NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2017

BACKGROUND

The following management discussion and analysis ("MD&A") of the results of operations and financial condition , prepared as of May 29, 2017, should be read in conjunction with the audited consolidated financial statements of Novo Resources Corp. (the "Company" or "Novo") for the years ended January 31, 2017 and 2016, and accompanying notes thereto. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and this MD&A includes the results of the Company's subsidiaries, Novo Resources (USA) Corp., Conglomerate Gold Exploration (B.V.I.) Ltd., Conglomerate Gold Exploration Pty. Ltd., Nullagine Gold Pty. Ltd., Beatons Creek Gold Pty. Ltd., and Grant's Hill Gold Pty. Ltd. All figures in this MD&A are in Canadian dollars unless stated otherwise.

During the year ended January 31, 2017, the Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

CAUTIONARY NOTE REGARDING FORWARDING LOOKING STATEMENTS

This MD&A, which contains certain forward-looking statements, is intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, Australian dollar, and U.S. dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

DESCRIPTION OF BUSINESS AND OVERALL PERFORMANCE

Novo Resources Corp. was incorporated on October 28, 2009 pursuant to the provision of the *Business Corporations Act* (British Columbia). The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties.

The Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") on June 14, 2010. 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 trade under the ticker symbol "NVO".

The Company is currently assessing the economic viability of its mineral properties, particularly the Beatons Creek project in Western Australia.

Total current assets amount to $2,759,866 (January 31, 2016 - $1,931,472). The increase in total current assets is mainly due to an increase in cash from financings and prepaid expenses. Non-current assets at January 31, 2017, totaled $35,708,466 (January 31, 2016 - $25,970,715). The increase in non-current assets is mainly due to the Company's expenditures on its mineral properties.

During the year ended January 31, 2017, the Company reported a net loss of $4,143,615 (loss of $0.05 basic and diluted loss per share) (January 31, 2016 – loss of $457,650) (January 31, 2016 – loss of $0.01 basic and diluted loss per share). The increase in loss is mainly attributable to the increase in share-based compensation and accreted interest expense, but was offset by interest and other income, particularly from the sale of gold and silver produced during the Company's bulk sampling exercise.

RESULTS OF OPERATIONS

During the year ended January 31, 2017, the Company incurred a net loss of $ 4,143,615 compared to a net loss of $457,650 for the year ended January 31, 2016. The net loss in the year ended January 31, 2017, relates primarily to an operating loss before other items of $4,303,987 (January 31, 2016 - $1,611,118) and other items gain of $160,373 (January 31, 2016 – gains of $1,153,468). The operating loss before other items was mainly due to share-based compensation of $2,463,368 (January 31, 2016 – $nil); consulting fees of $374,952 (January 31, 2016 – $368,343) related to administration, corporate communication, investor relations, computer services and management services provided by directors, officers and consultants of the Company; wages and salaries of $442,659 (January 31, 2016 – $316,825) related to employee payroll in the US and Australia; general office and administrative expenses of $275,844 (January 31, 2016 – $277,885) mainly related to general and administrative expenses but also including advertising and promotion, computer & internet expenses, project investigation, telephone expenses, depreciation, professional development, and rent expenses; accounting fees of $365,390 (January 31, 2016 – $208,974) related to the previous year's financial statement audit, tax return services, and accounting services related to Australian research and development refunds from the Australian Department of Mines and Petroleum; legal fees of $109,607 (January 31, 2016 - $142,664) related to corporate matters; interest expense of $nil (January 31, 2016 - $106,199) related to a short-term loan (see Note 13 of the Company's consolidated financial statements); transfer agent and filing fees of $143,257 (January 31, 2016 - $101,956) related to transfer agent fees and fees associated with the Company's listing on the TSX-V; meals and travel expenses of $50,764 (January 31, 2016 - $52,541) related to meals and entertainment and business-related travel expenses; and insurance expenses of $78,146 (January 31, 2016 - $35,731).

During the year ended January 31, 2017, other items include interest and other income of $390,315 (January 31, 2016 – $56,534) related to interest income and the sale of gold and silver produced from the Company's bulk sampling exercise; accreted interest expense of $327,475 (January 31, 2016 - $nil) related to the gold right convertible debenture (see Note 17 of the Company's consolidated financial statements); impairment of marketable securities of $nil (January 31, 2016 – $6,459); a foreign exchange loss of $29,674 (January 31, 2016 – gains of $181,921) related to payments denominated in foreign currencies and the revaluation of the Company's USD cash as at January 31, 2017; a share of losses in an associate of $5,473 (January 31, 2016 - $100,397); a realized gain on the sale of mineral property of $nil (January 31, 2016 – $46,114) (see Note 8 of the Company's consolidated financial statements); a realized gain on the sale of marketable securities of $2,267 (January 31, 2016 – $nil) (see Note 5 of the Company's consolidated financial statements); a cumulative gain on marketable securities recycled through net loss of $130,412 (January 31, 2016 - $nil); a one-time gain on the settlement of debt of $nil (January 31, 2016 - $1,120,618) (see Note 8 of the Company's consolidated financial statements); a one-time loss on the transfer of mineral property title of $nil (January 31, 2016 – $98,109) (see Note 8 of the Company's consolidated financial statements); and a one-time loss on the issuance of shares for a mineral property of $nil (January 31, 2016 - $46,754) relating to the Company's Blue Spec properties (see

Note 8 of the Company's consolidated financial statements).

During the year ended January 31, 2017, the Company recognized an unrealized holding gain of $43,361 (January 31, 2016 – $28,394) in other comprehensive income on marketable securities designated as available-for-sale instruments. The Company also recognized cumulative gains on marketable securities recycled through net loss of $130,412 (January 31, 2016 - $nil). The Company also recognized foreign exchange loss on the translation of subsidiaries of $346,231 (January 31, 2016 – gains of $389,222) in other comprehensive income

During the period from incorporation on October 28, 2009 to January 31, 2017, there were no operating revenues as the Company was still in the acquisition and exploration stage.

Due to the Company being in its early stage of pre-development, management foresees further increases in the Company's expenses during the coming year resulting from its exploration activities. These expenses are contingent upon the Company's ability to fund these projects through private placements and other forms of financing. In the event that the Company does not receive the required funding, management will review all on-going expenditures and take appropriate actions to remedy the funding shortage.

SELECTED ANNUAL INFORMATION

For the years ended January 31, 2017, 2016, and 2015, the consolidated financial statements have been prepared in accordance with IFRS.

Statement of Operations and Deficit Data	**Year Ended January 31, 2017**	**Year Ended January 31, 2016**	**Year Ended January 31, 2015**
Other Income	$390,315	$56,534	$112,268
Net Loss	$(4,143,615)	$(457,650)	$(374,100)
Net Loss per common share outstanding - basic and diluted	$(0.05)	$(0.01)	$(0.01)
Dividend	$Nil	$Nil	$Nil
Balance Sheet Data	**Year Ended January 31, 2017**	**Year Ended January 31, 2016**	**Year Ended January 31, 2015**
Total Assets	$38,468,332	$27,902,187	$22,849,431
Non-current Financial Liabilities	$Nil	$Nil	$Nil
Shareholders' Equity	$37,958,513	$27,154,339	$22,540,601

Net Loss

The Company incurred a net loss of $4,143,615 in the fiscal year ended January 31, 2017, $457,650 in the fiscal year ended January 31, 2016, and $374,100 in the fiscal year ended January 31, 2015. The variance was mainly attributable to share-based compensation (2017 – $2,463,368; 2016 – $nil; 2015 – $nil), gains on settlement of debt (2017 – $nil; 2016 – $1,120,618; 2015 - $nil;), accounting and audit fees (2017 – $365,390; 2016 – $208,974; 2015 – $83,686;), loss on issuance of shares for mineral property (2017 – $nil; 2016 – 46,754; 2015 – $nil), and accreted interest expense (2017 – $327,475; 2016 – $nil; 2015 - $nil). Explanations for the fluctuations in net losses are summarized below by separately identifying five major categories of expenses. The categories are (i) share-based compensation (ii) gain on settlement of debt (iii) accounting and audit fees (iv) loss on issuance of shares for mineral property, and (v) interest expense.

Gain on settlement of debt

For fiscal 2017, $nil was recorded compared to $1,120,618 in fiscals 2016 and 2015. The gain in fiscal 2016 was related to a one-time transaction relating to the Company's Paleo-Placer property (see Note 8 of the Company's consolidated financial statements).

Accounting and audit fees

During fiscal 2017, the Company recognized accounting and audit expenses of $365,390 compared to $208,974 in fiscal 2016 and $83,686 in fiscal 2015. The need for proper Australian accounting and reporting protocols increased in fiscals 2017 and 2016 as the Company established its influence in Western Australia. The Company also pursued research and development refunds from the Australian government which are disclosed as "Australian R&D Refund" on the Company's exploration and evaluation asset tables (see Note 8 of the Company's consolidated financial statements). The Company's accountants fees were based on a percentage of the total refund received.

Accreted Interest expense

During fiscal 2017, the Company recognized accreted interest expenses of $327,475 compared to $nil in fiscals 2016 and $nil in fiscals 2015. The Company initiated and settled a gold right convertible debenture which is further described in Note 17 of the Company's consolidated financial statements.

Loss on issuance of shares for mineral property

During fiscal 2017, the Company recognized a loss on issuance of shares for mineral property of $nil as compared to $46,754 in fiscal 2016 and $nil in fiscal 2015.

<u>Total Assets</u>

Total assets increased from $22,849,431 as at January 31, 2015 to $27,902,187 as at January 31, 2016 and $38,468,332 as at January 31, 2017. Total assets consist mainly of cash and cash equivalents and exploration and evaluation assets and increased significantly from prior years mainly due to exploration expenditures on the Company's mineral properties.

<u>Shareholders' Equity</u>

Total shareholders' equity increased from $22,540,601 as at January 31, 2015 to $27,154,339 as at January 31, 2016 and $37,958,513 as at January 31, 2017. Total shareholders' equity consisted mainly of share capital and increased significantly mainly due to the securities issued pursuant to numerous private placements and a transaction relating to the Company's Paleo-Placer property (see Note 8 of the Company's consolidated financial statements).

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight most recent quarters of operation. This information is derived from unaudited quarterly financial statements prepared by management. The financial data for the quarters ended from April 30, 2015, to January 31, 2017, are prepared in accordance with IFRS.

	4th Quarter 2017 January 31, 2017	3rd Quarter 2017 October 31, 2016	2nd Quarter 2017 July 31, 2016	1st Quarter 2017 April 30, 2016	4th Quarter 2016 January 31, 2016	3rd Quarter 2016 October 31, 2015	2nd Quarter 2016 July 31, 2015	1st Quarter 2016 April 30, 2015

Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income Gain/(Loss)	240,899	(2,935,208)	(771,147)	(678,157)	(430,540)	(459,785)	266,127	166,548
Basic and Diluted Gain (Loss) Per Share	$0.00	($0.03)	($0.01)	($0.01)	($0.01)	($0.01)	$0.01	$0.00

Overall, office and general expenses, accounting fees, consulting fees, interest expenses, impairment of marketable securities, foreign exchanges gains/losses, a gain on settlement of debt, and wages and salaries were the major components that caused variances in net losses from quarter to quarter while foreign exchange and one-time gains associated with the Company's mineral properties were the major components that caused variances in the net gains from quarter to quarter.

FOURTH QUARTER

During the three month period ended January 31, 2017, the major expenses of the Company were accounting and audit fees of $157,336, wages and salaries of $136,785, consulting fees of $124,745, office and general expenses of $70,161, legal fees of $18,517, share-based compensation of $393,305, and meals and travel expenses of $11,735. During the three month period ended January 31, 2017, operating expenses were mitigated by non-operating items such as interest and other income of $390,315.

MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

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 ($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.

Complex royalty arrangements have been entered into with certain native title claim groups in relation to the three Beatons Creek Tenements. These claim groups have overlapping claims over the leases. The arrangements are complex and are being renegotiated with both claim groups. Currently the royalty is a 1% net smelter returns royalty on gold produced from the three mining leases, split between the groups depending on where gold the subject of the royalty was produced from. Various other annual payments (eg. community, training and educational fund payments) will be made to the two claim groups pursuant to heritage agreements entered into with the claim groups.
A 2.5% royalty is payable to the State of Western Australia on any gold produced by the Company on

the Beatons Creek Tenements.

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 ($49,775) was made to Talga Resources for an initial option period of 4 months. The option period could 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 had 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 began work of any kind on the Talga Projects. The Company paid Talga AUD $50,000 ($49,775) for this extension, and this amount was 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 ($248,875) to Talga Resources comprised of the original AUD $50,000 ($49,775) payment, as well as the AUD $50,000 ($49,775) and AUD $150,000 ($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. On September 16, 2016, the Company issued 765,115 common shares of the Company at a deemed value of $0.9673 (AUD $0.9802) per share for total consideration of AUD $750,000 ($740,096) in order to exercise its option and purchase the Talga Projects. The fair value of the common shares issued was $1,369,555 based on the closing price of the Company's common shares on the TSX-V on September 16, 2016 of $1.79.

A 1.5% net smelter returns royalty is payable on any minerals extracted from the Talga Projects in a commercial mining operation.
A 2.5% royalty is payable to the State of Western Australia on any gold produced by the Company on 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 ($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 ($348,425) and issued the Consideration Shares to Northwest. A loss of $46,754 was recorded upon the issuance of the Consideration Shares, and it accounted for the difference between the fair value of the Consideration Shares on the date of issuance and the implicit value derived from the Agreement. Consideration for the Blue Spec Project totaled $673,639.

A 2% net smelter return royalty over all production from tenements comprising the Blue Spec Project is payable to RSI (WA Gold) Pty Ltd. under a royalty agreement entered into by Northwest when it owned the tenements.

A net smelter return royalty over all production from M46/115 and M46/165 is payable to St. Barbara Limited under a royalty agreement Northwest was bound by when it owned the tenements comprising the Blue Spec Project. The Company assumed the liability under the Agreement. The royalty is equal to 3.75% of the gross proceeds of sale of 75% of all gold, silver and other minerals produced from the tenements.

A 2.5% royalty is payable to the State of Western Australia on any gold produced by the Company on the Blue Spec Project.

Paleo-Placer Property

The Company, CGE, and Nullagine Gold Pty Ltd ("Nullagine Gold"), entered into four farm-in and joint venture agreements (the "JVA's") 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.

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 $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.

If a mining decision is made under any of the JVA's following a bankable feasibility study but the Creasy Group elects not to participate in mining, its interest in relation to that mining area will be transferred to Nullagine Gold and converted to a 1% net smelter royalty.

A discovery bonus of AUD $1 million is also payable to the Creasy Group if Novo conducts commercial mining operations on a gold discovery made by the Creasy Group while exercising its prospecting rights on the JVA properties. The Creasy Group would also make a similar payment to the Company if the Creasy Group mines a non-gold discovery made by the Company.

A 2.5% royalty is payable to the State of Western Australia on any gold produced by the Company on the JVA properties.

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.

On October 4, 2016, the Company paid the final option payment and acquired a 100% interest in and to the Tuscarora Property.

Two Creeks Property

On April 14, 2016, the Company entered into a licence and farm-in option agreement with Mesa Minerals Limited ("Mesa"), an Australian Stock Exchange listed company, for the right to explore its Two Creeks project (the "Two Creeks Project"). The Two Creeks Project covers an area of approximately 251 sq km in an area approximately 13 km east of the Company's Blue Spec project.

A payment of AUD $10,000 ($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. On August 11, 2016, the Company exercised its right to enter into a farm-in and joint venture agreement by issuing 491,274 common shares to Mesa at a deemed price of $0.9037 per share (AUD $0.9171) for total consideration of AUD $500,000. The fair value of the common shares issued was $442,147 based on the closing price of the Company's common shares on the TSX-V on August 11, 2016 of $0.90.

If a joint venture is formed with Mesa, Mesa will have the right to dilute its joint venture interest by not contributing to the joint venture. Mesa will earn a 0.75% net smelter returns royalty per 10% of joint venture interest diluted.
A 2.5% royalty is payable to the State of Western Australia on any gold produced by the Company on the Two Creeks Project.

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"). The Mt. Hayes Project covers an area of approximately 76 sq km immediately east and adjoining the Two Creeks Project and hosts approximately 11 km of strike along the Blue Spec shear zone.

A payment of AUD $25,000 ($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. On October 7, 2016, the Company issued 195,365 common shares to Red Dog at a deemed price of $1.4889 (AUD $1.4844) per share for total consideration of AUD $290,000 ($290,870). The fair value of the common shares issued was $442,147 based on the closing price of the Company's common shares on the TSX-V on August 11, 2016 of $0.90. The Company also made a cash payment of AUD $50,000 ($50,070) in order to extend the period of exercise of the option for another two years to October 14, 2018.

If the Company exercises its option and acquires a 90% interest in the Mt. Hayes Project, a joint venture will be formed with Red Dog Prospecting. If Red Dog Prospecting's interest in the property is diluted to 5%, its interest will automatically convert to a 2% net smelter returns royalty payable on any production from the Mt. Hayes Project.

A 2.5% royalty is payable to the State of Western Australia on any gold produced by the Company on the Mt. Hayes Project.

	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**

	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	12,384	-	-	97,725	-	1,376,638	465,542	347,580	2,299,869
Exploration Expenditures:									
Drilling	1,235,828	-	-	123,574	24,460	-	-	4,520	1,388,382
Feasibility Study	273,522	12,958	-	-	-	-	-	-	286,480
Field Work	1,044,404	800	6,402	947	78,936	-	-	1,177	1,132,666
Fuel	306,594	-	183	-	2,006	-	-	789	309,572
Geology	1,822,073	10,570	60,765	52,128	32,963	-	11,308	36,949	2,026,756
Legal	75,066	4,842	24,846	-	-	4,107	24,084	1,500	134,445
Meals and Travel	1,423,874	34,838	1,037	8,391	42,108	652	-	11,578	1,522,478
Office and General	232,290	-	4,204	-	325	-	-	178	236,997
Reports, Data and Analysis	304,794	-	-	2,300	75,743	1,170	3,485	22,682	410,174
Rock Samples	236,999	-	-	34,637	255,337	652	-	-	527,625
Tenement Administration	133,864	10,902	268,868	7,084	53,242	31,987	-	-	505,947
R&D Refund	(736,597)	(114,710)	-	-	-	-	-	-	(851,307)
Foreign Exchange	(99,984)	(9,604)	(74,352)	(9,146)	15,172	528	335	68	(176,983)
	6,252,730	(49,404)	291,953	219,915	580,292	39,096	39,212	79,441	9,753,101
Balance, January 31, 2017	**19,361,383**	**1,208,582**	**10,031,027**	**440,284**	**1,507,928**	**1,740,861**	**504,754**	**427,021**	**35,221,840**

Exploration Highlights

Bulk Sampling at Beatons Creek Project

On July 29, 2016, the Company commenced its bulk sampling program at its 100%-controlled Beatons Creek gold project in Western Australia. This bulk sampling exercise was meant to provide refined data concerning mining techniques, costs, methods of grade control, mining dilution and grade reconciliation, information critical to help the Company complete its preliminary economic assessment. While sampling was initially expected to take approximately 5-6 weeks, stripping of overburden occurred faster than anticipated.

On August 10, 2016, the Company received all outstanding approvals to undertake trial processing of 30,000 tonnes of mineralized conglomerates currently being extracted as part of its bulk sampling exercise. Novo plans to commence processing soon after sampling is complete. Processing equipment has been mobilized to site and is currently being installed in preparation. All waste rock had been stripped from the sampling areas and mineralized conglomerates were being extracted and stockpiled.

On September 6, 2016, the Company commenced processing of the 30,000 tonne bulk sample. Gravity processing activities were completed at Beatons Creek in mid-November, 2016. Novo implemented a rigorous system of collecting feed and tailings samples for assay in order to accurately determine grade. Samples were sent to Genalysis Laboratory, Perth, for analysis. Gold concentrates were shipped to a refiner in Kalgoorlie, WA, where they were processed and smelted into a dore bar.

The resource block model of the bulk sample area generates undiluted grades averaging 1.65 gpt Au in the indicated category (please refer to the Company's news release dated September 16, 2015 for further information about the resource estimate and to the technical report entitled "NI 43-101 Technical Resource Report, Beatons Creek Gold Project, Pilbara Region, Australia" prepared by Arnand van Heerden (PGeo, SACNASP, MAusIMM) of Tetra Tech which was filed under Novo's profile on SEDAR on October 13, 2015). Between September 19 and November 11, 2016, Novo processed a 9,680 dry tonne representative subsample of the 30,000 tonne bulk sample. This subsample generated a calculated head grade of 1.88 gpt Au, 14% greater than the predicted grade. Given that waste dilution is estimated between 20 and 30%, the undiluted bulk sample grade is potentially higher than 1.88 gpt Au. Assays of waste material are required to adequately determine undiluted grades.

Novo thinks the resulting diluted calculated head grade of 1.88 gpt Au from this bulk sample affirms the existing NI 43-101 resource model. Therefore, Novo is content to proceed with completion of its preliminary economic assessment due later in the first quarter of 2017.

Details of Test Processing

The area that was sampled was chosen, in part, because its estimated resource grade (1.65 gpt Au) was somewhat lower than the overall oxide resource grade at Beatons Creek (2.7 gpt Au). Given the strong nugget effect, Novo wanted to determine if lower grade material might demonstrate improved grades upon processing.

Data used to generate a calculated head grade included: 1) assays of tailings from Novo's IGR3000 test gravity plant, 2) assays of tailings from the concentrating table ('table') used to clean gold concentrates, and 3) refined gold produced.

On a per tonne basis, results were as follows:

- 0.71 gpt Au recovered;
- 1.13 gpt Au reported to plant tailings; and

- 0.04 gpt reported to table tailings, o resulting in a calculated head grade of 1.88 gpt Au, a 14% increase over the undiluted predicted grade of the conglomerate.

Mining dilution is estimated between 20 and 30%. Early estimates of mine dilution were ~10%, mainly from intentional incorporation of footwall sandstone when excavating the bulk sample. This was done to ensure the gold-rich basal part of the conglomerate was recovered. It was later recognized that, in places, thin interbeds of sandstone within the conglomerate horizon were incorporated in the bulk sample resulting in additional dilution. A small volume of waste rubble left behind by stripping also contributed minor dilution.

Given that waste dilution is estimated between 20 and 30%, the undiluted bulk sample grade is potentially higher than 1.88 gpt Au.

The average grade of 33, 50-kg bench samples collected during bulk sampling was 2.78 gpt Au. When a 4 gpt Au top-cut is applied, the average comes to 2.42 gpt Au, a close comparison to the undiluted grade of the bulk sample after adjusting for dilution. This suggests such bench sampling could be an effective means of grade control at Beatons Creek.

On a day-to-day basis, calculated head grades were found to range from 0.92-3.97 gpt Au throughout the processing exercise.

Although the IGR3000 gravity plant performed well, the horizontal impact crusher used to comminute bulk sample material did not consistently break down material as fine as hoped. Therefore, significant gold remained locked in tailings. Also, throughput through the crusher was lower than expected. Because of the late start of the program and the urgency to generate data to complete an economic study, Novo opted to treat a subsample rather than the entire 30,000 tonne bulk sample.

In December, Novo collected a composite sample of tailings originating from recently processed bulk sample material that was treated through the company's IGR3000 gravity test plant late last year. This sample was submitted to ALS Metallurgy, Perth for cyanidation studies. Six tests were run on 1 kg splits at various grind sizes and NaCN concentrations (please refer to the table below).

Calculated head grades range from 1.85 to 3.28 gpt Au and average 2.16 gpt Au. Recoveries are very high, exceeding 98%, apparently irrespective of the various grind sizes that were tested up to 80% passing a 212 micron (0.212 mm) mesh screen. Leach times are very short, all samples exceeding 97% recovery within just 12 hours. Recoveries exceed 98% irrespective of NaCN concentration, the lowest concentration being 0.5 kg/tonne. Lime consumption is low, ranging from 0.87 to 1.51 kg/tonne, and NaCN consumption is very low, ranging from 0.15 to 0.40 kg/tonne.

Cyanidation Tests from Beatons Creek Bulk Sample Composited Tailings

Test No.	TEST	Grind Size (P80 µm)	Calc Head (Au gpt)	Extraction at 8 hours (%)	Extraction at 12 hours (%)	Extraction at 24 hours (%)	Lime Consump. (kg/t)	NaCN Consump. (kg/t)
CT1806	40% Solids - 1.5kg/t NaCN - pH 10.5	150	3.28	99.4%	99.4%	99.4%	1.45	0.37
CT1807	40% Solids - 1.5kg/t NaCN - pH 10.5	106	2.66	95.5%	99.3%	99.3%	1.51	0.33
CT1808	40% Solids - 1.5kg/t NaCN - pH 10.5	75	1.85	97.2%	99.5%	99.5%	1.35	0.40

CT1814	40% Solids - 1.0kg/t NaCN - pH 10.0	212	2.45	92.0%	97.1%	98.8%	0.92	0.32
CT1815	40% Solids - 0.75kg/t NaCN - pH 10.0	150	2.28	96.8%	98.1%	98.7%	0.87	0.29
CT1816	40% Solids - 0.5kg/t NaCN - pH 10.0	150	3.20	94.4%	98.3%	98.8%	1.04	0.15

Impact of Cyanidation Test Results

Since receiving cyanidation test results, Novo has examined, at a high level, how the introduction of conventional cyanide treatment might impact economics at Beatons Creek. A processing rate of around 2,000 tonnes per day utilizing a gravity + carbon-in-leach ("CIL") mill was considered.

Initial feedback suggests the amount of capital needed to bring CIL into the project's processing design is potentially only modestly higher than that for the current gravity-only design. Although processing costs are expected to be somewhat higher using gravity + CIL mill, added gold recovery easily offsets additional operating costs. Novo has modeled recoveries in a gravity-only scenario at 80% whereas cyanidation test data indicate potential recoveries of +97% in a gravity + CIL mill.

Additionally, Novo also considers potential for treating fresh rock in a gravity + CIL milling scenario, whereas in a gravity-only mill, only oxide mineralization would be amenable to treatment. Potential to treat fresh rock could enhance the project considerably by extending mine-life. Initial metallurgical test work on fresh rock indicates gold is free-milling.

Novo now considers the case for gravity + CIL milling to be compelling. Such a traditional milling scenario could potentially enhance both the cash flow and net present value of the project. Gravity + CIL mills operate over much of Australia where the technology is considered well-proven. Novo recognizes that potential financing for a more traditional milling scenario could be made simpler.

Resource Upgrade and Expansion

With a more robust milling scenario in mind and a potentially longer mine-life, Novo has recently decided to undertake work to upgrade and expand existing mineral resources at Beatons Creek. In areas of inferred oxide resources, trench (costean) sampling is being undertaken with the intention of upgrading these to indicated resources. Novo has also identified several new areas where mineralized conglomerates are present that have not yet been included in the resource, but can potentially be added through costean sampling.

Upon completion of costean sampling in approximately one month, Novo plans to undertake a modest reverse circulation drill program to help upgrade and expand both oxide and fresh resources. Novo considers the potential to grow its resource base very good given that most conglomerate horizons remain open into the Nullagine sub-basin.

Path Forward

Through the remainder of 2017, Novo plans to complete the following critical steps at Beatons Creek:

- Undertake approximately 10,000 meters of reverse circulation ("RC") drilling and collect approximately 800 trench ("costean") samples with the aim of expanding and upgrading near-surface mineral resources. RC drilling and costean sampling have recently begun with targeted completion by mid June. Novo anticipates announcing a continual stream of assay results over the next two to three months.

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- Novo is targeting completion of a prefeasibility study for the Beatons Creek gold project by fourth quarter of 2017.
- Advance production-related permitting at Beatons Creek. Novo has recently hired an in-house environmental scientist, Chris Goti, M.Sc. Environmental Management, Queens University Belfast. Mr. Goti was most recently at Millennium Minerals Ltd., an Australian gold producer active in the Nullagine region, where he oversaw all aspects of permitting activity.

Processing Scheme at Beatons Creek

Novo presented a case for conventional gravity + carbon-in-leach ("CIL") processing at Beatons Creek based upon exceptionally high gold recoveries from cyanidation tests performed early this year.

Further data from recent cyanidation testwork conducted by ALS Global, Perth, supports Novo's gravity + CIL processing concept (see nearby table). Even at a coarse grind size of 280 microns, gravity + CN leach recoveries exceed 96% with over 50% of gold recovered by gravity and the remainder by CN leach. CN and lime consumption is low.

These results are very promising for several reasons:

- Coarser grinding translates to lower power requirements for milling, a potentially significant cost savings for the project.
- Coarse tailings allows for consideration of dry stacking as a means of tailings disposal, a potentially cheaper alternative to conventional tailings ponds.
- Water can be readily recovered from tailings for re-use in milling meaning lower overall water consumption, a potential cost savings.
- Reagent consumption is low which translates to lower processing costs.

Novo is currently contemplating a scenario whereby material is processed at a mill to be constructed on the Blue Spec mining leases. While this adds a component of transport to the mining scenario, Novo anticipates complexities around permitting will be reduced since the Blue Spec mine is outside of the town of Nullagine's watershed.

Cyanidation Test Results from Beatons Creek

Sample	Test Conditions	Grind Size (P80 µm)	Gravity Gold Recovery (%)	Gravity + CN Gold Recovery (%)	Calculated Head Grade (gpt Au)	Lime Consumption (kg/tonne)	CN consumption (kg/tonne)
IGR Gravity Tailings	40% Solids - 1.0kg/t NaCN - pH 10.5	250	53.3	97.1	2.79	2.02	0.18
	40% Solids - 1.0kg/t NaCN - pH 10.5	212	75.4	98.9	5.64	1.99	0.16
	40% Solids - 1.0kg/t NaCN - pH 10.5	150	59.0	97.1	3.49	2.21	0.24
	40% Solids - 1.0kg/t NaCN - pH 10.5	106	49.1	98.1	2.58	2.08	0.27
	40% Solids - 0.75kg/t NaCN - pH 10.0	280	66.1	98.6	5.05	1.83	0.21

	40% Solids - 0.5kg/t NaCN - pH 10.0	280	71.0	98.6	5.73	1.93	0.19
Edwards Block Bulk Sample	40% Solids - 1.0kg/t NaCN - pH 10.5	250	81.9	98.9	6.09	1.13	0.20
	40% Solids - 1.0kg/t NaCN - pH 10.5	212	82.7	99.1	6.48	1.00	0.20
	40% Solids - 1.0kg/t NaCN - pH 10.5	150	44.1	97.3	1.50	0.98	0.20
	40% Solids - 1.0kg/t NaCN - pH 10.5	106	88.0	99.4	6.62	1.00	0.19
	40% Solids - 0.75kg/t NaCN - pH 10.0	280	55.3	96.8	2.16	0.62	0.21
	40% Solids - 0.5kg/t NaCN - pH 10.0	280	66.2	98.3	2.89	0.74	0.25

Blue Spec

In early January, 2017, the Company announced new assay results from its 100% controlled Blue Spec gold-antimony project, Western Australia. All holes discussed below were drilled using either a truck- or track-mounted reverse circulation drill and targeted areas around the Gold Spec high-grade shoot, areas between the Blue Spec and Gold Spec high-grade shoots and a wildcat target called Pros Spec located approximately 11 kilometers east of the Blue Spec mine.

Expansion of Gold Spec

Hole 16BSDH033, a south-oriented hole drilled at -70 degrees, encountered 35.9 gpt Au over 4 meters including a narrower high-grade interval of 138.4 gpt Au over 1 meter at a depth of approximately 20 meters below and east of the bottom of the Gold Spec high-grade shoot. Repeat assays returned 41.7 gpt Au and 161.5 gpt Au from the longer and shorter intervals, respectively. True width of the vein is estimated at approximately 30-35% of the reported drill intercept length.

Significant Drill Results from Gold Spec Deposit

Hole Number	From (m)	To (m)	Length (m)	Au (gpt)	Au repeat (gpt)	Sb (%)
16BSDH033	**358.0**	**362.0**	**4.0**	**35.9**	**41.7**	**0.12**
including	**359.0**	**360.0**	**1.0**	**138.4**	**161.5**	**0.02**
16BSDH038	**385.0**	**419.0**	**34.0**	**2.5**	**2.5**	**0.72**
including	**405.0**	**417.0**	**12.0**	**5.2**	**5.2**	**1.96**
including	**405.0**	**408.0**	**3.0**	**6.6**	**6.8**	**0.44**
including	**409.00**	**410.00**	**1.00**	**3.5**	**N/A**	**18.12**
including	**411.00**	**414.00**	**3.00**	**6.6**	**N/A**	**0.35**

The high-grade intercept in 16BSDH033 is similar to one in historic hole BSD0002, situated 45 meters above and west, that graded 254 gpt Au over 0.7 meters. The robust intercept in 16BSDH033 suggests that a possible explanation for the lack of a significant gold intercept in nearby hole 16BSDH028 might be that the latter hole simply failed to pierce the targeted vein.

Hole 16BSDH038, a south-oriented hole drilled at -72 degrees, encountered 5.2 gpt Au and 1.96% Sb over 12 meters at a depth of approximately 20 meters below hole 16BSDH034 and fully 70 meters below the known deposit. A high-grade antimony intercept of 18.12% Sb over 1 meter is included within this longer interval. Given that holes immediately above 16BSDH038 do not contain such high-grade antimony, Novo thinks that a new Au-Sb zone is developing at depth, potentially similar to that at the Blue Spec deposit approximately 1.4 km east. Further drilling is required to verify this possibility.

Pros Spec Discovery

Five wildcat holes targeted an area called Pros Spec approximately 11 kilometers east of the Blue Spec mine. The easternmost of these holes, 16PSDH001, a north-oriented hole drilled at -65 degrees, encountered 1.0 gpt Au over 54 meters (hole ended in mineralization) including a higher grade interval of 3.5 gpt Au over 6 meters.

Significant Drill Results from Pros Spec Hole 16PSDH001

Hole Number	From (m)	To (m)	Length (m)	Au (gpt)	As (%)
16PSDH001	**0.0**	**54.0**	**54.0**	**1.0**	**0.18**
including	**45.0**	**51.0**	**6.0**	**3.5**	**0.74**

Stockwork quartz veins and elevated arsenic values accompany mineralization, a style resembling that in gold deposits at Golden Gate, an area encompassing several open pit mines operated by Millennium Minerals Ltd. located about 2 kilometers east of Pros Spec.

The other four holes drilled at Pros Spec, all situated west of 16PSDH001, encountered isolated one to three meter intervals of anomalous gold grading 0.1 to 0.4 gpt. Mineralization is open to the east of hole 16PSDH001, and over the next few weeks, Novo plans to undertake field exploration looking for extensions of this newly discovered zone.

Between Blue Spec and Gold Spec

Five holes drilled on 50-meter spacing, each south-oriented and drilled at -60 degrees, tested the Blue Spec shear zone in areas between the Gold Spec and Blue Spec high-grade shoots.

- Hole 16BSDH020, collared 300 meters east of Gold Spec, encountered 3.0 gpt Au over 1 meter at approximately 150 meters vertical depth.
- Hole 16BSDH019, collared 50 meters east of 16BSDH020, encountered 0.4 gpt Au over 4 meters at approximately 230 meters vertical depth.
- Hole 16BSDH017, collared 50 meters east of 16BSDH019, encountered 0.8 gpt Au over 2 meters at approximately 210 meters vertical depth.
- Hole 16BSDH018, collared 50 meters east of 16BSDH017, encountered 2.9 gpt Au over 1 meter at approximately 130 meters vertical depth. A 48 meter long zone of elevated antimony (202 ppm) was also encountered starting at a downhole depth of 211 meters.
- Hole 16BSDH014, collared 50 meters east of 16BSDH017, did not encounter significant gold values, but did intercept a 55 meter long zone of elevated antimony (230 ppm) starting at a downhole depth of 192 meters.

Although these five holes did not encounter economic gold mineralization, elevated gold and antimony intercepts indicate ore bearing fluids exploited the shear zone in this area. The long intervals of elevated antimony in holes 16BSDH014 and 16BSDH018 are similar to what is observed around the periphery of the high-grade Blue Spec deposit and may indicate the presence of a nearby mineralized zone. Blue Spec is 450 meters east of 16BSDH014. Novo thinks potential remains to discover blind shoots in this area.

Step-Out Drilling East of Blue Spec

Novo completed seven reverse circulation and core holes in areas east of the Blue Spec high-grade deposit. All holes were drilled from north to south at inclinations of 55-70 degrees, and were designed to test for extensions of mineralization. Significant results are presented in the table below.

Holes 16BSDH016 and 16BSDH035 tested areas immediately above the projected high-grade core of Blue Spec and between the Blue Spec zone and the Red Spec zone further east. Both holes encountered significant gold mineralization including 5.01 gpt Au over 3 m and 3.97 gpt over 1.2 m, respectively, suggesting there is a probability that Blue Spec and Red Spec may link together. While these grades are lower than those encountered in Blue Spec's high-grade core, Novo believes these results indicate the high-grade core may be present immediately below this area.

Significant Drill Results from Blue Spec Deposit

Hole Number	From (m)	To (m)	Length (m)	Au (gpt)
16BSDH016	**327.0**	**330.0**	**3.0**	**5.01**
16BSDH024	**593.0**	**594.6**	**1.6**	**2.19**
	694.0	**700.0**	**6.0**	**2.14**
including	**698.0**	**699.5**	**1.5**	**3.27**
16BSDH035	**399.3**	**400.5**	**1.2**	**3.97**
16BSDH039	**505.0**	**506.0**	**1.0**	**9.81**

Hole 16BSDH039 clipped the lower edge of Blue Spec's high-grade core encountering 9.81 gpt Au over 1 m. This hole was intended to intersect the high-grade core approximately 20 meters to the east, but deviated westward thus missing its intended target. Nevertheless, Novo believes the strong gold intercept that was encountered is indicative of the margin of the high-grade core.

Hole 16BSDH024 tested regions approximately 50 m below Blue Spec's high grade core encountering 2.19 gpt Au over 1.6 m on the projected plane of the Blue Spec deposit and 2.14 gpt Au over 6 m on a separate splay structure located south of the Blue Spec zone.

Holes 16BSDH007 and 16BSDH008 tested eastern extensions of the Blue Spec zone at shallower depths (<200 m). Both holes encountered anomalous gold where they crossed the plane of the Blue Spec zone. Similarly, hole 16BSDH029 encountered anomalous gold in a shallow location east of the Red Spec zone.

Reviewing this drill data, Novo considers the best potential to expand mineralization at Blue Spec lies in the down-plunge direction to the east and under the Red Spec area. Further drilling is needed to verify this possibility. True widths of mineralized intercepts are estimated to be approximately 30-40% of reported down-hole intervals.

White Spec Discovery

Three wildcat holes were completed at target called White Spec approximately 9 km east of Blue Spec and two km west of the newly discovered Pros Spec zone. Hole 16WSDH002, drilled northwestward at an inclination of 60 degrees, encountered two significant gold intervals, 2.09 gpt Au over 2 m and 10.26 gpt Au over 2 m at shallow depth. Novo believes these results represent the discovery of a significant new gold zone along the greater Blue Spec shear.

Significant Drill Results from White Spec Hole 16WSDH002

Hole Number	From (m)	To (m)	Length (m)	Au (gpt)
16WSDH002	**31.0**	**33.0**	**2.0**	**2.09**

	42.0	**44.0**	**2.0**	**10.26**

Holes 16WSDH001, collared 100 m southwest of hole 16WSDH002, and hole 16WSDH003, collared 200 m northeast of 16WSDH002, both encountered anomalous gold values (<0.1 gpt Au). Both holes appear to have missed the same zone encountered in hole 16WSDH002, but may have been situated too far to the south and north, respectively.

Magic Mountain and Mt. Hayes

Eight shallow reverse circulation holes were completed at the Magic Mountain drill target about 35 km east of Blue Spec. All holes were drilled in a southwestward direction at inclinations of 50-65 degrees. The Magic Mountain target is a 100 m long, near-vertical zone where surface rock chip sampling returned values up to 17.4 gpt Au.

All drill holes encountered anomalous (>0.1 gpt) to significant (>0.5 gpt) gold mineralization. Notable intercepts include 1.62 gpt Au over 9 m starting at 38 m in hole 16MMDH002, 0.69 gpt Au over 7 m starting at 47 m in hole 16MMDH003, 1.33 gpt Au over 3 m starting at 43 m in hole 16MMDH004, and 0.72 gpt Au over 7 m starting at 42 m in hole 16MMDH005. Mineralization appears to take a more disseminated form like that encountered at the new Pros Spec discovery further west. Further work is needed to fully evaluate this new zone.

Nine shallow reverse circulation holes were completed at the Mt. Hays target located approximately 8 km east of Magic Mountain. All holes were drilled in a southward direction at inclinations of 50-70 degrees. All drill holes encountered anomalous (>0.1 gpt) Au values. Three holes encountered significant gold mineralization including 0.63 gpt Au over 3 m starting at 24 m in hole 16MHDH001, 1.44 gpt Au over 2 m starting at 30 m in hole 16MHDH002, and 1.64 gpt Au over 2 m starting at 35 m in hole 16MHDH003. Further work is needed to assess further prospectivity of this zone.

New Land Position in Karratha Region

In mid-April, 2017, the Company entered into an agreement with an arm's length vendor (the "Vendor") to acquire the Vendor's interest in the Comet Well project in the Karratha region of Western Australia (the "Comet Well Project"). The Comet Well Project consists of a 100% interest in three special prospect licenses, a 100% interest in an exploration licence, and a 25% interest in a second exploration licence. This acquisition is subject to TSX Venture Exchange approval.

An initial payment of AU$100,000 was made to the Vendor. Subsequent payments of AU$150,000 and AU$350,000 worth of Novo's common shares (the "Consideration Shares"), to be calculated based on Novo's then 5-day trailing volume-weighted average price ("VWAP") at the time of execution of the definitive agreement concerning this transaction, will be made to the Vendor in accordance with the definitive agreement. The Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance.

The Company will also pay a bonus (the "Discovery Bonus") to the Vendor of AU$1,000,000 in cash or common shares if Novo publishes measured, indicated, or inferred gold resources of over 250,000 ounces on the Comet Well Project. If the Vendor chooses to receive payment of the Discovery Bonus in the Company's common shares, the shares will be priced at the Company's then 5-day trailing VWAP and will be subject to a statutory hold period expiring four months from the date of issuance.

FINANCING ACTIVITIES

During the years ended January 31, 2017 and 2016, shares were issued to settle a debt, as part of the Definitive Agreement, and pursuant to non-brokered private placements.

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 0.69 years. As of January 31, 2017, all Finder’s Warrants issued in the First Tranche have been exercised.

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 average remaining contractual life of the Finder’s Warrants is 0.71 years. As of January 31, 2017, all Finder’s Warrants issued in the Second Tranche have been exercised.

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 "March 2016 Financing") of 3,927,884 units (each a "March 2016 Unit") at a price of $0.60 per March 2016 Unit for gross proceeds of $2,356,730. Each March 2016 Unit consists of one common share and one common share purchase warrant (each a "March 2016 Warrant"). Each March 2016 Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $0.85 per share (the "March 2016 Warrant Terms") for a period of 24 months from the closing date of the March 2016 Financing. The March 2016 Warrants are subject to an accelerated expiry (the "March 2016 Accelerated Expiry Clause") whereby, starting one year from the date of issue of the March 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 March 2016 Warrants will expire 30 days thereafter. As part of the March 2016 Financing, the Company incurred share issuance costs of $55,404.

i) On July 26, 2016, the Company closed the first tranche of a non-brokered private placement (the "July 2016 Financing") of 1,642,471 units (each a "July 2016 Unit") at a price of $0.85 per July 2016 Unit for gross proceeds of $1,396,100. Each July 2016 Unit consists of one common share and one common share purchase warrant (each a "July 2016 Warrant"). Each July 2016 Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $1.25 per share (the "July 2016 Warrant Terms") for a period of 24 months from the closing date of the July 2016 Financing. 20,000 Finder's Warrants were also issued pursuant to the July 2016 Financing with a fair value of $16,495. The fair value of each Finder's Warrant was $0.82 per share whereas the exercise price is $1.25. The fair value was calculated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.58%, a dividend yield of $nil, an expected volatility of 100.66% and an average expected life of 2 years. The July 2016 Warrants are subject to an accelerated expiry (the "July 2016 Accelerated Expiry Clause") whereby, starting one year from the date of issue of the July 2016 Warrants, if the daily high trading price of Novo's common shares exceeds $1.65 for a period of 20 consecutive trading days, Novo may provide notice of early expiry and the July 2016 Warrants will expire 30 days thereafter. As part of the July 2016 Financing, the Company incurred share issuance costs of $24,261. As of January 31, 2017, the Finder's Warrants had a remaining contractual life of 1.48 years.

j) On August 12, 2016, the Company closed the second tranche of a non-brokered private placement (the "August 2016 Financing") of 4,921,223 units (each an "August 2016 Unit") at a price of $0.85 per August 2016 Unit for gross proceeds of $4,183,040. Each August 2016 Unit consists of one common share and one common share purchase warrant (each a "August 2016 Warrant"). Each August 2016 Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $1.25 per share (the "August 2016 Warrant Terms") for a period of 24 months from the closing date of the August 2016 Financing. 34,993 Finder's Warrants were also issued pursuant to the August 2016 Financing with a fair value of $30,443. The fair value of each Finder's Warrant was $0.87 per share whereas the exercise price of each Finder's Warrant is $1.25. The fair value was calculated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.51%, a dividend yield of $nil, an expected volatility of 100.66% and an average expected life of 2 years. The August 2016 Warrants are subject to an accelerated expiry (the "August 2016 Accelerated Expiry Clause") whereby, starting one year from the date of issue of the August 2016 Warrants, if the daily high trading price of Novo's common shares exceeds $1.65 for a period of 20 consecutive trading days, Novo may provide notice of early expiry and the August 2016 Warrants will expire 30 days thereafter. As part of the

August 2016 Financing, the Company incurred share issuance costs of $105,099. As of January 31, 2017, the Finder's Warrants had a remaining contractual life of 1.53 years.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2017, the Company had a cash and cash equivalents balance of $1,810,131 compared to $1,375,545 as at January 31, 2016. The Company had working capital as at January 31, 2017 of $2,250,047 compared to working capital of $1,183,624 as at January 31, 2016. The increase in working capital is mainly due to the increase of cash and cash equivalents and a decrease in accounts payable.

Cash used by operating activities during the period ended January 31, 2017, was $1,013,612 (January 31, 2016 - $1,093,660). The increase over the period relates mainly to a decrease in payables and an increase in prepaid expenses.

Cash used for investing activities during the period ended January 31, 2017, was $8,953,220 (January 31, 2016 - $9,594,910). The Company's principal investing activity is the acquisition and exploration of its resource properties. During the year ended January 31, 2017, the Company incurred $8,694,078 (January 31, 2016 - $9,234,472) on its resource properties. Please see the Mineral Properties and Deferred Exploration Expenditures section above for more details.

Cash provided by financing activities during the year ended January 31, 2017 was $10,485,478 (January 31, 2016 - $1,863,694), which is related to non-brokered private placements and the gold right convertible debenture. Reference should be made to the section titled Financing Activities above and Note 13 of the Company's consolidated financial statements for more details.

As at the date of this MD&A, the contractual obligations of the Company are the JVA's, the Share Exchange and Settlement Agreement signed between the Company and the Creasy Group, the agreement with Northwest Resources Limited, and the agreement with Talga Resources Ltd. Reference should be made to the section titled: Mineral Properties and Deferred Exploration Expenditures and Note 8 of the Company's consolidated financial statements for more details.

OFF BALANCE SHEET TRANSACTIONS

There are currently no off balance sheet arrangements which could have a material effect on current or future results of operations, or the financial condition of the Company.

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)
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.

RELATED PARTY TRANSACTIONS

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 and amounts incurred were expensed as consulting fees.

(a) *Key Management Personnel Disclosures*

During the years ended January 31, 2017 and 2016, the following amounts were incurred with respect to the key management and directors of the Company:

	January 31, 2017	**January 31, 2016**
	$	**$**
Consulting services	185,000	151,000
Wages and salaries	165,849	26,404
Wages and salaries included in exploration and evaluation assets	339,794	180,614
Share-based payments	1,170,315	-
	1,860,958	358,018

(b) *Other Related Party Disclosures*

During the years ended January 31, 2017 and 2016, the following amounts were incurred with respect to consulting services provided by a corporation controlled by the Chief Financial Officer:

	January 31, 2017 $	January 31, 2016 $
Consulting services	120,000	120,000
	120,000	120,000

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the consolidated financial statements for the year ended January 31, 2017.

CRITICAL ACCOUNTING ESTIMATES

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 of the Company's consolidated financial statements for the year ended January 31, 2017.

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.

A detailed summary of all the Company's critical accounting estimates is included in Note 2 – Significant Accounting Policies to the January 31, 2017, consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

A detailed summary of all the Company's changes in accounting policies is included in Note 2 – Significant Accounting Policies to the January 31, 2017, consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) **Fair value**

The Company's financial instruments include cash and cash equivalents, interest receivable, marketable securities, accounts payable and accrued liabilities, and the gold right convertible debenture. 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's gold right convertible debenture was classified as a level 2 financial instrument, and the derivative liability component of the gold right convertible debenture was classified as a level 3 financial instrument. There were no transfers between levels during the period.

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 January 31, 2017 and 2016, the Company's Australian and US dollar denominated monetary assets and monetary liabilities are as follows:

Australian Monetary assets ($ AUD)		**January 31, 2017**		**January 31, 2016**
Cash and cash equivalents	$	948,679	$	555,914
Accounts payable and accrued liabilities	$	431,736	$	695,195

US Monetary assets ($USD)		**January 31, 2017**		**January 31, 2016**
Cash and cash equivalents	$	119,895	$	23,335
Accounts payable and accrued liabilities	$	7,448	$	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	$	948,679	$	94,868	$	93,720
Accounts payable and accrued liabilities	$	431,736	$	43,174	$	42,651

US Monetary assets		USD		10% Fluctuation Impact (USD)		CAD
Cash and cash equivalents	$	119,895	$	11,989	$	15,622
Accounts payable and accrued liabilities	$	7,448	$	745	$	970

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.

As at January 31, 2017, 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.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at the date of this MD&A:

Share capital

As at the date of this MD&A, the Company has 116,657,170 issued and outstanding common shares.

Fully diluted securities

Type of Security	Number	Exercise Price	Expiry Date
Stock options	250,000	$0.20	June 10, 2020
Stock options	100,000	$0.20	August 12, 2020
Stock options	3,775,000	$0.94	August 15, 2021
Total	**4,125,000**		

Type of Security	Number	Exercise Price	Expiry Date
Warrants	2,448,077	$0.80	July 10, 2017
Warrants	470,000	$0.80	July 17, 2017
Warrants	96,160	$0.80	July 24, 2017
Warrants	3,911,217	$0.85	March 8, 2018
Warrants	1,662,471	$1.25	July 26, 2018
Warrants	4,956,216	$1.25	August 12, 2018
Warrants	22,727,350	$0.90	May 4, 2019
Warrants	1,329,546	$0.66	May 4, 2019
Total	**37,601,037**		

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has incurred the following material cost components:

	Year Ended January 31, 2017	Year Ended January 31, 2016
	$	$
Accounting Fee	365,390	208,974
Consulting Fee	374,952	368,343
Office & General	275,848	277,885
Accreted Interest Expense	327,475	-
Wages & Salaries	442,659	316,825
Share-based Compensation	2,463,368	-
Exploration and Evaluation Assets	35,221,840	25,468,739

During the year ended January 31, 2017, $395,390 (January 31, 2016 - $208,974) in accounting fees was paid in relation to the previous year's financial statement audit, tax return services, and research and development refunds in Canada, Australia, and the US.

During the year ended January 31, 2017, consulting fees totalling $374,952 (January 31, 2016 - $368,343) were mainly paid to directors, officers and consultants of the Company to provide corporate communication, administrative, investor relations, computer services, and management services to the Company. The transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

General office administrative expenses during the year ended January 31, 2017, totaling $275,848 (January 31, 2016 - $277,885), were mainly related to general office supplies, advertising and promotion, filing fees, computer & internet expenses, project investigation, telephone expenses, depreciation, professional development, and rent expenses.

Accreted interest expenses during the year ended January 31, 2017, of $327,475 (January 31, 2016 - $nil) related to the gold right convertible debenture. Please see Note 17 in the Company's accompanying financial statements for more details.

During the year ended January 31, 2017, $442,659 (January 31, 2015 - $316,825) in wages and salaries were paid to employees for providing management, geological and administrative services to the Company.

During the year ended January 31, 2017, $2,463,368 (January 31, 2016 - $nil) in share-based compensation has incurred.

During the year ended January 31, 2017, exploration and evaluation assets totalling $35,221,840 (January 31, 2016 - $25,468,739) related to the Millennium, Paleo-Placer, Tuscarora, Grant's Hill, Blue Spec, and Talga properties. Reference should be made to the section titled: Mineral Properties and Deferred Exploration expenditures.

RISK AND UNCERTAINTIES

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

The Company competes with other junior mineral exploration companies, some of which have greater financial resources and technical facilities. The business of mineral exploration and extraction involves a high degree of risks and few properties that are explored are ultimately developed into production. In addition to specific risks disclosed throughout this discussion, other risks facing the Company include reliance on third parties, environmental and insurance risks, statutory and regulatory requirements, metal prices and foreign currency fluctuations, share price volatility and title risks.

ADDITIONAL INFORMATION

Additional information about the Company is available for viewing on SEDAR at www.sedar.com.