

**NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018**

BACKGROUND

The following Management Discussion and Analysis (“MD&A”) of the results of operations and financial condition, prepared as of May 29, 2018, 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, 2018 and 2017, 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., Karratha Gold Exploration (B.V.I.) Ltd., Conglomerate Gold Exploration Pty. Ltd., Nullagine Gold Pty. Ltd., Beatons Creek Gold Pty. Ltd., Grant’s Hill Gold Pty. Ltd., Karratha Gold Pty. Ltd., Rocklea Gold Pty. Ltd., and Meentheena Gold Pty. Ltd. All figures in this MD&A are in Canadian dollars unless stated otherwise.

During the year ended January 31, 2018, 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.

In this MD&A:

“Fiscal 2016” means the fiscal year ended January 31, 2016;

“Fiscal 2017” means the fiscal year ended January 31, 2017; and

“Fiscal 2018” means the fiscal year ended January 31, 2018.

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. (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. On June 27, 2011, the Company changed its name from Galliard Resources Corp. to Novo Resources Corp. The Company’s shares trade on the TSX Venture Exchange (the “TSX-V”) under the ticker symbol “NVO” and in the United States on the OTC market’s OTCQX International Exchange under the symbol “NSRPF”.

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties with a focus on gold. The Company's head office is located at c/o Suite 2900, 595 Burrard Street, Vancouver, BC, V7X 1J5, Canada.

The Company is currently exploring its numerous mineral properties, particularly the Karratha and Beatons Creek projects in Western Australia.

Total current assets amount to \$70,832,564 (January 31, 2017 - \$2,759,866). The increase in total current assets is mainly due to an increase in cash from financings. Non-current assets at January 31, 2018, totaled \$81,002,549 (January 31, 2017 - \$35,708,466). The increase in non-current assets is mainly due to the Company's expenditures on its mineral properties.

During the year ended January 31, 2018, the Company reported a net loss of \$17,784,811, which represents a \$0.14 basic and diluted loss per share (January 31, 2017 – loss of \$4,143,614, which represents a \$0.05 basic and diluted loss per share). The increase in loss is mainly attributable to the increase in share-based compensation and increased exploration activities which, in turn, led to an increase in general business activities.

Exploration Highlights

Comet Well Project

In late January, 2018, the Company received approval of its Programme of Works ("POW") submission for exploration activities at Comet Well from the Department of Mines, Industry Regulation and Safety of Western Australia. The Company can now commence exploration activities in this highly prospective area of tenure. Comet Well represents a significant extension of the targeted gold-bearing conglomerate sequence encompassing an additional 5 km strike southwest of the Purdy's Reward project.

Trenching, bulk sampling and scout diamond drilling are currently underway.

Trenching and Bulk Sampling

During March 2018, Novo staff have collected several series of +5-tonne bulk samples from the basal few meters of a bouldery conglomerate unique to the Powerline project showing. Boulder clasts in this lower unit are sometimes over 1 m across and are ubiquitously well rounded. Pyrite, both detrital and late, appears frequently, and metal detecting has readily identified numerous strikes within these rocks. Unlike at Purdy's Reward, where most gold nuggets appear to occur near the base of the conglomerate sequence, detector strikes have been noted in multiple horizons above the basal contact at Powerline.

Sampling is being undertaken from the floor of trenches dug into this conglomerate. Soil and oxidized rocks are first removed to expose a face of less weathered or fresh conglomerate. Novo's protocols dictate that each sample come from a 2 x 2 m subhorizontal panel at least 0.3 m thick. Screening is erected around each sample site to prevent fly rock from being lost and to keep contamination out. The 2 x 2 m footprint of each sample site is scored with a rock saw, then a chisel moil fitted to a rock breaker on an excavator is used to break out the sample. Rocks must be broken to less than 0.2 m so they can fit into the crusher on the test plant being used to treat samples. The fines from each sample are swept up and collected along with larger rock pieces.

At the Powerline showing, a new gold-bearing conglomerate horizon has been exposed approximately 20 m up section from the basal bouldery unit. The thickness of this horizon has yet to be determined, but several gold nuggets encased in rock matrix have been recovered as the weathered portion of this horizon has been stripped away in preparation for sampling. This new gold-bearing conglomerate rests on top of a thin, but distinct marker horizon of possible volcanic origin containing large lapilli, or rock fragments, in a dark ashy matrix. Novo geologists have been able to trace this marker unit along strike to the east from the Powerline showing and have also identified it in several scout diamond drill holes.

**NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018**

Over the next few months, Novo plans to open up multiple trench sites along approximately 2 km of strike at Comet Well and anticipates collecting up to 60 +5-tonne bulk samples.

Test Plant

In early February, 2018, the Company entered into a commercial arrangement with SGS Minerals (“SGS”) of Perth, Western Australia, to secure access to a test plant for the processing of 5 tonne bulk samples from its Karratha Gold Project. SGS is a leading service provider to the global mining and minerals industry. In gold systems containing a high nugget effect, a relatively large sample size is required to ensure the resultant assay grade is better representative of the surrounding material. In ongoing trenching works at the Company’s Karratha gold project, Novo will be excavating a series of 5 tonne bulk samples. Samples to date have mostly been in the range of around 300 kg. Processing of these sample sizes through conventional laboratories has proven time consuming and costly and provides indicative grades only for each sample. As Novo comes to grips with analysing this unique style of gold mineralisation, the Company has been working to continually improve its sampling and analysis processes, hence the focus on investigating cost effective and timely alternative solutions to obtaining the grade of the bulk sample material. Faster turnaround times will be invaluable for the exploration team in the field, with a more rapid feedback loop significantly improving the understanding of gold concentrations relative to geological features.

The test plant is an upgraded version of a fit for purpose and pre-existing test plant in Perth, Western Australia, which has been previously utilized for sample analysis. The test plant essentially consists of a comminution circuit followed by gravity separation processes, generating a series of gold concentrates for subsequent assay. Works will be overseen by the existing scrutineering regime in an ISO 9001 accredited laboratory environment, ensuring sample integrity from the field to the plant, with all analysis completed at the SGS laboratory facility in Perth. The plant has been specifically designed to preserve and analyse gold particle sizing for use in geostatistical analysis.

Bulk Sample Processing

During bulk sample processing, rock is first crushed and screened, and the minus 6.0 mm plus 2.5 mm fraction is fed through a conveyor fitted with a metal detector so that coarse gold nuggets can be isolated and extracted for study. The remaining material is set aside for further gold analysis. Eighty nuggets, some partially embedded in rock matrix, were recovered from bulk sample KX157 (7,143 kg), the first sample to be processed through the test plant at SGS.

Bulk sample KX157 was collected from a trench exposing boulder conglomerate at the Powerline prospect. Importantly, this sample originates from a position approximately 0.3-0.8 m above the basal contact of the conglomerate package suggesting a thicker section of conglomerate is mineralized at Comet Well when compared to Purdy’s Reward where most gold is concentrated within a half meter of the basal surface. Metal detector strikes are recorded over approximately 4 m of conglomerate thickness at the Powerline prospect.

Recovered nuggets from bulk sample KX157 range in size from 3 mm to 2 cm. In spite of two stages of crushing, most appear intact and relatively unscathed retaining their characteristic flattened melon seed appearance, a clear indication of a water-worn alluvial origin. Fine-grained “halo” gold particles are observed around nuggets partially encased in rock matrix similar to that observed around nuggets recovered from Purdy’s Reward. Nuggets ultimately undergo further treatment to remove rock matrix so that an accurate mass of gold can be determined and important information about nugget size can be recorded for statistical purposes.

Following nugget extraction, bulk sample material is subjected to further processing including finer grinding and gravity gold separation. Samples of concentrates and tailings are collected from various points as material passes through the test plant. Once all subsamples have been analyzed, the Au grade of the bulk sample can be calculated.

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

Processing of bulk samples has been slower than expected due a number of factors including rock hardness, additional screening steps, and complexities around tail homogenization and sampling. Various modifications have been, and are being, made to the test plant to improve reliability and increase capacity to process the Comet Well conglomerate within a well devised QA/QC framework. Steady state processing is estimated to be achieved within 6 weeks. Grade results for the first few samples from the Powerline prospect are now expected to return by late May. Currently, there are 18 samples from Comet Well in the queue at the laboratory.

Scout Diamond Drilling

Since mid-February, Novo has drilled 39 vertical scout diamond drill holes at Comet Well on an approximate 200 m grid. More tightly spaced holes are completed in areas where trenching will occur in order to better understand subsurface geology before bulk sampling commences. Novo is drilling core holes to assess subsurface geology including depth, thickness and orientation of the targeted conglomerate unit.

Exceptionally thick intercepts of conglomerate near the Powerline showing at Comet Well have been encountered during the scout diamond drilling exercise. Holes collared in the Mt Roe basalt, the cap rock to the conglomerate sequence, have encountered 30 to 35 m intercepts of conglomerate before entering the dolerite footwall at the base. Given the dip appears to be quite shallow, less than 10 degrees, these intervals are probably close to true thicknesses. Recently completed holes between the Powerline showing and Purdy's Reward have all encountered conglomerates. Over the next few weeks, core holes will be logged in detail and a 3D model of the conglomerate package will be constructed.

Artemis Resources Joint Venture (Purdy's Reward Project)

Novo has received Au results for multiple bulk samples collected late last year from trenches at Purdy's Reward. Bulk samples discussed here were some of the first samples taken from the project and each weigh approximately 300 kg, a size Novo has recently determined insufficient to evaluate grades of this nuggety gold system. Nonetheless, results from these initial bulk samples provide insight into the grade distribution within the conglomerate section at Purdy's Reward. Observations include:

- Concentrates from all samples yielded multiple flattened, "melon seed" nuggets attesting to the nuggety nature of the deposit.
- The richest gold grades appear to be concentrated near the base of the conglomerate package immediately above the dolerite footwall. Grades of 87.8, 46.1, 10.6 and 15.7 gpt Au were obtained from samples of this material from trench 1 and 17.7 gpt Au from a sample from trench 2.
- Samples of footwall dolerite yielded significant gold, perhaps reflecting penetration of nuggets into this unit from above. Bulk samples of this material yielded grades of 4.1, 0.4 and 0.03 gpt Au from trench 1, and 2.2 and 2.7 gpt Au from trenches 2 and 3. Clearly, the underlying rock is prospective in areas immediately below the basal conglomerate.
- Conglomerate samples taken from areas above the base contain occasional nuggety gold. Grades of 1.3 and 0.2 gpt Au were obtained from two samples of this material from trench 1 and 1.3 gpt Au from a sample from trench 2. Novo views these results as indicative only since field observations indicate nuggets originate from upper conglomerates. Novo thinks samples of 5-15 tonnes will be necessary to better assess gold grades from these units.

At the end of 2017, Novo collected some approximately 6-tonne samples from a few trenches at Purdy's Reward. These samples were collected after the recognition of the extreme nuggety nature of mineralization and that most nuggets are concentrated near the base of the conglomerate sequence. In an effort to standardize bulk sampling protocols, Novo extracted each sample from flat panels of rock each 0.5 m thick and with a set footprint of 4 sq meters.

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

RESULTS OF OPERATIONS

During the year ended January 31, 2018, the Company incurred a net loss of \$17,784,811 compared to a net loss of \$4,143,614 for the year ended January 31, 2017. The net loss in the year ended January 31, 2018, relates primarily to an operating loss before other items of \$17,845,526 (January 31, 2017 - \$4,303,987) and other items gain of \$60,715 (January 31, 2017 – gains of \$160,373). The operating loss before other items was mainly due to share-based compensation of \$11,699,043 (January 31, 2017 – \$2,463,368); consulting fees of \$1,829,576 (January 31, 2017 – \$374,952) related to administration, corporate communication, investor relations, computer services and management services provided by directors, officers and consultants of the Company, and a consulting payment for services provided by a prominent Australian prospector (see Note 8 of the Company's consolidated financial statements); wages and salaries of \$1,599,447 (January 31, 2017 – \$442,659) related to employee payroll in Canada, the US, and Australia; general office and administrative expenses of \$1,025,558 (January 31, 2017 – \$275,844) mainly related to general and administrative expenses, including advertising and promotion, computer & internet expenses, project investigation, telephone expenses, depreciation, professional development, and rent expenses; accounting fees of \$435,493 (January 31, 2017 – \$365,390) 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, Industry Regulation and Safety; legal fees of \$193,833 (January 31, 2017 - \$109,607) related to corporate matters; transfer agent and filing fees of \$338,746 (January 31, 2017 - \$143,257) related to transfer agent fees and fees associated with maintaining the Company's listing on the TSX-V; meals and travel expenses of \$184,466 (January 31, 2017 - \$50,764) related to meals and entertainment and business-related travel expenses; insurance expenses of \$104,866 (January 31, 2017 - \$78,146); and an impairment expense of \$434,498 (January 31 2017 - \$nil) related to the write-down of the Company's Mt. Hayes property (see Note 6 of the Company's consolidated financial statements).

During the year ended January 31, 2018, other items include interest and other income of \$215,520 (January 31, 2017 – \$390,315) related to interest income and, for the year ended January 31, 2017, the sale of gold and silver produced from the Company's bulk sampling exercise totaling \$377,122; accreted interest expense of \$nil (January 31, 2017 - \$327,475) related to the gold right convertible debenture (see Note 15 of the Company's consolidated financial statements); a foreign exchange loss of \$16,055 (January 31, 2017 – \$29,674) related to payments denominated in foreign currencies and the revaluation of the Company's USD cash as at January 31, 2018; and a cumulative gain on marketable securities recycled through net loss of \$nil (January 31, 2017 - \$130,413). The Company also recognized an unrealized loss on the value of deferred consideration for the Comet Well mineral property of \$138,750 (January 31, 2017 - \$nil).

During the year ended January 31, 2018, the Company recognized an unrealized holding loss of \$168,958 (January 31, 2017 – gain of \$43,361) in other comprehensive income or loss on marketable securities designated as available-for-sale instruments. The Company also recognized cumulative gains on marketable securities recycled through net loss of \$nil (January 31, 2017 - \$130,413). The Company also recognized foreign exchange gain on the translation of subsidiaries of \$494,181 (January 31, 2017 – loss of \$346,231) in other comprehensive income or loss.

During the period from incorporation on October 28, 2009 to January 31, 2018, 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 continuing operating losses during the coming year resulting from its exploration activities. The Company currently has sufficient cash reserves to fund its operations for at least the next twelve months. In the event that the Company requires further funding to carry out its exploration plans in the future, management will review all on-going expenditures and take appropriate actions to remedy any potential funding shortage.

SELECTED ANNUAL INFORMATION

For the years ended January 31, 2018, 2017, and 2016, the consolidated financial statements have been prepared in accordance with IFRS.

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

Statement of comprehensive loss data	Year ended January 31, 2018	Year ended January 31, 2017	Year ended January 31, 2016
Other income	\$215,520	\$390,315	\$56,534
Net loss	\$(17,784,811)	\$(4,143,615)	\$(457,650)
Net loss per common share outstanding - basic and diluted			
	\$(0.14)	\$(0.05)	\$(0.01)
Dividend	\$Nil	\$Nil	\$Nil
Statement of financial position data	Year ended January 31, 2018	Year ended January 31, 2017	Year ended January 31, 2016
Total assets	\$151,835,113	\$38,468,332	\$27,902,187
Non-current financial liabilities	\$Nil	\$Nil	\$Nil
Shareholders' equity	\$143,682,766	\$37,958,513	\$27,154,339

Net Loss

The Company incurred a net loss of \$17,784,811 during Fiscal 2018, \$4,143,615 during Fiscal 2017, and \$457,650 during Fiscal 2016. The variance was mainly attributable to share-based compensation (2018 - \$11,699,043; 2017 - \$2,463,368; 2016 - \$nil), wages and salaries (2018 - \$1,599,447; 2017 - \$442,659; 2016 - \$316,825), office and general expenses (2018 - \$1,025,558; 2017 - \$275,844; 2016 - \$277,885), consulting services (2018 - \$1,829,576; 2017 - \$374,952; 2016 - \$368,343), and transfer agent and filing fees (2018 - \$338,746; 2017 - \$143,257; 2016 - \$101,956). Explanations for the fluctuations in net losses are summarized below by separately identifying the aforementioned five major categories of expenses.

Share-based compensation

During Fiscal 2018, the Company recognized \$11,699,043 in share-based compensation expense compared to \$2,463,368 in Fiscal 2017 and \$nil in Fiscal 2016. The increase in expense relates to the Company's grant of stock options to its growing number of employees along with option exercise prices and corresponding Company stock prices. Costs associated with options issued with time-based vesting conditions are amortized over the vesting timeframe of the options. Costs associated with options issued with performance-based vesting conditions are amortized over the estimated timeframe required for the options to vest.

Wages and salaries

During Fiscal 2018, the Company recognized \$1,599,447 in wages and salaries expense as compared to \$442,659 in Fiscal 2017 and \$316,825 in Fiscal 2016. The Company has significantly expanded its team in Western Australia and its salary expenses have increased as a result. The Company capitalizes any wages and salaries which are attributable to the Company's mineral properties and expenses all remaining wage and salary amounts.

Office and general expenses

During Fiscal 2018, the Company recognized \$1,025,558 in office and general expenses as compared to \$275,844 during Fiscal 2017 and \$277,885 during Fiscal 2016. Office and general expenses include advertising and promotion expenses, depreciation, computer and internet expenses, and telephone expenses along with general office expenses. Such expenses increased as the Company grew its Western Australian team.

Consulting services

During Fiscal 2018, the Company recognized \$1,829,576 in consulting expenses as compared to \$374,952 in Fiscal 2017 and \$368,343 in Fiscal 2016. While growing its operations, the Company relied on external

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

consultants to provide certain financial, marketing, and investor relations services. Any consulting services pertaining to the Company's mineral properties are capitalized in the balance of the relevant mineral project. The Company also retained the services of a prominent Australian prospector which it will compensate through the issuance of 1,000,000 common shares of the Company. A consulting expense totaling \$1,140,597 has been recorded in Fiscal 2018 as a result.

Transfer agent and filing fees

During Fiscal 2018, the Company recognized \$338,746 in transfer agent and filing fees as compared to \$143,257 in Fiscal 2017 and \$101,956 in Fiscal 2016. The Company's TSX-V listing fees are based on market capitalization and increased as the Company's share price rose. Transfer agent fees also increased as the Company's share price rose and warrants and options were exercised.

Total Assets

Total assets increased from \$27,902,187 as at January 31, 2016 to \$38,468,332 as at January 31, 2017 and \$151,835,113 as at January 31, 2018. Total assets consist mainly of cash and short-term investments and exploration and evaluation assets and increased significantly from prior years mainly due to significant financings and exploration expenditures on the Company's mineral properties, particularly in the Karratha region of Western Australia.

Shareholders' Equity

Total shareholders' equity increased from \$27,154,339 as at January 31, 2016 to \$37,958,513 as at January 31, 2017 and \$143,682,766 as at January 31, 2018. Total shareholders' equity consisted mainly of share capital and increased significantly mainly due to the securities issued pursuant to numerous private placements and property transactions (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, 2016, to January 31, 2018, are prepared in accordance with IFRS.

	4 th Quarter 2018 January 31, 2018	3 rd Quarter 2018 October 31, 2017	2 nd Quarter 2018 July 31, 2017	1 st Quarter 2018 April 30, 2017	4 th Quarter 2017 January 31, 2017	3 rd Quarter 2017 October 31, 2016	2 nd Quarter 2017 July 31, 2016	1 st Quarter 2017 April 30, 2016
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income Gain/(Loss)	(2,517,162)	(9,959,587)	(4,675,098)	(553,955)	240,899	(2,935,208)	(771,147)	(678,157)
Basic and Diluted Gain (Loss) Per Share	(\$0.01)	(\$0.07)	(\$0.04)	(\$0.01)	\$0.00	(\$0.03)	(\$0.01)	(\$0.01)

Overall, consulting fees, share-based compensation, foreign exchanges gains/losses, and wages and salaries were the major components that caused variances in net losses from quarter to quarter.

FOURTH QUARTER

During the three-month period ended January 31, 2018, the major expenses of the Company were accounting and audit fees of \$162,489, wages and salaries of \$1,031,659, consulting fees of \$1,328,213, office and general expenses of \$510,522, legal fees of \$50,099, share-based compensation of (\$1,153,617),

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

and meals and travel expenses of \$80,169. During the three-month period ended January 31, 2017, operating expenses were mitigated by non-operating items such as interest and other income of \$63,539.

EXPLORATION AND EVALUATION ASSETS

Nullagine Region

Beatons Creek Property

The Company signed agreements with aboriginal groups who have title to the ground comprising the Beatons Creek property during the year ended January 31, 2018. In aggregate, the Company has paid AUD \$450,000 (\$446,805) and a further AUD \$600,000 is due once a decision has been made to develop the property for mining. In addition, a production royalty is payable, totaling 2.75% on any gold and silver produced from the Beatons Creek property.

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 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 Talga, Warrawoona, and Mosquito Creek Projects (collectively, 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 also payable to the State of Western Australia on any gold produced by the Company on the Talga Projects.

Blue Spec Project

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

A net smelter return royalty over all production from certain tenements comprising the Blue Spec Project 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 obligations under the 2015 purchase agreement with Northwest. 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 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 the Creasy Group entering into a binding agreement regarding other tenements in the Nullagine region. No value has been ascribed to these shares considering their issuance is contingent upon entering into the binding agreements. 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 four farm-in and joint venture agreements with the Creasy Group (the "JVAs") 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.

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

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.

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. 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 (the “Consideration Shares”) at a deemed price of \$0.9037 per share (AUD \$0.9171) for total consideration of AUD \$500,000 (\$442,147). 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. These Consideration Shares were subject to a statutory hold period that expired in February of 2017. The Company has the right to earn a 70% interest by incurring AUD \$500,000 in exploration expenditures, which it has not incurred as at January 31, 2018.

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.

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 \$293,048 based on the closing price of the Company’s common shares on the TSX-V on October 7, 2016 of \$1.50. 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 from the date of the option agreement to April 14, 2018. The Company determined that the Mt. Hayes Project was not prospective and let the option lapse. The Company recorded an impairment expense of AUD \$436,550 (\$434,498) during the year ended January 31, 2018.

Calidus Resources Limited

On September 19, 2017, the Company signed a binding term sheet with Calidus Resources Limited (“Calidus”), an ASX-listed entity, granting Calidus the right to earn a 70% interest in and to certain Novo tenements surrounding Calidus’ Warrawoona project in Western Australia (the “Novo Tenements”). The Novo Tenements are comprised of four exploration licences and three prospecting licences.

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

Calidus completed its due diligence and satisfied or waived all conditions precedent and advised that the preparation of formal earn-in and joint venture agreements is underway. Calidus issued to Novo 20,000,000 fully paid ordinary shares at a fair value of AUD \$820,000 (\$814,178) or AUD \$0.041 (\$0.041) per share.

In order to earn a 70% interest in and to the Novo Tenements, Calidus must incur exploration expenditures of AUD \$2,000,000 over three years. If Calidus earns its 70% interest, Novo and Calidus will then be subject to a fund or dilute obligation whereby any interest below 10% will automatically convert into a 1% net smelter returns royalty.

Nimble Resources Pty Ltd

On November 10, 2017, the Company sold tenement E46/1035 to Nimble Resources Pty Ltd (“Nimble”) for a tiered royalty on any future minerals produced from the tenement. The Company will receive a royalty of 2% on all minerals derived from ore with an average grade of at least 0.5 grams of gold per loose cubic metre of earth, and 1% on all minerals derived from ore with an average grade of less than 0.5 grams of gold per loose cubic metre of earth.

Karratha Region

Comet Well Property

On April 11, 2017, the Company entered into a binding terms sheet (the “Terms Sheet”) with Jonathan and Zoe Campbell (“Campbell”) to acquire their 100% interest in tenements 47/3597, 47/1845, 47/1846, and 47/1847 and their 25% interest in tenement 47/3601 (collectively, the “Tenements”) which comprise the Comet Well project in the Karratha region of Western Australia (the “Comet Well Project”). On August 3, 2017, the Company signed a sale and purchase agreement and a royalty agreement with Campbell, two farm-in and joint venture agreements with Gardner Mining Pty Ltd (“Gardner”) and Bradley Adam Smith (“Smith”), and a settlement deed with Campbell, Gardner, and Smith (collectively, the “Definitive Agreements”). Upon execution of the Definitive Agreements, the Company had the right to earn an 80% interest, in aggregate, to the Tenements.

The aggregate cash portion of the purchase price pursuant to the Definitive Agreements is AUD \$1.75 million, of which AUD \$100,000 (\$99,950) was paid to Campbell upon signing of the Terms Sheet and AUD \$150,000 (\$148,020) was paid to Campbell upon signing of the Definitive Agreements. The remaining AUD \$1.5 million will be paid to Gardner and Smith. The shares portion of the purchase price consists of 1.45 million Novo common shares (the “Initial Consideration Shares”) of which 450,000 Initial Consideration Shares will be issued to Campbell and 1.0 million Initial Consideration Shares will be issued to Gardner and Smith. The Initial Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance. The Initial Consideration Shares were issued on January 25, 2018, at a fair value of \$4,611,000 based on the closing price of the Company’s common shares on the TSX-V on January 25, 2018 of \$3.18.

Three years after the signing of the Definitive Agreements, a further AUD \$3.0 million in aggregate is required to be paid to Gardner and Smith and AUD \$3.0 million-worth of Novo’s common shares (the “Subsequent Consideration Shares”) issued to Gardner and Smith, with the number of Subsequent Consideration Shares to be calculated based on Novo’s then prevailing 5-day trailing volume-weighted average price (“VWAP”). The Subsequent Consideration Shares will also be subject to a statutory hold period expiring four months from the date of issuance.

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

The AUD \$3.0 million cash consideration and the Subsequent Consideration Shares have been recognized as a long-term liability in the Company's statement of financial position. The cash consideration has been discounted to reflect its present value with the remainder of the liability being recognized in accretion expense over the period to maturity. The fair value of the cash consideration as at January 31, 2018 is \$2,891,310. The Subsequent Consideration Shares have been fair valued based on the number of shares to be issued using the agreed-upon terms within the Definitive Agreements, with period-end revaluations capturing any unrealized gain or loss in the fair value of the Subsequent Consideration Shares. The fair value of the Subsequent Consideration Shares as at January 31, 2018 is \$3,353,965.

A bonus (the "Discovery Bonus") of AUD \$1.0 million payable in cash and/or Novo common shares (at Campbell's option) is required to be paid to Campbell if Novo publishes measured, indicated, or inferred gold resources of at least 250,000 ounces on the Comet Well Project (the "Comet Well Technical Report"). If the Discovery Bonus is to be paid 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. The Company has not published a Comet Well Technical Report so no amount has been accrued for the Discovery Bonus.

The royalty agreement between the Company and Campbell entitles Campbell to a 1% net smelter returns royalty on gold extracted by the Company on the Tenements.

The first farm-in and joint venture agreement (the "Novo Farm-in Agreement") signed between the Company and Gardner and Smith entitles the Company to earn an 80% interest in the Tenements once certain regulatory approvals are obtained and the Company incurs AUD \$4.0 million in expenditures within three years of the Tenements being granted by the Australian Department of Mines, Industry Regulation and Safety (the "DMIRS"). Concurrently, the Company signed a farm-in and joint venture agreement (the "Gardner and Smith Farm-in Agreement") with Gardner and Smith which entitle Gardner and Smith to earn an aggregate 20% interest in the Tenement by incurring AUD \$50,000 in aggregate within two years of the Tenements being granted by the DMIRS. As such, if the Company earns in to the Tenements and Gardner and Smith earn in to the Tenements, the Company will hold an 80% interest in the Tenements and Gardner and Smith will hold a 20% interest in the Tenements.

Pursuant to the Novo Farm-in Agreement, the Company will free carry Gardner and Smith with respect to joint venture expenditures until a decision to mine is made, at which point any non-contributing entity's interest in the joint venture will dilute at a pre-determined ratio. If Gardner's and Smith's interests in the joint venture are reduced to below 5%, Gardner and Smith will be deemed to have withdrawn from the joint venture and their interest will convert to an aggregate 1.0% net smelter returns royalty payable on any gold which is capable of being sold or otherwise disposed of. If the Company's interest in the joint venture is reduced to below 5%, the Company will be deemed to have withdrawn from the joint venture and its interest will convert to an aggregate 4% net smelter returns royalty payable on any gold which is capable of being sold or otherwise disposed of.

Pursuant to the Gardner and Smith Farm-in Agreement, the Company will free carry Gardner and Smith with respect to joint venture expenditures until a decision to mine is made, at which point any non-contributing entity's interest in the joint venture will dilute at a pre-determined ratio. If Gardner's and Smith's interests in the joint venture are reduced to below 5%, Gardner and Smith will be deemed to have withdrawn from the joint venture and their interests will convert to a 0.5% net smelter returns royalty payable on any gold which is capable of being sold or otherwise disposed of. If the Company's interest in the joint venture is reduced to below 5%, the Company will be deemed to have withdrawn from the joint venture and its interest will convert to a 4% net smelter returns royalty payable on any gold which is capable of being sold or otherwise disposed of.

On December 4, 2017, the Company signed a native title and heritage exploration agreement (the "Native Title Agreement") with Campbell, Gardner, Smith, and the Ngarluma Aboriginal Corporation

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

("NAC") which has allowed heritage surveys to commence and will allow the granting of the Tenements. Once granted, the Company will be entitled to commence exploration work on the Tenements in order to satisfy earn-in expenditures on the Novo Farm-in Agreement. The Company also issued 100,000 common shares to NAC as consideration for signing the Native Title Agreement on December 8, 2017 at a fair value of \$503,000 based on the closing price of the Company's common shares on the TSX-V on December 8, 2017 of \$5.03.

Artemis Resources Limited

On August 15, 2017, the Company signed definitive agreements outlining farm-in and joint venture gold rights with Artemis Resources Limited ("Artemis"). Novo will farm-in to 50% of gold (and other minerals necessarily mined with gold) in conglomerate and/or paleo placer style mineralization in Artemis' tenements within 100km of the City of Karratha, including at Purdy's Reward ("the Gold Rights"). The Gold Rights do not include (i) gold disclosed in Artemis' existing JORC compliant Resources and Reserves at May 18, 2017 or (ii) gold which is not within conglomerate and/or paleo-placer style mineralization or (iii) minerals other than gold. Artemis' Mt Oscar tenement is excluded from the definitive agreements.

The farm-in commitment required Novo to expend AUD \$2.0 million on exploration within two years of satisfying conditions precedent in the definitive agreements. The Company issued 4,000,000 common shares as consideration for the Artemis transaction on August 23, 2017, at a fair value of CAD \$16,480,000 based on the closing price of the Company's common shares on the TSX-V on August 23, 2017 of \$4.12.

The definitive agreements signed cover 38 tenements/tenement applications that are 100% owned by Artemis. On completion of the farm-in commitment, three 50:50 joint ventures will be formed between Novo's subsidiary, Karratha Gold Pty Ltd ("Karratha Gold") and three subsidiaries of Artemis. The joint ventures will be managed as one by Karratha Gold. Artemis and Novo will contribute to further exploration and mining of the Gold Rights on a 50:50 basis.

On November 27, 2017, the Company reached its AUD \$2.0 million expenditure requirement and sent notice to such effect to Artemis. As such, effective November 27, 2017, the 50:50 joint venture was deemed to be formed between Karratha Gold and Artemis' subsidiaries. Karratha Gold manages the joint ventures and Artemis and Karratha Gold will contribute to further exploration and mining of the Gold Rights on a 50:50 basis. If Karratha Gold or Artemis elect not to contribute to the joint venture pursuant to a budget approved by the joint venture management committee, the non-contributing entity's interest in the joint venture will dilute at a ratio of 0.1% for every AUD \$50,000 overspent by the contributing entity. If a non-contributing entity's interest in the joint venture is reduced to below 5%, the non-contributing entity will be deemed to have withdrawn from the joint venture and its interest will convert to a 0.5% net smelter returns royalty payable on any gold subject to the Gold Rights which is capable of being sold or otherwise disposed of.

Welcome Exploration Pty Ltd

On August 11, 2017, Novo and one of its Australian subsidiaries, Karratha Gold Pty Ltd., entered into an option agreement (the "Agreement") with Welcome Exploration Pty Ltd, a private Australian company (the "Optionor") for the option to acquire the Optionor's interest in certain tenements (the "Option") in the Karratha region of Western Australia (the "Pipeline Project"). The Pipeline Project consists of seven prospecting licences, five exploration licences, six prospecting licence applications, three exploration licence applications and a miscellaneous licence application.

An option fee payment of 500,000 Novo common shares (the "Initial Shares") was made on August 16, 2017 at a fair value of \$2,500,000 based on the closing price of the Company's common shares on the TSX-V on August 16, 2017 of \$5.00.

At any time within 12 months of signing of the Agreement, the Company has the right to exercise its Option and purchase the Pipeline Project outright, subject to the Optionor retaining certain rights

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

described below, by issuing 2,500,000 Novo common shares (the “Option Exercise Shares”) to the Optionor. The Option Exercise Shares will be subject to a statutory hold period expiring four months from the date of issuance. Transfer to Novo of the tenements comprising the Pipeline Project will be subject to the requisite approvals of certain Australian government authorities.

The Optionor will retain non-gold rights to the Pipeline Project and will retain a 1% gross royalty on production from the Pipeline Project if the Company exercises the Option.

100%-Owned Karratha Tenements

The Company staked approximately 8,000 square kilometres of tenements in and around the Karratha region of Western Australia under its wholly-owned subsidiaries, Meentheena Gold Pty Ltd and Rocklea Gold Pty Ltd.

Nevada, USA Region

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.

On November 6, 2017, the Company signed an option agreement with American Pacific Mining (“APM”) whereby APM has the option to acquire the Company’s interest in the Tuscarora Property.

Upon the earlier to occur of the listing of APM’s common shares on the Canadian Securities Exchange and January 31, 2018, APM will pay to Novo \$375,000. APM will also issue \$200,000 worth of APM common shares in three equal annual instalments once it lists on the Canadian Securities Exchange. Beginning on the first anniversary of APM’s listing date, APM will also be required to incur annual expenditures of USD \$100,000 on the Tuscarora Project. APM will grant to Novo a 0.5% net smelter returns royalty which APM can repurchase for USD \$500,000 at any time. APM will also assume all of Novo’s royalty obligations under its original option agreement underlying the Tuscarora Project between Novo and Nevada Select Royalty, Inc. During the year ended January 31, 2018, APM paid \$125,000 to Novo.

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

	Beatons Creek Region						US Region			Karratha Region			Total
	Beatons Creek	Grant's Hill	Paleo-Placer	Blue Spec	Talga	Two Creeks	Mt. Hayes	Tuscarora	Comet Well	Artemis	Welcome Exploration	Meentheena	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, January 31, 2017	19,361,383	1,208,582	10,031,027	1,507,928	1,740,861	504,754	427,021	440,284	-	-	-	-	35,221,840
Acquisition Costs	41,292	-	-	-	-	-	-	-	13,203,376	16,495,439	2,599,788	-	32,339,895
Exploration Expenditures:													
Drilling	656,131	-	12,436	17,872	-	-	-	-	-	941,973	-	-	1,628,412
Feasibility Study	172,414	-	-	-	-	-	-	-	-	-	-	-	172,414
Field Work	203,574	23,127	27,078	24,913	-	-	-	-	42,919	678,308	-	-	999,919
Fuel	71,224	493	436	-	-	-	-	-	166,310	71,569	-	-	310,032
Geology	2,027,572	115,064	5,064	55,718	536	-	-	2,213	44,023	348,843	-	-	2,599,033
Legal	118,883	-	27,040	-	5,076	3,523	-	3,725	127,726	123,856	6,951	-	416,780
Meals, Travel, and Vehicle/Equipment Hire	444,199	43,638	19,643	7,951	-	-	-	600	225,264	1,285,657	-	-	2,026,952
Office and General	234,071	24,524	5,432	479	95	-	-	-	29,572	57,525	-	-	351,698
Reports, Data and Analysis	234,919	158,729	22,325	2,660	411	-	-	-	-	453,105	16,661	433,191	1,322,001
Rock Samples	706,789	403	89,641	59,336	1,256	-	-	705	18,186	554,168	-	-	1,430,484
Native Title	357,444	89,361	-	-	-	-	-	-	-	-	-	-	446,805
Tenement Administration	187,202	403,161	148,770	16,489	3,639	-	-	5,872	18,690	80,979	1,918	183,988	1,050,708
R&D Refund	(1,199,677)	-	-	-	-	-	-	-	-	-	-	-	(1,199,677)
Option Payments Received	(814,178)	-	-	-	-	-	-	(124,513)	-	-	-	-	(938,691)
Foreign Exchange	97,942	6,118	50,770	(16,139)	5,788	2,956	7,477	(24,902)	-	-	-	-	132,101
Impairment	-	-	-	-	-	-	(434,498)	-	-	-	-	-	(434,498)
	3,498,509	864,618	408,635	169,279	16,801	6,479	(427,021)	(136,300)	672,690	4,595,982	25,530	617,179	10,312,381
Balance, January 31, 2018	22,901,184	2,073,200	10,439,662	1,677,207	1,757,662	511,233	-	303,984	13,876,066	21,091,421	2,625,318	617,179	77,874,116

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

	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

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

CAPITAL AND RESERVES

During the years ended January 31, 2017 and 2018, shares were issued pursuant to non-brokered private placements and the exercise of options and warrants.

- a) On September 6, 2017, the Company closed a non-brokered equity private placement (the "KL Financing") with Kirkland Lake Gold Ltd. ("KL") as a new strategic investor. The KL Financing raised gross proceeds of \$56,000,000 by the issuance of 14,000,000 units (each a "KL Unit") at a price of \$4.00 per KL Unit. All of the KL Units were subscribed for by KL. Each KL Unit consisted of one common share and one share purchase warrant (each a "KL Warrant"), and each KL Warrant entitles KL to purchase one additional common share of the Company at a price of \$6.00 per share for a period of 36 months from the closing date. The KL Warrants are subject to an accelerated expiry whereby, starting one year from the close of the KL Financing, if the daily high trading price of Novo's common shares exceeds \$12.00 for a period of 20 consecutive trading days, Novo may provide notice of early expiry and the KL Warrants will expire 30 days thereafter. As part of the KL Financing, the Company incurred share issuance costs of \$6,746.

KL will retain an anti-dilution right (the "Anti-Dilution Right") which grants KL the right (but not the obligation) to participate, on a pro rata basis, in any future financing undertaken by Novo to the extent required to allow KL to maintain the same equity ownership interest in Novo that it possessed immediately prior to announcement of a financing such that KL does not suffer any equity dilution. The Anti-Dilution Right does not apply to currently existing convertible securities, securities issued pursuant to currently existing contractual obligations, securities issued pursuant to the acquisition of mineral projects, and securities issued pursuant to direct or indirect arm's length corporate acquisitions, and it will expire if KL's ownership in Novo drops below 5%.

- b) On May 4, 2017, the Company closed a brokered private placement, raising gross proceeds of \$15,000,051 (the "Offering"). Pursuant to the Offering, the Company issued 22,727,350 units (the "Offering Units") at a price of \$0.66 per Offering Unit. Each Offering Unit was comprised of one common share of the Company and one transferable common share purchase warrant (an "Offering Warrant"), each Offering Warrant entitling the holder thereof to acquire one common share at a price of \$0.90 until May 4, 2019. 1,329,546 broker's warrants were also issued pursuant to the Offering with a fair value of \$477,447. The fair value of each broker's warrant was \$0.36 per share whereas the exercise price of each broker's warrant is \$0.66. The fair value was calculated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.68%, a dividend yield of \$nil, an expected volatility of 94.22% and an average expected life of 2 years. As part of the Offering, in addition to the broker's warrants, the Company incurred share issuance costs of \$1,065,831. As January 31, 2018, the broker's warrants had a remaining contractual life of 1.25 years.
- c) 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 consisted of one common share and one common share purchase warrant (each "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 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

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

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, 2018, the finder's warrants had a remaining contractual life of 0.53 years.

- d) 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 consisted 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 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, 2018, the finder's warrants had a remaining contractual life of 0.48 years.
- e) 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 consisted 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 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.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2018, the Company had a cash balance of \$55,600,766 compared to \$1,810,131 as at January 31, 2017. The Company had working capital as at January 31, 2018 of \$69,064,242 compared to working capital of \$2,250,047 as at January 31, 2017. The increase in working capital is mainly due to the increase of cash and short-term investments.

Cash used by operating activities during the period ended January 31, 2018, was \$2,085,163 (January 31, 2017 - \$1,266,652). The increase over the period relates mainly to a decrease in payables and an increase in receivables.

Cash used for investing activities during the period ended January 31, 2018, was \$30,374,402 (January 31, 2017 - \$8,783,972). The Company's principal investing activity is the acquisition and exploration of its resource properties. During the year ended January 31, 2018, the Company incurred \$14,767,570 (January 31, 2017 - \$8,694,078) 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, 2018 was \$86,250,200 (January

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

31, 2017 - \$10,485,478), which relates to private placements closed during the relevant periods and the exercise of stock options and warrants.

As at the date of this MD&A, the contractual obligations of the Company are the Comet Well JVA's, the Artemis JVA's, the Creasy 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.

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, and amounts incurred were expensed as consulting fees. Relationships with these entities were terminated during the year ended January 31, 2018.

(a) *Key Management Personnel Disclosures*

During the years ended January 31, 2018 and 2017, the following amounts were incurred with respect to the key management and directors of the Company:

	January 31 2018	January 31, 2017
	\$	\$
Consulting services	226,000	185,000
Wages and salaries	588,407	165,849
Wages and salaries included in exploration and evaluation assets	496,565	339,794
Share-based payments	7,487,388	1,170,315
	<u>8,798,360</u>	<u>1,860,958</u>

(b) *Other Related Party Disclosures*

During the years ended January 31, 2018 and 2017, the following amounts were incurred with respect to consulting services provided by a corporation which employed the former Chief Financial Officer:

	January 31, 2018	January 31, 2017
	\$	\$
Consulting services	90,000	120,000
	<u>90,000</u>	<u>120,000</u>

PROPOSED TRANSACTIONS

The Company does not currently have any undisclosed proposed transactions approved by the Board of Directors.

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated 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 consolidated financial statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended January 31, 2018.

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 Company's January 31, 2018, 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, 2018, consolidated financial statements.

FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, interest receivable, marketable securities, accounts payable and accrued liabilities, deferred consideration, and the gold right convertible debenture. IFRS 7 *Financial Instruments: Disclosures* ("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, short-term investments, interest receivable and accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature. The cash portion of deferred consideration is initially measured at amortized cost to reflect its present value.

Marketable securities and the share component of deferred consideration are measured using Level 1 inputs. The fair value of marketable securities are measured at the closing market price obtained from the exchange. The value of the share portion of deferred consideration has been derived from the number of shares to be issued using the five-day trailing volume-weighted average price ("VWAP") of the Company's shares per the terms of the Definitive Agreements. The share portion of the deferred consideration is revalued at each reporting period with any

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

differences being recognized as an unrealized gain or loss through comprehensive loss.

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 short-term investments. The Company limits its exposure to credit loss by placing its cash and short-term investments 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 results 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, 2018 and 2017, the Company's Australian and US dollar denominated monetary assets and monetary liabilities are as follows:

Australian Net Monetary assets (\$ AUD)	January 31, 2018		January 31, 2017	
Cash and short-term investments	\$	18,311,171	\$	948,679
Accounts payable and accrued liabilities	\$	1,674,827	\$	431,736
US Net Monetary assets (\$USD)	January 31, 2018		January 31, 2017	
Cash	\$	48,163	\$	119,895
Accounts payable and accrued liabilities	\$	43,445	\$	7,448

The exposure to foreign exchange rate risk is as follows:

Australian Net Monetary assets	AUD	10% Fluctuation Impact (AUD)		CAD
Cash and short-term investments	\$ 18,311,171	\$	1,831,117	\$ 1,818,116
Accounts payable and accrued liabilities	\$ 1,674,827	\$	167,483	\$ 166,294
US Net Monetary assets	USD	10% Fluctuation Impact (USD)		CAD
Cash	\$ 48,163	\$	4,816	\$ 5,921
Accounts payable and accrued liabilities	\$ 43,445	\$	4,345	\$ 5,341

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

c) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. Other than the deferred consideration for mineral property, all of the Company's financial liabilities are classified as current and the Company has a practice of paying its outstanding payables within 30 days. The deferred consideration for mineral property is due on January 25, 2021.

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.

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 bank 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 158,181,084 issued and outstanding common shares.

Fully diluted securities

Type of Security	Number	Exercise Price	Expiry Date
Stock options	150,000	\$0.20	June 10, 2020
Stock options	2,650,000	\$0.94	August 15, 2021
Stock options	1,750,000	\$0.95	June 5, 2022
Stock options	3,326,666	\$1.57	July 18, 2022
Stock options	2,750,000	\$7.70	October 20, 2022
Stock options	400,000	\$7.94	November 6, 2022
Stock options	1,275,000	\$3.47	January 30, 2023
Total	12,301,666		

Type of Security	Number	Exercise Price	Expiry Date
Warrants	1,206,471	\$1.25	July 26, 2018
Warrants	1,203,531	\$1.25	August 12, 2018
Warrants	14,910,455	\$0.90	May 4, 2019
Warrants	14,000,000	\$6.00	September 6, 2020
Total	31,320,457		

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has incurred and, in the case of exploration and evaluation assets as at January 31, 2018, carries the following material cost components:

	Year ended January 31, 2018	Year ended January 31, 2017
	\$	\$
Accounting fee	435,493	365,390
Consulting fee	1,829,576	374,952
Office & general	1,025,558	275,848
Wages & salaries	1,599,447	442,659
Share-based compensation	11,699,043	2,463,368
Exploration and evaluation assets	77,874,116	35,221,840

During the year ended January 31, 2018, \$435,493 (January 31, 2017 - \$395,390) 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, 2018, consulting fees totalling \$1,829,576 (January 31, 2017 - \$374,952) 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, and a consulting payment for services provided by a prominent Australian prospector (see Note 8 of the Company's consolidated financial statements). 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, 2018, totaling \$1,025,558 (January 31, 2017 - \$275,848), were mainly related to general office supplies, advertising and promotion, filing fees, computer and internet expenses, project investigation, telephone expenses, depreciation, professional development, and rent expenses.

During the year ended January 31, 2018, \$1,599,447 (January 31, 2017 - \$442,659) in wages and salaries were paid to employees for providing management, geological and administrative services to the Company.

During the year ended January 31, 2018, \$11,699,043 (January 31, 2017 - \$2,463,368) in share-based compensation has incurred.

During the year ended January 31, 2018, exploration and evaluation assets totalling \$77,874,116 (January 31, 2017 - \$35,221,840) related to the Comet Well, Artemis, Meentheena, Beatons Creek, 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

NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2018

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.