

Anova Metals Ltd

Sector: Gold

(ASX:AWV)

Imminent Nevada-based gold producer selling on a Cash Flow Multiple of 1x, with 3-6 year life

COMPANY STATISTICS

Share Price (4/3/16)	\$0.063
12 Month Range	\$0.026 - \$0.063
Market Capitalisation	\$22.55m
Enterprise Value	\$21.05m
Shares on Issue	358m
Unlisted Options/Perf. Rights	29.9m
Cash (estimated)	\$1.5m
Debt (to be arranged)	0
* after placement of \$1.5m (33 mill. shares at 4.5¢)	

SHARE PRICE PERFORMANCE



TOP SHAREHOLDERS (post-placement)

Phoenix Gold FundLujeta Pty Ltd	10.0%
Lujeta Pty Ltd	7.0%
Lomacott Pty Ltd	7.0%
Clariden Capital	5.0%
Twynam Agricultural Group	4.0%

COMPANY SUMMARY

In January 2013, Anova shareholders approved the acquisition of the Big Springs Gold Project in Nevada, which had a NI 43-101 resource of 1.2 Moz. It paid \$5/oz cash and \$4.30/oz in paper (on a share price of 8¢).

Since then it has been working towards permitting a restart of the mine which was previously operated by Freeport, which recovered 350,000 oz from 1987 to 1993. The current mine plans calls for the recovery of 142,000 using a 4 gpt cut-off, with ore being toll treated through the Jerritt Canyon roaster.

Recent Placement

Far East Capital recently completed a placement for AWV, raising \$1.5m at 4.5¢ a share (33 mill.), and was paid industry standard placement fees.

BOARD AND MANAGEMENT

Mal James: Non-Executive Chairman

Bill Fry: Executive Director

Alasdair Cooke: Non-Executive Director

Big Springs Project Summary (100% AWV)

Location	80 km N of Elko, Nevada USA
Infrastructure	Excellent in established mining region
Ore Type	Refractory ore requiring roasting
Treatment	To be trucked 40 miles to the Jerritt Canyon
Arrangement	Toll treatment agreement
Capacity	Up to 350,000 tpa, but budget for 270,000
Head Grade	5.5 gpt
Recovery Rate	88%
Gold Prod'n	42,000 oz p.a. over three years (+ extensions)
Cash Costs	US\$850/oz
Method	Open pit for 185,000 t at 4.51 gpt, 9:1 w:o Underground mining thereafter
Finance	\$1m from current placement + \$2m debt
NPV _{8%}	13¢ per share on a three year life 23¢ per share on a six year life Assuming US\$1200/oz, AUD 0.70

Compelling Points Minimise Risk

1. Technical certainty given previous mining and processing
2. Commissioning risk avoided through use of nearby plant
3. Nominal capex due to tolling arrangement, plant 40 miles away
4. Positive cash flow within months of contract mining commencing
5. Established mining province with good infrastructure
6. A number of ore shoots are open at depth with good intercepts

Timetable to Production

Anova has experienced a number of delays in the permitting of the project but it is almost there. Within three months the remaining permits are expected to be granted; Water Pollution Control Permit, Reclamation Permit and Environmental Assessment.

On this basis mining could commence by June 2016, with cashflow bring received shortly thereafter.

Potential Upside

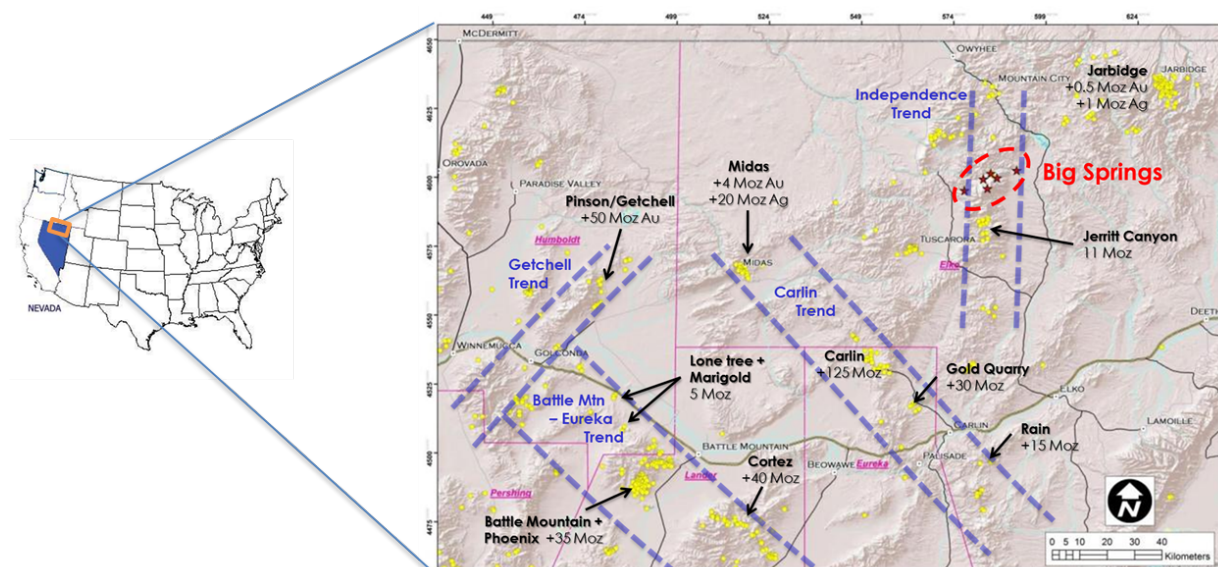
The current arrangement provides for the toll milling of the ore but this requires a cut-off grade of 4 gpt. There is a sizeable amount of ore grading 3-4 gpt which will be left in waste dumps. If Anova can re-negotiate the arrangement to lower the cut-off grade to 3 gpt, both parties will be materially better off.

The orebodies are open at depth, as demonstrated by drilling and the sections over the page. The potential exists for a longer life mine.

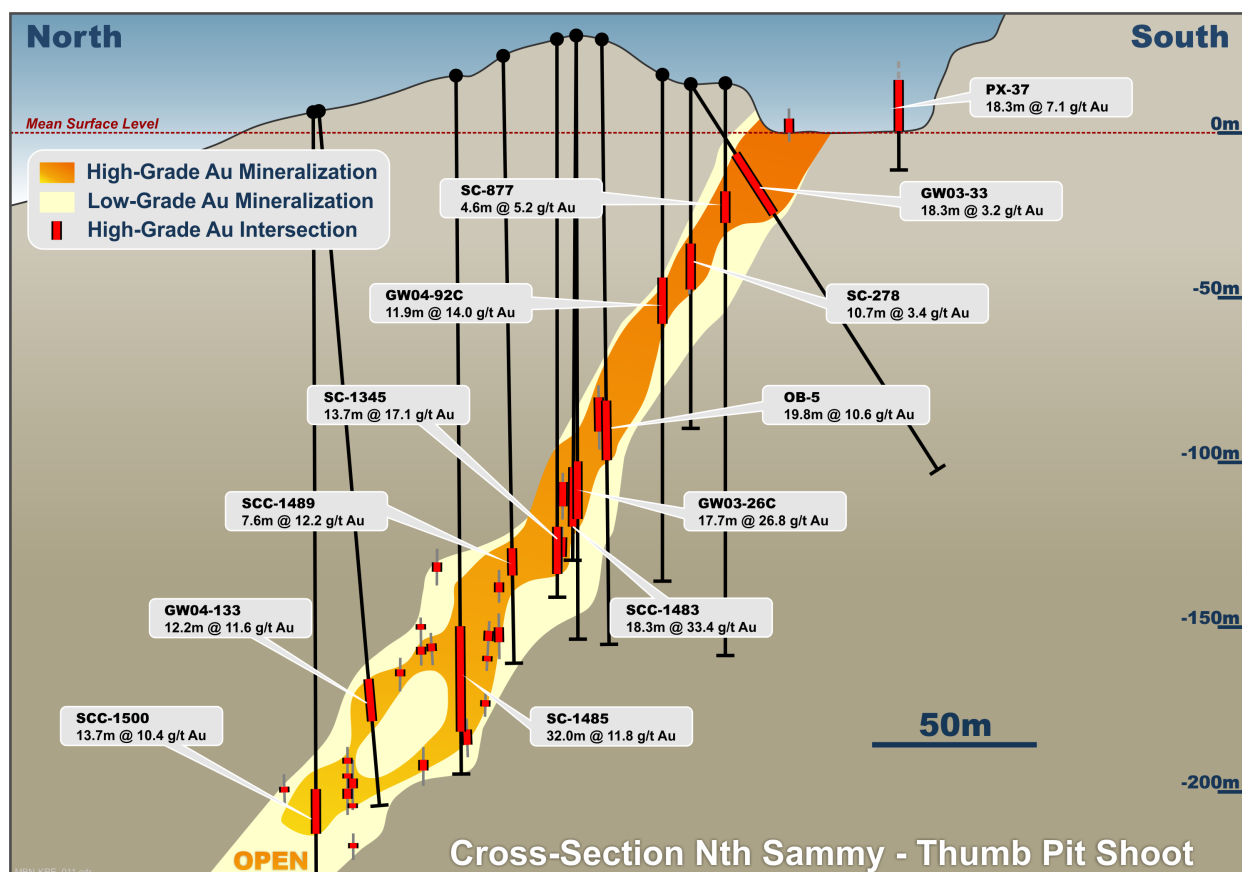
Geology and Mineralisation

- Gold is found primarily as very fine inclusions in arsenical pyrite, pyrite, goethite and silica. Sulphide content of ore zones is up to 15% by volume. It is viewed as typical Carlin Trend style.
- Gold mineralisation controls are structure and host stratigraphy.

Location of Assets



Mineralisation Cross Section



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