

NOVO RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended April 30, 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOVO RESOURCES CORP.

Condensed Interim Consolidated Financial Statements
Three Months Ended April 30, 2016

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Novo Resources Corp. for the three months ended April 30, 2016 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indication that an auditor has not reviewed the condensed interim consolidated financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim financial statements by an entity's auditor.

Novo Resources Corp.
(Expressed in Canadian Dollars)
Condensed Interim Consolidated Statements of Financial Position

	Note	April 30, 2016 \$	January 31, 2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	2,010,366	1,375,545
Restricted cash	3, 17	2,053,774	-
Receivables	4	161,572	382,104
Prepaid expenses and deposits		107,283	173,823
Total current assets		4,332,995	1,931,472
Non-current assets			
Marketable securities	5	120,067	76,706
Investment in associate	6	-	5,473
Equipment	9	458,246	419,797
Exploration and evaluation assets	8	25,560,748	25,468,739
Total non-current assets		26,139,061	25,970,715
Total assets		30,472,056	27,902,187
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		462,511	747,848
Gold right convertible debenture	2, 17	1,856,304	-
Gold redemption swap contract	2, 17	464,088	-
Total current liabilities		2,782,903	747,848
SHAREHOLDERS' EQUITY			
Share capital	10	39,788,281	37,486,955
Reserves	10	634,803	634,803
Accumulated other comprehensive income		(1,003,482)	84,873
Accumulated deficit		(11,730,449)	(11,052,292)
Non-controlling interest	7	-	-
Total shareholders' equity		27,689,153	27,154,339
Total shareholders' equity and liabilities		30,472,056	27,902,187

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on June 29, 2016. They are signed on the Company's behalf by:

<u>"Akiko Levinson"</u>	<u>"Herrick Lau"</u>
Akiko Levinson	Herrick Lau

Novo Resources Corp.
(Expressed in Canadian Dollars)
Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

	Note	Three Months Ended April 30,	
		2016	2015
		\$	\$
Expenses			
Accounting and audit		55,783	51,709
Accretion expense	2, 17	29,237	-
Consulting services	11	76,383	122,943
Insurance		12,963	7,695
Interest expense	13	-	19,726
Legal fees		51,778	21,188
Meal and travel expenses		12,231	8,271
Office and general		34,962	64,976
Transfer agent and filing fees		51,676	13,119
Wages and salaries	11	70,998	76,284
Loss before other items		(396,011)	(385,911)
Other items			
Interest income		2,874	41,655
Impairment of marketable securities	5	-	(3,975)
Foreign exchange gain (loss)		(48,178)	479,764
Share of loss in associate	6	(5,473)	(11,382)
Gold right convertible debenture financing expense	2, 17	(231,369)	-
Gain (loss) on sale of mineral property	8	-	46,397
		(282,146)	552,459
Net gain (loss) for the period		(678,157)	166,548
Gain (loss) attributable to:			
Shareholders of the Company		-	164,545
Non-controlling interest	7	-	2,003
Other comprehensive income (loss)			
Change in fair value of marketable securities	5	43,361	27,775
Foreign exchange on translation of subsidiaries		(1,131,716)	(806,432)
		(1,088,355)	(778,657)
Comprehensive gain (loss) for the period		(1,766,512)	(612,109)
Comprehensive gain (loss) attributable to:			
Shareholders of the Company		-	(614,112)
Non-controlling interest	7	-	2,003
Weighted average number of common shares outstanding			
		79,461,515	61,783,128
Basic and diluted gain (loss) per common share			
		(0.01)	0.00

Novo Resources Corp.
(Expressed in Canadian Dollars)
Condensed Interim Consolidated Statements of Changes in Equity

	Note	Number of Shares	Amount \$	Option Reserve \$	Warrant Reserve \$	Accumulated Other Comprehensive Income \$	Accumulated Deficit \$	Non-Controlling Interest \$	Shareholders' Equity \$
Balance – January 31, 2015		61,776,798**	28,598,381	613,392	19,934	(332,743)	-	(6,188,113)	(170,250)
Issuance of shares for debt settlement	8	70,422	50,001	-	-	-	3,479,284	-	-
Other comprehensive loss for the period		-	-	-	-	(778,657)	-	-	-
Loss for the period		-	-	-	-	-	-	164,545	2,003
Balance – April 30, 2015		61,847,220**	28,648,382	613,392	19,934	(1,111,400)	3,479,284	(6,023,568)	(168,247)
Balance – January 31, 2016		77,148,428	37,486,955	613,392	21,411	84,873	(11,052,292)	-	27,154,339
Non-brokered private placement	10	3,927,884	2,356,730	-	-	-	-	-	2,356,730
Share issuance costs	10	-	(55,404)	-	-	-	-	-	(55,404)
Other comprehensive loss for the period		-	-	-	-	(1,088,355)	-	-	(1,088,355)
Loss for the period		-	-	-	-	-	(678,157)	-	(678,157)
Balance – April 30, 2016		81,076,312	39,788,281	613,392	21,411	(1,003,482)	(11,730,449)	-	27,689,153

** These do not include 6,646,047 common shares which were in escrow at the time with the Company's legal counsel and issued in preparation for the closing of the Definitive Agreement with the Creasy Group (all terms defined in Note 8) which had not yet occurred as of the date of the April 30, 2015 condensed interim consolidated financial statements (see Note 8).

Novo Resources Corp.
(Expressed in Canadian Dollars)
Condensed Interim Consolidated Statements of Cash Flows

	Three Months Ended April 30,	
	2016	2015
	\$	\$
Operating activities		
Net gain (loss) for the period	(678,157)	166,548
Adjustments for:		
Interest income	(2,874)	(41,655)
Accretion expense	29,237	-
Depreciation	666	626
Foreign exchange	(1,109,861)	(806,211)
Impairment of marketable securities	-	3,975
Share of losses of associate	5,473	11,382
Gold redemption swap contract	464,088	-
Financing expense on gold right convertible debenture	(231,369)	-
	<u>(844,640)</u>	<u>(831,883)</u>
	(1,522,797)	(665,335)
Changes in non-cash working capital items:		
Shares to be issued	-	3,479,284
Accounts payable and accrued liabilities	654,886	286,944
Prepaid expenses and deposits	66,540	(98,285)
Receivables	220,533	(860,346)
	<u>941,959</u>	<u>2,807,597</u>
Net cash provided (used) by operating activities	<u>(580,838)</u>	<u>2,142,262</u>
Investing activities		
Interest income	2,874	41,655
Purchase of equipment	(56,308)	-
Expenditures on exploration and evaluation assets	(1,032,234)	(7,409,581)
	<u>(1,085,668)</u>	<u>(7,367,926)</u>
Net cash used in investing activities	<u>(1,085,668)</u>	<u>(7,367,926)</u>
Financing activities		
Issuance of share capital	2,356,731	-
Share issuance costs	(55,404)	-
Issuance of gold right convertible debenture	2,053,774	-
Short term loan	-	5,000,000
	<u>4,355,101</u>	<u>5,000,000</u>
Net cash from financing activities	<u>4,355,101</u>	<u>5,000,000</u>
Net change in cash and cash equivalents	2,688,595	(225,664)
Cash and cash equivalents, beginning of the period	1,375,545	10,158,594
Cash and cash equivalents, end of the period	<u>4,064,140</u>	<u>9,932,930</u>
Cash and cash equivalents comprise:		
Cash	650,166	2,841,296
Restricted cash	2,053,774	-
Cash equivalents	1,360,200	7,091,634
	<u>4,064,140</u>	<u>9,932,930</u>
Supplemental cash flow information (Note 10)		

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements

For the period ended April 30, 2016

1. NATURE OF OPERATIONS

Novo Resources Corp. (the "Company" or "Novo") was incorporated on October 28, 2009 pursuant to the provisions of the *Business Corporations Act* (British Columbia) as Galliard Resources Corp. The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties. The Company's head office is located at 1980 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9, Canada.

On June 27, 2011, the Company changed its name from Galliard Resources Corp. to Novo Resources Corp. On June 29, 2011, the Company's common shares began trading under the new symbol of "NVO" on the Canadian Securities Exchange (the "CSE"). On May 27, 2015, the Company listed on the TSX Venture Exchange (the "TSX-V"). The Company de-listed from the CSE on May 29, 2015. The Company's common shares still trade under the ticker symbol "NVO".

On August 14, 2012, the Company's shares commenced trading in the United States on the OTC market's OTCQX International under the symbol of "NSRPF".

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS as issued by the IASB and interpretations of the IFRIC, on a basis consistent with the most recent annual consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended January 31, 2016.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as at fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgment of complexity or where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized during the period in which the estimate is revised if the revision affects only that period or during the period of the revision and further periods if the review affects both current and future periods.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries listed below. Under the guidance of IFRS 10 *Consolidated Financial Statements*, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquiror's

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returns. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

As at April 30, 2016, the subsidiaries of the Company are as follows:

Company Name	Country of Incorporation	% of Interest
Novo Resources (USA) Corp.	Nevada, USA	100%
Conglomerate Gold Exploration (B.V.I.) Ltd.	Tortola, British Virgin Islands	100%
Conglomerate Gold Exploration Pty. Ltd. ("CGE")	Western Australia, Australia	100%**
Nullagine Gold Pty. Ltd.	Western Australia, Australia	100%
Beatons Creek Gold Pty. Ltd.	Western Australia, Australia	100%
Grant's Hill Gold Pty. Ltd.	Western Australia, Australia	100%

**See Note 7 *Change in Non-Controlling Interests*.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. Non-controlling interests consist of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share in changes in equity since the date of acquisition. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net loss and comprehensive loss is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Foreign Currency Translation

The functional currency of each of the Company's components has been determined to be the local currency of their home jurisdictions. Each component's functional currency is the currency of the primary economic environment in which the component operates. The Company's condensed interim consolidated financial statements are presented in Canadian dollars.

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates for the reporting period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income or loss. On disposal of a foreign operation, the component of other comprehensive income or loss relating to that particular foreign operation is recognized in profit or loss.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for, and development of, mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production basis. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company

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recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

Impairment of non-financial assets

Exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. All capitalized exploration and evaluation assets are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the exploration and evaluation asset is not expected to be recovered, it is charged to the results of operations.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

Decommissioning and rehabilitation liabilities

The Company recognizes the fair value of a decommissioning and restoration liability in the year in which the obligation is incurred. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company did not have any significant decommissioning and restoration obligations at April 30 or January 31, 2016.

Share-based payments

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the options granted at the date the Company receives the goods or the services using the Black-Scholes option pricing model.

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Earnings (loss) per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

As at April 30, 2016, the Company has 7,762,021 warrants (January 31, 2016 – 3,834,137) and 1,260,000 options outstanding (January 31, 2016 – 1,260,000).

Property, Equipment and Amortization

Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Amortization

Amortization is recognized in profit or loss and property and equipment is amortized over their estimated useful lives using the following methods:

Furniture and equipment	5 years straight-line
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Amortization will not be recorded on the mining equipment purchased by the Company during the period ended April 30, 2016 until it is available for use.

Investment in Associates

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognized in the consolidated statement of financial position at cost. The Company's share of post-acquisition profits and losses is recognized in the consolidated statement of profit or loss and other comprehensive income, except that losses in excess of the Company's investment in the associate are not recognized unless there is an obligation to fund those losses.

Profits and losses arising on transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

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Any premium paid for an associate above the fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in the associate arising from changes in the associate's other comprehensive income. Such adjustments to the carrying amount are charged to operations as a gain or loss on dilution in the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Convertible debentures and derivative liabilities

The Company uses the fair-value method of accounting for convertible debentures and derivative liabilities. Under this method, convertible debentures and derivative liabilities are measured at fair value at the issue date. The convertible debentures and derivative liabilities are subsequently re-measured and the change in fair values is expensed in the reporting period. In determining the fair value for both convertible debentures and derivative liabilities, the Company estimates interest rates for similarly obtained debt and estimates the probability of a milestone event happening and applies that to the fair value. Changes to these estimates could result in the fair value of the convertible debentures and derivative liabilities being less than or greater than the amount recorded. If the production threshold is not met, the fair value would be \$1,856,304 and if the production threshold is met, based on current market prices, the fair market value at the reporting period would be \$2,784,481; the current carrying value of the convertible debt is \$2,320,392.

Financial instruments

Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Cash and cash equivalents and interest receivable are classified as loans and receivables.

Available-for-sale investments

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss is reclassified from accumulated other comprehensive income or loss to profit or loss.

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Marketable securities (common shares) are classified as available for sale.

Fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. Fair value through profit or loss is measured at fair value, and changes are recognized in profit or loss.

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid.

The Company has designated its convertible debenture as a financial liability. The financial liability is a compound liability and the Company has chosen to separate the embedded derivative and value separately from the host contract. The host contract is valued using level 3 inputs. Rates for the implied interest rate of the host contract have been estimated by management based on what management believes is obtainable in the open market for a similar loan. The initial fair value of the embedded derivative is recorded using the present value of Level 1 quoted prices in active markets for the future price of gold futures in December of 2016 and level 3 valuation techniques due to a required event that would trigger the embedded derivative to be realized, so the whole instrument is valued at level 3. The Company applies a probability percentage of the triggering event to the difference in the future price of gold futures against the redemption price to obtain fair value. When the convertible debenture was issued on March 10, 2016, the Company used a probability metric of 70%. As at April 30, 2016, the Company used a probability metric of 50% due to the delay in obtaining bulk sampling permits.

For subsequent measurement, fair value of the embedded derivative component is re-measured each reporting period based on the quoted price in the market for gold futures in December 2016 along with management's estimate as to the likelihood of the milestone event occurring.

Government grants

From time to time the Company receives government incentive programs such as investment tax credits. Government incentives are accrued when there is reasonable assurance of realization and reflected as a reduction of the related asset or expense.

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Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Significant accounting judgments and estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) Recoverability of exploration and evaluation assets

The amounts shown as exploration and evaluation assets represent net costs to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The recoverability of these amounts and any additional amounts required to place the exploration and evaluation assets into commercial production are dependent upon certain factors. These factors include the existence of ore deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop its exploration and evaluation assets.

ii) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

There are no key estimates that have a risk of causing material adjustment to the carrying amounts of assets and liabilities.

New standards, interpretations and amendments

The following are accounting standards anticipated to be effective January 1, 2016 or later:

IFRS 7 Financial instruments: Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its condensed interim consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective

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for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently evaluating the impact this standard is expected to have on its condensed interim consolidated financial statements.

IFRS 10 Consolidated Financial Statements

The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is held in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are held in a subsidiary. Upon adoption, the amendments may impact the Company in respect of future sale or contribution of assets with its associates or joint ventures. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact this standard is expected to have on its condensed interim consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements

On December 18, 2014 amendments were made to IAS 1 as part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Company is currently evaluating the impact this standard is expected to have on its condensed interim consolidated financial statements.

Initial Adoption of Accounting Standards

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2015. The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

The amendments to IFRS 2 *Share-based Payments* clarify vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The Company has evaluated the impact of the amendments to IFRS 2 and has determined that it has no material impact on its financial statements.

The amendments to IFRS 8 *Operating Segments* require additional disclosures regarding management judgments when operating segments have been aggregated in determining reportable segments. The Company has evaluated the impact of the amendments to IFRS 8 and has determined that it has no material impact on its financial statements.

The amendments to IFRS 13 *Fair Value Measurement* clarify that short-term receivables and payables with no stated interest rate can still be measured at the invoice amount without discounting, if the effect of discounting is immaterial. It also defines the scope of an exemption that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis. The Company has evaluated the impact of the amendments to IFRS 13 and has determined that it has no material impact on its financial statements.

The amendments to IAS 24 *Related Party Disclosures* clarify the increase in disclosure required for entities that have related party management services provided by a company rather than individuals. The Company has evaluated the impact of the amendments to IAS 24 and has determined that it has no material impact on its financial statements.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and on hand, and short-term highly liquid investments that are readily convertible to known amounts of cash. Short-term investments are fixed term deposits held at the bank with a maturity of more than three months but cashable at any time. As at April 30, 2016, the Company has two short-term investments totalling \$1,360,200 of principal and \$1,360 of interest. All short-term investments are denominated in Canadian funds, have annual yields of 0.9%, and are due on

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February 23 and March 10, 2017, respectively. As at April 30, 2016, the Company has another short-term investment totaling \$1,400,300 of principal. This short-term investment is denominated in Canadian funds, has an annual yield of 0.9%, and is due on March 10, 2017. However, this short-term investment is being treated as restricted cash on the Company's condensed interim consolidated statements of financial position. Please see note 17, Gold Right Convertible Debenture below for further details.

4. RECEIVABLES

	April 30, 2016		January 31, 2016	
Canadian GST receivable	\$	13,239	\$	40,020
Australian GST receivable		146,973		336,736
Interest receivable		1,360		5,348
Total receivable	\$	161,572	\$	382,104

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At April 30, 2016, the Company held the following marketable securities:

	April 30, 2016				
	Number	Cost	Accumulated Unrealized Gains/ (losses)	Cumulative Impairment	Fair Value
Available-for-sale securities					
EurOmax Resources Ltd. Common Shares	153,333	\$ 101,200	\$ 59,800	\$ (78,200)	\$ 82,800
Evolving Gold Corp. Common Shares	142,857	\$560,000	18,572	(555,715)	22,857
Northern Empire Resources Corp. Common Shares	99,376	1,000,000	10,931	(996,521)	14,410
		\$ 1,661,200	\$ 89,303	\$ (1,630,436)	\$ 120,067

	January 31, 2016				
	Number	Cost	Accumulated Unrealized Gains/ (Losses)	Cumulative Impairment	Fair Value
Available-for-sale securities					
Euromax Resources Ltd. Common Shares	153,333	\$ 101,200	\$ 38,333	\$ (78,200)	\$ 61,333
Evolving Gold Corp. Common Shares	142,857	560,000	2,144	(555,715)	6,429
Northern Empire Resources Corp. Common Shares	99,376	1,000,000	5,465	(996,521)	8,944
		\$ 1,661,200	\$ 45,942	\$ (1,630,436)	\$ 76,706

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(a) Euromax Resources Ltd. Common Shares

No common shares of Euromax have been sold during the period ended April 30, 2016, and the year ended January 31, 2016. All warrants expired on January 13, 2014 without being exercised.

During the period ended April 30, 2016, the Company recognized a gain of \$21,467 (April 30, 2016 – \$26,067) in the statement of other comprehensive loss. Management did not recognize any impairment on marketable securities with respect to the Euromax common shares for the period ended April 30, 2016 (April 30, 2015 - \$nil) in the statement of comprehensive loss.

(b) Evolving Gold Corp. Common Shares

No common shares of Evolving have been sold during the period ended April 30, 2016, and the year ended January 31, 2016. All warrants expired on August 13, 2015 without being exercised.

During the period ended April 30, 2016, the Company recognized a gain of \$16,428 (April 30, 2015 - \$714) in the statement of other comprehensive loss. Management did not recognize any impairment on marketable securities with respect to the Evolving common shares for the period ended April 30, 2016 (April 30, 2015 - \$nil) in the statement of comprehensive loss.

(c) Northern Empire Resources Corp. (formerly Prosperity Goldfields Corp.) Common Shares

No common shares of Northern Empire have been sold during the years ended January 31, 2016 and 2015.

During the period ended April 30, 2016, the Company recognized a gain of \$5,466 (April 30, 2015 – \$994) in the statement of other comprehensive loss. Management did not recognize any impairment on marketable securities with respect to the Northern Empire shares for the period ended April 30, 2016 in the statement of comprehensive loss (April 30, 2015 – management determined a significant decline in the value of the common shares held in Northern Empire and recognized an impairment on marketable securities of \$3,975 in the statement of loss).

6. INVESTMENT IN ASSOCIATE

On November 18, 2014, the Company acquired 1,000,000 common shares of Sinter Print Inc. (“Sinter”) at a cost of USD \$100,000 (CAD \$113,848). The Company holds 20.16% of Sinter’s outstanding common shares. Sinter meets the definition of an associate and has been accounted for in these condensed interim consolidated financial statements as an equity investment. Sinter is a private company incorporated in Colorado, USA.

The following table shows the continuity of the Company’s interest in Sinter for the period from November 18, 2014, to April 30, 2016:

Investment in Sinter	\$	113,848
Less: share of losses in associate		(7,978)
Balance, January 31, 2015		105,870
Less: share of losses in associate		(100,397)
Balance, January 31, 2016	\$	5,473
Less: share of losses in associate		(5,473)
Balance, April 30, 2016	\$	-

The Company’s share of losses in Sinter during the prior year is for the period from November 18, 2014, to April 30, 2016.

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As at April 30, 2016, the Company's share of losses in Sinter exceeded its interest in Sinter. As per IAS 28.30, after the Company's interest is reduced to zero, additional losses are recognized by a provision (liability) only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of Sinter. If Sinter subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized. Since the Company has not incurred legal or constructive obligations or made payments on behalf of Sinter, the Company's interest in Sinter has been reduced to zero on the Company's condensed interim consolidated statements of financial position. No further amounts shall be recognized until the Company's share of Sinter's future profits, if any, equal the share of losses not recognized.

7. CHANGE IN NON-CONTROLLING INTERESTS

On June 29, 2015, pursuant to the Definitive Agreement (as defined below in Note 8), the Company reached the first of two contemplated completion milestones with the Creasy Group (as defined below in Note 8) under the Definitive Agreement. Settlement was finalized and announced on July 28, 2015. Under this initial completion milestone, Novo acquired the 330 Creasy CGE Shares (defined below in section 8) in exchange for 7,060,466 Novo common shares. With this issuance of 7,060,466 Novo common shares, the Company acquired the remaining 36.67% of CGE. As such, CGE became a wholly-owned subsidiary of Novo.

The following table shows the continuity of the Company's interest in CGE for the period from July 16, 2012, to June 29, 2015:

July 16, 2012	\$	-
Less: loss attributable to CGE		(64,492)
Balance, January 31, 2013		(64,492)
Less: loss attributable to CGE		(40,425)
Balance, January 31, 2014		(104,917)
Less: loss attributable to CGE		(65,333)
Balance, January 31, 2015		(170,250)
Less: loss attributable to CGE		(40,854)
Balance, June 29, 2015	\$	(211,104)
Elimination of non-controlling interest (Note 8)		211,104
Balance, June 29, 2015		-

The financial statement balances of CGE were as follows as at January 31, 2015, and June 29, 2015, being the date the Company acquired a 100% interest in CGE:

	June 29, 2015	January 31, 2015
	\$	\$
Total current assets	1,356,497	770,182
Total assets	21,097,393	12,217,703
Total current liabilities	458,041	274,689
Total liabilities	23,212,319**	13,492,747**
Net loss	(111,410)	(790,698)

**These amounts include inter-company balances of \$22,754,278 (January 31, 2015 - \$13,218,058) that are removed upon consolidation.

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8. EXPLORATION AND EVALUATION ASSETS

Millennium Property

On March 26, 2015, the Company signed a sale and purchase agreement (the "Purchase Agreement") with Millennium Minerals Ltd. ("Millennium") to secure the Company's right to a 70% interest in the Beatons Creek Tenements covering the Beatons Creek gold-bearing conglomerates and to purchase the remaining 30% interest from Millennium for a purchase price of AUD \$3.8 million (CAD \$3,782,900). Pursuant to the Purchase Agreement, Millennium agreed to waive the need for a bankable feasibility study by August 2016 and, as a result, the Company satisfied the conditions of the Farm-in Agreement and was entitled to a 70% interest in the Beatons Creek Tenements as to gold rights upon completion of the transactions under the Purchase Agreement. The Purchase Agreement also provided that Millennium would sell to the Company the remaining 30% in the Beatons Creek Tenements as to gold rights, together with all other rights in the Beatons Creek Tenements held by Millennium.

Transfer of the Beatons Creek Tenements was subject to receipt of approval of the Minister of the Crown of the State of Western Australia. This approval was received on March 31, 2015 and as a result, the Farm-in agreement between the Company and Millennium has come to an end and the Company now holds a 100% interest in the Beatons Creek Tenements through an indirect subsidiary.

Talga Project

On August 12, 2015, the Company, through its Australian subsidiary, Beatons Creek Gold Pty Ltd, entered into an option agreement with Talga Resources Ltd. ("Talga Resources"), an Australian Stock Exchange listed company, for the right to explore its Talga Talga, Warrawoona, and Mosquito Creek projects (each a "Talga Project" and, collectively, the "Talga Projects"). A payment of AUD \$50,000 (CAD \$49,775) was made to Talga Resources for an initial option period of 4 months. The option period can be extended to the second anniversary of this agreement by making a second payment of AUD \$200,000 four months after the date of signing of the option agreement. The Company has the right to then purchase at any time until the second anniversary any of the Talga Projects for AUD \$250,000 per Talga Project.

On December 9, 2015, the Company signed a variation letter (the "Letter of Variation") with Talga whereby the first option period was extended to the earlier of February 29, 2016, or the day the Company begins work of any kind on the Talga Projects. The Company paid Talga AUD \$50,000 (CAD \$49,775) for this extension, and this amount will be applied as a credit towards any future option payment made on the Talga Projects. Furthermore, by paying another AUD \$150,000, the Company can extend the option period to the second anniversary of this agreement. As at January 31, 2016, the Company had paid AUD \$250,000 (CAD \$248,875) to Talga Resources comprised of the original AUD \$50,000 (CAD \$49,775) payment, as well as the AUD \$50,000 (CAD \$49,775) and AUD \$150,000 (CAD \$149,325) payments delineated in the variation letter. As such, the Company has until August 11, 2017 to exercise its option and purchase any of the Talga Projects.

Blue Spec Project

On August 17, 2015, the Company, through its Australian subsidiary, Beatons Creek Gold Pty Ltd, entered into an agreement (the "Agreement") to purchase the Blue Spec Au-Sb Project ("Blue Spec Project") from Northwest Resources Limited ("Northwest"), an Australian Stock Exchange listed company.

Completion of the sale was conditional on Northwest shareholder approval, Australian Foreign Investment Review Board approval, TSX Venture Exchange approval and obtaining other third party consents and Ministerial approval as may be required, all of which were received on or before October 5, 2015. The purchase price for the project included cash payments totaling AUD \$350,000 (CAD \$348,425) and the issuance of 485,394 common shares of Novo (the "Consideration Shares"). The Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance. As at January 31, 2016, the Company has made cash payments totaling AUD \$350,000 (CAD \$348,425) and issued the Consideration Shares to Northwest. A loss of CAD \$46,754 was recorded upon the issuance of the Consideration Shares, and it accounted for the difference between the fair value of the Consideration

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Shares on the date of issuance and the implicit value derived from the Agreement. Consideration for the Blue Spec Project totaled CAD \$673,639.

The Blue Spec Project encompasses approximately 125 square kilometres and is situated approximately 20 kilometres due east of Novo's Beatons Creek Project near the town of Nullagine, Western Australia. Gold mineralization is of orogenic lode vein style and is hosted by an east-west trending shear zone extending approximately 20 kilometres along the length of the properties. Multiple gold-bearing quartz veins occupying steeply plunging shoots occur along this shear zone, which are accompanied by significant amounts of stibnite, a Sb-sulfide mineral.

Paleo-Placer Property

The Company, CGE, and Nullagine Gold Pty Ltd ("Nullagine Gold"), entered into four farm-in and joint venture agreements (the "JVA") dated July 16, 2012 and one deed of variation dated September 7, 2012 with Witx Pty Ltd, Mark Gareth Creasy, Whim Creek Mining Pty Ltd, and Tantalumx Pty Ltd. (collectively the "Creasy Group") of Western Australia. As consideration for the farm-in right to acquire a 70% interest in all gold rights, the Company was required to spend AUD\$1 million on exploration expenditure across the Paleo-Placer Property, which has been completed. The Company will solely fund all expenditures on the Paleo-Placer Property.

CGE will reimburse past exploration expenditure on the Paleo-Placer Property incurred by the Creasy Group, as verified by CGE, up to a maximum of AUD\$5.5 million. The reimbursement is contingent on CGE achieving a listing on a recognized stock exchange (an "IPO") within 4 years of the execution of the JVA's. The reimbursement will be paid from net funds raised in an IPO (if completed) and subsequent funding rounds (if completed), capped at 10% of net funds from each round, until the verified expenditure is reimbursed. If CGE has not achieved an IPO within 4 years, the Paleo-Placer Property will be returned to 100% ownership by the Creasy Group at no cost, unless otherwise agreed. If a mining decision is made under any of the JVA's following a bankable feasibility study but if the Creasy Group elects not to participate in mining, its interest in relation to that mining area and the underlying ground will be transferred to Nullagine Gold and converted to a 1% net smelter royalty.

On March 4, 2014, the Company signed a binding terms sheet (the "Terms Sheet") with the Creasy Group pursuant to which the Company will acquire a 70% interest in 103 separate tenements and tenement applications located in the Pilbara region of Western Australia and related mining information (collectively, the "Pilbara Assets"), and will also acquire the shares of CGE not currently owned by the Company (the "Creasy CGE Shares").

On January 23, 2015, the Company entered into a definitive agreement (the "Definitive Agreement") at arm's length with the Creasy Group which supersedes the aforementioned Terms Sheet. The Company requested and Creasy Group agreed to certain modifications to the Terms Sheet (as described below) to be reflected in the Definitive Agreement, resulting in the Company reducing its exploration commitments, thus allowing it to aggressively explore the Beatons Creek Tenements and quickly advance Beatons Creek toward development and/or to pursue other opportunities to consolidate its position in the Nullagine district.

Under the Definitive Agreement, Creasy Group will receive a total of 9,200,000 of the Company's common shares in exchange for the Creasy CGE Shares (the "CGE Share Exchange"), making the Issuer the 100% owner of CGE. This includes a total of 7,060,466 common shares of the Issuer (6,646,047 issued on March 4, 2014 and currently in escrow) that will be delivered to Creasy Group at the initial closing following receipt of regulatory approvals (which are expected in the ordinary course).

Approximately 23.3% of the Creasy CGE Shares that are currently in escrow will be subsequently exchanged, subject to the satisfaction of the applicable escrow conditions, for 2,139,534 common shares of the Company.

CGE has earned a 70% interest in the gold rights relating to the Nullagine and Marble Bar properties under the JVA's. Nullagine Gold will now become a 70% registered holder of those properties. Accordingly, upon

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receipt of the regulatory approvals referred to above, the Company will have a secure, fully-vested 70% interest in and to gold rights on those tenements.

The Company has also agreed to enter into a new joint venture with the Creasy Group - the Callina Creek joint venture - on the same terms as the existing JVA's. The new joint venture covers a tenement staked by Nullagine Gold and adjacent to the Company's existing Whim Creek Mining JVA with the Creasy Group.

The Company will also issue common shares (the "N and MB Expense Reimbursement Shares") in reimbursement of exploration expenses incurred by the Creasy Group in connection with the Nullagine and Marble Bar properties (the "Reimbursement"). The Terms Sheet specified the issue of N and MB Expense Reimbursement Shares totalling 5,000,000 of the Company's common shares. However, after offsetting exploration expenses incurred by the Company on the 103 Pilbara tenements (the subject of the Terms Sheet) between signing of the Terms Sheet and the Definitive Agreement, only 3,931,111 Expense Reimbursement Shares will be issued, bringing the total common shares of the Company issuable to Creasy Group to close out the CGE Share Exchange and the Reimbursement to 13,131,111 common shares of the Company. Assuming all of these common shares of the Company are issued, Creasy Group will be the Company's second largest shareholder.

On June 29, 2015, the Company reached the first of two contemplated completion milestones with the Creasy Group under the Definitive Agreement. Settlement was completed and announced on July 28, 2015. Under this initial completion milestone, Novo acquired the 330 Creasy CGE Shares in exchange for 7,060,466 Novo common shares. Novo also issued the N and MB Expense Reimbursement Shares. A non-cash gain on settlement of the debt of \$1,120,618 was recorded based on the difference between expenditures incurred by both parties and the market value of the Company's common shares on the date of issuance. In total, 10,991,577 common shares have been issued by Novo to Creasy Group pursuant to the Definitive Agreement; the 7,060,466 Novo common shares issued to acquire the 330 Creasy CGE Shares were issued at a deemed value of CAD \$0.87 per share, and the 3,931,111 N and MB Expense Reimbursement Shares were issued. The fair value of the 10,991,577 shares was \$6,594,945. In addition, the Company transferred a 30% interest in tenement E45/4169 to the Creasy Group. A gain on sale of mineral property of \$46,114 was recorded in the Other Items section of the statement of comprehensive loss based on the difference between the consideration received for the 30% interest in tenement E45/4169 and the carrying value of the tenement on the Company's books at the time of transfer.

The Creasy Group still holds the conditional right to receive the issuance of the remaining 100 Creasy CGE Shares in exchange for 2,139,534 Novo common shares upon Novo and Creasy Group entering into a binding agreement regarding other tenements in the Nullagine region. The 100 Creasy CGE Shares hold no voting rights and no dividend rights and, as such, no value has been ascribed to the 2,139,534 Novo common shares which will potentially be issued.

Tuscarora Property

On November 7, 2014, Novo USA signed an Exploration Lease and Option to Purchase Agreement (the "Tuscarora Agreement") with Nevada Eagle LLC ("Nevada West") and Platoro West Incorporated ("Platoro") to acquire an undivided 100% interest in and to the Tuscarora Property (the "Tuscarora Property"), subject to a net smelter return on gold ranging from 2-4% based on the average daily price per troy ounce of gold from the New York Commodity Exchange during the period of production, and 2.5% on all other minerals. The Tuscarora Property, located in Elko County, Nevada, USA, is comprised of 23 unpatented lode claims.

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The Company has the following future requirements to fulfill its obligations under the Tuscarora Agreement:

Date		Cash Payments (USD)
Upon signing of the Tuscarora Agreement	\$	5,000 (Paid)
November 7, 2015		20,000 (Paid)
November 7, 2016		75,000
Total	\$	100,000

Two Creeks Property

On April 14, 2016, the Company entered into a licence and farm-in option agreement with Mesa Minerals Limited, an Australian Stock Exchange listed company, for the right to explore its Two Creeks project (the "Two Creeks Project"). A payment of AUD \$10,000 (CAD \$9,955) was made to Mesa Minerals for an initial exploration licence period set to expire on July 5, 2016. Novo can exercise its right to enter into a farm-in and joint venture agreement (pursuant to which Novo would have the right to earn a 70% by incurring AUD \$500,000 in exploration expenditures) with Mesa Minerals on or before July 5, 2016 by issuing AUD \$500,000 worth of Novo's common shares (the "Consideration Shares") based on Novo's then 5-day trailing volume-weighted average price ("VWAP"). If issued, the Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance, as well as an additional two-month hold period agreed upon by the Company and Mesa Minerals.

Mt. Hayes Property

On April 14, 2016, the Company entered into an option agreement with Red Dog Prospecting Pty Ltd ("Red Dog Prospecting"), a private Australian company, for the right to explore its Mt. Hayes project (the "Mt. Hayes Project"). A payment of AUD \$25,000 (CAD \$24,888) was made to Red Dog Prospecting for an initial six-month option period. The Company can extend the period of exercise of the option for another two years by paying Red Dog Prospecting AUD \$340,000, to be split per Novo's discretion between cash and the issuance of Novo common shares (the "First Option Shares") based on Novo's then 5-day trailing VWAP. The Company can exercise its option (Novo has the right to acquire a 90% interest in the Mt. Hayes Project) by paying Red Dog Prospecting AUD \$1,540,000, also to be split per Novo's discretion between cash and the issuance of Novo common shares (the "Second Option Shares") based on Novo's 5-day trailing VWAP. The First Option Shares and the Second Option Shares, if issued, will be subject to a statutory hold period expiring four months from the date of issuance, as well as an additional two-month hold period agreed upon by the Company and Red Dog Prospecting.

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The exploration and evaluation assets are comprised of the following:

	Beatons Creek \$	Grant's Hill \$	Paleo- Placer \$	Tuscarora \$	Blue Spec \$	Talga \$	Total \$
Balance, January 31, 2015	5,748,718	770,771	5,666,836	14,999	-	-	12,201,324
Acquisition Costs	4,003,679	-	134,676	28,160	727,315	266,824	5,160,654
Exploration Expenditures:							
Drilling	360,707	125,704	153,667	-	-	-	640,078
Feasibility Study	74,737	26,520	9,325	-	-	-	110,582
Field Work	194,101	41,019	1,183,941	-	30,515	1,527	1,451,103
Fuel	71,644	9,875	8,799	-	709	621	91,648
Geology	659,186	127,199	166,982	67,293	20,810	9,386	1,050,856
Legal	121,956	-	265,088	-	7,639	770	395,453
Meals and Travel	267,943	46,652	274,295	1,366	34,206	4,430	628,892
Office and General	61,490	10,953	101,537	6	1,238	-	175,224
Reports, Data and Analysis	915,047	121,715	788,480	-	74,492	32,571	1,932,305
Rock Samples	841,310	46,560	55,731	2,981	14,405	7,461	968,448
Tenement Administration	72,179	13,649	1,040,016	6,232	14,897	1,537	1,148,510
Foreign Exchange	49,508	6,638	48,803	1,607	1,410	-	107,966
Australian R&D Refund	(345,933)	(89,269)	(159,102)	-	-	-	(594,304)
	3,343,875	487,215	3,937,562	79,485	200,321	58,303	8,106,761
Balance, January 31, 2016	13,096,272	1,257,986	9,739,074	122,644	927,636	325,127	25,468,739

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	Beatons Creek \$	Grant's Hill \$	Paleo- Placer \$	Tuscarora \$	Blue Spec \$	Talga \$	Two Creeks \$	Mt. Hayes \$	Total \$
Balance, January 31, 2016	13,096,272	1,257,986	9,739,074	122,644	927,636	325,127	-	-	25,468,739
Acquisition Costs	80	-	-	-	-	-	9,661	26,662	36,403
Exploration Expenditures:									
Drilling	-	-	-	-	573	-	-	-	573
Feasibility Study	218,088	-	-	-	-	-	-	-	218,088
Field Work	56,555	258	4,642	89	9,316	-	-	1,138	71,998
Fuel	2,421	-	-	-	-	-	-	357	2,778
Geology	272,014	9,420	25,759	9,622	428	-	1,173	25,242	343,658
Legal	18,133	-	2,743	-	-	-	-	-	20,876
Meals and Travel	90,923	8,164	420	2,901	5,029	-	-	5,681	113,118
Office and General	19,485	-	658	-	-	-	-	57	20,200
Reports, Data and Analysis	70,119	-	-	-	569	-	1,975	3,160	75,823
Rock Samples	98,425	(2,396)	(996)	-	3,840	-	-	-	98,873
Tenement Administration	12,181	3,177	74,357	-	21,600	16,568	-	-	127,883
Foreign Exchange	(533,195)	(51,052)	(395,236)	(13,336)	(32,382)	(13,193)	66	66	(1,038,262)
	325,149	(32,429)	(287,653)	(724)	8,973	3,375	3,214	35,701	55,606
Balance, April 30, 2016	13,421,501	1,225,557	9,451,421	121,920	936,609	328,502	12,875	62,363	25,560,748

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9. PROPERTY, PLANT, AND EQUIPMENT

On September 9, 2015, the Company secured an IGR 3000 gold recovery plant from Mineworx Technologies, Inc. for USD \$248,000 (CAD \$334,264). Novo has shipped the plant from the US to Australia. As a result, shipping costs of AUD \$68,879 (CAD \$65,787) have also been capitalized. Novo has also done some work to retrofit the plant which resulted in costs of UAD \$58,955 (CAD \$56,308) also being capitalized. Plans are being developed to use the plant for trial processing of gold-bearing conglomerates as part of its evaluation of the potential economics of the Beatons Creek Gold Project. Novo is currently evaluating several means of comminuting material to be fed into the gold plant and will have a system developed prior to arrival of the IGR 3000. Permitting of a trial mining and processing operation is currently underway.

10. CAPITAL AND RESERVES

Authorized

Unlimited number of common voting shares without nominal or par value. All issued common shares are fully paid.

Shares issued

During the period ended April 30, 2016, and the year ended January 31, 2016, shares were issued to settle a debt, as part of the Definitive Agreement, and pursuant to a non-brokered private placement.

- a) On April 22, 2015, the Company issued 70,422 common shares at \$0.71 per share to settle a \$50,000 debt payable for financial advisory services.
- b) Please see the Paleo-Placer Property portion of section 8 – Exploration and Evaluation Assets for a detailed description of the 10,991,577 common shares of the Company issued to the Creasy Group on June 29, 2015.
- c) On July 10, 2015, the Company closed the first of three tranches (the “First Tranche”) of a non-brokered private placement of 2,498,077 units (each a “Unit”) at a price of \$0.52 per unit for gross proceeds of \$1,299,000. Each Unit consists of one common share and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.80 per share (the “Warrant Terms”) for a period of 24 months from the closing date of the First Tranche. The Warrants are subject to an accelerated expiry (the “Accelerated Expiry Clause”) whereby, starting one year from the date of issue of the Warrants, if the daily high trading price of Novo’s common shares exceeds \$1.20 for a period of 20 consecutive trading days, Novo may provide notice of early expiry and the Warrants will expire 30 days thereafter. As part of the non-brokered private placement, the Company incurred share issuance costs of \$70,189, which included 9,900 finder’s warrants (each a “Finder’s Warrant”). The Finder’s Warrants were granted to a finder and, apart from being non-transferable, are subject to the same terms as the Warrants. 9,000 Finder’s Warrants were issued upon closing of the First Tranche, and were valued at a fair value of \$1,365. The fair value of each Finder’s Warrant was \$0.15 per share whereas the exercise price is \$0.80. The fair value was calculated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.49%, a dividend yield of \$nil, an expected volatility of 82.45% and an average expected life of 2 years. The average remaining contractual life of the Finder’s Warrants is 1.19 years. As of April 30, 2016, all Finder’s Warrants issued in the First Tranche remain outstanding.
- d) On July 17, 2015, the Company closed the second of three tranches (the “Second Tranche”) of a non-brokered private placement of 480,000 Units at a price of \$0.52 per unit for gross proceeds of \$249,600. Each Unit consists of one common share and one Warrant. Each Warrant is subject to the Warrant Terms for a period of 24 months from the closing date of the Second Tranche. The Warrants issued in the Second Tranche are also subject to the Accelerated Expiry Clause. 900 Finder’s Warrants were issued upon closing of the Second Tranche, and were valued at a fair value of \$112. The fair value of each Finder’s Warrant was \$0.12 per share whereas the exercise price is \$0.80. The fair value was calculated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.41%, a dividend yield of \$nil, an expected volatility of 82.53% and an average expected life of 2 years. The

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average remaining contractual life of the Finder's Warrants is 1.21 years. As of April 30, 2016, all Finder's Warrants issued in the Second Tranche remain outstanding.

- e) On July 24, 2015, the Company closed the final tranche (the "Final Tranche") of a non-brokered private placement of 846,160 Units at a price of \$0.52 per unit for gross proceeds of \$440,003. Each Unit consists of one common share and one Warrant. Each Warrant is subject to the Warrant Terms for a period of 24 months from the closing date of the Final Tranche. The Warrants issued in the Final Tranche are also subject to the Accelerated Expiry Clause.
- f) The non-brokered private placement raised gross proceeds of \$1,988,603 through the issuance of 3,824,237 Units.
- g) Please see the Blue Spec Project portion of section 8 – Exploration and Evaluation Assets for a detailed description of the 485,394 common shares of the Company issued to Northwest Resources on October 2, 2015.
- h) On March 8, 2016, the Company closed a non-brokered private placement (the "2016 Financing") of 3,927,884 units (each a "2016 Unit") at a price of \$0.60 per 2016 Unit for gross proceeds of \$2,356,730. Each 2016 Unit consists of one common share and one common share purchase warrant (each a "2016 Warrant"). Each 2016 Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.85 per share (the "2016 Warrant Terms") for a period of 24 months from the closing date of the 2016 Financing. The 2016 Warrants are subject to an accelerated expiry (the "2016 Accelerated Expiry Clause") whereby, starting one year from the date of issue of the 2016 Warrants, if the daily high trading price of Novo's common shares exceeds \$1.25 for a period of 20 consecutive trading days, Novo may provide notice of early expiry and the 2016 Warrants will expire 30 days thereafter. As part of the 2016 Financing, the Company incurred share issuance costs of \$55,404.

Warrants

The continuity of warrants is as follows:

	April 30, 2016		January 31, 2016	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of the period	3,834,137	\$ 0.80	-	\$ -
Expired	-	-	-	-
Granted	3,927,884	0.83	3,834,137	0.80
Exercised	-	-	-	-
Balance, end of the period	7,762,021	\$ 0.83	3,834,137	\$ 0.80

During the period ended April 30, 2016, the Company issued 3,927,884 warrants pursuant to the 2016 Financing described above.

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Full share equivalent warrants outstanding and exercisable at of April 30, 2016:

Expiry Date	Price Per Share	Warrants Outstanding
July 10, 2017	\$ 0.80	2,507,077
July 17, 2017	\$ 0.80	480,900
July 24, 2017	\$ 0.80	846,160
March 8, 2018	\$0.85	3,927,884
		7,762,021

Share option plan

The Company has adopted a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the TSX-V.

The continuity of stock options is as follows:

	April 30, 2016		January 31, 2016	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of the period	1,260,000	\$ 0.39	1,260,000	\$ 0.39
Exercised	-	-	-	-
Expired	-	-	-	-
Balance, end of the period	1,260,000	\$ 0.39	1,260,000	\$ 0.39

The options outstanding and exercisable at April 30, 2016 are as follows:

Outstanding Options			Exercisable Options		
Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Exercise Price	
250,000	\$ 0.04	4.12	250,000	\$ 0.04	
100,000	0.02	4.29	100,000	0.02	
910,000	0.33	0.81	910,000	0.33	
1,260,000	\$ 0.39	1.74	1,260,000	\$ 0.39	

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The options outstanding and exercisable at January 31, 2016 were as follows:

Outstanding Options			Exercisable Options		
Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Exercise Price	
250,000	\$ 0.04	4.36	250,000	\$ 0.04	
100,000	0.02	4.53	100,000	0.02	
910,000	0.33	1.06	910,000	0.33	
1,260,000	\$ 0.39	1.99	1,260,000	\$ 0.39	

For the period ended April 30, 2016, the total share-based payment expense was \$nil (April 30, 2015 - \$nil).

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date. No options were issued or vested during the periods ended April 30, 2016 and 2015.

11. RELATED PARTY DISCLOSURES

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the year.

(a) Key Management Personnel Disclosures

During the periods ended April 30, 2016 and 2015, the following amounts were incurred with respect to the key management and directors of the Company:

	April 30, 2016	April 30, 2015
	\$	\$
Consulting services	39,000	36,000
Wages and salaries	15,713	34,296
Wages and salaries included in exploration and evaluation assets	114,061	16,105
	<u>168,774</u>	<u>86,401</u>

(b) Other Related Party Disclosures

During the periods ended April 30, 2016 and 2015, the following amounts were incurred with respect to consulting services provided by a corporation controlled by the Chief Financial Officer:

	April 30, 2016	April 30, 2015
	\$	\$
Consulting services	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

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12. SUPPLEMENTAL CASH FLOW INFORMATION

During the periods ended April 30, 2016 and 2015, non-cash activities were conducted by the Company as follows:

	April 30, 2016	April 30, 2015
	\$	\$
Operating activities		
Decrease in accounts payable and accrued liabilities	<u>(940,225)</u>	<u>10,452</u>
Investing activities		
Additions in exploration and evaluation assets	<u>940,225</u>	<u>(10,452)</u>

13. SHORT TERM LOAN

On March 26, 2015, the Company entered into loan agreement with its banking institution for an aggregate amount of CAD \$5,000,000. The loan matured on October 31, 2015, bears an interest rate of prime + 1.15%, and was secured by the Company's USD short-term investments totaling USD \$5,000,000. Interest was paid on a monthly basis. The Company repaid the loan in full on October 9, 2015. Payment included the principal amount of CAD \$5,000,000 and \$106,199 in interest (April 30, 2015 - \$19,726).

14. FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash and cash equivalents, interest receivable, marketable securities, and accounts payable and accrued liabilities. IFRS 7 Financial Instruments: Disclosure ("IFRS 7") establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 – applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of cash and cash equivalents, interest receivable and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature.

Marketable securities are measured using Level 1 inputs. The fair values of marketable securities are measured at the closing market price obtained from the exchange.

The Company did not have any financial instruments in level 2. There were no transfers between levels during the period.

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Notes to the Condensed Interim Consolidated Financial Statements**For the period ended April 30, 2016****a) Credit risk**

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

b) Foreign exchange rate risk

The Company has operations in Canada, Australia, and the United States and is subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian, Australian and the United States dollar, and the fluctuation of the Canadian dollar in relation to these other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar, US dollar, and the Australian dollar.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

At April 30 and January 31, 2016, the Company's Australian and US dollar denominated monetary assets and monetary liabilities are as follows:

Australian Monetary assets (\$ AUD)		April 30, 2016		January 31, 2016
Cash and cash equivalents	\$	117,586	\$	555,914
Accounts payable and accrued liabilities	\$	371,466	\$	695,195
US Monetary assets (\$USD)				
Cash and cash equivalents	\$	419,697	\$	23,335
Accounts payable and accrued liabilities	\$	15,969	\$	16,829

The exposure to foreign exchange rate risk is as follows:

Australian Monetary assets		AUD	10% Fluctuation Impact (AUD)		CAD	
Cash and cash equivalents	\$	117,586	\$	11,759	\$	11,231
Accounts payable and accrued liabilities	\$	371,466	\$	37,147	\$	35,479
10% Fluctuation Impact (USD)						
US Monetary assets		USD			CAD	
Cash and cash equivalents	\$	419,697	\$	41,970	\$	52,668
Accounts payable and accrued liabilities	\$	15,969	\$	1,597	\$	2,004

c) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. All of the Company's financial liabilities are classified as current and the Company has a practice of paying their outstanding payables within 30 days.

d) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in the market price of commodities.

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Notes to the Condensed Interim Consolidated Financial Statements**For the period ended April 30, 2016**

As at April 30, 2016, the Company owns common shares included in marketable securities. By holding these marketable securities, the Company is inherently exposed to various risk factors including market price risk.

e) Interest Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks and GIC's carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

The exposure to interest rates for the Company is considered minimal.

15. MANAGEMENT OF CAPITAL RISK

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company defines capital that it manages as share capital, cash and cash equivalents and marketable securities.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

The Company is not subject to external capital restrictions nor were there any changes in the Company's capital management policies during the period.

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Notes to the Condensed Interim Consolidated Financial Statements**For the period ended April 30, 2016****16. SEGMENTED INFORMATION**

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. The Company's non-current assets are located in the following countries:

	As at April 30, 2016			Total \$
	Canada \$	Australia \$	Other \$	
Marketable securities	120,067	-	-	120,067
Investment in associate	-	-	-	-
Equipment	-	456,358	1,888	458,246
Exploration and evaluation assets	-	25,438,827	121,921	25,560,748
	120,067	25,895,185	123,809	26,139,061

	As at January 31, 2016			Total \$
	Canada \$	Australia \$	USA \$	
Marketable securities	76,706	-	-	76,706
Investment in associate	5,473	-	-	5,473
Equipment	-	416,972	2,825	419,797
Exploration and evaluation assets	-	25,346,095	122,644	25,468,739
	82,179	25,763,067	125,469	25,970,715

17. GOLD RIGHT CONVERTIBLE DEBENTURE

The Company closed a gold right convertible debenture financing (collectively the "Debentures" and each a "Debenture") on March 10, 2016, raising gross proceeds of \$2,071,300. The proceeds from the debentures was to be used for a trial mining operation at the Company's Beatons Creek project in Western Australia.

Each Debenture issued has a principal amount of CAD \$1,100. The Debentures will not bear interest and will mature on January 12, 2017. The Company may repay, in whole or in part, the Debentures at any time prior to the maturity date. Each Debenture is convertible into common shares of the Company, at any time at the option of the holder, at \$0.67 per share (the "Equity Conversion Right").

Of the cash raised, \$1,400,300 is held in Canadian funds and the remainder is held in Australian funds. Given the requirement to revalue the Company's foreign cash holdings at each period end, the cash amount reported by the Company is subject to shifts in the Canadian-Australian foreign exchange rate. In addition, the Company has agreed to certain restrictive covenants on the cash received from the Debentures, one of which requires the Company to obtain bulk sampling permits before gaining access to the proceeds raised from the Debentures. As at April 30, 2016, the bulk sampling permits had not been obtained and, as such, the amount raised is reported as "restricted cash" on the Company's condensed interim consolidated statements of financial position.

Additionally, each Debenture will also convey a gold redemption right (the "Gold Redemption Right") whereby the Company will have the right, prior to January 2, 2017, to give the Debenture holders notice that it intends to repay them in gold produced from the Company's Beatons Creek project at a redemption price of CAD \$1,100 per ounce of gold, provided that the Company had produced at least 2,000 ounces of gold from its Beatons Creek project (the "Threshold Production Amount") on or before December 15, 2016.

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If the Company reaches or exceeds the Threshold Production Amount on or before December 15, 2016, but has not provided the Debenture holders with a notice to exercise the Gold Redemption Right by January 2, 2017, the Debenture holders will have the right to give the Company notice of exercise of the Gold Redemption Right, the Equity Conversion Right, or that they require repayment of the Debenture principal in cash.

The Company has designated the Debentures as compound financial liability instrument carried at fair value through profit and loss. The host contract does not bear any interest, so management has estimated a benchmark interest rate of 15% for similar debt. On initial recognition, the Company recorded a debt discount of \$244,233. Included in the discount were transaction costs of \$11,514. For subsequent measurement, the host contract is amortized over the period of the loan and as at April 30, 2016, a financing expense from the accretion of the debt was recorded of \$29,237.

For the embedded derivative portion of the financial liability, on initial recognition, the Company determined that the fair value was not approximated by the transaction value because the Gold Redemption Right of \$1,100 per ounce was significantly below fair market value for the future price of gold in December 2016 of CAD \$1,694. After taking into consideration a probability of production threshold being met at the time of issuance and the present value of the difference between the futures price and the redemption right, the Company recorded a fair value of \$702,428. For subsequent measurement, the fair value of the embedded derivative is determined using the same method by considering a management estimate of the probability of the production threshold being met and applying it to the present value of the difference between the futures price and the redemption right. As at April 30, 2016, the December 2016 gold futures price dropped and after applying management's probability, the value of the derivative decreased resulting in a gain of \$238,340.

The host contract and the embedded derivative combined on the consolidated statement of comprehensive loss for a total of \$231,369 for the period ending April 30, 2016.

	As at April 30, 2016	
Face value of the convertible debt	\$	2,071,300
Debt discount		(214,996)
Debt fair valued at amortized cost	\$	1,856,304
Fair value adjustment		464,088
Carrying amount	\$	2,320,392