<sup>2</sup>, they have no minimum exploration commitment or tenement rates but do require tenement fees totalling US\$117,150 (for 2019 – 2020) to be paid annually. The fees are due before the renewal date of 1 September each year and have been paid for the 2019 – 2020 tenement year. VRM has been provided receipts for the payment of all the 2019 rents. VRM has been informed that, subject to the annual fees being paid, the mineral claims do not expire. The total security bonds for the Big Springs project are \$292,400, environmental liabilities are limited to the total bonded amount.

To the south and contiguous to the Big Springs Project lies the Jerritt Canyon gold project, owned by Jerritt Canyon Gold LLC (a subsidiary of Sprott Mining Inc.), which produced 129,335oz of gold in 2017 and has produced over 8.69 million ounces of gold since production commenced in 1981 until the end of 2017 (Evans et.al, 2018).

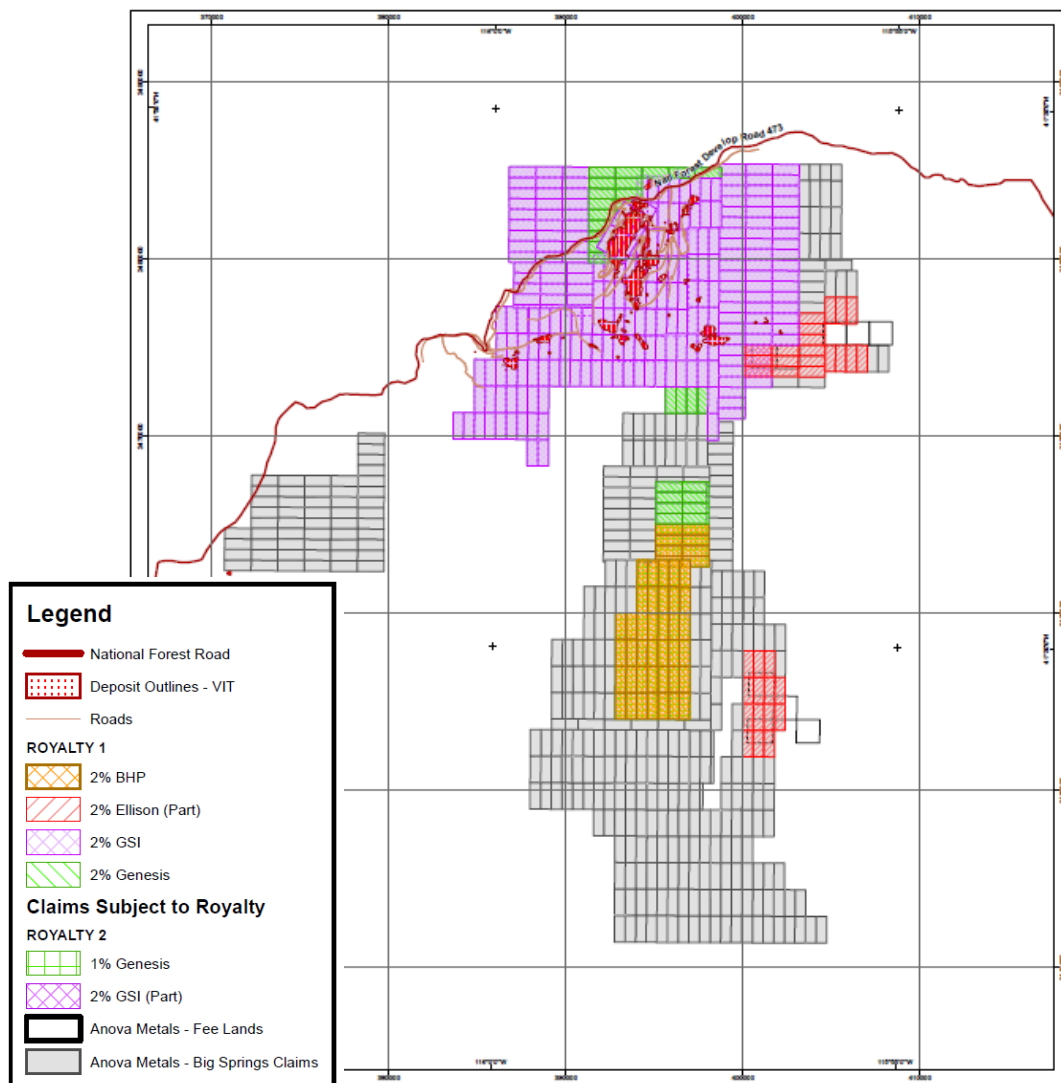


Figure 2 Plan of Big Springs Gold Project Claims



### 2.1.2. Access

The Project is located in an established gold mining region, 80 km north of the major mining town of Elko in the north-east Nevada, USA (Figure 3). The project is accessed via the sealed Mountain City Highway (State Route 225) north from Elko, and then by way of Elko County Road 732 and Forest Service Road 473. Access within the project is limited, especially as the northern portion of the project is dominated by moderately incised mountain ranges.

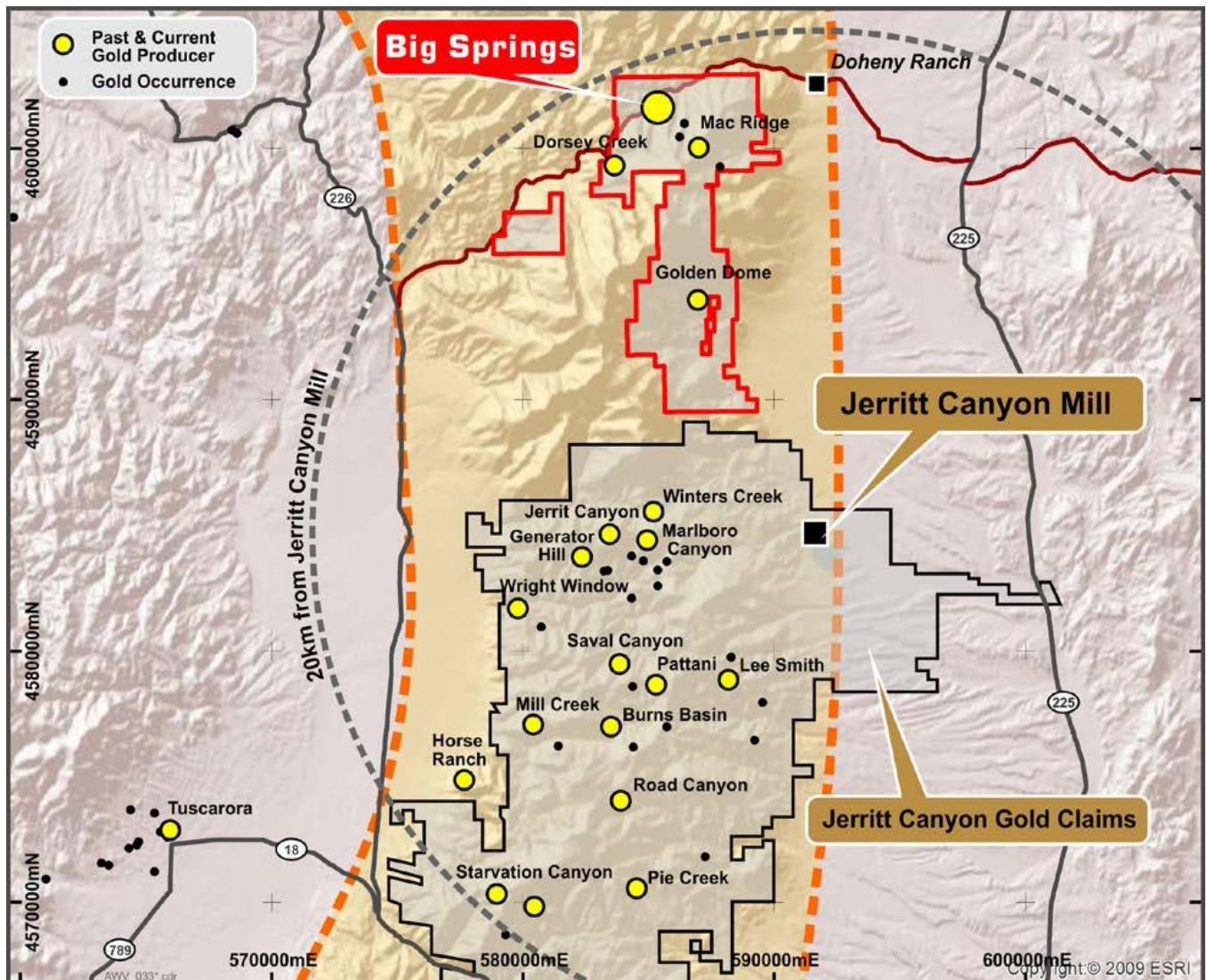


Figure 3 Location of the Big Springs Gold Project adjacent to the Jerritt Canyon Gold Claims (Source Anova AGM Presentation 2017)

### 2.1.3. Geological Setting

The Big Springs disseminated, sediment-hosted gold deposits are in the Independence Mountain Range of Nevada, USA. The geological history of this region is complex, including several episodes of crustal accretion,

igneous activity, sedimentation, and extensional and compressional deformation. The deposits have been classified by respected scientific authors as typical Carlin-style deposits.

The mineralisation in the project is a variation on the "Carlin-type" deposits from the Carlin district, some 50 kilometres south-west of Jerritt Canyon. They have produced over 60 million ounces of gold and is reported to have another 50 million ounces in reserves. The deposits of the Carlin-style range from stratabound disseminated material in altered carbonate strata to high-grade structurally controlled bodies generally cutting the same stratigraphy. Significant aspects of the Carlin-type deposits include:

- A marked preference for calcareous rocks. Particularly important lithologies include: silty, carbonaceous limestone or dolomite; calcareous shales; and siltstones.
- A strong relationship with high-angle faults. These are considered to act as conduits for solutions that prepared the host rocks and subsequently carried gold and other metals to sites of deposition. Rock preparation is most commonly manifest as decalcification, which tends to increase porosity and permeability. Fault-induced brecciation of host rocks is locally important.
- A distinctive suite of elements. There are generally elevated values of arsenic, antimony, mercury, and often thallium, tungsten, cadmium or barium. It is common to find occurrences of stibnite, realgar, orpiment, cinnabar or barite in or adjacent to Carlin-type deposits. Base metal concentrations are less common.
- Intrusive association. There is often a close spatial relationship between the deposits and intrusive bodies. Stocks, dykes and sills are common in many of the deposits, generally basic to intermediate and in many cases highly altered.

The mineralisation at Big Springs is hosted predominantly within the "Overlap Assemblage", which is Mississippian to Permian in age (300 to 360Ma), with structure and host stratigraphy being the primary controls on gold mineralisation. Mineralisation is typically hosted within black, highly carbonaceous siltstone and calcareous sandy siltstone. These units are typically located between the Argillic thrust in the footwall and the Schoonover thrust in the hanging wall. Individual high-grade ore shoots at North Sammy generally plunge moderately to the NNW and are controlled by intersections of E-W-striking faults with the NE-SW-striking Argillic thrust. The South Sammy Creek deposit is more complex with a series of controlling structures, in particular the Briens fault along the western margin. On the eastern side of the Briens fault the thick, tabular South Sammy ore deposit forms a largely continuous zone that is semi-concordant with the permeable and brittle host rocks of the Overlap Assemblage.

A more detailed regional geology description of the project is contained in the Gateway Mining NI 43- 101 report (available on SEDAR) Peatfield and Rozelle (2006)

## Local Geology and Mineralisation

A detailed geological description of Big Springs is contained in Adams (1996), a simplified summary is that gold is contained in zones of altered sedimentary, volcanic and intrusive rocks with disseminated pyrite and arsenical pyrite. Most such material is contained within bioturbated limey siltstone or highly altered volcanic

and sub-volcanic intrusive rocks, but there appears to be a direct relationship between the mineralized zones and structures in the form of intense faulting. Adams reported that the bioturbated siltstone, “. . . because of its blocky, brittle and permeable nature,…” was a favourable host for gold deposition. In other zones, different units, such as chaledonic mudstone and altered volcanic and intrusive rocks host gold-bearing sulphides, again because of their brittle, permeable nature. For the un-mined “601” deposit, Adams stated that “Structural preparation is the most important aspect of mineralization…” The best grades are reported to be contained within relatively restricted zones either along faults or especially at the intersections of faults. In this case, strongly altered intrusive rocks appear to be the dominant host. The dominant fault directions are north-easterly (with north-west dips) and roughly east-west, with steep dips. Gold mineralisation at Big Springs is found primarily as very fine inclusions in arsenical pyrite and pyrite or in goethite. Some is also encapsulated in silica. Other minerals present include marcasite, arsenopyrite, sphalerite, chalcopyrite, stibnite, and rare native gold, as well as several other minerals in trace amounts.

The dashed lines in Figure 3 are the extremities of the broadly north – south oriented Independence Trend.

## 2.1.4. Previous Exploration and Mining

Gold was first discovered on the leases by Superior Oil / Falconbridge geologists at the Mac Ridge deposit in 1977.

Between 1982 and 1993 exploration by Independence Mining Company (IMC), formerly Freeport McMoRan Gold Company included drilling 2,078 holes, consisting of both, reverse circulation (or “RC”) and diamond core and were drilled as in-fill or extension to the IMC drilling grids. There was also detailed blast hole drilling and sampling in the open pits.

The Project was mined by IMC between 1987 and 1993 producing 386,000 ounces of gold from 510,000 ounces of gold from several open pits (Adams 1996). Mining ceased due to low gold prices. At the conclusion of mining a gold resource totalling 330,000 ounces at a 0.1oz/ton cut-off remained (Anderson et.al, 1994).

Gateway Gold Corp (Gateway) commenced exploration in 2002 including 141 of RC holes and 171 diamond core with 49,100 m drilled. This work was combined with pre-existing drill data to produce a combined database with over 2,400 drill holes.



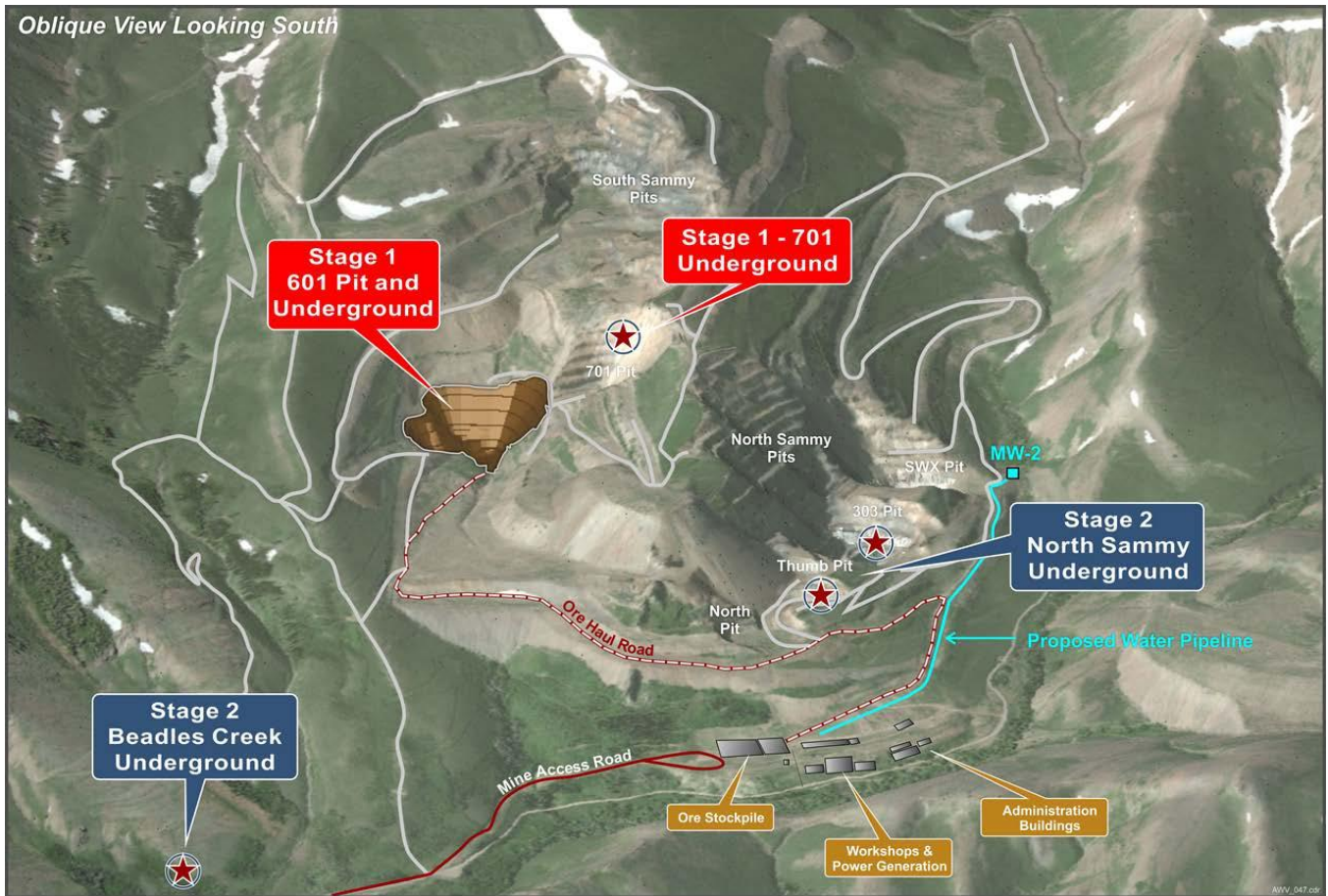


Figure 4 Oblique aerial view of the previous mining at Big Springs and resource areas associated with the Anova mining proposals. (source Anova 2017 AGM presentation ASX release 21 November 2017)

### 2.1.5. Mineral Resource Estimates

The Project changed ownership since mining and reported re-estimates were announced in 2006 by Gateway and Anova in 2013. The Gateway 2006 estimate, undertaken using the Multiple Indicator Kriging estimation method was reported in compliance with NI 43-101 reporting standards while the Anova 2013 estimate was reported to JORC (2012) reporting standards. 2013 estimate, was undertaken by Mr Lauritz Barnes and Geoff Collis, using Ordinary Kriging (“OK”) estimation techniques.

The previous known estimates are summarised in Table 1.

**Table 1 Big Springs Gold Project Previous Mineral Resource Estimates**

Company	Year	Classification	Cut-off g/t	Tonnage Mt	Au g/t	Metal Oz
Gateway (NI43-101)	2006	Inferred	0.78	15.42	2.67	1,195,000
Anova (JORC 2012)	2013	Inferred	0.8 & 1.0	14.80	2.00	968,000

The Resource Estimates for the Big Springs Project were updated by Anova on 26 June 2014. This estimate was completed by Mr Lauritz Barnes, Principal Consultant with Trepanier Pty Ltd who is a Member of the

Australian Institute of Mining and Metallurgy. Mr Barnes is a shareholder in Anova Metals and as such is not considered by VRM to be independent.

The current Resource Estimate is summarised in Table 2 and detailed in Table 3 below while Table 4 details the grades and tonnages of the resource at various cut-off grades.

**Table 2 Summary of the 2014 Big Springs Mineral Resource Estimate.**

Classification	Tonnage kt	Au g/t	Metal Oz
Measured	641	5.7	116,100
Indicated	4,762	2.2	343,300
Inferred	10,630	1.7	570,400
<b>Total</b>	<b>16,032</b>	<b>2.0</b>	<b>1,029,900</b>

**Table 3 Breakdown of the Big Springs Mineral Resource Estimate 2014**

Measured Mineral Resource				
Deposit	Cut-off	Tonnage kt	Au g/t	Metal Oz
North Sammy	1.0	346	7.0	77,900
North Sammy Contact	0.8	-	-	-
South Sammy	0.8	295	4.0	38,200
Beadles Creek	1.0	-	-	-
Mac Ridge	0.8	-	-	-
Dorsey Creek	0.8	-	-	-
Briens Fault	1.0	-	-	-
<b>Total</b>		<b>641</b>	<b>5.7</b>	<b>116,100</b>
Indicated Mineral Resource				
Deposit	Cut-off	Tonnage kt	Au g/t	Metal Oz
North Sammy	1.0	615	3.1	62,200
North Sammy Contact	0.8	443	2.3	32,400
South Sammy	0.8	3,586	2.1	239,900
Beadles Creek	1.0	119	2.2	8,200
Mac Ridge	0.8	-	-	-
Dorsey Creek	0.8	-	-	-
Briens Fault	1.0	-	-	-
<b>Total</b>		<b>4,762</b>	<b>2.2</b>	<b>343,300</b>
Inferred Mineral Resource				
Deposit	Cut-off	Tonnage kt	Au g/t	Metal Oz
North Sammy	1.0	498	2.8	44,100
North Sammy Contact	0.8	864	1.4	39,300
South Sammy	0.8	3,721	1.3	159,000

Beadles Creek	1.0	2,583	2.3	193,500
Mac Ridge	0.8	1,887	1.3	81,100
Dorsey Creek	0.8	278	1.4	12,900
Briens Fault	1.0	799	1.6	40,500
<b>Total</b>		<b>10,630</b>	<b>1.7</b>	<b>570,400</b>
<b>Grand Total</b>		<b>16,032</b>	<b>2.0</b>	<b>1,029,900</b>

*The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.*

As detailed above Dunbar Resource Management (DRM) was engaged by BDO to prepare an ITAR on the mineral assets of both Exterra and Anova with that report included in the BDO IER and appended to a notice of meeting for the scheme of arrangement for the merger of Anova and Exterra. During that work DRM engaged Mr Shaun Searle, then a Senior Resource Geologist, employed by RPM to undertake a high level Mineral Resource Desktop fatal flaw review of the resource estimate to determine the reasonableness of the inputs into the 2014 Mineral Resource Estimate. Mr. Searle did not verify the underlying geological dataset nor did he re-report the Mineral Resources for the Big Springs Gold Deposit. As the Mineral Resource Estimate for the project has not been updated since the 2017 DRM ITAR the sections below are a summary of that analysis. Additional details of the MRE are contained in the Anova ASX release dated 26 June 2014 and the DRM ITAR appended to the BDO IER contained within the Scheme Booklet of Exterra and Anova (ASX release 14 August 2017).

### 2.1.5.1. Informing Data

The majority of drilling was conducted by IMC and Gateway. Full digital records were supplied to Anova and entered into the database. As of the date of the Resource Report Anova had drilled four water monitoring wells as of the date of the current Mineral Resource.

Collar survey methods were not disclosed in the 2014 Resource report. Detailed down hole survey information is available for most of the drilling data. The majority of IMC holes were vertical, whilst the Gateway holes were inclined. Holes have been checked spatially in 3D, and all obvious errors checked back against hard copy records before being revised. Anova’s holes were all vertical.

The nominal drillhole spacing is approximately 50ft by 50ft (15.2), reduces to 40ft by 40ft (12m) in the Measured resource zone at 601 (South Sammy) - and increases up to 200-250ft (61-76m) towards the resource extremities.

No information was available for the IMC sampling methods. RC sampling of the Gateway drilling was conducted on 5ft intervals. Samples were split at the rig using either a riffle or cone splitter to produce between 3 and 5kg of sample for shipment to the laboratory. All samples were wet. A small representative sample was collected, washed, logged and archived in a plastic chip tray. Field duplicates were collected at regular intervals. Gateway diamond core was drilled with HQ or PQ diameter at 5ft intervals and cut in half (HQ) or quarters (PQ) and sent for analysis



### 2.1.5.2. Sample Preparation and Analysis

#### Analysis - IMC

Over the period 1983 to 1993, some drill samples were analysed internally by the Freeport laboratory using fire assay for IMC. However, the bulk of the samples were handled by the laboratories described below. It appears that most samples in the database were assayed by techniques designed to report total gold. The use of fire assay and cyanide extractable gold analyses was in order to calculate the ratio of "oxide" versus "sulphide" material for mine planning purposes. The various laboratories used are discussed below

Monitor Geochemical Laboratory Inc. used a number of different techniques, primarily an acid leach, atomic absorption analysis following roasting of samples to liberate gold from the sulphides. Selected samples were analysed by fire assay, or by cyanide leach on either roasted or un-roasted samples.

American Assay Laboratories Inc. used an unspecified technique, probably fire assay followed by Methyl Isobutyl Ketone ("MIBK") collection and atomic absorption analysis, with some samples also analysed using a cyanide leach technique.

Cone Geochemical Inc. used primarily an atomic absorption analysis following acid dissolution, with some samples also subjected to fire assay on a 20g sample.

#### Analysis – Gateway and Anova

All Gateway and Anova samples were prepared by ALS Chemex Laboratories ("ALS Chemex") in Elko and assayed at their facilities in Reno or in Vancouver. Assaying for gold was by fire assay/atomic absorption ("FA/AA"), and in the case of drill samples, all samples with a grade higher than 5g/t gold were assayed by fire assay with gravimetric finish ("FA/grav"). In addition to the gold analysis, all samples from 2003 had a had an aqua regia digestion with an inductively coupled plasma ("ICP") with electronic emission spectroscopy ("AES") finish for a 34-element suite. Since 2004 the aqua regia digestion was changed to be a four-acid digestion with the same analysis completed. No cyanide leach analyses were performed in the Gateway drilling programs.

### 2.1.5.3. QA/QC

Historical QA/QC information is limited. No detailed QA/QC analysis was presented in the Trepanier report however the Gateway NI43-101 report (detailed a significant program of QAQC). Trepanier state that Gateway sampling included Certified Reference Materials ("CRM's"), blanks, field duplicates, laboratory duplicates and laboratory pulp splits. The report mentions that Gateway re-assayed IMC diamond holes with good results. Umpire laboratory testing was conducted on Gateway samples at Global Discovery Labs in Vancouver.

Twinned holes have been drilled along with drill holes, fanned about a central collar by Gateway. Visual inspections were completed with original and twin holes showing comparable results, but no detailed analyses have been undertaken.

Core recovery data was available for 160 of the Gateway holes. Nearly 90% of this data shows recoveries above 80%. Core recovery is described as "good to excellent" by previous workers

#### 2.1.5.4. Bulk Density

During 2013, Anova completed a program of collecting 1,202 bulk density measurements primarily targeting ore zones at North and South Sammy plus Beadles Creek. Measurements were completed by the hydrostatic weighting (wax coated) method to account for any potential porosity. Bulk densities ranging between 2.46t/m<sup>3</sup> and 2.82t/m<sup>3</sup> were assigned in the block model dependent on lithology and weathering. These densities were applied after averaging the bulk density measurements obtained from 1,202 core measurements at the Project.

#### 2.1.5.5. Data Verification

Extensive data verification was conducted by Anova including collar survey, assay and down hole survey verification.

#### 2.1.5.6. Mineral Resource Estimation, Classification and Reporting

The block model was created and estimated in Surpac software. The mineralisation was constrained by wireframes prepared using nominal cut-offs dependant on the likely mining method for each deposit. The South Sammy, North Sammy contact, Mac Ridge, Southwest Sammy and Dorsey Creek deposits were assumed to have open pit potential and wireframed at a lower cut-off of 0.8g/t Au. The South Sammy (601 & 701), South Sammy (Briens Faults), North Sammy shoots and Beadles Creek deposits were assumed to have underground potential and wireframed at a lower cut-off of 1.0g/t Au.

Samples were composited to 5ft lengths based on an analysis of sample lengths inside the wireframes. High grade cuts were applied to the data based on statistical analysis of individual lodes and ranged between 1g/t and 40g/t Au, resulting in a total of 248 samples being cut.

Variography was conducted on the combined composites for each deposit as variograms were poorly structured for individual domains. Moderate to high nugget values were observed, ranging between 0.30 and 0.41. Major direction ranges were between 150 and 250ft.

The block dimensions used in the model were 10ft EW by 10ft NS by 5ft vertical with sub-cells of 5ft by 5ft by 2.5ft. The Ordinary Kriging ("OK") algorithm was used for the grade interpolation and the wireframes were used as a hard boundary for the grade estimation of each domain. Up to three passes were used for the interpolation. A minimum of 8 and a maximum of 24 composites were generally used in each estimate.

This was modified in some domains due to lower numbers of available composites. The major search distance used for the first pass was generally 125ft, the second pass was 250ft – and then expanded up to 5,000ft in the third pass to ensure that the vast majority of cells are estimated.

#### 2.1.5.7. VRM Comment

VRM considers that the block model, estimation technique, compositing block sizes, and search parameters are all done using standard industry practice. The high grade cut values appear to be aggressive, resulting in a conservative estimate, the number and method of bulk density measurements is reasonable.

Overall, the Mineral Resource estimate was conducted using standard industry practice and are considered by VRM to comply with the 2012 JORC Code.

The Mineral Resource was classified as Measured, Indicated and Inferred Mineral Resource based on data quality, sample spacing, and lode continuity. The sample spacing criteria for classification was not specified. The Mineral Resource for each deposit was reported using identical cut-offs as the wireframe cut-offs. The South Sammy, North Sammy contact, Mac Ridge, Southwest Sammy and Dorsey Creek deposits were reported at a lower cut-off of 0.8g/t Au as they were deemed to have potential for open pit mining. The South Sammy (601 & 701), South Sammy (Briens Faults), North Sammy shoots and Beadles Creek deposits were reported at a lower cut-off of 1.0g/t Au as they were deemed to have potential for underground mining.

In the previous DRM report the classification of the Resources was reviewed and considered them to be reasonable. As the majority of drilling was done on 50 to 100ft spacing which is considered adequate spacing for a deposit of this type for a Measured and Indicated Mineral Resource. Additionally, the open pit cut-off grade of 0.8g/t Au appears reasonable, although it appears that some deposits may have higher strip ratios due to mountainous terrain which would likely require a higher cut-off. The reported cut-off grade of 1.0g/t Au for deposits with underground mining potential is considered too low. VRM considers a cut-off of 2.5g/t Au is more reasonable for underground mining. As a result, it is reasonable to assume that there would be a low Mineral Resource to Ore Reserve conversion rate for the potential underground deposits.

Overall, in VRM’s opinion, the data presented in the JORC Table 1 is adequate.

**Table 4 Big Springs Gold Project Global Mineral Resource Estimates at Various Cut-off grades.**

<b>Cut-off (g/t Au)</b>	<b>Tonnes (Mt)</b>	<b>Grade (g/t Au)</b>	<b>Contained gold (’000 ounces)</b>
0.87 <sup>1</sup>	16.0	2.0	1,030
1.0	13.9	2.2	966
1.5	8.6	2.7	758
2.0	5.2	3.4	568
2.5	3.1	4.2	415
3.0	2.1	4.9	325
3.5	1.4	5.6	261
4.0	1.1	6.3	216
4.5	0.8	6.9	183
5.0	0.6	7.5	154

*Note: Appropriate rounding applied*

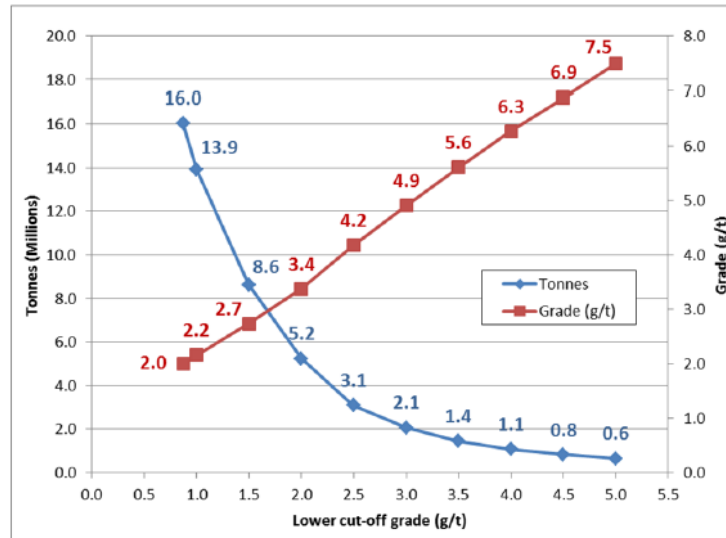


Figure 5 Big Springs Gold Project Grade-tonnage curves at various cut-off grades

Below are several figures all extracted from the MRE ASX release (26 June 2014) showing a plan of mineralisation and resource domains within the Big Springs Gold Project (Figure 6) and cross sections through the South Sammy 601 (Figure 7), 301 Shoot at the North Sammy (Figure 8), Thumb Shoot at the North Sammy (Figure 9), Southern Zone at the South Sammy (Figure 10) and Beadles Creek Mineralised Zone (Figure 11). As shown on these cross sections most of the mineralisation is open down dip / Down Plunge and as such it is considered that there is considerable exploration potential in the immediate resource areas along with potential both between the current resources but also within the large tenement holding.

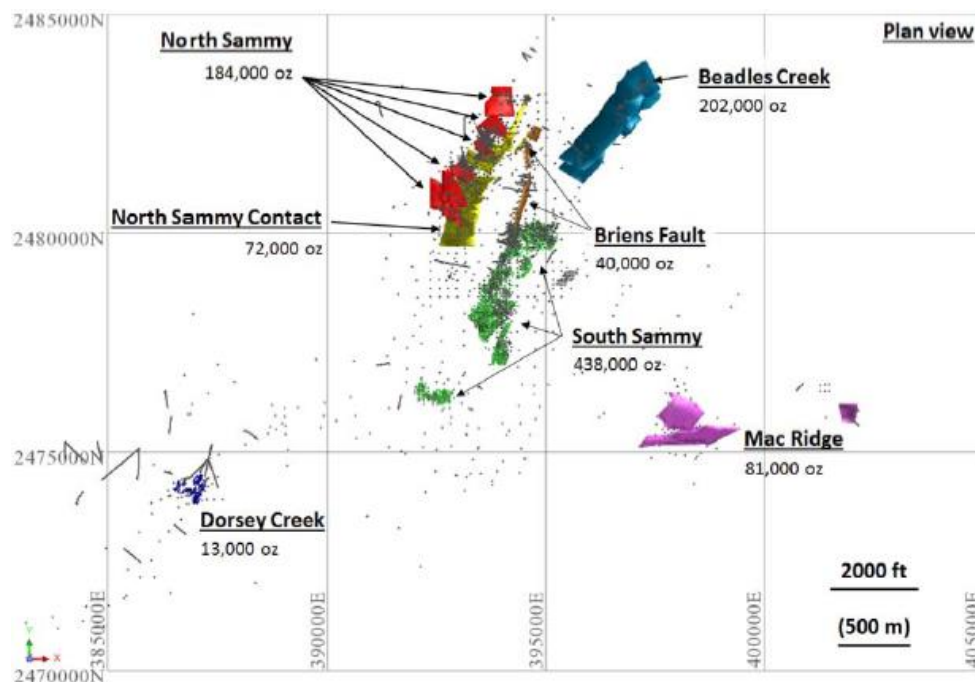


Figure 6 Plan of Mineralisation and Resource Domains within the Big Springs Gold Project. (source Anova MRE ASX release 26 June 2014)

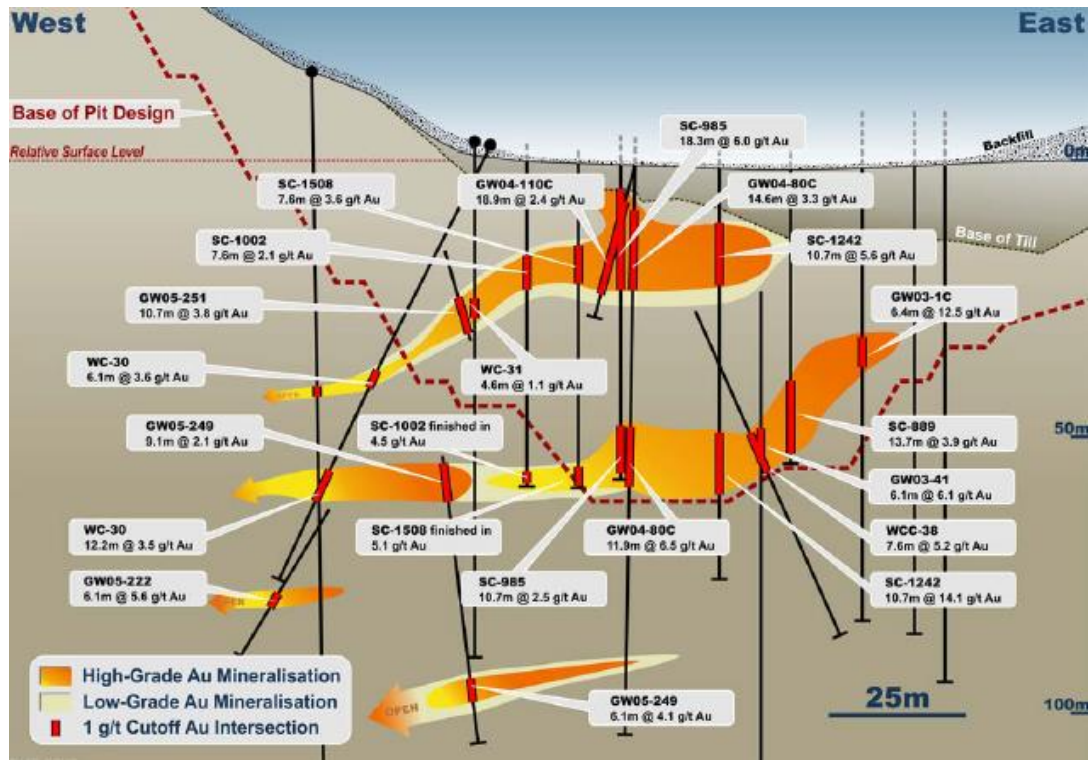


Figure 7 East – West Cross Section through the 601 Zone at the South Sammy gold deposit. (source Anova MRE ASX release 26 June 2014)

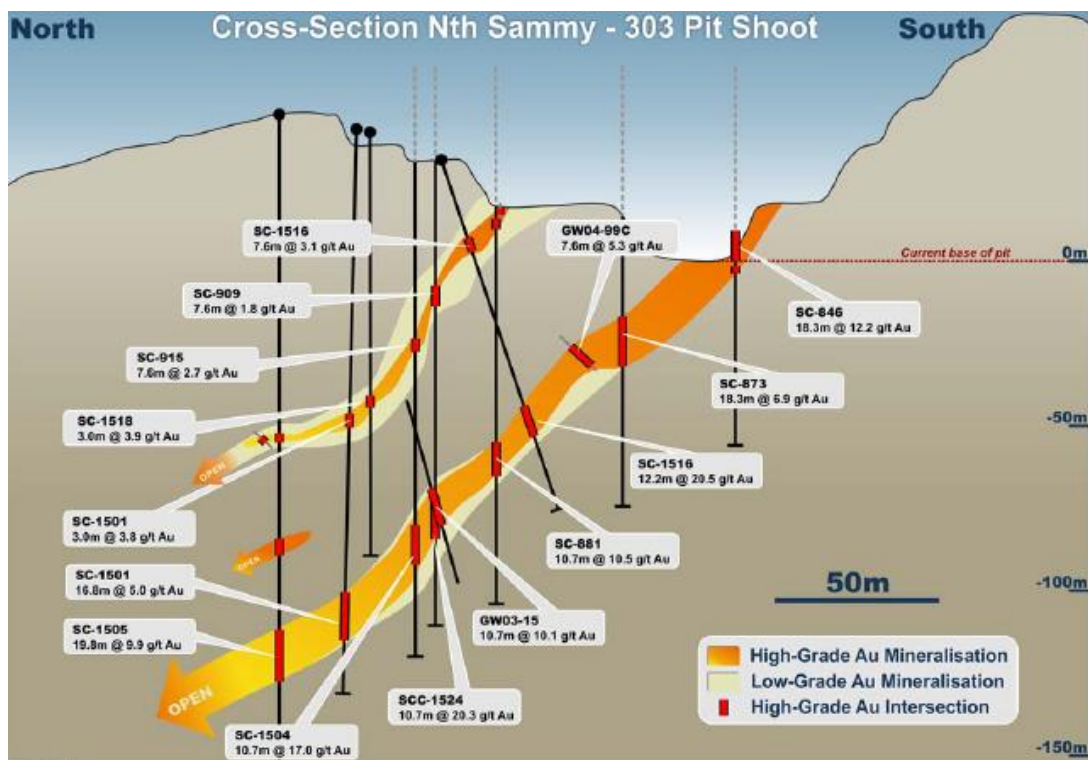


Figure 8 North – South Cross Section through the 301 Shoot at the North Sammy gold deposit. (source Anova MRE ASX release 26 June 2014)



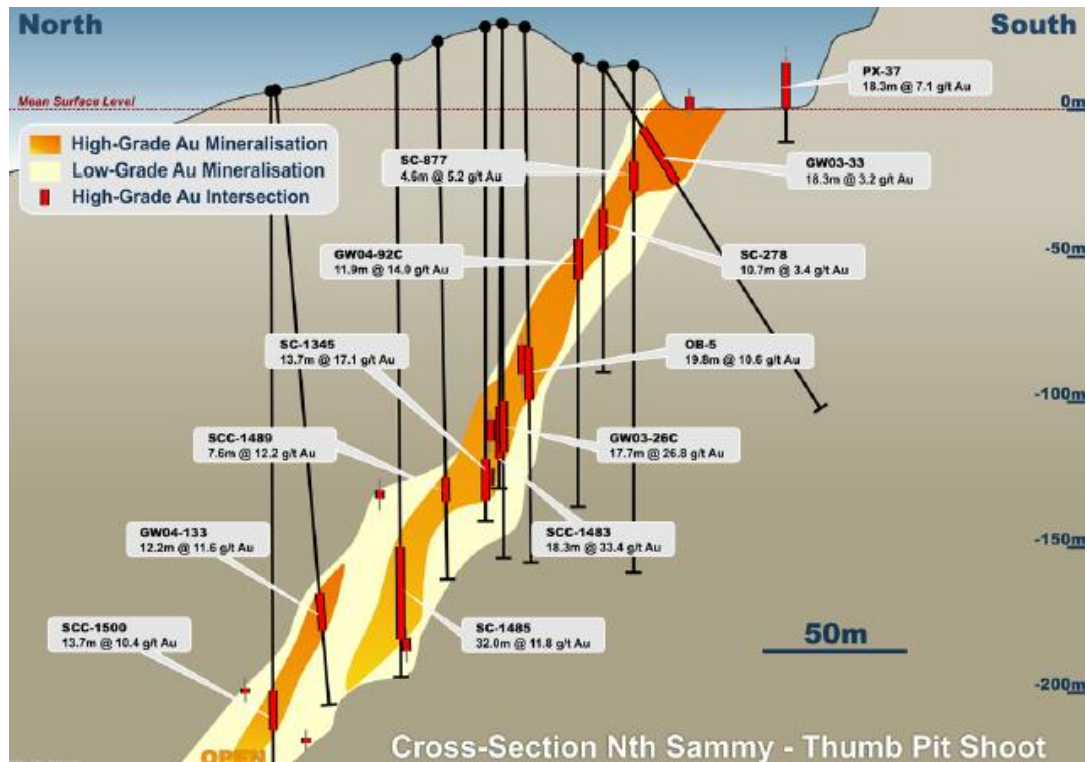


Figure 9 North – South Cross Section through the Thumb Shoot at the North Sammy gold deposit. (source Anova MRE ASX release 26 June 2014)

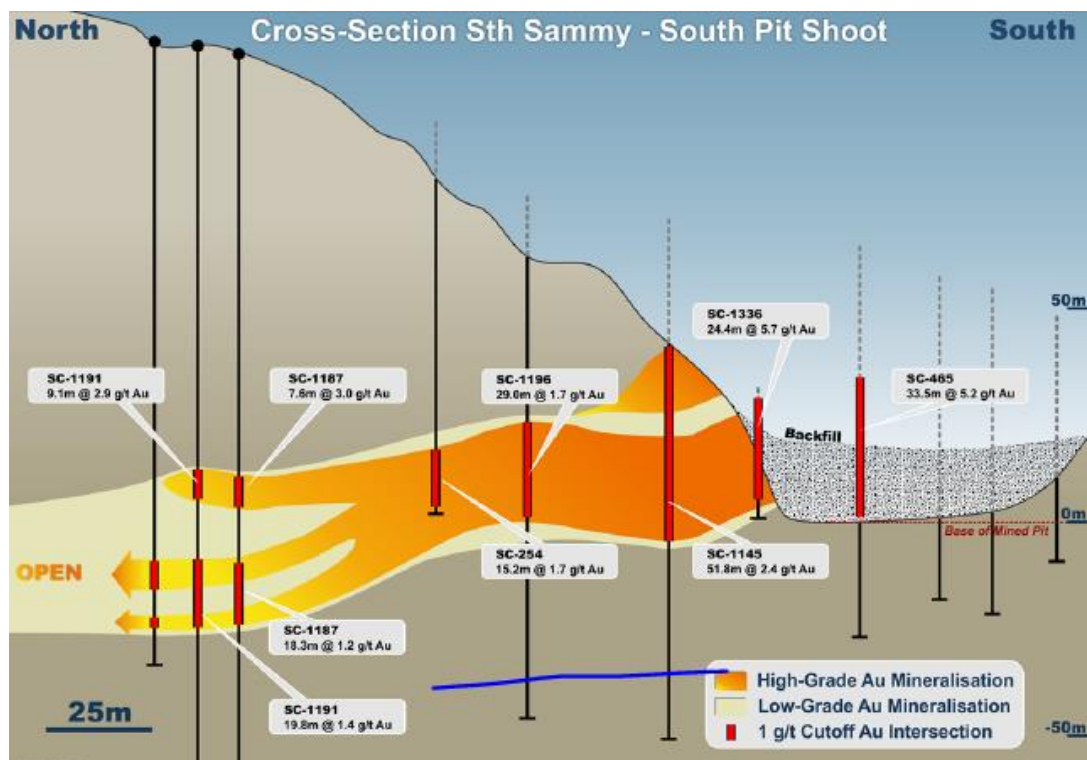


Figure 10 North – South Cross Section through the Southern Zone at the South Sammy gold deposit. (source Anova MRE ASX release 26 June 2014)

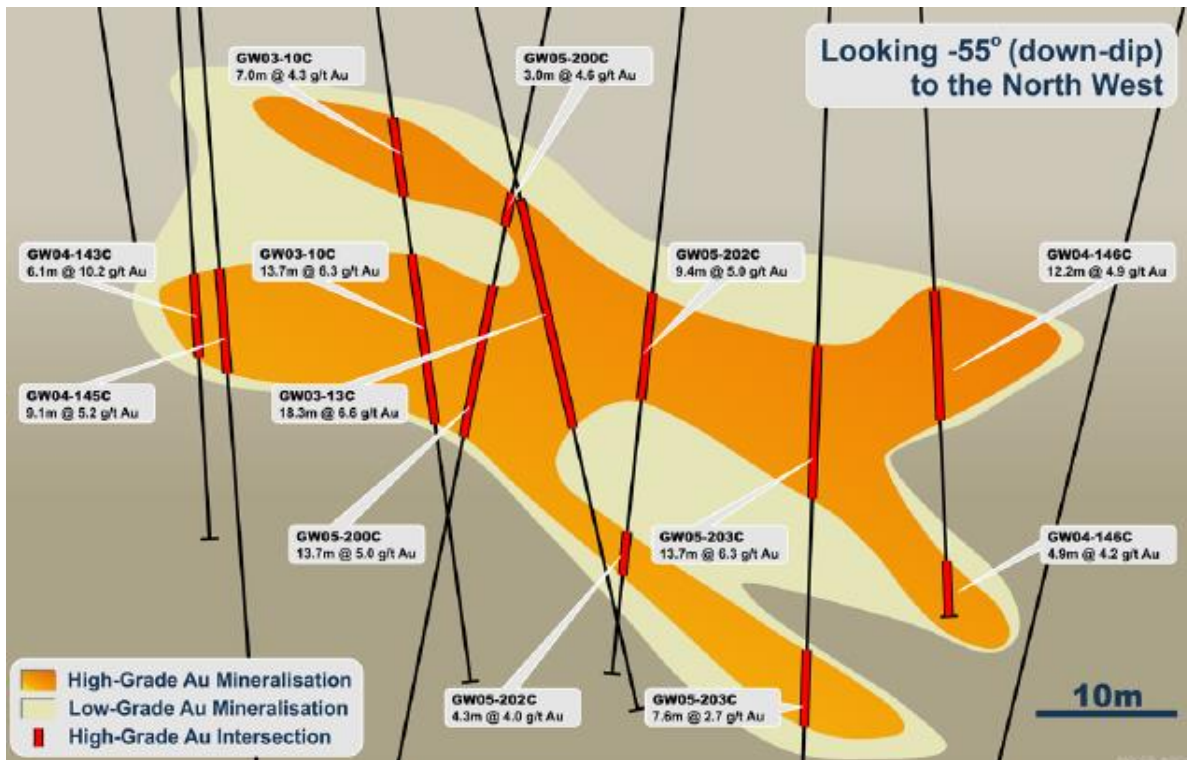


Figure 11 Southwest – Northeast Cross Section through the Beadles Creek Mineralised Zone (source Anova MRE ASX release 26 June 2014)

### 2.1.6. Technical Studies

Extensive technical studies and tests have been undertaken to evaluate the viability of the mineralisation within the Big Springs project, work is detailed in the DRM ITAR of 14 August 2017 (Dunbar 2017). The technical studies include detailed grade control drilling on a 12.5m x 12.5m pattern, geotechnical studies for potential underground mining evaluation, Hydrology and overall water management on site, and metallurgical studies.

Based on these studies along with mining operational cost estimates and negotiations regarding third party toll milling the ore at the Jerritt Canyon processing facility Anova submitted a Mine Plan of Operations in October 2014 with that plan proposing open pit mining in the partly disturbed 601 pit along with underground mining below the enlarged 601 pit and also below the existing 701 pit. The plan was to undertake a two year mining operation with the exception of certain storm water management structures, all proposed activities are contained within the existing or reclaimed mining areas.

### 2.1.7. Recent Exploration

During in late 2017 Anova completed an exploration drilling program designed to follow up on the excellent results returned at South Sammy and Beadles Creek from the 2016 drilling campaign (Refer to the Anova’s December 2017 Quarterly Report).

The drilling at Beadles Creek was designed to test for up shallow extensions the high grade zone intersected during the 2016 drilling campaign. Anova successfully completed seven holes for a total of 1,230 meters at the prospect with all holes intersecting the structurally controlled Beadles Creek shoot up-dip to the east.

The best results were returned from AWWBC17-010 where 9.1m at 4.7 g/t Au, including 4.6m at 8.1 g/t Au was intersected and AWWBC17-008 which returned 4.6m at 4.1 g/t Au, including 1.5m at 6.6 g/t Au Mineralisation at Beadles Creek remains open in all directions.

Drilling at South Sammy consisted of three holes for 612 metres. AWW17-063 was drilled to test for southern extensions to the high grade zone intersected in AWW16-061 in 2016, while AWW17-064 and AWW17-065 were drilled to test for additional stacked mineralized zones that Anova could access through the proposed 601 underground operation which Anova received regulatory approval in January 2017.

The best results from the South Sammy program were in AWW17-063 where three stacked zones were intersected, returning a best intercept of 6.1m at 4.1 g/t Au from 82.3m. AWW17-064 and AWW17-065 intersected mineralized intervals in the target area including 3.0 m at 3.7 g/t Au from 198.1m (AWV17-064) and 4.6m at 3.6 g/t Au from 152m (AWV17-065).

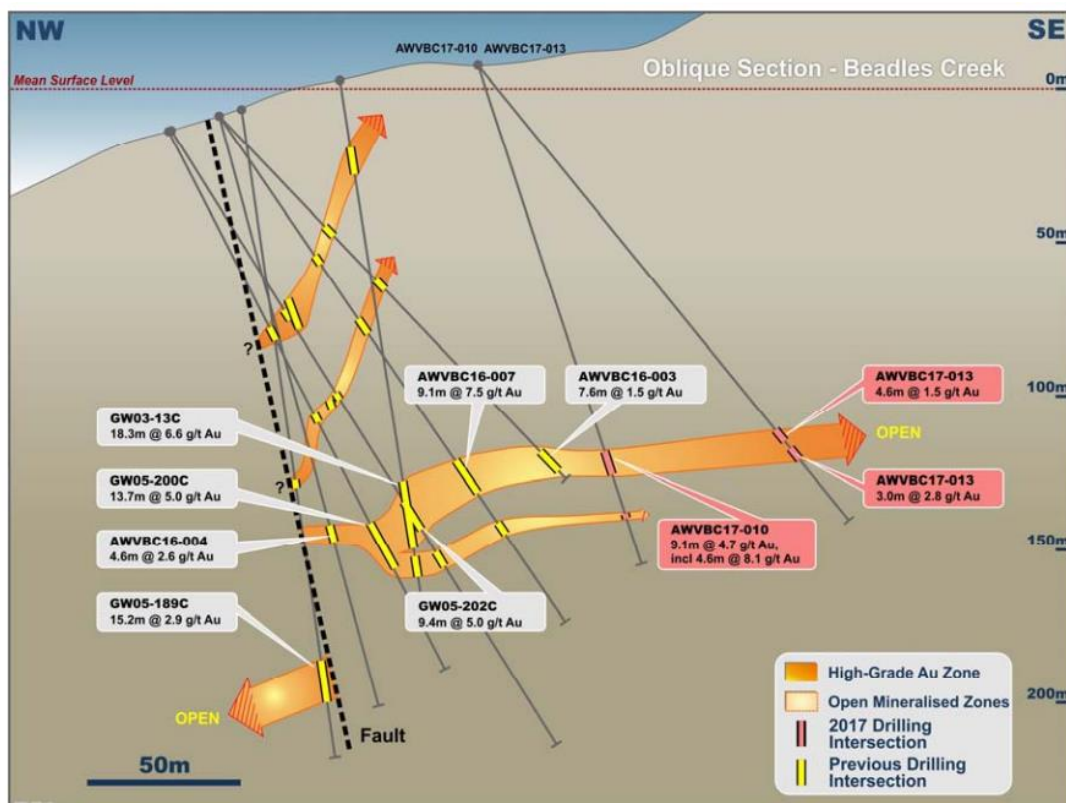


Figure 12 Oblique Section showing Anova' 2017 Drilling at Beadles Creek



## 2.2. Linden Gold Project

The Linden project is a contiguous block of mining tenements which contain several small scale historical gold deposits including the Second Fortune Gold Deposit. Overall, the historic Linden Goldfield produced over 34,500oz of gold from these small high-grade deposits. Over the past twenty years the entire Linden goldfield has been largely under explored presumably due to the high-grade nature of the deposits not being generally amenable to large scale open pit mining.

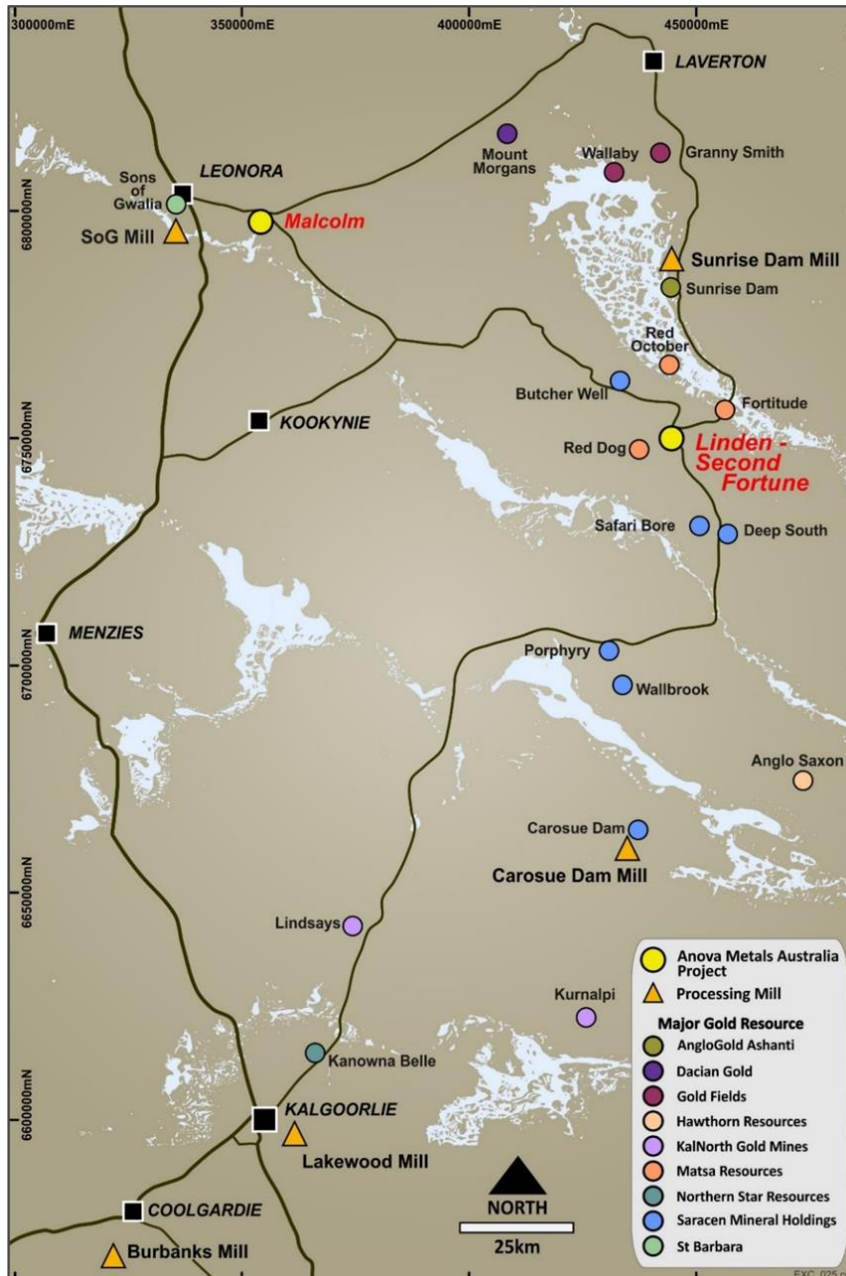


Figure 13 Location of the Linden and Malcolm Gold Projects including the main infrastructure and access (Source Anova Annual Report 2019)

## 2.2.1.Tenure

The Linden project consists of a contiguous block of 12 mineral titles being four Mining Leases, three granted Exploration Licences, one Prospecting Licence and four Miscellaneous Licences. The latter tenement type is only for infrastructure and does not provide the holder with any exploration or mining rights, therefore the Miscellaneous Licences have been excluded from the valuation of the project. Table 5 below documents the tenements while Figure 13 shows the location of the tenements.

**Table 5 Tenement schedule For Linden as at 21 May 2020**

Tenements	Grant	Expiry	Area		Equity
			Blocks	Ha	
E39/1539	18/11/2010	17/11/2020	5		100%
E39/1977	5/01/2017	4/01/2022	1		100%
E39/2081	3/10/2018	2/10/2023	1		100%
L39/12	26/05/1988	25/05/2018		30.0000	100%
L39/13	26/05/1988	25/05/2018		1.000	100%
L39/14	26/05/1988	25/05/2018		0.2400	100%
L39/230	3/12/2014	2/12/2035		26.0000	100%
M39/255	8/05/1991	7/05/2033		19.4.000	100%
M39/649	8/07/2008	7/07/2029		754.965	100%
M39/650	8/07/2008	7/07/2029		855.7370	100%
M39/794	8/07/2008	7/07/2029		419.0000	100%
P39/5599	7/09/2016	6/09/2020		200.0000	100%

VRM independently confirmed the current status of these the tenements on the DMIRS online tenement database, Mineral Titles Online via the website <http://www.dmp.wa.gov.au/Mineral-Titles-online-MTO-1464.aspx> on accessed on 21 May 2020 as shown in Figure 14.

VRM has interrogated the Western Australian DMIRS website and confirms that the tenements are reported as being in good standing and that all tenement matters including annual reports, rents and renewals have been lodged and are progressing in accordance with the Mining Act. As VRM and the authors of this report are not experts in the Mining Acts no warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

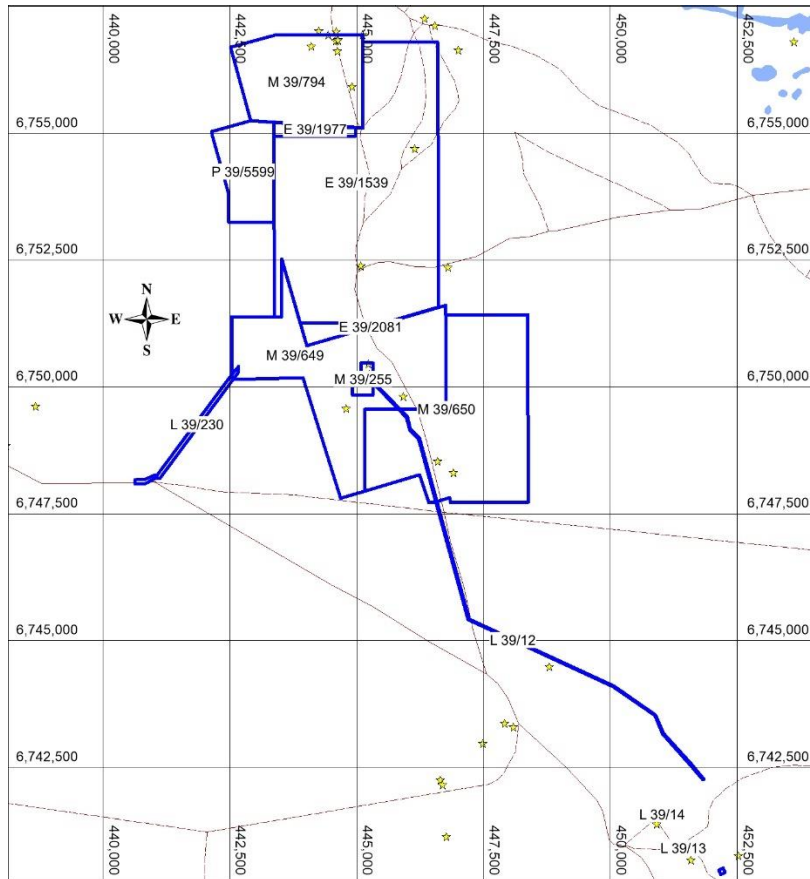


Figure 14 Linden Project Tenement Plan with WAMEX gold occurrences (stars) and roads

The Linden Project is located approximately 700km East Northeast of Perth and 220km to the Northeast of Kalgoorlie, Western Australia within the Menzies Shire. Access to the project from Kalgoorlie is via the Yarri Road, then its extension, the Pinjin Road, turning north along the Mount Celia Road then the Linden Road. These roads are unsealed gravel roads but are generally well maintained however access is potentially impacted by wet weather. Overall, the project is well supported by infrastructure including the shire roads listed above and mining company maintained haul roads. The tenements extend approximately 15km North to South and 6km East to West.

Figure 13 above shows the location of the Linden Gold Project in relation to the major gold mines and regional towns. The nearest populated town is Laverton.

## 2.2.2. Geological Setting

The Second Fortune Prospect lies at the southern end of the Laverton Tectonic Zone which lies on the eastern margin of the Norseman-Wiluna Belt. Gold mineralisation occurs within a north to northwest striking sequence of intermediate to felsic volcanoclastic rocks and subordinate shales, intruded by irregular, narrow, porphyry bodies. Gold mineralisation is structurally controlled within a narrow quartz vein (0.2m to 2m width) that strikes north-south and dips steeply west. It has been delineated over a strike of >600 metres and to a depth of 350 metres. The vein does however, pinch and swells both along strike and down-dip like

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

other vein hosted gold deposits, for example the Norseman gold deposits. Within the vein there is locally abundant pyrite while the wall rock alteration is typical for most lode gold deposits and consists of both sericite and chlorite alteration. The quartz veins are interpreted to have intruded into an extensional structural position either from dilational zones within a regionally extensive shear or associated with normal faulting.

Sedimentary features indicate the sequence is west facing with steep dips to the west. Clastic lithologies range from shale and fine grained to coarser grained tuffs through to conglomerate. There are rapid facies changes suggesting the sediments were deposited in a very high energy environment. The conglomerate consists of matrix supported, well rounded clasts of felsic volcanic material which is exposed in the pit wall. There is a strong stretching lineation plunging north parallel to the regional foliation.

Despite rapid lateral and vertical facies changes, four main lithological units are evident:

Hanging wall sequence – comprising fine grained felsic tuffs, with local and minor development of shale and tuffaceous shale. Includes a gold bearing quartz zone associated with a shale horizon (Hanging wall lode structure).

Reef Sequence – characterised by numerous quartz veins and quartz stringer development adjacent and parallel to thin (0.5-1.0 metres) carbonaceous shale horizons. Other rock types are conglomerate with minor tuff.

Footwall Sequence – consisting of a coarse, matrix-supported conglomerate with minor tuff.

Mafic basal unit – several holes have indicated a mafic (possibly tholeiitic basalt) unit. The unit appears to be massive and blocky and appears to be of a competent nature.

The tuffaceous rocks, shales and metasediments dip westerly at  $> 850$  or less commonly, easterly and strike  $3500$  to  $3600$ . There is a pervasive sub vertical foliation which strikes about  $3300$ , sub parallel to one of the directions of minor cross faulting. Another cross-fault set is vertical and strikes E-W ( $2700$ ).

The majority of the historical gold production has been from the Main Lode. The minor lodes, consisting of the Hanging wall and Footwall lodes which are located within  $\sim 10\text{m}$  of the Main lode while the West Lode, which is located some  $40\text{m}$  to the west of the Main Lode.

### 2.2.3. Mineral Resource Estimates

The Mineral Resource Estimate (MRE) for the Second Fortune Main Lode was updated by QG Australia Pty Ltd (QG) in March 2016 (Table 6). The 2016 MRE is an update of the 2013 QG MRE (ASX release 19 December 2013) following the completion of an infill diamond drilling programme in late 2015 consisting of 17 holes for a total of  $2,688\text{m}$  drilled. The MRE has been reported and classified in accordance JORC 2012. The MRE has been reported on a depleted (pre 2016 mining) basis above a lower cut-off of  $4.00\text{g/t Au}$  and as a  $1.0\text{m}$  minimum width diluted Resource, reported to approximately  $350\text{m}$  below surface. The MRE has not been updated post the recent mining which ceased in June 2018. QG have used a geostatistical 2D estimation methodology, specific to narrow vein, high grade gold deposits.

Ravensgate Mining Industry Consultants produced a JORC 2004 MRE in July 2012 (Harvey, 2012) and in March 2013 (Harvey, 2013). The 2012 estimate included mineralisation from the Main Vein and Hanging wall, Footwall and West lodes (Table 7 ASX release 6 August 2012), while the 2013 estimate was only for the Main Lode. Both the 2012 and the 2013 models were conventional 3D estimates using ordinary kriging. The MRE for the minor lodes has not been updated on the basis that there has been no additional work in those zones and that all material assumptions that underpin the 2012 resource estimate remain valid.

**Table 6: Second Fortune Resource Summary Main Lode JORC 2012 (QG 2016)**

Lode	Indicated			Inferred			Total		
	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces
Main Lode	211,800	9.8	66,700	35,400	8.0	9,100	247,200	9.6	75,800

Note: 1.0m Min Mining Width Diluted Resource at 4.0 g/t Au lower cut-off (minor rounding variations may occur)

**Table 7: Second Fortune Resource Summary Minor Lodes JORC 2004 (Ravensgate 2012)**

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

Note: 4.0 g/t Au lower cut-off (minor rounding variations may occur)

### 2.2.3.1. VRM Comment

The Mineral Resource Estimates for the Second Fortune deposit have not been updated since 2016 and a full review of the mineral resource estimates is included in the DRM ITAR appended to the August 2017 Anova Exterra Scheme Booklet (Dunbar 2017). This section details additional information and revises the previously reported estimate to account for the information obtained from the trial mining from the late 2017 to mid-2018.

During the trial mining several key aspects of the Mineral Resource were confirmed while other information was materially different to the assumptions included in the resource estimation. The trial mining confirmed that the geology model for the main vein used in the resource estimation was accurate 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 portion of the resource. The final reconciliation with the resource model showed areas of high grade were overestimated in the model by around 15% and was also reported as being up to 18% high for level 2.

Overall the mining plan and model had predicted that the trial mining would produce 5,503oz of gold, this has not been depleted from the resource estimate documented in Table 6.

Due to the over estimation of the grades and hence contained gold in the resource and the Therefore in the valuation sections below the forecast production has been removed from the resource and there has also been an 18% reduction in the resource to account for the overestimation in the resource grade as outlined in the Anova ASX release of 14 August 2018.

VRM recommends that both the Mineral Resource Estimate and the Ore Reserves be re-estimated to account for the information obtained from the trial mining. That would allow the company to make an informed decision as to how to either progress the mining of Second Fortune or if required rehabilitate the site.

#### 2.2.4. Second Fortune 2017 – 2018 Trial Mining and 2017 Feasibility Study

The Feasibility Study and Ore Reserve update for Second Fortune was completed in May 2017 (ASX release 25 May 2017) based on mineral resources detailed above.

This Feasibility Study and associated Ore Reserves were the basis for the commencement of trial mining activities in November 2017. The mining ceased in June 2018 with only two levels of the underground mine developed.

There were significant technical issues associated with the mining which resulted in a poor financial outcome for the company. The ASX release of 14 August 2018 detailed the various aspects of the trial mining and the reasons for the poor return for Anova. The main technical issues related to;

- Geotechnical instability in the hanging wall of the mine which resulted in significantly higher mining dilution and higher total mining costs
- The resource estimate over reporting gold grades by between 15% and 18% resulting in less contained gold
- Underperformance of the ore sorter in both throughput rates and overall grade upgrade when compared to the feasibility study testwork
- Significantly higher tonnes of ore transported and therefore higher transport costs to the third party processing facility
- The processing facility used in the toll milling was further from the mine than the feasibility study proposed, 270km vs 220km in the feasibility study.
- Higher mining costs incurred due to higher ground support especially in the upper parts of the decline due to weathering.

#### 2.2.5. Ore Reserves

Due to the poor financial outcome from the 2017 – 2018 trial mining and given neither the Ore Reserves or Mineral Resources have been updated based on the information obtained from the trial mining the Ore Reserves are not considered by VRM to be current.



Information and the basis of the quoted Ore Reserves is available in the 25 May 2017 ASX release.

### 2.2.6. Other Targets and Prospects

There are numerous prospects and targets within the Linden project that have potential for additional gold mineralisation. Most are historical, generally high grade narrow systems, with surficial prospector scale workings or small-scale mines that are generally associated with quartz veining. They are all structurally controlled, therefore, good geological and structural mapping and evaluation is required in targeting either extensions to the known gold occurrences or in the discovery of additional gold mineralisation.

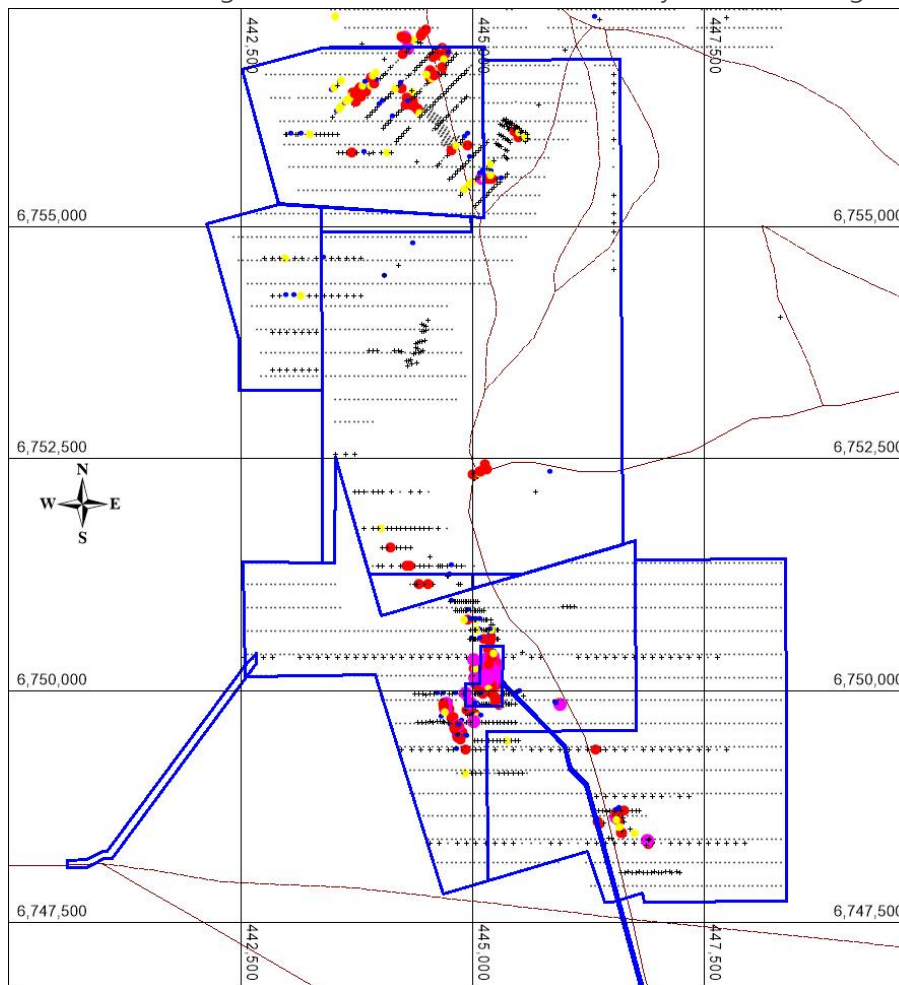


Figure 15, below, outlines most of the more significant drill intersections.

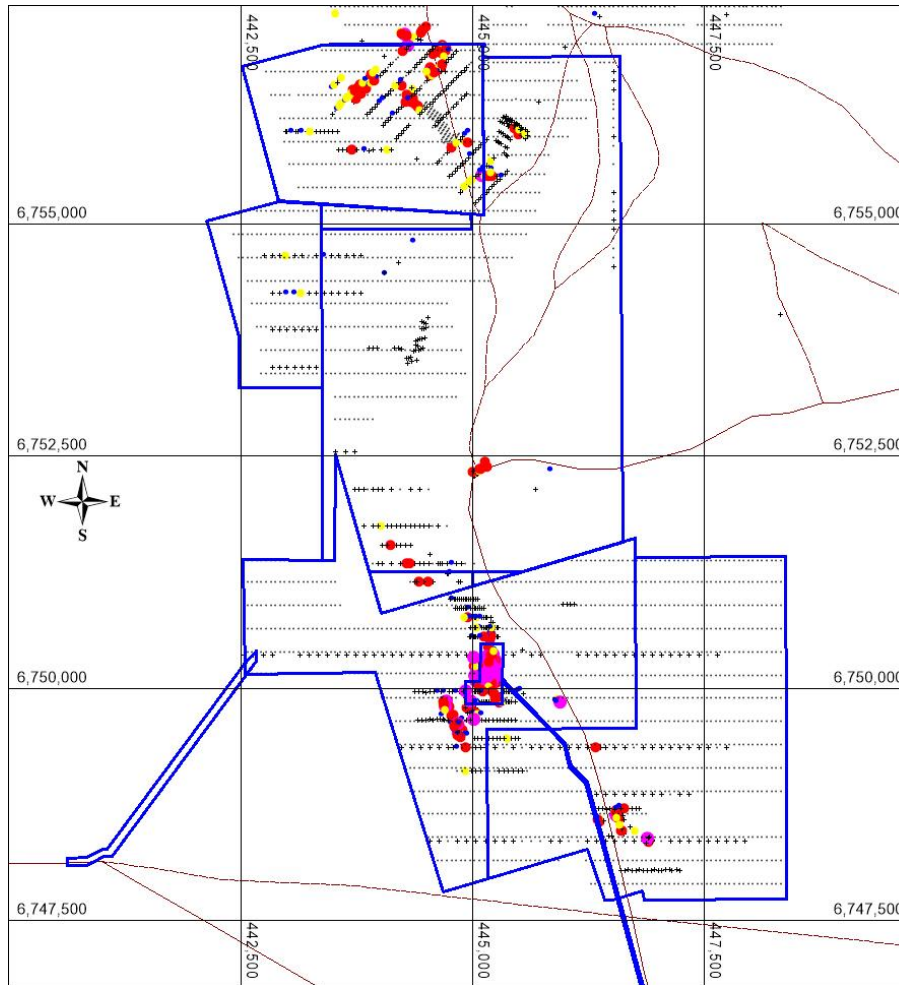


Figure 15 Linden Gold Project Regional Targets, Prospects with collar locations colour coded to max gold in hole.

### 3. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 8 and provides a guide as to the most applicable valuation techniques for different assets.

Table 8 VALMIN Code 2015 valuation approaches suitable for mineral Properties

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No



The Big Springs gold project is best described as an advanced exploration project. There has not been a feasibility study completed, there are no Ore Reserves on the project however several of the technical studies that would usually underpin these studies have been completed and importantly the regulatory approvals are all well advanced or are in place. While the approvals were received in 2107 it is likely the approvals would need to be revised or updated given the delay in commencing the proposed activities. Additionally, while a processing option has been identified and a toll milling agreement was signed in 2014 the costs of the milling and the commercial arrangements have not been finalised.

The Linden project is best described as a project on care and maintenance or advanced exploration due to the poor economic returns from the trial mining that ran from late 2017 to mid-2018. There are Mineral Resource estimates within both projects with the Big Springs resource and the Second Fortune main lode resource reported under the JORC Code (2012), the peripheral resources at Linden were estimated and reported according to the JORC Code (2004) guidelines. There are no Ore Reserve estimates on either project that VRM consider are current.

VRM does not consider an income valuation methodology is appropriate for the either of the projects, therefore, the valuation of the Big Springs and Linden projects is based on a comparable transaction (market - based approach) with supporting valuation methods used including yardstick and a geoscientific (Kilburn) valuation approach.

### 3.1. Previous Valuations

In 2017 Dunbar Resource Management prepared an ITAR for the mineral assets of Exterra Resources and Anova Metals as a part of an IER prepared by BDO Corporate Advisory (WA) Pty Ltd for inclusion in a scheme booklet that merged Exterra and Anova. The mineral assets included in that ITAR are essentially the same as the existing projects included in this report. The significant difference between this report and the 2017 DRM report is that the Second Fortune Mine was valued based on a feasibility study and on an income basis by BDO and this report values Second Fortune as an exploration project. The reason for the downgrade in the valuation for the Linden project, which contains the Second Fortune Mine is due to the poor financial outcome from the trial mining that occurred from late 2017 to mid-2018. The Big Springs project has had minimal additional work undertaken since the 2017 DRM ITAR. Due to the lack of work to advance the project VRM considers it reasonable to value Big Springs as an exploration project in this report while in the 2017 DRM report it was valued as a development project, due to the intent of Anova to rapidly progress the project to production.

VRM does however note that there has been a significant improvement in the gold price in both US dollars and Australian dollars since the 2017 DRM ITAR, which would usually increase the value of the projects. In this case due to the delays in advancing the projects to development or the technical issues associated with the Second Fortune Mine have not created an improvement in the value of the projects.

### 3.2. Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 14 April 2020 being the valuation date of this Report. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the Property, the current and future gold prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

### 3.3. General assumptions

The Mineral Assets of Anova are valued using appropriate methodologies as described Table 8 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon,
- The valuations only relate to the Big Springs, Linden and Malcolm gold projects and not Anova or the shares of Anova or Anova's market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral licences will remain active,
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe,
- That the owners of the mineral assets can obtain the required funding to continue exploration activities,
- The gold price assumed (where it is used / considered in the valuation) is as at 14 April 2020, being USD\$1,741.90 [www.kitco.com](http://www.kitco.com). The average of the monthly averages for the 1 January 2020 to the end of March 2020 was USD\$1,583.23 while the six month average from 1 October 2019 to 30 March 2020 was USD\$1,539.15.
- The US\$ - AUS\$ exchange rate of 0.61478 ([www.xe.com](http://www.xe.com))
- All currency in this report are Australian Dollars or AUD, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with USD.

### 3.4. Market Based Valuations

As the projects being valued in this Report are dominantly prospective for gold it is important to note the current status of the gold market prior to completing the valuation

#### 3.4.1. Gold Market

The gold price is fundamentally different to many of the other commodities as the gold price is frequently seen as a pseudo currency and is considered by many as a safe haven investment option, especially in the current monetary policies of many of the major countries reserve banks. Figure 16 to Figure 19 below shows the gold price over the last one and five in both US dollars and Australian dollars. Due to the significant variations in the price over such a short period it is considered critical to ensure that any transactions that are used in a market or transactional based valuation are normalised to the current gold price. This allows a more accurate representation of the value of the mineral asset under the current market environment.



Figure 16 Five year US\$ Gold Price graph (source kitco.com)



Figure 17 Five year AUS\$ Gold Price graph (source kitco.com)

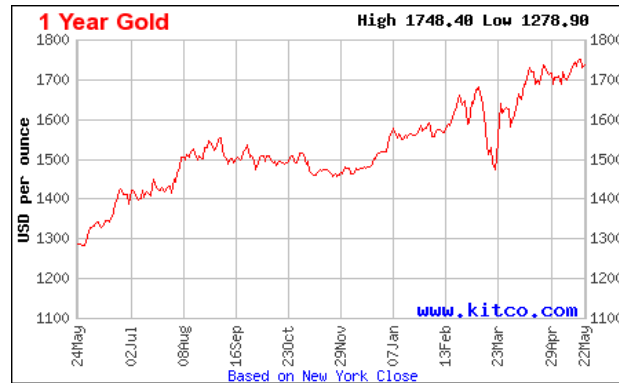


Figure 18 One year US\$ Gold Price graph (source kitco.com)



Figure 19 One year AUS\$ Gold Price graph (source kitco.com)

While the gold price is high in Australian dollars it is there is also a strong bias toward advanced projects obtaining funding and the earlier stage projects being difficult to attract investment money. For the Big Springs project in particular there has been an US dollars a highly variable gold price over the three to four months prior to the valuation date. On the valuation date the gold price spiked to US\$ 1741.90 while only a few weeks prior it was US\$1474.25.

VRM’s considers that the overall gold market, especially for projects without a completed feasibility study is considered to be slightly depressed, especially due to the uncertain economic climate created by the recent Covid-19 pandemic. On that basis VRM has discounted the technical valuations as determined by the Geoscientific or Kilburn method by 10% to account for this uncertainty.

When normalising the transaction valuation to the gold price VRM has elected to use the three month average US dollar gold price for normalisation of the Big Springs resource multiples due to the highly variable movements in both the US dollar gold price and the US : AUS exchange rate.

### 3.5. Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties these include;

- Financial modelling including discounted cash flow (DCF) valuations (generally limited to Properties with published Ore Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

As there are no current Ore Reserves estimated for the Big Springs project VRM does not consider an income - based valuation approach is suitable as a primary valuation method. There are significant modifying factors that impact the viability and economic returns of a mining operation. Until the modifying factors are updated to account for the current market conditions and identified and quantified by additional studies, typically completed as a part of an Ore Reserve Estimation, it is VRM's opinion that any assumptions in critical modifying factors could, and often would, have a material impact on a valuation using an income approach. Even if an income approach were used the variables would create a very wide range in valuations therefore limiting the usefulness in assessing a primary fair market valuation.

While there are Ore Reserves estimated and reported within the Linden gold project and for the Second Fortune Gold mine in particular VRM does not consider that these Ore Reserves are current as they have not been updated since the trial mining that commenced in late 2017 and was completed in mid-2018.

### 3.5.1. Comparable Market Based Transactions – Resource Based

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource Estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

However, is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method. For Iron Ore projects the differences would occur with different mineralogy including hematite mineralisation compared to magnetite mineralisation.

The information for the comparable transactions has been derived from various sources including the ASX and other securities exchange releases associated with these transactions, a database compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated but no current Ore Reserves have been declared. More advanced projects would typically be valued using an income approach due to the modifying factors for a mining operation being better defined.

The preference is to limit the transactions and resource multiples to completed transactions from the past two to three years in either the same geopolitical region or same geological terrain however due to the limited number of recent completed gold transactions VRM has used all transactions that could be considered comparable.

The comparable transactions have been compiled where Resources have been estimated. Appendix A details the Resource Multiples for a series of transactions that are considered at least broadly comparable with the Linden Gold Project while Appendix B details comparable transactions for the Big Springs Gold Project.

### 3.5.2. Yardstick Valuation– Resource Projects

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large global database of transactions where the contained metal in resources and reserves at various degrees of confidence are multiplied by a percentage of the spot price. The database is an in-house compilation of historical publicly announced transactions (dominantly from ASX releases) from 2010 to 2018 with various resources classifications. The yardstick valuation factors used in this report are in line with other yardstick valuation factors commonly used in other VALMIN reports such as Naidoo et.al. (2016).

Table 9 details the yardstick multiples used for gold resources. Typically, base metal and other commodities which are sold as concentrates use significantly lower yardstick multiples to reflect the proportion of the value of the metal in concentrate that is paid to the producer. Gold is typically sold directly to a refinery or mint as gold Dore (an alloy of gold and silver) and a very high proportion of the metal value is paid to the producer, often >97% while concentrates result in a much lower proportion of the metal value being paid to a producer (often as low as 50-60% of the metal value).

The spot gold price as of 14 April 2020 of US\$1,741.90/oz. and an exchange rate of 0.64178 which results in an gold price in Australian dollars of AUD\$2714.16 which is used in this report to determine the yardstick valuation.

DRM notes that the gold price and exchange rates have been quite volatile since the transaction was announced.

**Table 9 Yardstick Multiples used for Gold Projects**

Resource or Reserve Classification	Lower Yardstick Multiple (% of Spot price)	Upper Yardstick Multiple (% of Spot price)
Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources	0.5%	1%
JORC 2004 Inferred Resources	0.25%	0.5%

In using the Yardstick valuation VRM considers it prudent to downgrade any JORC 2004 resources to the next lowest classification. This downgrade has only been undertaken where the resources are considered to be undertaken using an industry standard approach and using dominantly recent exploration information, but these resources have not been updated to comply with the JORC 2012 code. For example, any JORC 2004 Indicated resources are valued as Inferred resources. In a JORC 2004 was undertaken using a non-standard estimation approach or it was undertaken using historical exploration data with minimal QAQC information for example, then that resource would not be used in any valuation technique.

### 3.6. Exploration Asset Valuation

To generate a value of an early stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being;

- A Geoscientific (Kilburn) Valuation
- Comparable transactions (purchase) based on the Properties' area
- Joint Venture terms based on the Properties' area
- A prospectivity enhancement multiplier (PEM)
- A Yardstick valuation approach

The methodology to determine the Comparable transactions based on a projects area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the resources. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate

discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

VRM considers the comparable transaction multiples as detailed above to be a robust valuation technique especially where there are similar geological, geopolitical and geographical projects. A Geoscientific or Kilburn valuation method is also considered a robust valuation method. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

### 3.6.1. Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any mineral resources or reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors). In early stage projects often the anomaly factors and geological factors have limited information.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 10 documents the ranking criteria while the inputs and assumptions that were used to derive the base acquisition cost (BAC) for each tenement are detailed in the valuation section below.

VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by minimum exploration commitment required to maintain the tenement for the next year. In Western Australia as the tenements are granted the tenement rents and shire rates are allowed expenditure toward that exploration commitment therefore only the exploration commitment is used in



determining the BAC. The BAC is derived from the DMIRS (previously the Department of Mines and Petroleum) mineral titles database.

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the market valuation.

Using the ranking criteria from Table 10 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.

**Table 10 Ranking criteria are used to determine the geoscientific technical valuation**

Geoscientific Ranking Criteria				
Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally unfavourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified; initial indications positive	
2.0	Resource targets identified	Exploration targets identified		Favourable geological setting
2.5			Significant intersections – not correlated on section	Mineralised zones exposed in prospective host rocks
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production		
3.5			Several significant ore grade intersections that can be correlated	
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

The technical valuation was discounted to derive a market valuation. A market factor was determined based on the gold market and any impediments to progressing the projects. VRM considers that due to the strong gold price normally no market discount should be applied. Normally VRM would apply a small discount for

advanced exploration projects, where a resource was considered imminent, however due to the currently high gold price and the trend in the Australian dollar gold price over the past year no market discount has been applied. Due to the uncertainty caused by Covid-19 VRM considers a discount of 10% for the regulatory issues and general market unease is justified.

For early stage Projects (where there are no Mineral Resources estimated), VRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and is commonly the primary valuation method used. The Geoscientific (Kilburn) Valuation method is checked using the other valuation methods with a preference toward Joint Venture terms and comparable transactions. The reason VRM usually prefers the geoscientific valuation method over comparable transaction valuations is that it is very rare to identify two truly comparable Properties. Therefore, care is required in selecting comparable transactions. Where completed transactions for broadly comparable Properties have been identified a discount or premium can be assigned to a comparable transaction multiple based on observed differences between the various comparable transactions.

### 3.6.2. Prospectivity Enhancement Multiplier (PEM) Valuation

As outlined in Table 8 above and in the VALMIN Code a cost - based or appraised value method is an appropriate valuation technique for early stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the Property. The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the Property. There are several alternate PEM factors that can be used depending on the specific Property and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in this report are outlined in Table 11 below. VRM considers the PEM valuation method as a secondary valuation method and no higher PEM ranges are used once a JORC 2012 resource has been estimated. In the opinion of the author, it is preferable to use resource multiples for comparable transactions once a JORC 2012 resource has been estimated. Table 18 documents the criteria and PEM used to determine the upper and lower valuation. The preferred valuation is the midpoint between the upper and lower valuations. When using reported exploration expenditure, it is preferable to remove administrative costs from the reported expenditure, a discount to the total reported expenditure has been applied to account for the administrative costs as they do not add to a project’s potential.

**Table 11 Prospectivity Enhancement Multiplier (PEM) ranking criteria**

PEM Ranking Criteria	
Range	Criteria
0.2 – 0.5	Exploration downgrade the potential
0.5 – 1	Exploration has maintained the potential
1.0 - 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential

1.5 – 2.0	Limited Preliminary Drilling intersected interesting mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

### 3.6.3. Comparable Market Based Transactions – Area Based

As for advanced projects described above a comparable transactional valuation can be undertaken on a contained commodity basis or on an area basis. If a project is early stage and no Mineral Resource Estimates have been undertaken, then this valuation method can be based on the area of the project with the comparable transactions analysed on a basis of area (block, claim, hectare or square kilometre).

The information for the comparable transactions has been derived from various sources including the ASX and TSX releases associated with these transactions, compiled into a database compiled by VRM for exploration stage projects. The preference is to limit the transactions to completed transactions for the past two to three years in either the same geopolitical region or same geological terrain. An area-based comparison is considered by VRM as a less reliable means of considering the value of an exploration property compared to its geological setting, which is ultimately what drives the prospectivity of the ground. Therefore, this approach is usually only used to apply as a secondary valuation method for early stage (pre resource) projects.

## 4. Valuation of Anova Metals Mineral Assets

As detailed above there are two main mineral assets of Anova, being the Big Springs Gold project in Nevada and the Linden Gold project in Western Australia. These are valued in the following sections.

### 4.1. Big Springs Gold Project Valuation

There are no Ore Reserves declared within the Big Springs Gold Project, therefore, in VRM's opinion an income valuation approach is not considered a suitable valuation method. VRM has undertaken a valuation based on three separate techniques, these being a comparable transaction (resource multiplier) method and a yardstick method.

#### 4.1.1. Comparable Transactions – Gold Resource Multiples

The Big Springs project has also been valued as an exploration project due to the lack of a completed pre-feasibility study.

As detailed in Appendix B, VRM has reviewed a series of transactions involving gold resources in the USA, with a bias toward projects in Nevada. An analysis of these projects has identified, when excluding projects that have a significantly larger resource base or processing facilities, twelve potentially comparable projects.

The comparable projects were limited to a maximum global resource base of 2.5Moz, which is significantly higher than the 1.03Moz Big Springs global resource and no processing infrastructure.

Most of the comparable transactions used for Big Springs Gold project are compiled from projects with completed feasibility studies and Ore Reserves. This is likely due to the reporting standards and requirements for Resources and Reserves is significantly different than for Australian projects. Additionally, the resource multiples are significantly higher in Nevada than Western Australia, this is likely due to most of the gold projects in Nevada being significantly larger than the projects reviewed in Western Australia.

The normalised resource multiples for the Big Springs Gold Project valuation have been discounted by 40% discount to account for the comparable transaction dataset containing Ore Reserves or a completed feasibility study. The 40% is based on a global dataset of transactions which shows that exploration project resource multiples are generally 35%-45% lower than resource multiples for projects with a completed feasibility study. VRM has used a lower resource multiple of US\$19.06, an upper resource multiple of US\$29.85 and a preferred multiple of US\$28.10 being the 40 percentile, 60% percentile and median of the transactions that are considered comparable in overall size.

The resource multiples detailed above and supported by the information in Appendix B have been used along with the Big Springs Gold Project JORC 2012 Mineral Resources detailed in section 3 above to determine the valuations shown in Table 12.

**Table 12 Comparable transaction valuation summary for Resources within the Big Springs Project**

Comparable Gold Transactions Summary			
	Lower	Preferred	Upper
Gold Resource (Moz)	1.03	1.03	1.03
Resource Multiple (USD\$/oz)	19.06	28.10	29.85
Valuation (US\$ million)	19.6	28.9	30.7
Valuation (AUD\$ million)	30.6	45.1	47.9

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, VRM considers the Big Springs Gold Project to be valued, based on comparable transactions, at between \$30.6 million and \$47.9 million with a preferred valuation of \$45.1 million.

#### 4.1.2. Yardstick Valuation

Table 13 details the yardstick multiples were used to determine the value of the Resources within the Big Springs Gold Project while Table 14 tabulates the valuation for the project based on the currently Resource estimates.

**Table 13 Yardstick Multiples used for the Big Springs Gold Project**

JORC 2012 Resource or Reserve Classification	Lower Yardstick Multiple (% of Spot price)	Upper Yardstick Multiple (% of Spot price)
Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources	0.5%	1%

**Table 14 Yardstick Valuation of the Big Springs Gold Project Resources**

	Resource	Valuation (\$ million)		
		Low	Preferred	High
Reserves	0	0.0	0.0	0.0
Measured	116,100	4.0	7.1	10.1
Indicated	343,300	6.0	9.0	12.0
Inferred	570,400	5.0	7.5	9.9
Valuation US\$ million		15.0	23.5	32.0
Valuation AUS\$ million		23.4	36.6	49.9

Note: The yardstick valuation of uses the gold price as at 14 April 2020 US\$1,741.90 and an exchange rate of 0.64178 and appropriate rounding has been applied to the resource and the valuation.

The yardstick valuation range of \$23.4 million to \$49.9 million with a preferred valuation (average of the upper and lower) is \$36.6 million. This is broadly in line with the comparable transaction valuation range of \$27.8 million to \$47.9 million with a preferred valuation of \$45.1 million. However a yardstick valuation may not take into consideration the exploration potential within the projects or other technical aspects of the project such as metallurgy as such is considered by VRM to be a useful guide of a possible valuation and should not be used as a primary valuation method.

## 4.2. Linden Gold Project Valuation

While there are Ore Reserves stated by Anova for the Second Fortune Gold Mine these are considered by VRM to no longer be current due to the outcome of the trial mining that occurred from late 2017 until mid-2018. As such, in VRM's opinion, an income valuation approach is not considered a viable valuation method. Therefore, VRM has undertaken a valuation based on three separate techniques, these being a comparable transaction (resource multiplier) method (primary valuation method), a Yardstick method (secondary valuation method) and a Kilburn or Geoscientific valuation method (secondary valuation method).

### 4.2.1. Comparable Transactions – Gold Resource Multiples

As detailed in Appendix A, VRM has reviewed a series of transactions involving gold resource projects in Western Australia.

VRM has critically reviewed the potentially comparable transaction and considers that to generate a market valuation for gold projects in a similar location with similar quality the mineralisation and exploration potential and determined the lower, upper and preferred normalised resource multiples with these based on the median, 40<sup>th</sup> percentile and 60<sup>th</sup> percentile of the projects. As the Australian dollar gold price has been less volatile when compared to the US dollar gold price VRM has normalised the transactions to the spot gold price in Australian dollars as at the valuation date. VRM does acknowledge that the gold price at the valuation date is close to the all-time high gold price. The lower resource multiple of \$14.00/oz, upper multiple of \$31.37/oz and a preferred (median) resource multiple of \$17.22/oz.

The resource multiples detailed above and supported by the information in Appendix A have been used along with the JORC 2012 Mineral Resources and the JORC 2004 Mineral Resources detailed in above to determine the valuations shown in Table 15.

The value of the JORC 2004 resources have been discounted by 40% to account for the uncertainty in the resource and due to the resources not being updated and reported under JORC 2012. The majority of the JORC 2004 resources are inferred (48,800oz), while only 7462oz of the depleted and discounted JORC 2012 Resource have been classified as Inferred.

VRM has depleted the Second Fortune Main Lode Mineral Resource to account for the 5503oz that was expected to be extracted from the trial mining and then reduced the resources by a further 18% to account for the over estimation of the resource grade compared to the extracted and face sampling grade from the trial mining. Overall VRM estimates that the remaining resource in the main lode of the Second Fortune Gold Mine is approximately 57,644oz. VRM also notes that appropriate rounding has not been applied to the depleted remaining Resources as would normally be undertaken in a resource estimate. These “resources” are an assumption based on the pre mining Mineral Resources less mining less the reduction in grade. They have not been re-estimated by VRM as a part of this report.

**Table 15 Comparable transaction valuation summary for Resources within the Linden Project**

Comparable Gold Transactions Summary			
	Lower	Preferred	Upper
Gold Resource Second Fortune Main Lode (oz (JORC 2012))	57644	57644	57644

Gold Resource Second Fortune Adjacent Lodes (oz) (JORC 2004)	54800	54800	54800
Resource Multiple (\$/oz)	\$14.00	\$17.22	31.37
Valuation (\$ million)	\$1.3	\$1.6	\$2.8

Note appropriate rounding has been applied to the valuation and a 40% discount has been applied to the JORC 2004 Resources.

Therefore, VRM considers the Mineral Resource Estimates within the Linden Project to be valued, based on comparable transactions, at between \$1.3 million and \$2.8 million with a preferred valuation of \$1.6 million.

Given the small size of the project's tenements in VRM's professional opinion this value also includes the exploration potential of the project as all the comparable transactions include exploration potential around the resources that have been included in the resource multiples.

#### 4.2.2. Yardstick Valuation

Table 16 details the yardstick multiples were used to determine the value of the Resources within the Big Springs Gold Project while Table 17 tabulates the valuation for the project based on the currently Resource estimates.

**Table 16 Yardstick Multiples used for the Second Fortune Deposit within the Linden Gold Project**

JORC 2012 Resource or Reserve Classification	Lower Yardstick Multiple (% of Spot price)	Upper Yardstick Multiple (% of Spot price)
Current Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources Main Lode and JORC 2004 Indicated (adjacent lodes)	0.5%	1%
JORC 2004 Inferred (adjacent Lodes)	0.25%	0.5%

**Table 17 Yardstick Valuation of the Second Fortune Deposit within the Linden Gold Project**

Resource	Valuation (AUS\$ million)		
	Low	Preferred	High
Reserves	0	0.0	0.0
Measured	0	4.0	7.1
Indicated	50,182	1.4	2.0
Inferred	13,462	0.2	0.3
JORC 2004 Inferred	48800	0.3	0.5

Valuation AUS\$

**1.5**

**2.3**

**3.1**

Note: The yardstick valuation of uses the gold price as at 14 April 2020 US\$1,741.90 and an exchange rate of 0.64178 resulting in an A\$ 2714.16/oz. Appropriate rounding has been applied to the resource and the valuation.

The yardstick valuation range of \$1.5 million to \$3.1 million with a preferred valuation (average of the upper and lower) is \$2.3 million. This is broadly in line with the comparable transaction valuation range of \$1.3 million to \$2.8 million with a preferred valuation of \$1.6 million. However a yardstick valuation may not take into consideration the exploration potential within the projects or other technical aspects of the project such as metallurgy as such is considered by VRM to be a useful guide of a possible valuation and should not be used as a primary valuation method.

#### 4.2.3. Geoscientific Valuation

There are several specific inputs that are critical in determining a valid geoscientific or Kilburn valuation, these are ensuring that the specialist undertaking the valuation has a good understanding of the mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the project. In addition to ensuring the rankings are correct deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case the BAC is derived by the exploration commitment to maintain the tenement in good standing and annual tenement rents while the costs of the tenement applications and targeting have not been included. Therefore, in VRM’s opinion the Kilburn valuation of the tenement associated with the Linden Project is considered to be a reasonable fair market valuation.

In VRM’s opinion the value of the exploration potential within the mining lease that contains the Second Fortune gold deposit has been captured by this Kilburn valuation.

The Geoscientific rankings were derived for each of the Kilburn ranking criteria with the off property criteria considered to be between 1.5 and 2.5, the on Property criteria between 1.0 and 3.0, the anomaly factor between 0.9 and 4 while the geology criteria are considered to be between 0.9 and 2. When these ranking criteria are combined with the base acquisition cost as detailed in Appendix D this has determined the technical value as shown in Table 18.

Table 18 details the technical value of the exploration potential of the Mining Lease while the Fair Market Value of the project is based on a location and market discount. The technical valuation has been discounted by 10% uncertainty due to the impact on market sentiment toward gold exploration due the concerns associated Covid-19. Overall, the fair market valuation is detailed in Table 19. The base acquisition cost used in this valuation is based on the tenement rents and exploration commitments in Western Australia.

**Table 18 Technical Valuation of the Linden Gold Project**

Tenements	Project	Technical Valuation		
		Lower (A\$)	Preferred (A\$)	Upper (A\$)



E39/1539	Linden	\$135,000	\$292,500	\$450,000
E39/2081	Linden	\$12,200	\$17,100	\$22,000
E39/1977	Linden	\$13,500	\$21,750	\$30,000
M39/255	Linden Second Fortune	\$196,900	\$338,450	\$480,000
M39/649	Linden	\$552,100	\$955,550	\$1,359,000
M39/650	Linden	\$417,300	\$786,450	\$1,155,600
M39/794	Linden	\$163,400	\$364,550	\$565,700
P39/5599	Linden	\$14,400	\$34,200	\$54,000
Total Linden		\$1,504,800	\$2,810,550	\$4,116,300
M37/1164	Malcolm	\$12,800	\$38,700	\$64,600
Total Linden and Malcolm		\$1,517,600	\$2,849,250	\$4,180,900

Note the table above is the technical valuation which is the base acquisition cost multiplied by the ranking factors outlined in Appendix D

**Table 19 Market Valuation of the Linden Gold Project**

Tenements	Project	Market Valuation (A\$ million)		
		Lower	Preferred	Upper
E39/1539	Linden	\$0.12	\$0.26	\$0.41
E39/2081	Linden	\$0.01	\$0.02	\$0.02
E39/1977	Linden	\$0.01	\$0.02	\$0.03
M39/255	Linden Second Fortune	\$0.18	\$0.30	\$0.43
M39/649	Linden	\$0.50	\$0.86	\$1.22
M39/650	Linden	\$0.38	\$0.71	\$1.04
M39/794	Linden	\$0.15	\$0.33	\$0.51
P39/5599	Linden	\$0.01	\$0.03	\$0.05
Total Linden		\$1.4	\$2.5	\$3.7
M37/1164	Malcolm	\$0.01	\$0.03	\$0.06
Total Linden and Malcolm		\$1.4	\$2.6	\$3.8

Note appropriate rounding to the total valuation has been undertaken.

The market valuation as determined by the Geoscientific or Kilburn valuation method has determined a value of the combined Linden and Malcolm Gold Projects to be between \$1.4 million and \$3.8 million with a preferred valuation of \$2.6 million.

#### 4.2.4. PEM Valuation

VRM has undertaken a PEM valuation of the tenements based on the reported exploration expenditure over the five years prior to the valuation date. These expenditures are detailed in Appendix C. This reported expenditure has been based on the Form 5 expenditure which has been reported to the DMIRS. The expenditure over the past five years from the Form 5 expenditures was compiled by VRM from the Mineral Titles Online database. The total Form 5 expenditure also includes mining, administration, and exploration activities. To generate a project valuation for the exploration potential of the project VRM excludes the non-exploration expenditure, in this case the administrative costs and mining costs reported in each of the tenement's Form 5's. This expenditure has been multiplied by and Prospectivity Enhancement Multiplier as detailed in Table 11 above. To generate a range in the PEM valuation VRM has made an assessment of the effectiveness of the exploration expenditure and therefore used an upper and lower PEM multiple to generate a range in likely values of the project. The preferred valuation is the average of the upper and lower PEM valuation. Table 20 below details the expenditure, the PEM multiples, and the PEM valuation for the project.

**Table 20 PEM Valuation of Linden and Malcolm Gold Projects**

Tenement	Project	Total past 5 yrs	Total ex Admin and Mining	PEM Low	PEM High	PEM Low	PEM Preferred	PEM High
E39/1539	LINDEN	\$173,242	\$136,810	1.0	1.3	\$140,000	\$160,000	\$180,000
E39/1977	LINDEN	\$30,873	\$25,610	1.0	1.3	\$30,000	\$30,000	\$30,000
E39/2081	LINDEN	\$6,928	\$4,928	0.5	1.0	\$-	\$-	\$-
M39/0255	LINDEN	\$8,188,026	\$506,429	3.0	4.0	\$1,520,000	\$1,775,000	\$2,030,000
M39/0649	LINDEN	\$5,232,018	\$407,252	1.5	1.8	\$610,000	\$670,000	\$730,000
M39/0650	LINDEN	\$3,583,018	\$353,741	1.3	1.5	\$460,000	\$495,000	\$530,000
M39/0794	LINDEN	\$259,318	\$220,645	1.5	1.8	\$330,000	\$365,000	\$400,000
P39/5599	LINDEN	\$16,235	\$12,101	0.5	1.0	\$10,000	\$10,000	\$10,000
M37/1164	MALCOLM	\$108,424	\$90,941	0.5	1.0	\$50,000	\$70,000	\$90,000
Total		\$17,598,082	\$1,758,457			\$3,150,000	\$3,575,000	\$4,000,000

Note the administration and mining expenditure included in the Form 5 expenditure reports have been removed from the expenditure used to determine the valuation. Appropriate rounding has been applied.

Therefore, based on the PEM valuation method with appropriate rounding VRM considers the market valuation to be between \$3.15 million and \$4.00 million with a preferred valuation of \$3.58 million.

## 5. Risks and Opportunities

As with all mineral assets there are several risks and opportunities associated with the Big Springs and Linden Gold Projects and therefore the valuation of those assets.

Some of the non-geological or mining related technical risks and opportunities that are common to most projects include the risks associated with the security of tenure, native title claims, environmental approvals, social, geopolitical and regulatory approval risks.

A significant risk to the Linden project is the resource grade as based on the trial mining the resource was over reporting the ore grades by up to 18%. While this is not an uncommon issue with narrow high grade gold deposits the additional complication of additional dilution due to the hanging wall geotechnical aspects does create a significant issue for the overall viability of the project. In the 2017 feasibility study for Linden a critical aspect was the use of an ore sorter to provide a concentrated product to transport to the mill. The trial mining has identified that the size fraction of the ore presented to the ore sorter resulted in additional fine material reporting to the ore stockpiles rather than having a courser grain size crush with more material in the size fraction for optimal ore sorting. The ore sorter did not operate at the required feed rate / throughput rates and more material reported to the fines which is classified as ore and transported to the mill for processing.

The major risks for the Big Springs project, other than the geological continuity within the resource is the metallurgy of the ore along with the toll milling agreement. Given the modest resource size compared to the capital costs of a processing facility along with the distance to alternate processing facilities it is likely that the only processing facility that could toll mill the Big Springs ore is the Jerrett Canyon facility. At this stage it is unlikely that there is any urgent requirement for the Big Springs ore the timeframe for any toll milling agreement is out of the control of Anova.

As with all exploration projects, a key technical risk is that further exploration will not result in identifying a body of mineralisation, greater than already identified that is sufficiently large to be considered an economic resource.

The largest opportunity within the projects is the significant exploration potential that has yet to be determined. There has been minimal modern exploration within either Linden or Big Springs.

## 6. Preferred Valuations

Based on the valuation methodology detailed above Table 21 provides a summary of the valuations for each of the projects. The preferred valuations for the Projects are documented in Table 22. Figure 20 shows the various valuations and VRM's preferred valuation range for the projects.

**Table 21 Summary of the Project Valuations.**

Valuation Technique	Report Section	Lower Valuation (AUD\$ M)	Preferred Valuation (AUD\$ M)	Upper Valuation (AUD\$ M)
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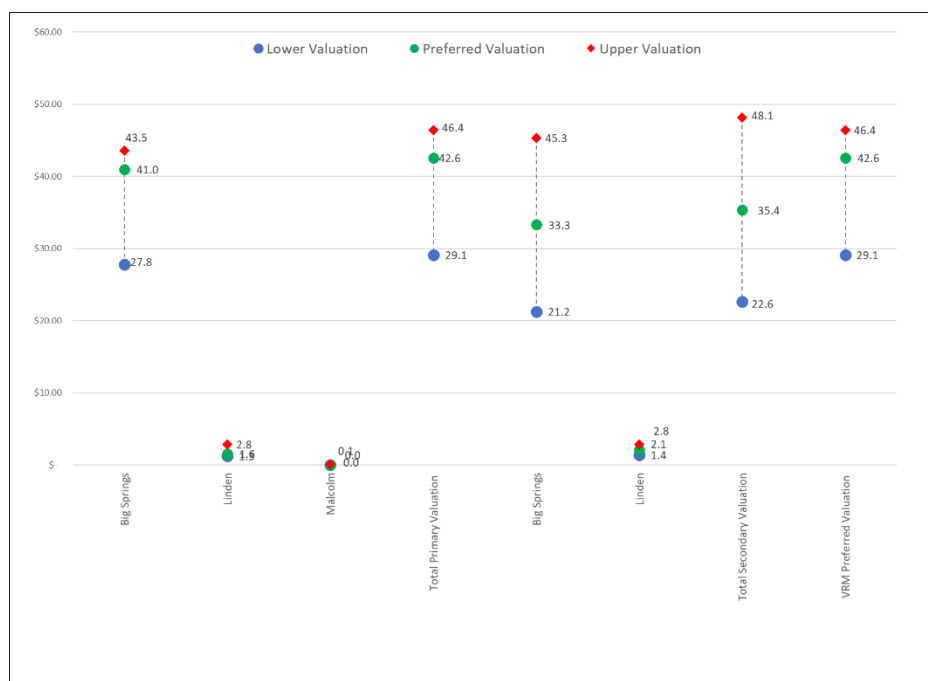
Big Springs Gold Project

Comparable Transactions Resource Multiples	13.1.1	27.8	41.0	43.5
Yardstick Valuation	13.1.2	23.4	36.6	49.9
Linden Gold Project, inc Second Fortune				
Comparable Transactions Resource Multiples	13.2.1	1.3	1.6	2.8
Yardstick Valuation	13.2.2	1.5	2.3	3.1
Geoscientific / Kilburn Valuation	13.2.3	1.4	2.5	3.7
PEM Valuation	13.2.4	3.10	3.51	3.91
Malcolm Gold Project				
Geoscientific / Kilburn Valuation	13.2.2	0.01	0.03	0.06
PEM Valuation	13.2.3	0.05	0.07	0.09

Note Appropriate rounding has been applied.

**Table 22 VRM's Preferred Valuation of the Mineral Assets of Anova Metals Limited**

	Lower Valuation (AUD\$ million)	Preferred Valuation (AUD\$ million)	Upper Valuation (AUD\$ million)
Big Springs Gold Project	27.8	41.0	43.5
Linden Gold Project	1.3	1.6	2.8
Malcolm Gold Project	0.01	0.03	0.06



**Figure 20 Project Valuation Summary**

## 7. Conclusion

VRM considers the Mineral Assets of Anova Metals, including the Big Springs, Linden and Malcolm Gold Projects to have a market value within a range of \$29.1 million to \$46.4 million with a preferred Project value, being the mid-point of \$42.63 million.

## 8. References

The references below document the main documents referred to in this report however the various ASX releases for the various companies including Anova have not been included in the reference list

Adams, O. F. 1996. Stratigraphy, structure and exploration potential of the Big Springs gold deposits, Northern Independence Range, Nevada. in Coyner, A.R. and Fahey, P.L., Editors, Geology and Ore Deposits of the American Cordillera. Geological Society of Nevada, Symposium Proceedings, Reno/Sparks, Nevada, April 1995, pages 1-13.

Anderson, B. N., Hobbie, P. C. and Doherty, M. E. 1994. The Big Springs Mine Geology, Engineering, and Operations, Elko County, Nevada. Independence Mining Co. Inc., unpublished company report (cited in Adams, 1996 and made available in the AngloGold data package).

Evans, L., Mishra, P., Altman, K. and Ladd, S. 2018 TECHNICAL REPORT ON THE JERRITT CANYON MINE, ELKO COUNTY, NEVADA, USA NI 43-101 Technical Report from <https://www.jerrittcanyon.com/wp-content/uploads/2020/04/RPA-Jerritt-Canyon-NI43-101-Report-FINAL-Sept-28-2018.pdf>

JORC, 2012. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Available from: <http://www.jorc.org>

Peatfield, G.R., and Rozelle, J.W. 2006 Technical Report on the Big Springs, Mac Ridge and Dorsey Creek Mineral Properties, Independence Mountains District, Elko County, Nevada, U.S.A. Gateway Gold Corp NI 43-101 Technical Report, <https://sedar.com>

VALMIN, 2015. Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code). Available from <http://valmin.org/>

## 9. Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral [www.webmineral.com](http://www.webmineral.com) or Wikipedia [www.wikipedia.org](http://www.wikipedia.org),

*The following terms are taken from the 2015 VALMIN Code*

**Annual Report** means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

**Australasian** means Australia, New Zealand, Papua New Guinea and their off-shore territories.

**Code of Ethics** means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

**Corporations Act** means the Australian Corporations Act 2001 (Cth).

**Experts** are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

**Exploration Results** is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

**Feasibility Study** means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

**Financial Reporting Standards** means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

**Independent Expert Report** means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

**Information Memoranda** means documents used in financing of projects detailing the project and financing arrangements.

**Investment Value** means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

**Life-of-Mine Plan** means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

**Market Value** means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

**Materiality** or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical

Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

**Member** means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

**Mineable** means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

**Mineral Asset** means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

**Mine Design** means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

**Mine Planning** includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

**Mineral** means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

**Mineralisation** means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.



**Mineral Project** means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

**Mineral Securities** means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

**Mineral Resources** is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

**Mining** means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging etc).

**Mining Industry** means the business of exploring for, extracting, processing and marketing Minerals.

**Modifying Factors** is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

**Ore Reserves** is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

**Petroleum** means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

**Petroleum Resource** and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to <http://www.spe.org> for further information.

**Practitioner** is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

**Preliminary Feasibility Study (Pre-Feasibility Study)** means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

**Professional Organisation** means a self-regulating body, such as one of engineers or geoscientists or of both, that:

- (a) admits members primarily on the basis of their academic qualifications and professional experience;
- (b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
- (c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

**Public Presentation** means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build good will.

**Public Report** means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical



Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

**Quarterly Report** means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

**Reasonableness** implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

**Royalty or Royalty Interest** means the amount of benefit accruing to the royalty owner from the royalty share of production.

**Securities** has the meaning as defined in the Corporations Act.

**Securities Expert** are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

**Scoping Study** means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

**Specialist** are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

**Status** in relation to Tenure means an assessment of the security of title to the Tenure.

**Technical Assessment** is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

**Technical Assessment Report** involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

**Technical Value** is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

**Tenure** is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

**Transparency** or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

**Valuation** is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

**Valuation Approach** means a grouping of valuation methods for which there is a common underlying rationale or basis.

**Valuation Date** means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

**Valuation Methods** means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

**Valuation Report** expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

**Value** means the Market Value of a Mineral Asset.

## Appendix A - Comparable Gold transactions - Western Australia

Project	Transaction Date	Vendor	Purchaser	\$ (\$ M)	Equity	Resource (MT)	Grade (g/t Au)	M oz	Resource Multiple (AUS\$/oz)	Normalised Multiple (AUS\$/oz)
Great Western	3/04/2020	Terrain Minerals	Red 5	2.5	100%	0.7	2.7	0.062	\$40.32	\$40.72
Cables and Mission	2/12/2019	Leopard Res.	Red 5	2	100%			0.185	\$10.81	\$13.70
Mayday North	9/09/2019	Strategic Projects Mining	Bardoc Gold	1.38	100%	2.13	1.64	0.11	\$12.32	\$15.23
Menzies, Goongarrie	9/07/2019	Horizon Minerals	Kingwest Res	8	100%	2.42	2.2	0.17	\$46.75	\$63.16
Deep South, Yundamindera	18/04/2019	Hawthorn Res	Saracen	13.5	100%	4.063	1.58	0.21	\$67.46	\$102.60
Penny's Find	4/03/2019	Empire Res	Orminex	0.6	100%	0.25	7.05	0.06	\$10.68	\$15.97
Zelica	14/11/2018	Anova	Matsa Res	0.15	100%	0.57	1.62	0.03	\$5.00	\$8.14
Polar Bear	1/02/2018	S2	Westgold	9.1	100%	4.22	2	0.264	\$34.09	\$55.37
Eureka	4/12/2017	Central Iron Ore	Tyranna Res	3.05	100%	0.45	4.4	0.06	\$47.88	\$77.53
Western Tanami	3/10/2017	Tanami Gold	Northern Star	4	100%	1.71	5.09	0.28	\$14.32	\$23.93
Red October	26/09/2017	Saracen	Matsa	2	100%	0.45	6.9	0.099	\$20.20	\$33.22
Moyagee	31/07/2017	Silver Lake	Musgrave Minerals	7.5	20%	3.55	3.09	0.35	\$21.29	\$36.40
Cue	18/07/2017	Silver Lake	Musgrave Minerals	7.5	20%	3.55	3.09	0.35	\$21.27	\$36.86
Trojan	6/12/2016	Westgold	Overland Res	0.95	100%	2.79	1.61	0.14	\$6.57	\$11.34
Klondyke	12/09/2016	Arcadia Minerals	Keras Res	2.52	100%	5.6	2.08	0.37	\$6.73	\$10.38
Lake Carey	27/07/2016	Fortitude Gold	Matsa Res	1.75	100%	6.29	1.9	0.38	\$4.56	\$6.95

Project	Transaction Date	Vendor	Purchaser	\$ (\$ M)	Equity	Resource (MT)	Grade (g/t Au)	M oz	Resource Multiple (AUS\$/oz)	Normalised Multiple (AUS\$/oz)
Murrin Murrin	14/07/2016	Zeta Res	GME Res	3	50%	0.55	3.12	0.05	\$54.67	\$85.57
Quinns and Mt Ida	6/07/2016	MGK Res	Latitude Cons	0.64	100%	1.23	2.46	0.1	\$6.60	\$9.84
Gnaweeda	11/04/2016	Chalice	Doray	2.99	12%	4.6	1.8	0.27	\$11.24	\$18.47
Quinns and Mt Ida	2/03/2016	Wild Acre Metals	MGK Res	0.15	100%	1.23	2.46	0.1	\$1.55	\$2.47
Millrose	1/02/2016	Riedel Res	Bowlane Nominees	0.95	100%	4	2.4	0.31	\$3.08	\$5.26
Twin Hills	26/12/2015	Golden Deeps	Melrose Res	0.05	100%	0.02	20.86	0.01	\$4.25	\$7.82

An analysis of the comparable transactions included in the table above have resulted in the below statistics

	Resource Multiple (A\$/oz)	Normalised Resource Multiple (A\$/oz)
Average	\$20.53	\$30.95
Median	\$11.78	\$17.22
25 <sup>th</sup> Percentile	\$6.18	\$9.42
75 <sup>th</sup> Percentile	\$35.65	\$44.39
60 <sup>th</sup> Percentile	\$19.02	\$31.37
40 <sup>th</sup> Percentile	\$10.71	\$14.00

## Appendix B - Comparable Gold transactions - Nevada

Properties Acquired	Buyer / Seller	Country / Region(s)	State / Province(s)	Date	\$ (\$M)	Reserves (oz)	Resources (oz)	Reserve Multiples (\$/oz)	Resource Multiples (\$/oz)	Normalised Resource Multiples (\$/oz)	Comment
Various	Argonaut Gold /Alio Gold	Mexico, USA	Various	30/03/2020	NA	2,062,254	3,869,215	21.941			Not Comparable
Black Rock Canyon	True Grit /Black Rock	USA	Nevada	20/12/2019	4.21	138,000	138,000	20.493	\$40.65	\$47.87	
Denton-Rawhide	EMX/Rawhide	USA	Nevada	19/12/2019	3.52	50,195	78,652	83.021	\$44.74	\$52.78	
Denton-Rawhide	Austral Gold /Rawhide mine	USA	Nevada	17/12/2019	3.96	56,702	88,849	82.640	\$44.54	\$52.57	
Various	Orion Resource /Victoria Gold Corp.	Canada, USA	Various	9/07/2019	24.48	227,154	424,581	107.766			Not Comparable
Nevada Operating Mines	Newmont / Barrick JV	USA	Nevada	11/03/2019	NA	12,761,000	31,300,000	NA			Operating Mines
Mineral Ridge	Scorpio Gold /Mineral Ridge	USA	Nevada	28/01/2019	0.70	82,501	108,905	NA	\$6.43		
Bald Mountain	Kinross/Bald Mountain	USA	Nevada	2/10/2018	15.50	849,000	2,823,500	18.257			Not Comparable
Relief Canyon	Americas Silver /Pershing Gold	USA	Nevada	30/09/2018	37.46	653,409	863,821	93.590	\$68.37	\$100.13	
Various	Hecla /Klondex	USA	Nevada	19/03/2018	446.41	522,870	5,415,922	1,050.909			Not Comparable
Coringa, Patty	Serabi/Chapleau	Brazil, USA	Various	14/11/2017	22.00	164,806	403,506	137.244	\$54.52		
Various	Centerra /AuRico	Canada, USA	Various	7/11/2017	246.14	3,572,341	12,131,192	115.290			Not Comparable

Properties Acquired	Buyer / Seller	Country / Region(s)	State / Province(s)	Date	\$ (\$M)	Reserves (oz)	Resources (oz)	Reserve Multiples (\$/oz)	Resource Multiples (\$/oz)	Normalised Resource Multiples (\$/oz)	Comment
Isabella Pearl	Gold Resource Corp/Isabella Pearl	USA	Nevada	12/08/2016	13.25	191,400	191,400	#DIV/0!	\$69.24	\$89.20	
Hollister	Klondex Mines /Hollister	USA	Nevada	25/07/2016	94.92	180,832	769,961	535.351			Includes mill
Various	GRP Minerals, / Midway	USA	Nevada, Washington	28/04/2016	5.25	302,400	3,535,900	17.361			Not Comparable
Black Rock Canyon	Undisclosed Buyer/Black Rock Canyon	USA	Nevada	15/07/2015	0.40	138,000	138,000	2.899	\$2.90	\$4.40	
Mount Hamilton	Waterton Nevada /Mt. Hamilton	USA	Nevada	10/06/2015	30.00	611,325	960,151	55.006	\$31.25	\$45.79	
Various	AuRico /Alamos Gold	Various	Various	13/04/2015	725.68	6,201,921	25,044,565	141.168			Not Comparable
South Arturo	Premier Gold Mines Limited/South Arturo project	USA	Nevada	6/04/2015	41.00	164,795	1,150,479	254.342	\$35.64	\$52.80	
Various	Waterton Global Res, /Chaparral Gold	Ecuador, USA	Azuay, El Oro, Nevada	27/01/2015	46.85	455,358	17,101,376	102.847			Not Comparable
Moss mine	Northern Vertex Mining./ Moss mine	USA	North America	12/05/2016	1.15	73,576	146,314		\$7.88	\$10.73	
Various	GRP Minerals / Midway	USA	North America	28/04/2016	5.25	302,400	3,629,900				Not Comparable

Properties Acquired	Buyer / Seller	Country / Region(s)	State / Province(s)	Date	\$ (\$M)	Reserves (oz)	Resources (oz)	Reserve Multiples (\$/oz)	Resource Multiples (\$/oz)	Normalised Resource Multiples (\$/oz)	Comment
	OceanaGold / Romarco.	Canada	North America	30/07/2015	656.94	2,018,000	4,840,000				Not Comparable
Stibnite	Undisclosed buyer/ Midas Gold Corporation	Canada	North America	25/02/2015	2.92	287,246	408,107		\$7.17	\$10.36	

An analysis of the comparable transactions included in the table above have resulted in the below statistics

	Resource Multiple (US\$/oz)	Normalised Resource Multiple (US\$/oz)	40% Exploraiton Discount
Average	\$36.99	\$38.57	\$23.14
Median	\$40.65	\$46.83	\$28.10
75th Percentlie	\$49.63	\$52.72	\$31.63
25th Percentlie	\$19.56	\$10.45	\$6.27
Max	\$69.24	\$100.13	\$60.08
Min	\$2.90	\$4.40	\$2.64
40th Percentlie	\$35.64	\$31.77	\$19.06
60th Percentlie	\$44.54	\$49.75	\$29.85

## Appendix C - Linden and Malcolm PEM Valuation and Previous Expenditure

### Previous Expenditure from Lodged Form 5's

Tenement	Project	Form 5 Expenditure							Total past 5 yrs	Total Admin and Mining	Total ex Admin and Mining
		2014	2015	2016	2017	2018	2019	2020			
E39/1539	LINDEN	\$23,316	\$36,250	\$44,369	\$17,057	\$19,670	\$55,896		\$173,242	\$36,432	\$136,810
E39/1977	LINDEN					\$1,761	\$8,048	\$21,06	\$30,873	\$5,263	\$25,610
								4			
E39/2081	LINDEN						\$6,928		\$6,928	\$2,000	\$4,928
M39/0255	LINDEN	\$125,370	\$24,243	\$371,859	\$2,139,104	\$5,635,246	\$17,574		\$8,188,026	\$7,681,597	\$506,429
M39/0649	LINDEN	\$94,310	\$106,537	\$107,491	\$1,508,522	\$3,424,806	\$84,662		\$5,232,018	\$4,824,766	\$407,252
M39/0650	LINDEN	\$104,473	\$102,079	\$130,980	\$984,082	\$2,298,054	\$67,823		\$3,583,018	\$3,229,277	\$353,741
M39/0794	LINDEN	\$49,781	\$68,948	\$69,067	\$65,779	\$27,587	\$27,937		\$259,318	\$38,673	\$220,645
P39/5599	LINDEN				\$1,700	\$8,495	\$6,040		\$16,235	\$4,134	\$12,101
M37/1164	MALCOLM	\$13,608	\$21,192	\$23,547	\$16,773	\$20,870	\$26,042		\$108,424	\$17,483	\$90,941
Total		\$410,858	\$359,249	\$747,313	\$4,733,017	\$11,436,489	\$300,950	\$21,06	\$17,598,082	\$15,839,625	\$1,758,457
								4			

### PEM Valuation

Tenement	Project	Total ex Admin and Mining	PEM Low	PEM High	PEM Low (A\$)	PEM Preferred (A\$)	PEM High (A\$)
E39/1539	LINDEN	\$136,810	1.0	1.3	\$140,000	\$160,000	\$180,000
E39/1977	LINDEN	\$25,610	1.0	1.3	\$30,000	\$30,000	\$30,000
E39/2081	LINDEN	\$4,928	0.5	1.0	\$-	\$-	\$-



M39/0255	LINDEN	\$506,429	3.0	4.0	\$1,520,000	\$1,775,000	\$2,030,000
M39/0649	LINDEN	\$407,252	1.5	1.8	\$610,000	\$670,000	\$730,000
M39/0650	LINDEN	\$353,741	1.3	1.5	\$460,000	\$495,000	\$530,000
M39/0794	LINDEN	\$220,645	1.5	1.8	\$330,000	\$365,000	\$400,000
P39/5599	LINDEN	\$12,101	0.5	1.0	\$10,000	\$10,000	\$10,000
Total Linden					\$3,100,000	\$3,505,000	\$3,910,000
M37/1164	MALCOLM	\$90,941	0.5	1.0	\$50,000	\$70,000	\$90,000
Total Malcolm					\$50,000	\$70,000	\$90,000
Total PEM Valuation					\$3,150,000	\$3,575,000	\$4,000,000

The PEM valuation has been determined based on the lodged Form 5 Expenditure for the past five years less the administration and mining expenditure included in the Form 5. Appropriate rounding has been applied

## Appendix D - Linden and Malcolm Geoscientific (Kilburn) Valuation

### Kilburn Ranking Criteria and BAC

Tenements	Project	BAC (AUS\$)	Equity	Off Property		On Property		Anomaly Factor		Geology Factor	
				Low	High	Low	High	Low	High	Low	High
E39/1539	Linden	30,000	100%	2	2.5	1.5	2	1.5	2	1	1.5
E39/2081	Linden	10,000	100%	1.5	2	1	1.1	0.9	1	0.9	1
E39/1977	Linden	10,000	100%	1.5	2	1	1	0.9	1	1	1.5
M39/255	Linden Second Fortune	10,000	100%	1.5	2	2.5	3	3.5	4	1.5	2
M39/649	Linden	75,500	100%	2.5	3	1.3	1.5	1.5	2	1.5	2
M39/650	Linden	85,600	100%	2.5	3	1.3	1.5	1.5	2	1	1.5
M39/794	Linden	41,900	100%	2	3	1.3	1.5	1.5	2	1	1.5
P39/5599	Linden	8,000	100%	2	3	1	1.5	1	1.5	0.9	1
M37/1164	Malcolm	12,753	100%	1	1.5	1	1.5	1	1.5	1	1.5

Technical and Market Valuation

Tenements	Project	Technical Valuation			Market Valuation (AUS \$ M)		
		Lower (AUS\$)	Upper (AUS\$)	Preferred (AUS\$)	Lower	Upper	Preferred
E39/1539	Linden	\$135,000	\$450,000	\$292,500	\$0.12	\$0.41	\$0.26
E39/2081	Linden	\$12,200	\$22,000	\$17,100	\$0.01	\$0.02	\$0.02
E39/1977	Linden	\$13,500	\$30,000	\$21,750	\$0.01	\$0.03	\$0.02
M39/255	Linden Second Fortune	\$196,900	\$480,000	\$338,450	\$0.18	\$0.43	\$0.30
M39/649	Linden	\$552,100	\$1,359,000	\$955,550	\$0.50	\$1.22	\$0.86
M39/650	Linden	\$417,300	\$1,155,600	\$786,450	\$0.38	\$1.04	\$0.71
M39/794	Linden	\$163,400	\$565,700	\$364,550	\$0.15	\$0.51	\$0.33
P39/5599	Linden	\$14,400	\$54,000	\$34,200	\$0.01	\$0.05	\$0.03
<b>Total Linden</b>		<b>\$1,504,800</b>	<b>\$4,116,300</b>	<b>\$2,810,550</b>	<b>\$1.4</b>	<b>\$3.7</b>	<b>\$2.5</b>
M37/1164	Malcolm	\$12,800	\$64,600	\$38,700	\$0.01	\$0.06	\$0.03
<b>Total</b>		<b>\$1,517,600</b>	<b>\$4,180,900</b>	<b>\$2,849,250</b>	<b>\$1.4</b>	<b>\$3.8</b>	<b>\$2.6</b>

## Appendix E - Linden and Malcolm Tenement Schedule

Tenement	Status	Project	Holder	Area	Area Unit	Grant Date	Application Date	Expiry Date	Expenditure Commitment	Rent	Group Reporting Number
E39/1539	LIVE	LINDEN	ANOVA	5	SB	18/11/2010	13/01/2010	17/11/2020	\$50,000.00	\$3,005.00	C37/2009
E39/1977	LIVE	LINDEN	ANOVA	1	SB	5/01/2017	1/06/2016	4/01/2022	\$10,000.00	\$361.00	C37/2009
E39/2081	LIVE	LINDEN	ANOVA	1	SB	3/10/2018	26/03/2018	2/10/2023	\$10,000.00	\$361.00	C37/2009
L39/0012	LIVE	LINDEN	ANOVA	30	HA	26/05/1988	11/12/1987	25/05/2023	\$0.00	\$525.00	
L39/0013	LIVE	LINDEN	ANOVA	1	HA	26/05/1988	8/04/1988	25/05/2023	\$0.00	\$17.50	
L39/0014	LIVE	LINDEN	ANOVA	1	HA	26/05/1988	8/04/1988	25/05/2023	\$0.00	\$17.50	
L39/0230	LIVE	LINDEN	ANOVA	26	HA	3/12/2014	6/06/2014	2/12/2035	\$0.00	\$455.00	
M39/0255	LIVE	LINDEN	ANOVA	19.40	HA	8/05/1991	11/01/1991	7/05/2033	\$10,000.00	\$396.00	C37/2009
M39/0649	LIVE	LINDEN	ANOVA	754.85	HA	8/07/2008	12/02/1998	7/07/2029	\$75,500.00	\$14,949.00	C37/2009
M39/0650	LIVE	LINDEN	ANOVA	846.45	HA	8/07/2008	12/02/1998	7/07/2029	\$84,700.00	\$16,770.60	C37/2009
M39/0794	LIVE	LINDEN	ANOVA	417.15	HA	8/07/2008	20/07/2000	7/07/2029	\$41,800.00	\$8,276.40	C37/2009
P39/5599	LIVE	LINDEN	ANOVA	200	HA	7/09/2016	16/02/2016	6/09/2020	\$8,000.00	\$580.00	C37/2009
M37/1164	LIVE	MALCOLM	ANOVA	101.25	HA	8/12/2004	16/12/2002	7/12/2025	\$10,200.00	\$2,019.60	C134/2017

Note there is a forfeiture application on P39/5599. Various caveats are in place over the tenements.

## Appendix F - Big Springs Tenement Schedule

All claims are 100% held.

Project Name	Prospect	Mining Claim Name
Big Springs	Big Springs	NDEEP-31, NDEEP-32
Big Springs	Big Springs	TT108 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	Dorsey Creek	NDEEP-18, NDEEP-19, NDEEP-35, NDEEP-36, NDEEP-52, NDEEP-53
Big Springs	Dorsey Creek	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
Big Springs	Golden Dome	DOME-1 to DOME-51
Big Springs	Golden Dome	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
Big Springs	Golden Dome	MP-14, MP-16, MP-18, MP-41, MP-43, MP-45, MP-47, MP-49 to MP-54
Big Springs	Golden Dome	NDEEP-1 to NDEEP-16, NDEEP-44 to NDEEP-51, NDEEP-61 to NDEEP-90
Big Springs	Jack Creek	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
Big Springs	Mac Ridge	BS-500 to BS-550, BS-557 to BS-579
Big Springs	Mac Ridge	MR-500 to MR-524, MR-526, MR-528, MR-530 to MR-537
Big Springs	Mac Ridge	NDEEP-33, NDEEP-34
Big Springs	Mac Ridge	TT-205 to TT-219
Big Springs	Unknown	AM1 to AM8

**Private lands, which include all minerals, subject to a 2% NSR royalty to Ellison Minerals, Inc. Per below:**

Township 42 North, Range 54 East (148.552 Hectares):

Section 7 - Lot 4 (SW $\frac{1}{4}$  SW $\frac{1}{4}$ ); SE $\frac{1}{4}$  SW $\frac{1}{4}$ ; NE $\frac{1}{4}$  SE $\frac{1}{4}$

Section 8 - N  $\frac{1}{2}$  SW $\frac{1}{4}$

Section 31 - Lot 2 (SW $\frac{1}{4}$  NW $\frac{1}{4}$ ); Lot 4 (SW $\frac{1}{4}$  SW $\frac{1}{4}$ ); NE $\frac{1}{4}$  SW $\frac{1}{4}$ ; SW $\frac{1}{4}$  SE $\frac{1}{4}$


**LODGE YOUR VOTE**

 **ONLINE**  
www.linkmarketservices.com.au

 **BY MAIL**  
Anova Metals Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



**X99999999999**

**PROXY FORM**

I/We being a member(s) of Anova Metals Limited and entitled to attend and vote hereby appoint:

**APPOINT A PROXY**

**the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

**STEP 1**

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:00am (WST) on Tuesday, 4 August 2020 at Orelia Room, Mercure Hotel, 10 Irwin Street Perth** (the **Meeting**) and at any postponement or adjournment of the Meeting.


**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

**VOTING DIRECTIONS**

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

**Resolutions**

	For	Against	Abstain*		For	Against	Abstain*
<b>1</b> Ratification of Issue of Shares under March Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>5</b> Ratification of Issue of Incentive Options to Lead Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>2</b> Ratification of Issue of Shares under Top-Up Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>6</b> Approval to Issue Balance of Incentive Options to Lead Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3</b> Ratification of Issue of Nil Subscription Shares to Unrelated Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>7</b> Approval to Issue Shares to Xingao as a follow-on Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>4</b> Approval to Issue Nil Subscription Shares to Dr Mingyan Wang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>8</b> Approval to Issue Options to Xingao	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)




Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**STEP 3**



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (WST) on Sunday, 2 August 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.



#### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

Anova Metals Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* During business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**