NOVO RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

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

	Note	March 31, 2021 $'000	December 31, 2020 $'000
ASSETS			
Current assets			
Cash		20,801	40,494
Short-term investments		209	195
Inventory	3	6,142	3,839
Receivables	4	8,747	1,806
Prepaid expenses and deposits		749	642
Total current assets		36,648	46,976
Non-current assets			
Property, plant and equipment	7	90,803	91,780
Right of use assets	8	36,298	39,236
Mine development assets	10	55,105	41,332
Investment in associate	11	14,131	15,091
Exploration and evaluation assets	6	199,069	203,140
Gold specimens		80	83
Marketable securities	5	14,290	18,770
Total non-current assets		409,776	409,432
Total assets		446,424	456,408
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	12,722	12,083
Lease liabilities	13	11,069	10,645
Sumitomo funding liability	6	5,909	6,071
Sumitomo written call option	6	1,228	1,157
Deferred consideration for mineral property	6	-	2,949
Total current liabilities		30,928	32,905
Non-current liabilities			
Lease liabilities	13	26,986	29,566
Credit facility	14	35,111	34,899
Derivative liability	14	752	984
Rehabilitation provision	15	26,963	28,615
Total non-current liabilities		89,812	94,064
Total liabilities		120,740	126,969
SHAREHOLDERS' EQUITY			
Share capital	16	352,395	347,166
Treasury shares	11	(2,565)	(2,571)
Reserves	16	51,758	47,430
Comet Well deferred consideration reserve	6	-	3,354
Accumulated other comprehensive gain/(loss)	16	(102)	11,585
Accumulated deficit		(75,802)	(77,525)
Total shareholders' equity		325,684	329,439
Total shareholders' equity and liabilities		446,424	456,408

These consolidated financial statements are authorized for issue by the Board of Directors on May 14, 2021. They are signed on the Company’s behalf by:

“Akiko Levinson” — Akiko Levinson

“Michael Barrett” — Michael Barrett

The accompanying notes are an integral part of these consolidated financial statements.

Novo Resources Corp.
(Expressed in Canadian Dollars)
Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Loss
(Unaudited)

		Three months ended March 31	
		2021	**2020**
	Note	**$'000**	**$'000**
Revenue	17	7,718	-
Cost of goods sold	3	(7,718)	-
Gross profit / (loss) on mine operations		-	-
General administration	18	(7,645)	(2,906)
Impairment of exploration and evaluation assets	6	(1,372)	(3,992)
Profit on disposal of exploration asset	6	14,067	-
Profit / (loss) from operations		5,050	(6,898)
Other expenses	19	(1,903)	-
Other income	19	-	852
Finance items			
Finance income	20	9	114
Finance costs	20	(1,433)	(368)
Net profit / (loss) for the period before tax		1,723	(6,300)
Income tax expense		-	-
Net profit / (loss) for the period after tax		1,723	(6,300)
Other comprehensive income / (loss)			
Change in fair value of marketable securities, net of tax - not to be reclassified to profit or loss in subsequent periods	16	(2,684)	5,757
Foreign exchange on translation of subsidiaries - to be reclassified to profit or loss in subsequent periods	16	(9,003)	(1,177)
		(11,687)	4,580
Comprehensive loss for the period		(9,964)	(1,720)
Weighted average number of common shares outstanding		231,144,281	181,053,137
Basic and diluted income / (loss) per common share ($ per share)		0.01	(0.03)

The accompanying notes are an integral part of these consolidated financial statements.

Novo Resources Corp.
(Expressed in Canadian Dollars)
Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020
(Unaudited)

	Note	Number of Shares (unrounded)	Share Capital Amount $'000	Treasury Shares $'000	Option Reserve $'000	Warrant Reserve $'000	Comet Well Deferred Consideration Reserve $'000	Fair value reserve of financial assets at FVOCI $'000	Foreign currency translation reserve $'000	Accumulated Deficit $'000	Shareholders' Equity $'000
Balance – December 31, 2019		178,870,048	190,698	-	23,768	20	3,354	24	(13,379)	(56,632)	147,853
Other comprehensive loss for the period		-	-	-	-	-	-	5,757	(1,177)	-	4,580
Loss for the year		-	-	-	-	-	-	-	-	(6,300)	(6,300)
Comprehensive loss for the period		-	-	-	-	-	-	5,757	(1,177)	(6,300)	(1,720)
Stock Option exercise		150,000	246	-	(104)	-	-	-	-	-	142
Share-based payments		-	-	-	1,624	-	-	-	-	-	1,624
New Found Gold Corp share issuance	5	6,944,444	16,736	-	-	-	-	-	-	-	16,736
Purdy's &47K share issuance	6	2,100,000	3,381	-	-	-	-	-	-	-	3,381
Balance – March 31, 2020		**188,064,492**	**211,061**	**-**	**25,288**	**20**	**3,354**	**5,781**	**(14,556)**	**(62,932)**	**168,016**
Balance – December 31, 2020		230,353,507	347,166	(2,571)	31,137	16,293	3,354	6,028	5,557	(77,525)	329,439
Other comprehensive loss for the period		-	-	-	-	-	-	(2,684)	(9,003)	-	(11,687)
Profit for the period		-	-	-	-	-	-	-	-	1,723	1,723
Comprehensive loss for the period		-	-	-	-	-	-	(2,684)	(9,003)	1,723	(9,964)
Share-based payments		-	-	-	4,328	-	-	-	-	-	4,328
Queens project share issuance	6	584,215	1,875	-	-	-	-	-	-	-	1,875
Comet well share issuance	6	1,198,395	3,354	-	-	-	(3,354)	-	-	-	-
Movement in treasury shares - Investment in associate	11	-	-	6	-	-	-	-	-	-	6
Balance – March 31, 2021		**232,136,117**	**352,395**	**(2,565)**	**35,465**	**16,293**	**-**	**3,344**	**(3,446)**	**(75,802)**	**325,684**

The accompanying notes are an integral part of these consolidated financial statements.

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

		Three months ended March 31	
	Note	2021 $'000	2020 $'000
Operating activities			
Net profit / (loss) for the period		1,723	(6,300)
Adjustments:			
Finance income		(9)	(114)
Finance costs		1,403	368
Impairment expense	6	1,372	3,992
Depreciation - fixed assets	7	389	118
Depreciation - right of use assets	8	3,032	94
Foreign exchange		(700)	5,112
Share-based payment		4,328	1,624
Share of losses in associate	11	966	-
Profit on sale of tenements		(14,067)	-
Change in fair value of marketable securities	5	1,166	(859)
Total adjustments		(2,120)	10,335
Changes in non-cash operating working capital:			
Accounts payable and accrued liabilities		4,276	-
Prepaid expenses and deposits		(107)	48
Receivables		(1,899)	(45)
Inventory		(2,303)	-
		(33)	3
Interest income		9	114
Interest paid	14	(996)	-
Net cash (used in) / generated from operating activities		**(1,417)**	**4,152**
Investing activities			
Purchase of property, plant and equipment	7	(1,896)	-
Payments for mine development	10	(15,203)	-
Proceeds from sale of exploration assets	6	9,592	-
Purchase of marketable securities		-	(3,532)
Proceeds from sale of marketable securities	5	393	-
Expenditures on exploration and evaluation assets		(5,924)	(824)
Net cash used in investing activities		**(13,038)**	**(4,356)**
Financing activities			
Payment of Comet well deferred consideration	6	(2,946)	-
Issuance of share capital		-	141
Payment of principal portion of lease liabilities		(2,208)	(153)
Sumitomo funding		-	3,270
Net cash (used in) / generated from financing activities		**(5,154)**	**3,258**
Net change in cash		(19,609)	3,054
Effect of exchange rate changes on cash		(84)	(918)
Cash, beginning of the period		40,494	29,386
Cash, end of the period		**20,801**	**31,522**

Supplemental cash flow information (Note 22)

1. NATURE OF OPERATIONS

Novo Resources Corp. (the "Company" or "Novo") was incorporated on October 28, 2009 pursuant to the provisions of the *Business Corporations Act* (British Columbia) as Galliard Resources Corp. On June 27, 2011, the Company changed its name from Galliard Resources Corp. to Novo Resources Corp. The Company's common shares trade on the Toronto Stock Exchange (the "TSX") under the ticker symbol "NVO" and in the United States on the OTC market's OTCQX International Exchange under the symbol "NSRPF".

The Company and its subsidiaries are engaged primarily in the business of evaluating, acquiring, exploring, and developing natural resource properties with a focus on gold. The Company's registered office is located at Suite 2900, 595 Burrard Street, Vancouver, British Columbia, V7X 1J5, Canada. The Company's operational office and corporate staff are located at Level 1, 680 Murray Street, West Perth, Western Australia, 6005, Australia.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Change in year end

In the prior year the Company changed its fiscal year end to December 31, from January 31. The comparative period is for the three month period ended 31 March 2020. The new financial year aligns the Company with its peer group in the mineral resources sector.

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). The accounting policies adopted are consistent with those disclosed in the Company's most recent annual consolidated financial statements, except as noted below. These condensed interim consolidated financial statements do not include all of the information and note disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and therefore should be read in conjunction with the Company's annual consolidated financial statements for the period ended December 31, 2020.

New and amended Accounting Standards and Interpretations adopted by the Company

All new and amended accounting standards and interpretations effective from January 1, 2021 have been adopted with no impact on the Company during the period.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. These condensed interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. Share amounts are not rounded.

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.

Australian dollars will be referred to as "AUD", and United States dollars will be referred to as "USD" in these condensed interim consolidated financial statements.

As the Company moves towards production at the Beatons Creek project, the Directors consider the presentation of expenses by function in the consolidated statement of profit or loss and other comprehensive Income to be more relevant to users of the financial statements and more in line with the Company's peer group. The Company previously analysed expenses by nature. As a result of the change in presentation format, comparative information has been reclassified to be presented on a consistent basis. In this regard, except for financing costs and impairment losses, expense items for the comparative period have been aggregated into general administration costs (see note 18).

Accounting policies adopted during the period for new transactions and events

Revenue – Gold and silver sales

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.
Sales of gold and silver are recorded at the spot price on the date of sale.

Revenue from the sale of gold and silver during mine development is recognised in the condensed interim consolidated statement of profit or loss and other comprehensive loss.

Significant accounting judgements and estimates

The preparation of condensed interim consolidated financial statements 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 judgement or complexity or where assumptions and estimates are significant to the financial statements are consistent with those described in the Company's consolidated financial statements for the period ended December 31, 2020, except as noted below.

Judgements

Information about additional critical judgements in applying accounting policies are discussed below:

Commercial Production

Prior to reaching pre-determined levels of operating capacity intended by management, costs incurred are capitalized as part of mine development costs. Depletion of capitalized costs for mining properties begins when pre-determined levels of operating capacity intended by management have been reached. The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgment. Management considers several factors in determining when a mining property has reached levels of operating capacity intended by management, including:

- When the mine is substantially complete and ready for its intended use;
- The mine has the ability to sustain ongoing production at a steady or increasing level;
- The mine has reached a level of pre-determined percentage of design capacity;
- Mineral recoveries are at or near the expected production level, and.
- A reasonable period of testing of the mine, plant and equipment has been completed.

Once in commercial production, the capitalization of certain mine development and construction costs cease. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate. As at March 31, 2021, the Beatons Creek project had not achieved commercial production.

(Expressed in Canadian Dollars, unless stated otherwise)

Revenue – Determining the timing of the transfer of control

Revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgement. Revenue from bullion sales is recognized at a point in time when control passes to the buyer. This generally occurs when the bullion has been physically transferred to the refiner and the Company has instructed the refiner to purchase the gold. This is the point in time when all performance obligations are satisfied. The transaction price is determined at transaction date.

Determination of cost of inventory sold prior to commercial production

As expenditure incurred during the development phase of the mine relates to both commissioning the mine and the production of inventory, there is significant judgement involved in allocating expenditure between mine development expenditure and the cost of inventory. In determining the costs to be allocated to inventory sold during the period, consideration is given to the estimated mining and processing costs per tonne expected to be achieved when the mine is operating in a manner as intended by management.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries listed below. Control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquiror's returns. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

As at March 31, 2021, the subsidiaries of the Company were as follows:

Company Name	Area of Incorporation	% of Interest
Novo Resources (USA) Corp.	Nevada, USA	100%
Conglomerate Gold Exploration (B.V.I.) Ltd.	Tortola, British Virgin Islands	100%
Karratha Gold Exploration (B.V.I.) Ltd.	Tortola, British Virgin Islands	100%
Conglomerate Gold Exploration Pty Ltd ("CGE")	Western Australia, Australia	100%
Nullagine Gold Pty Ltd ("Nullagine Gold")	Western Australia, Australia	100%
Beatons Creek Gold Pty Ltd	Western Australia, Australia	100%
Grant's Hill Gold Pty Ltd	Western Australia, Australia	100%
Karratha Gold Pty Ltd ("Karratha Gold")	Western Australia, Australia	100%
Rocklea Gold Pty Ltd	Western Australia, Australia	100%
Meentheena Gold Pty Ltd ("Meentheena")	Western Australia, Australia	100%
Farno-McMahon Pty Ltd ("Farno")	South Australia, Australia	100%
Millennium Minerals Pty Ltd ("Millennium")	New South Wales, Australia	100%

Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the three month period ended March 31, 2021, the Company reported operating cash outflows of $1,417,000 (March 31, 2020: inflows of $4,152,000). The Company had cash on hand of $47,851,000 at May 14, 2021 and $20,801,000 at March 31, 2021.

Subsequent to period end (see Note 26), the Company increased its cash reserves by:

- Drawing down USD $5 million from the Amended Sprott Tranche 2 (as defined below) on April 8, 2021; and
- Closing the Offering (as defined below) on May 4, 2021, raising gross proceeds of $26.4 million by issuing 10,353,000 Special Warrants (as defined below) at a price of $2.55 per Special Warrant.

Since December 31, 2020, the Company has continued to develop its Beatons Creek Project. The directors have prepared a cash flow forecast which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing these financial statements.

Based on the cash flow forecast and revenue and operating cost assumptions therein, along with forecast commodity prices and foreign exchange rates, the directors are satisfied that the going concern basis of preparation is appropriate. A critical element to achieving the forecast cash flows, and forecast covenant compliance under the Credit Facility, is the Company's ability to achieve forecast gold production in accordance with Board approved forecasts.

If the Company does not meet its cash flow forecast, it may need to rely on a number of options, including management of both operating cash flow and capital expenditure to align with available funds, obtaining waivers or rescheduling of repayments under the Credit Facility with Sprott, disposing of non-core assets to the extent permitted under the Credit Facility, securing additional funding which may include refinancing the Credit Facility with other parties, securing funds by raising further capital from equity markets, or a combination of these options.

The directors are confident of the Company's ability to manage its cash flow as required. Notwithstanding the above, these conditions indicate a material uncertainty that may cast doubt about the Company's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

3. INVENTORY

	March 31, 2021 $'000	December 31, 2020 $'000
Consumables	3,891	3,271
Gold in circuit	377	3
Stockpiles	1,874	565
Total	**6,142**	**3,839**

During the period ended March 31, 2021, the Company recorded net realizable value adjustments, recognised in cost of goods sold, of $558,000 (period ended December 31, 2020 - $nil).

4. RECEIVABLES

	March 31, 2021 $'000	December 31, 2020 $'000
Canadian GST receivable	187	168
Australian GST receivable	3,223	1,638
Other receivables at fair value through profit and loss - Blue Spec	5,041	-
Other receivables at amortized cost	296	-
Total	**8,747**	**1,806**

5. MARKETABLE SECURITIES

Calidus Resources Limited – (ASX: CAI)

On October 30, 2017, the Company participated in Calidus Resources Limited's ("Calidus") private placement by purchasing 36,585,366 ordinary shares at AUD $0.041 per share for gross consideration of AUD $1,500,000 ($1,490,000). The Company received Calidus' shares upon closing of the private placement on November 6, 2017. Calidus also issued to Novo 20,000,000 fully paid ordinary shares at a fair value of AUD $820,000 ($814,000) or AUD $0.041 per share as a reimbursement for expenditures incurred by the Company on certain tenements in the Marble Bar region of Western Australia which is subject to a binding term sheet between Novo and Calidus (see note 6 for more details). These shares are subsequently remeasured at FVTOCI.

On November 27, 2019, Calidus completed a 10:1 consolidation of its outstanding ordinary shares. At that time, the Company held 5,658,537 ordinary shares of Calidus.

On June 2, 2020, the Company sold 250,000 Calidus shares at AUD$0.5105 per share for gross proceeds of AUD $127,625 ($115,285). On June 4, 2020, the Company sold an additional 270,000 Calidus shares at AUD$0.4598 per share for gross proceeds of AUD $124,138 ($116,292). Following the sales, the Company still holds 5,138,537 ordinary shares in Calidus which represents 1.33% of Calidus' issued and outstanding ordinary shares as at March 31, 2021.

Elementum 3D Inc. – (unlisted)

On November 18, 2014, the Company participated in E3D's inaugural financing and purchased 2,000,000 common shares of E3D, an unlisted private company based in Erie, Colorado. E3D is an additive manufacturing research and development company which specializes in the creation of advanced metals, composites, and ceramics. On March 7, 2018, the Company participated in E3D's rights offering financing. Through this rights offering financing, the Company purchased 76,560 additional common shares of E3D at a price of USD $1.68 per common share. As a result of other share issuances during the rights offering financing, the Company's ownership in E3D was diluted to 14.87%. As a result of this and other factors, the Company determined that it could no longer exert significant influence over E3D and thus E3D no longer met the definition of an associate. As such, the Company's 2,076,560 common shares of E3D have been accounted for as marketable securities from the date E3D ceased to be an associate.

The Company recognized a fair value gain on derecognition of associate in the consolidated statement of profit or loss and comprehensive loss with subsequent fair value changes in this investment remeasured at FVTOCI.

During the year ended January 31, 2020, E3D conducted a financing at USD $2.50 per common share. Although the Company did not participate in this financing, the Company recognized the increased price as a fair indicator of E3D's fair value and revalued its holdings. As at March 31, 2021, the Company's ownership in E3D is 12.57% (December 31, 2020 – 12.57%) and the Company has fair valued it investment E3D at USD $2.50 per E3D common share.

American Pacific Mining Corp. – (CSE: USGD)

On March 6, 2018, American Pacific Mining Corp. ("APM") issued 266,666 common shares to Novo at a fair value of $0.38 per share for total consideration of $101,000. On March 8, 2019 APM issued an additional 266,666 common shares at $0.22 per share for a total consideration of $59,000. On March 4, 2020, APM issued the final tranche of 266,667 common shares to Novo at $0.045 per share for total consideration of $12,000 (see note 6 for more details). The APM shares have been accounted for as marketable securities, so they have initially been recognized at fair value and subsequently remeasured at FVTOCI.

On April 17, 2020, APM completed a 3:1 consolidation of its outstanding common shares. The Company now holds 266,666 common shares of APM which represents 0.41% of APM's issued and outstanding common shares as at March 31, 2021.

Essential Metals Limited (ASX: ESS)

On September 17, 2018 Essential Metals Limited ("Essential Metals") issued 50,000,000 common shares to Novo at a fair value of AUD $0.02 per share for total consideration of AUD $1,000,000 ($931,000). On July 8, 2020 Essential Metals completed a 10:1 consolidation of its outstanding ordinary shares. At that time, the Company held 5,000,000 ordinary shares of Essential Metals.

During the period ended December 2020, the Company sold 550,000 Essential Metals shares for gross proceeds of AUD $45,500 ($44,749). Following the sales, the Company held 4,450,000 ordinary shares of Essential Metals which represented 2.22% of Essential Metals' issued and outstanding ordinary shares as at December 31, 2020. The Essential Metals shares had been accounted for as marketable securities, so they have initially been recognized at fair value and subsequently remeasured at FVTOCI.

During the period ended March 31, 2021, the Company sold the remaining 4,450,000 ordinary shares of Essential Metals for gross proceeds of AUD $402,239 ($393,470).

Kalamazoo Resources Limited – (ASX: KZR)

On January 14, 2020, the Company participated in Kalamazoo Resources Limited's ("Kalamazoo") private placement (the "Kalamazoo Financing") by purchasing 10,000,000 units (each a "Kalamazoo Unit") at AUD $0.40 per Kalamazoo Unit for gross consideration of AUD $4,000,000 ($3,544,000).

Each Kalamazoo Unit was comprised of one Kalamazoo ordinary share and one whole unlisted option (each a "Kalamazoo Warrant"). The Company received the Kalamazoo ordinary shares upon closing of the Kalamazoo Financing on January 17, 2020, which represented 7.58% of Kalamazoo's issued and outstanding ordinary shares as at March 31, 2021.

Each Kalamazoo Warrant entitles the Company to purchase one additional ordinary share of Kalamazoo at a price of AUD $0.80 per share. The issue of the Kalamazoo Warrants was subject to Kalamazoo shareholder approval which was obtained on February 24, 2020. The Kalamazoo Warrants were issued on February 25, 2020 and expire on August 24, 2021.

The Kalamazoo ordinary shares have been accounted for as marketable securities, so they have initially been recognized at fair value and subsequently remeasured at FVTOCI.

The Kalamazoo Warrants qualify as derivatives pursuant to IFRS 9 *Financial Instruments* ("IFRS 9") and have therefore been initially recognized at fair value and subsequently remeasured at FVTPL.

<u>GBM Resources Limited – (ASX: GBZ)</u>

On March 30, 2020, the Company subscribed for 9,090,909 units (each a "GBM Unit") of ASX-listed GBM Resources Limited ("GBM") (the "GBM Subscription"). The GBM Subscription was subject to approval of the TSX-V and other customary regulatory approvals for transactions of this nature, all of which were received by April 6, 2020.

The GBM Units were paid for by the issuance of 197,907 common shares of Novo with a fair value of $366,000 based on the closing price of the Company's common shares on the TSX Venture Exchange (the "TSX-V") on April 6, 2020 of $1.85. Each GBM Unit is comprised of one ordinary share of GBM and one-half-of-one ordinary share purchase warrant (each a "GBM Warrant"). Each whole GBM Warrant is exercisable to purchase one ordinary share of GBM at AUD $0.11 and expires on April 6, 2023. Immediately subsequent to the issuance of the GBM Units, Novo owned approximately 4.13% of the issued and outstanding ordinary shares of GBM.

On July 6, 2020, the Company subscribed for 2,272,728 fully paid ordinary shares at a cost of AUD $0.055 and 1,136,364 listed options at AUD $0.11 pursuant to GBM's rights offering financing. As part of this rights offering financing, the exercise price of the GBM Warrants was repriced to AUD $0.105. The Company now holds a total of 11,363,637 ordinary shares and 5,681,818 warrants which represents 2.62% of GBM's issued and outstanding ordinary shares as at March 31, 2021.

The GBM ordinary shares have been accounted for as marketable securities and have therefore been initially recognized at fair value and will be subsequently remeasured at FVTOCI.

The GBM Warrants qualify as derivatives and have therefore been initially recognized at fair value and subsequently remeasured at FVTPL.

<u>New Found Gold Corp. – (TSX-V: NFG)</u>

On March 2, 2020, the Company subscribed for 15,000,000 common shares (the "New Found Shares") of New Found Gold Corp. ("New Found"), a Canadian private exploration company at the time, in exchange for 6,944,444 common shares of the Company (the "Novo Shares") based on the closing price of the Company's common shares on the TSX-V on February 28, 2020. The issuance of the Novo Shares in return for the New Found Shares was subject to TSX-V approval which was provided on March 6, 2020. As such, the Novo Shares were issued on March 6, 2020, at a fair value of $2.41 per share for total consideration of $16,736,000. Subsequent to April 30, 2020, New Found raised significant funds at a price of $1.50 per share. Although the Company did not participate in this financing, the Company recognized the increased price as a fair indicator of New Found's fair value at April 30, 2020 and revalued its holdings at that date.

The New Found shares were accounted for as marketable securities, so they were initially recognized at fair value and subsequently remeasured at FVTOCI.

On June 17, 2020 the Company obtained significant influence over New Found through the appointment of Dr. Quinton Hennigh, Novo's Chairman, President, and a director, to the board of New Found. The New Found investment became an equity-accounted investment and is therefore subsequently recognised as an investment in associate. Refer to note 11 for further details.

		As at March 31, 2021				
FVTOCI	**Number**	**Opening Fair Value $'000**	**Disposals $'000**	**Foreign Exchange $'000**	**Realised and Unrealised Gains / (Losses) $'000**	**Closing Fair Value $'000**
Calidus Resources Limited Ordinary Shares	5,138,537	2,552	-	(56)	(553)	1,943
American Pacific Mining Corp. Common Shares	266,666	47	-	-	(7)	40
Elementum 3D Inc. Common Shares	2,076,560	6,610	-	-	(82)	6,528
Essential Metals Limited Ordinary shares	-	358	(393)	(3)	38	-
Kalamazoo Resources Limited Ordinary Shares	10,000,000	5,852	-	(124)	(1,613)	4,115
GBM Resources Ltd Ordinary Shares	11,363,637	1,564	-	(32)	(467)	1,065
		16,983	(393)	(215)	(2,684)	13,691

		As at March 31, 2021				
FVTPL	**Number**	**Opening Fair Value $'000**	**Additions $'000**	**Foreign Exchange $'000**	**Unrealised Losses $'000**	**Closing Fair Value $'000**
Kalamazoo Resources Limited Warrants/Options	10,000,000	1,271	-	(13)	(960)	298
GBM Resources Ltd Warrants/Options	5,681,818	516	-	(9)	(206)	301
		1,787	-	(22)	(1,166)	599
					Total Marketable securities	**14,290**

		As at December 31, 2020					
FVTOCI	**Number**	**Opening Fair Value $'000**	**Additions (Disposals) $'000**	**Transfer to investment in associate $'000**	**Foreign Exchange $'000**	**Unrealised Gains / (Losses) $'000**	**Closing Fair Value $'000**
Calidus Resources Limited Ordinary Shares	5,138,537	1,309	(198)	-	405	1,036	2,552
American Pacific Mining Corp. Common Shares	266,666	32	12	-	-	3	47
Elementum 3D Inc. Common Shares	2,076,560	6,870	-	-	-	(260)	6,610
Essential Metals Limited Ordinary shares	4,450,000	576	(44)	-	90	(264)	358
Kalamazoo Resources Limited Ordinary Shares	10,000,000	5,670	-	-	599	(417)	5,852
New Found Gold Corp Common Shares	15,000,000	-	16,736	(19,500)	-	2,764	-
GBM Resources Ltd Ordinary Shares	11,363,637	-	643	-	(554)	1,475	1,564
		14,457	17,149	(19,500)	540	4,337	16,983

		As at December 31, 2020				
FVTPL	**Number**	**Opening Fair Value $'000**	**Additions $'000**	**Foreign Exchange $'000**	**Unrealised Gains / (Losses) $'000**	**Closing Fair Value $'000**
Kalamazoo Resources Limited Warrants/Options	10,000,000	-	-	74	1,197	1,271
GBM Resources Ltd Warrants/Options	5,681,818	-	225	(53)	344	516
		-	225	21	1,541	1,787
					Total Marketable securities	**18,770**

6. EXPLORATION AND EVALUATION ASSETS

In addition to any specific royalty rights described below, a 2.5% royalty is payable to the State of Western Australia on any gold and silver produced by the Company on any mineral property in Western Australia.

<u>Beatons Creek Region</u>

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 $950,000 ($738,000). In addition, a production royalty totaling 2.75% is payable on any gold and silver produced from the Beatons Creek property. During the period ended March 31, 2021 the Company accrued for AUD $217,000 ($ 212,500).

On December 8, 2020, the Company received final mining approvals from the Western Australia Department of Mining, Industry Regulation and Safety (“DMIRS”). With this approval in place, certain tenements included in the Beatons Creek project have transitioned from exploration and evaluation assets to mine development assets.

During the period ended March 31, 2021, two prospecting tenements included in the Beaton’s Creek project expired. The Company recorded an impairment expense of AUD $242,000 ($260,000).

Millennium Property

Pursuant to the acquisition of Millennium (see note 9 below for further details), the Company acquired control over 106 granted tenements including one general purpose lease, 11 miscellaneous licences, 62 mining leases, and 32 prospecting licences (collectively, the “Millennium Tenements”).

Talga Projects

A 1.5% net smelter returns royalty is payable on any minerals extracted from the Talga Talga, Warrawoona, and Mosquito Creek Projects (collectively, the “Talga Projects”) in a commercial mining operation.

Blue Spec Project

On September 19, 2020, the Company signed a binding terms sheet with Calidus to sell tenements M46/115 and M46/244 (the “Calidus Blue Spec Tenements”), both of which are included in the Blue Spec project, for AUD $19,500,000 ($18,779,000). Calidus paid a non-refundable deposit of AUD $200,000 ($193,000) to the Company on September 22, 2020. On November 25, 2020 and on March 22, 2021 the Company signed amended binding terms sheets with Calidus regarding the sale of the Calidus Blue Spec Tenements. The resultant transactions and revised terms were as follows:

- Calidus paid AUD $2,500,000 ($2,459,000) to the Company on November 27, 2020 in exchange for a 10% interest in the Calidus Blue Spec Tenements (aggregate payment – AUD $2,700,000);

- Calidus paid an additional AUD $5,000,000 ($4,891,000) to the Company on January 28, 2021 in exchange for an additional 25% in the Calidus Blue Spec Tenements (aggregate payment – AUD $7,700,000);

- Calidus paid an additional AUD $5,000,000 ($4,810,000) to the Company on March 29, 2021 (aggregate payment – AUD $12,700,000) and arranged for the issuance of 13,333,333 ordinary shares of Calidus (the “Calidus Shares”) by April 16, 2021;

- If Calidus did not issue the Calidus Shares, the remaining AUD $6,800,000 payment would be payable in cash; and

- If Calidus failed to complete the transaction in full by April 16, 2021, the Company would have an 18-month option to repurchase any residual interest in the Calidus Blue Spec Tenements held by Calidus for 50% of the aggregate consideration paid by Calidus for that interest.

Calidus provided notification on March 30, 2021 that the transaction would be settled on April 1, 2021. Refer to note 26 *Subsequent Events* for further details.

During the three months ended March 31, 2020, five prospecting tenements included in the Blue Spec project expired. The Company recorded an impairment expense of AUD $2,537,000 ($2,329,000).

A 2% net smelter returns 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"), the prior owner of the Blue Spec project.

A net smelter returns 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 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 Blue Spec Project. The Company is in the process of transferring these royalty obligations to Calidus for the Blue Spec tenements sold to it.

Paleo-Placer Property

During the three months ended March 31, 2020, one of the tenements comprising the Paleo-Placer property expired so the Company recorded an impairment expense of AUD $149,000 ($136,000).

On June 15, 2020 the Company entered into a binding term sheet with the Mark Gareth Creasy and entities controlled by him (collectively, the "Creasy Group") pursuant to which Novo will consolidated sole ownership of 510km² of existing tenure and acquire ownership of an additional 2,390km² of highly prospective new tenure in the Pilbara region of Western Australia (the "Creasy Transaction").

The Creasy Transaction is comprised of the following elements:

- acquisition of Creasy Group's residual interest in 20 tenements comprising 510km² currently subject to joint arrangements between the Company and the Creasy Group pursuant to which the Company currently holds a 70% of all mineral rights (the "Original JV Tenements"). Upon completion of the transaction, Novo will hold 100% ownership in these tenements;
- acquisition of 100% ownership (including rights to all minerals) in 55 tenements comprising an additional 1,865km² of new tenure for Novo, subject to the Creasy Group retaining limited prospecting rights on one tenement comprising 25km²; and
- acquisition of a 70% interest in 3 tenements comprising an additional 525km² of new tenure for the Company and entry into joint arrangements over these tenements, pursuant to which Novo will hold a 70% interest in rights to all minerals and Creasy Group will hold the other 30%.

Upon completion of the Creasy Transaction, the Company and the Creasy Group will terminate agreements which pertain to the Original JV Tenements and historical transactions between the Company and the Creasy Group.

As consideration for the Creasy Transaction, the Company issued to the Creasy Group 2,582,269 common shares (the "Consideration Shares") at a fair value of $3.45 per Consideration Share for gross consideration of $8,909,000. An additional 8,431 common shares (the "Additional Consideration Shares") will be issued to Creasy once Australian Foreign Investment Review Board ("FIRB") approval has been obtained. The Additional Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance. If FIRB approval is not obtained by June 30, 2021, or such later date as agreed by the Company and the Creasy Group, either the Company or the Creasy Group may terminate this portion of the Creasy Transaction. Refer to note 26 *Subsequent Events* for further details.

The Consideration Shares have been accounted for as an equity-settled share-based payment. As an equity-settled share-based payment, the consideration payable was recognised directly in equity without subsequent remeasurement. The transaction was recognised and measured with reference to the fair value of the equity instruments granted at the date control of the asset was obtained, estimated to be $8,909,000 as the Company determined that it could not reliably measure the fair value of the asset obtained.

Calidus Resources Limited

On January 30, 2021, the Company signed a binding terms sheet with Calidus pursuant to which it sold its 30% interest in its joint operation over the Warrawoona project in Western Australia to Calidus for a 1% net smelter returns gold royalty.

During the three months ended March 31, 2020, one of the Novo Warrawoona Tenements reached the end of its term and expired. The Company recorded an impairment expense of AUD $131,000 ($120,000).

Mt Elsie project

On June 11, 2020, the Company entered into a binding term sheet to acquire three exploration licences (the “Mt Elsie Project”) comprising an area of approximately 19km² located 75km north-east of the town of Nullagine, Western Australia and adjacent to numerous Novo wholly-owned tenements. The Company issued an aggregate 324,506 common shares (the “Elsie Consideration Shares”) at a fair value of $3.98 per Elsie Consideration Share for gross consideration of $1,292,000 and paid AUD $100,000 ($94,550) in cash to the vendors of the Mt. Elsie Project. As the Company determined that it could not reliably measure the fair value of the asset obtained, the shares issued were fair valued based on their trading price at the date of the transaction.

Karratha Region

Bellary Dome Pty Ltd (“Bellary Dome”)

On June 12, 2020 the Company entered into an option agreement (the “Option Agreement”) with Bellary Dome for the option to acquire the gold rights in exploration licence 47/3555 (the “Tenement”) located in the Southern Pilbara region of Western Australia. The Option was conditional upon the removal of a caveat currently registered against the Tenement by a non-arm’s length party to Bellary Dome and subsequent registration of the Tenement in Bellary Dome’s name, all of which were satisfied on July 31, 2020. The Company paid AUD $25,000 ($24,000) to Bellary Dome for an initial option period of 12 months. At any time during the Option Period, the Company may exercise its Option and earn a 100% gold rights interest in the Tenement by paying Bellary Dome AUD $1,000,000 and granting Bellary Dome a 2% gross overriding royalty on all gold derived from future production by the Company from the Tenement.

Before the expiry of the Option Period, the Company may extend the Option Period to 24 months from the date of satisfaction of the Conditions by paying Bellary Dome AUD $25,000, 36 months from the date of satisfaction of the Conditions by paying Bellary Dome AUD $50,000, or 48 months from the date of satisfaction of the Conditions by paying Bellary Dome AUD $100,000.

Comet Well Property

On February 4, 2021, AUD $3,000,000 ($2,946,000) in aggregate was paid to Gardner Mining Pty Ltd (“Gardner”) and Bradley Adam Smith (“Smith”), the Company’s Comet Well project (the “Comet Well Project”) joint operation partners, and 1,198,395 common shares (the “Subsequent Consideration Shares”) were issued to Gardner and Smith with a fair value of $3,354,000.

The AUD $3,000,000 cash consideration was initially recognized as a liability in the Company’s consolidated statement of financial position. On initial recognition, the cash consideration payable was discounted to reflect its present value. The liability was carried at amortised cost and was being accreted to its face value over the period to maturity. The carrying value of the cash consideration payable recognised as a current liability at March 31, 2021 was $nil (December 31, 2020: $2,949,000) as it was paid on February 4, 2021.

The Subsequent Consideration Shares were accounted for as an equity-settled share-based payment. As an equity-settled share-based payment, the consideration payable was recognised directly in equity without subsequent remeasurement. The transaction was recognised and measured with reference to the fair value of the equity instruments granted at the date control of the asset was obtained, estimated to be $3,354,000 as the Company determined that it could not reliably measure the fair value of the asset obtained.

A bonus (the “Discovery Bonus”) of AUD $1,000,000 payable in cash and/or Novo common shares (at Campbell’s option) is required to be paid to Johnathon and Zoe Campbell (“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”). As at the date of these consolidated financial statements resources have not been defined on the Comet Well Project.

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 volume-weighted average closing price (“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 therefore no amount has been accrued for the Discovery Bonus.

The royalty agreement between the Company and Campbell entitles Campbell to a 0.5% net smelter returns royalty on gold (the “Campbell Royalty”) extracted by the Company on the Tenements. The Company also agreed to pay Campbell a sub-royalty, in cash or satisfied by the issuance of common shares at the Company’s discretion, based on either (i) resource reports being announced by the Company in compliance with either National Instrument 43-101 or the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves for the Comet Well property, demonstrating Measured Mineral Resources or Indicated Mineral Resources of gold, or a combination thereof (together, the “Announced Resources”), or (ii) if there are no Announced Resources but the Comet Well property is being mined by the Company, gold produced by the Company (“Mined Resources”), as follows:

- For Announced Resources and/or Mined Resources up to 5,000,000 ounces of gold, Novo shall make a payment of $0.50 per ounce; and

- For Announced Resources and/or Mined Resources over 5,000,000 ounces of gold, Novo shall make a payment of $1.00 per ounce.

If applicable, any sub-royalty will be paid quarterly, and the obligation to pay the sub-royalty expires on the tenth anniversary of the Approval Date. The sub-royalty is only payable once in respect of Announced Resources that may subsequently become Mined Resources. If a sub-royalty is paid in common shares issued by the Company, the issue price will be determined by reference to the VWAP of the Company’s shares for the last 20 trading days of the relevant quarter.

Pursuant to the first farm in and joint operation agreement (the “Novo Farm-in Agreement”), the Company will free carry Gardner and Smith with respect to joint operation expenditures until a decision to mine is made, at which point any non-contributing entity’s interest in the joint operation will dilute at a pre-determined ratio. If Gardner’s and Smith’s interests in the joint operation are reduced to below 5%, Gardner and Smith will be deemed to have withdrawn from the joint operation 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 operation is reduced to below 5%, the Company will be deemed to have withdrawn from the joint operation 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 concurrent farm in and joint operation agreement with Gardner and Smith (the “Gardner and Smith Farm-in Agreement”), the Company will free carry Gardner and Smith with respect to joint operation expenditures until a decision to mine is made, at which point any non-contributing entity’s interest in the joint operation will dilute at a pre-determined ratio. If Gardner’s and Smith’s interests in the joint operation are reduced to below 5%, Gardner and Smith will be deemed to have withdrawn from the joint operation 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 operation is reduced to below 5%, the Company will be deemed to have withdrawn from the joint operation 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.

Artemis Resources Limited Joint Operation

On March 23, 2020, the Company dissolved its 50:50 joint operation with Artemis (the "Dissolution") and acquired a 100% interest in exploration licenses E47/1745 ("Purdy's Reward") and E47/3443 ("47K"). As consideration for the transaction, the Company issued 1,640,000 common shares at a fair value of $1.61 per share based on the Company's closing price on the TSX-V on March 23, 2020 for total consideration of $2,640,000, and paid AUD $820,000 ($680,000) to Artemis. The Company also issued 360,000 common shares at a fair value of $1.61 per share for total consideration of $580,000, paid AUD $180,000 ($151,000), and granted a 1% net smelter returns royalty to Sorrento Resources Pty Ltd, one of Artemis' joint venture partners on the 47K project. For both transactions, as the Company determined that it could not reliably measure the fair value of the asset obtained, the shares issued were fair valued based on their trading price at the date of the respective transactions.

A finder's fee comprised of 100,000 common shares of the Company, issued at a fair value of $1.61 per share for total consideration of $161,000, and a cash payment of AUD $50,000 ($42,000) was paid to Battle Mountain Pty Ltd in respect of the transaction.

As part of the Dissolution in the prior year, Novo returned 26 tenements to Artemis and recognised an impairment of AUD $1,776,000 ($1,508,000) relating to expenditure incurred on these tenements.

<u>Egina Region</u>

Memorandum of Agreement with Essential Metals

On December 7, 2020, the Company completed its farm in obligations pursuant to a Memorandum of Agreement pertaining to certain tenements in the Egina region, executed with Essential Metals in September 2017 and earned a 70% interest in precious metals rights on the relevant tenements.

Sumitomo Farm-In and Joint Operation

Egina Farmin Arrangement ("EFA")

On June 7, 2019, the Company entered into the Egina Farmin Agreement ("EFA") to advance its Egina project (the "Project") located near Port Hedland in WA.

Under the EFA, Sumitomo Corporation and its wholly owned Australian subsidiary (together, "Sumitomo") will contribute up to USD $29.66 million funding to the Project over a 3-year earning period, subject to specific milestones and activity taking place. As at March 31, 2021, Sumitomo has funded AUD $7,256,000 (US$ 5,000,000) to advance the Project. No further funding has been received for the period ending March 31,2021.

At any time during the 3-year earning period and upon termination of the funding period, Sumitomo may elect to either:

- acquire up to 40% participating interest in the Farmin Assets if Sumitomo makes an election to establish a joint arrangement with the Company (the "Farmin Option"); or
- exercise their reimbursement option (Reimbursement Option Adjustment) resulting in Novo reimbursing Sumitomo's funding contribution in either cash ("Cash Payment Option") or a variable number of shares ("Share Payment Option") subject to Sumitomo having funded US$5 million in respect for the exploration phase of the project.

Exercising the Farmin Option extinguishes the obligation of the Company to repay Sumitomo any funding contributions previously provided.

The Reimbursement Option is calculated with reference to the Reimbursement Payment Amount, which includes adjustments for any notional share of Product that Sumitomo has earned over the earning period and, in the case of the Cash Payment Option, accrued interest on the principal outstanding calculated with reference to the London Interbank Offered Rate ("LIBOR") from the date the funding was obtained.

Payment by Novo common shares under the Share Payment Option is subject to specific requirements outlined in the EFA and below. The number of shares to be issued is determined by dividing the Reimbursement Payment Amount by a prescribed issue price.

The prescribed issue price is the higher of:

1. The Company's closing share price of $2 as at June 7, 2019 (the date of the EFA); or
2. The 15% discounted VWAP of the Company at the time of conversion (determined with reference to the EFA requirements and TSX listing policies).

The Company has a financial liability with respect to the Reimbursement Option as it has an unavoidable contractual obligation to reimburse Sumitomo the full Reimbursement Payment Amount in either cash or a variable number of shares and the Reimbursement Option is at Sumitomo's discretion at all times.

As a result of the unique features and characteristics of the EFA, the Company has elected to designate the financial liability and related embedded derivatives in their entirety at FVTPL. In these circumstances, changes in the fair value of the entire hybrid financial instrument are recognised through profit or loss, except to the extent that the change in fair value is attributable to changes in credit risk of that liability (in which case it is presented in other comprehensive income).

In addition to the financial liability, the EFA has also resulted in a written call Option, under which the Company has an obligation to sell a portion of its interest in the Farmin Assets if the counterparty exercises the option. The written call option is a contract to sell a non-financial item, being the physical delivery of a participating interest in the Farmin Assets.

The written call option was initially measured at cost, determined as the residual amount of the consideration received after deducting the fair value of the financial liability (including embedded derivatives).

Sumitomo funding liability	**March 31, 2021 $'000**	**December 31, 2020 $'000**
Opening balance	(6,071)	(4,519)
Draw downs	-	(783)
Sumitomo liability change in fair value through profit and loss	92	211
Sumitomo liability change in fair value through OCI	-	(442)
Reimbursement option adjustment	(191)	-
Foreign exchange	261	(538)
Closing balance	(5,909)	(6,071)

Sumitomo written call option	**March 31, 2021 $'000**	**December 31, 2020 $'000**
Opening balance	(1,157)	(1,341)
Draw downs	-	(131)
Foreign exchange	(71)	315
Closing balance	(1,228)	(1,157)

De Grey and Farno McMahon Heads of Agreement

On January 28, 2020, De Grey provided the Company with a notice that it had earned a 30% interest in E47/2502 and commenced a joint operation over the tenement.

Victoria, Australia

Malmsbury Project

On March 30, 2020, the Company was granted an option (the "Malmsbury Option") and an additional earn-in right to acquire up to an aggregate 60% interest in GBM's Malmsbury gold project (the "Malmsbury Project") located in the Bendigo zone of Australia's Victorian goldfields, with the possibility of the interest being increased to 75% interest, as described below. The Malmsbury Option was subject to approval of the TSX-V and other customary regulatory approvals for transactions of this nature, all of which were received by April 6, 2020.

Novo had a six-month period (the "Malmsbury Initial Period") to confirm social license to explore the Malmsbury Project and conduct other due diligence while awaiting the grant of the Malmsbury Project Retention Licence RL6587 to GBM. At any time during the Malmsbury Initial Period, Novo had the right to exercise the Malmsbury Option to earn a 50% interest in the Malmsbury Project by issuing 1,575,387 common shares to GBM (the "GBM Option Shares"), which will be subject to a statutory hold period of four months from the date of issuance, and reimbursing GBM for validly incurred and documented exploration expenditures on the Malmsbury Project during the Malmsbury Initial Period of up to AUD $250,000 (the "GBM Reimbursable Amount"), with such reimbursed amount being credited against the Malmsbury Earn-In Amount (defined below). On September 24, 2020, the Company exercised the Malmsbury Option. The Company will issue the GBM Option Shares to GBM, pay the GBM Reimbursable Amount, and commence the Malmsbury Earn-In Period upon receipt of approval from the FIRB and the Victorian Department of Jobs, Precincts, and Regions. Refer to note 26.

Assuming satisfaction of the aforementioned conditions, the Company will have the right to earn an additional 10% interest in the Malmsbury Project and form a joint venture with GBM by incurring AUD $5,000,000 in exploration expenditure (the "Malmsbury Earn-In Amount") over a four-year period (the "Malmsbury Earn-In Period"), as to a minimum of AUD $1,000,000 during the first year, and AUD $1,250,000 in each subsequent year, of the Malmsbury Earn-In Period. Any expenditure incurred during any year of the Malmsbury Earn-In Period which surpasses the minimum required amount will be credited against the subsequent year's commitment. If Novo does not satisfy the Malmsbury Earn-In Amount during the Malmsbury Earn-In Period, Novo's interest in the Malmsbury Project will decrease to 49%.

However, following satisfaction by Novo of the Malmsbury Earn-In Amount during the Malmsbury Earn-In Period, and delivery to GBM of written notice of its election to increase its interest in the Malmsbury Project to an aggregate 60% interest and initiate a joint venture with GBM (the "Malmsbury Joint Venture Date"), GBM will be required to elect to (i) retain its 40% interest in the Malmsbury Project by contributing to 40% of exploration and development expenditure incurred subsequent to the Malmsbury Joint Venture Date, or (ii) dilute its interest in the Malmsbury Project to 25% upon delivery by Novo of a preliminary economic assessment (the "Malmsbury PEA") disclosing at least a 1 million ounce gold resource, of which at least 60% must be in the Indicated classification, within 3 years from the Malmsbury Joint Venture Date. In such case, Novo will pay all development expenditure incurred commencing from the Malmsbury Joint Venture Date, but if a decision to mine is made, GBM will reimburse Novo as to 25% of any such development expenditure from a maximum of 80% of Malmsbury Project cash flows.

Novo and GBM will negotiate a royalty arrangement whereby, subsequent to a decision to mine, GBM will be entitled to receive a maximum 2.5% net smelter returns royalty (the "Maximum Royalty"). The Malmsbury Project is encumbered by certain pre-existing royalties; where such an encumbrance is present, GBM will only be entitled to an adjusted royalty, being the Maximum Royalty less any pre-existing royalty amount.

Queens Project
On September 22, 2020, the Company was granted an option (the "Queens Option") and an additional earn-in right to acquire up to an aggregate 50% interest in Kalamazoo's Queens gold project (the "Queens Project") located in the Bendigo zone of Australia's Victorian goldfields, with the possibility of the interest being increased to 80% interest, as described below. The Queens Option was subject to approval of the TSX-V and other customary regulatory approvals for transactions of this nature, all of which were received by September 28, 2020.

Novo was granted a six-month period (the "Queens Initial Period") to conduct due diligence on the Queens Project by issuing 24,883 common shares of the Company (the "Queens Due Diligence Shares") to Kalamazoo on September 28, 2020 at a fair value of $3.87 per share for gross consideration of $85,000. The Queens Due Diligence Shares were subject to a statutory hold period which expired on January 29, 2021. At any time during the Queens Initial Period, Novo will have the right to exercise the Queens Option to earn a 50% interest in the Queens Project by issuing the AUD $2,000,000 equivalent of the Company's common shares to Kalamazoo (the "Kalamazoo Option Shares"), which will be subject to a statutory hold period of four months from the date of issuance, at a deemed price per Kalamazoo Option Share equal to the volume-weighted average closing price of the Company's common shares for the five trading days immediately prior to the Company's exercise of the Queens Option.

If Novo exercises the Queens Option, it will have the right to earn an additional 20% interest in the Queens Project and form a joint arrangement with Kalamazoo by incurring AUD $5,000,000 in exploration expenditure (the "Queens Earn-In Amount") over a five-year period (the "Queens Earn-In Period"), with a minimum expenditure of AUD $250,000 during the first year, AUD $1,000,000 in each of the second, third, and fourth years, and AUD $1,750,000 during the fifth and final year of the Queens Earn-In Period. Any expenditure incurred during any year of the Queens Earn-In Period which surpasses the minimum required amount will be credited against the subsequent year's commitment.

If Novo satisfies the Queens Earn-In Amount by the expiry of the Queens Earn-In Period, it will have 30 days to elect to either (i) earn an additional 10% in the Queens Project by delivering a preliminary economic assessment (the "Queens PEA") which must include a minimum 1 million ounces of gold of which at least 60% must be comprised of indicated mineral resources within three years of the Company's election (the "Queens PEA Conditions"), or (ii) maintain its 70% interest in the Queens Project. If the Company elects to maintain its 70% interest in the Queens Project, Kalamazoo must elect to either (i) contribute to 30% of exploration expenditure, or (ii) automatically convert to a 2% net smelter returns gold royalty.

If the Company elects to complete the Queens PEA but fails to satisfy the Queens PEA Conditions, Novo will retain a 70% interest in the Queens Project and Kalamazoo can elect to contribute to 30% of exploration expenditure or dilute at a rate of 1% for every AUD$100,000 not contributed. If Kalamazoo's interest dilutes below 10%, Kalamazoo's interest will automatically convert to a 2% net smelter returns gold royalty.

On March 22, 2021, the Company completed the Queens Initial Period, exercised the Queens Option, and issued 584,215 Novo common shares to Kalamazoo at a fair value of $3.21 for total consideration of $1,875,000. The Company and Kalamazoo also agreed to amend the timing of the Queens Earn-In Amount. During the Queens Earn-In Period, the Company is would be required to incur AUD $75,000 during the first year, AUD $1,000,000 during each of the second, third, and fourth years, and AUD $1,925,000 during the fifth and final year to earn the additional 20% interest. If Novo does not satisfy the Queens Earn-In Amount during the Queens Earn-In Period, Novo's interest in the Queens Project will decrease to 49%.

Nevada, USA Region

Tuscarora Property

On January 29, 2021, pursuant to an amended agreement signed between the Company and APM on December 18, 2019, APM made final payment of $150,000 in order to complete its purchase of the Company's Tuscarora property in Nevada, USA.

APM granted to Novo a 0.5% net smelter returns royalty which APM can repurchase for USD $500,000 at any time. APM also assumed all of Novo's royalty obligations under its original option agreement underlying the Tuscarora project between Novo and Nevada Select Royalty, Inc.

The exploration and evaluation assets are comprised of the following:

		US Region	Karratha & Egina Region					
	Beatons Creek	Tuscarora	Comet Well	Karratha	Kangan Joint Venture	Farno McMahon	Granted tenements	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance, December 31, 2020	**127,115**	**15**	**22,479**	**21,520**	**1,282**	**20,404**	**10,325**	**203,140**
Acquisition Costs	-	-	-	-	-	-	2,139	2,139
Exploration Expenditures:								
Field Work	676	-	77	-	52	384	326	1,515
Fuel	-	-	-	-	-	13	-	13
Geology	46	-	-	-	-	29	-	75
Legal	-	-	-	-	-	-	3	3
Meals & Travel	33	-	2	-	6	26	30	97
Office and General	114	-	-	47	196	(45)	6	318
Reports, Data and Analysis	94	-	-	-	-	-	-	94
Rock Samples	83	-	-	-	1	88	19	191
Native Title	196	-	-	-	-	-	-	196
Tenement Administration	254	-	3	-	14	41	99	411
Foreign Exchange Difference	(3,599)	2	(586)	(559)	(29)	(507)	(250)	(5,528)
Option Payment Received	-	(149)	-	-	-	-	-	(149)
Fuel Tax rebate	(167)	-	-	-	-	-	-	(167)
Artemis contribution	-	-	-	(80)	-	-	-	(80)
Impairment	(260)	-	-	-	-	-	(1,112)	(1,372)
Change in estimate - rehabilitation provision	(960)	-	-	-	-	-	-	(960)
Sale of Blue Spec	(867)	-	-	-	-	-	-	(867)
	(4,357)	(147)	(504)	(592)	240	29	(879)	(6,210)
Balance, March 31, 2021	**122,758**	**(132)**	**21,975**	**20,928**	**1,522**	**20,433**	**11,585**	**199,069**

		US Region	Karratha & Egina Region					
	Beatons Creek	**Tuscarora**	**Comet Well**	**Karratha**	**Kangan Joint Venture**	**Farno McMahon**	**Granted tenements**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance, January 31, 2020	46,452	27	21,463	17,531	629	14,430	5,702	106,234
Acquisition Costs	99,350	-	414	5,273	-	158	2,175	107,370
Exploration Expenditures:								
Drilling	410	-	-	-	-	-	-	410
Field Work	3,839	-	257	139	328	3,415	1,128	9,106
Fuel	12	-	-	-	5	180	16	213
Geology	988	-	11	7	36	145	148	1,335
Legal	37	-	22	35	-	56	97	247
Meals & Travel	174	-	12	6	35	395	123	745
Office and General	221	-	4	-	(7)	(105)	(117)	(4)
Reports, Data and Analysis	61	-	-	10	-	-	-	71
Rock Samples	994	-	67	17	28	548	199	1,853
Earthworks	6	-	-	-	110	536	42	694
Native Title	424	-	3	5	58	162	18	670
Tenement Administration	308	-	10	88	48	288	1,030	1,772
Foreign Exchange Difference	10,861	(12)	216	168	12	196	99	11,540
Fuel Tax rebate	(151)	-	-	-	-	-	-	(151)
Artemis contribution	-	-	-	(83)	-	-	-	(83)
Transfer to Mining development asset	(36,871)	-	-	-	-	-	-	(36,871)
Impairment	-	-	-	(1,676)	-	-	(335)	(2,011)
	(18,687)	(12)	602	(1,284)	653	5,816	2,448	(10,464)
Balance, December 31, 2020	**127,115**	**15**	**22,479**	**21,520**	**1,282**	**20,404**	**10,325**	**203,140**

Recoverability of exploration and evaluation assets

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

7. PROPERTY, PLANT, AND EQUIPMENT

Cost	Buildings $'000	Office Furniture and Equipment $'000	Mining Equipment $'000	Exploration Camp $'000	Vehicles $'000	Capital WIP $'000	Critical Spares $'000	Total $'000
Opening balance	**5,099**	**604**	**76,564**	**697**	**393**	**7,906**	**1,822**	93,085
Additions	-	-	-	-	-	1,896	-	1,896
Transfers from capital WIP	-	-	9,040	327	-	(9,367)	-	-
Foreign exchange	(136)	(16)	(2,239)	(26)	(11)	(50)	(49)	(2,527)
Closing balance	**4,963**	**588**	**83,365**	**998**	**382**	**385**	**1,773**	**92,454**
Accumulated Depreciation								
Opening balance	**(270)**	**(66)**	**(509)**	**(343)**	**(117)**	**-**	**-**	**(1,305)**
Depreciation	(208)	(41)	(82)	(39)	(19)	-	-	(389)
Foreign exchange	12	3	15	10	3	-	-	43
Closing balance	**(466)**	**(104)**	**(576)**	**(372)**	**(133)**	**-**	**-**	**(1,651)**
Balance as at December 31, 2020	**4,829**	**538**	**76,055**	**354**	**276**	**7,906**	**1,822**	**91,780**
Balance as at March 31, 2021	**4,497**	**484**	**82,789**	**626**	**249**	**385**	**1,773**	**90,803**

Cost	Buildings $'000	Office Furniture and Equipment $'000	Mining Equipment $'000	Exploration Camp $'000	Vehicles $'000	Capital WIP $'000	Critical Spares $'000	Total $'000
Opening balance	**-**	**57**	**1,103**	**574**	**171**	**-**	**-**	1,905
Additions	4,808	510	71,027	56	201	7,455	1,718	85,775
Disposals	-	-	-	-	(9)	-	-	(9)
Foreign exchange	291	37	4,434	67	30	451	104	5,414
Closing balance	**5,099**	**604**	**76,564**	**697**	**393**	**7,906**	**1,822**	**93,085**
Accumulated Depreciation								
Opening balance	**-**	**(4)**	**(226)**	**(198)**	**(68)**	**-**	**-**	**(496)**
Depreciation	(255)	(58)	(243)	(116)	(42)	-	-	(714)
Disposals	-	-	-	-	3	-	-	3
Foreign exchange	(15)	(4)	(40)	(29)	(10)	-	-	(98)
Closing balance	**(270)**	**(66)**	**(509)**	**(343)**	**(117)**	**-**	**-**	**(1,305)**
Balance as at January 31, 2020	**-**	**53**	**877**	**376**	**103**	**-**	**-**	**1,409**
Balance as at December 31, 2020	**4,829**	**538**	**76,055**	**354**	**276**	**7,906**	**1,822**	**91,780**

Refer to note 14 for details of encumbrances on property, plant and equipment.

8.RIGHT OF USE ASSETS

Cost	Office Properties $'000	Mining Equipment $'000	Total $'000
Opening balance	700	40,507	41,207
Additions	1,103	-	1,103
Disposals	(119)	(101)	(220)
Foreign exchange	(39)	(1,081)	(1,120)
Closing balance	**1,645**	**39,325**	**40,970**
Accumulated Depreciation			
Opening balance	(506)	(1,465)	(1,971)
Depreciation	(97)	(2,935)	(3,032)
Disposals	119	101	220
Foreign exchange	11	100	111
Closing balance	**(473)**	**(4,199)**	**(4,672)**
Balance as at December 31, 2020	**194**	**39,042**	**39,236**
Balance as at March 31, 2021	**1,172**	**35,126**	**36,298**

Cost	Office Properties $'000	Mining Equipment $'000	Total $'000
Opening balance	368	155	523
Additions	273	38,033	38,306
Foreign exchange	59	2,319	2,378
Closing balance	**700**	**40,507**	**41,207**
Accumulated Depreciation			
Opening balance	(290)	(56)	(346)
Depreciation	(174)	(1,309)	(1,483)
Foreign exchange	(42)	(100)	(142)
Closing balance	**(506)**	**(1,465)**	**(1,971)**
Balance as at January 31, 2020	**78**	**99**	**177**
Balance as at December 31, 2020	**194**	**39,042**	**39,236**

The Company's mining contract for the Beatons Creek project includes various items of mining equipment which have been accounted for as a lease. The lease term of the mining equipment is for three years with an option to extend, which has been taken into account in the calculation. The Company also has leases for office space. The Company applies the recognition exemption for the lease of assets with lease terms of 12 months or less or leases of assets of low value.

(Expressed in Canadian Dollars, unless stated otherwise)

9. ACQUISITION OF MILLENNIUM MINERALS

On August 4, 2020, the Company signed arm's length agreements (the "Agreements") to acquire all of the outstanding shares of privately held Millennium Minerals Limited ("Millennium") from IMC Resources Gold Holdings Pte Ltd, Heritas Capital Management (Australia) Pty Ltd, and IMC Resources Ltd (collectively, "IMC") (the "Millennium Acquisition"). The Millennium Acquisition completed on September 7, 2020 (the "Completion Date").

Pursuant to the Agreements and on the Completion Date, Novo acquired all of the outstanding ordinary shares of Millennium on a cash and debt free basis (except as described below) in exchange for the issuance to IMC of 17,706,856 Novo units (each an "Acquisition Consideration Unit").

Each Acquisition Consideration Unit was comprised of one Novo common share (an "Acquisition Share") and one-half of one transferable Acquisition Share purchase warrant (each an "Acquisition Consideration Warrant"), with each whole Acquisition Consideration Warrant entitling the holder to acquire one Acquisition Share at a price of $4.40 until September 7, 2023. On September 14, 2020, as contemplated by the Agreements, Millennium settled all debts owing to IMC by repaying a cash component of AUD $60,000,000 ($57,210,000) (the "IMC Cash Debt Repayment") and issuing 2,656,591 Units to IMC (each a "Debt Consideration Unit"). Each Debt Consideration Unit is comprised of one common share of Novo (each a "Debt Share") and one-half of one transferable Debt Share purchase warrant (each a "Debt Consideration Warrant"), with each whole Debt Consideration Warrant entitling the holder to acquire one Debt Share at a price of $4.40 until September 14, 2023. The Company did not have all requisite approvals to effect the IMC Cash Debt Repayment and issue the Debt Consideration Units until September 14, 2020. However, the issuance of the Acquisition Consideration Units and the Debt Consideration Units was treated as a single transaction for the purposes of the Millennium Acquisition.

The Acquisition Shares and the Debt Repayment Shares were issued at a fair value of $67,943,000. The Acquisition Consideration Warrants and Debt Consideration Warrants were valued at $15,135,000 using the Black Scholes option pricing model with the following assumptions:

Assumptions	
Exercise price	$ 4.40
Risk-free interest rate	0.25%
Expected stock price volatility	80.00%
Expected dividend yield	0.00%
Expected life of warrants	3 years

The Acquisition Consideration Units and Debt Consideration Units issued to IMC, and the securities underlying the Acquisition Consideration Units and Debt Consideration Units, were subject to statutory and stock exchange hold periods which expired on January 8 and January 15, 2021; a further contractual hold period will apply to half of the Acquisition Consideration Units and Debt Consideration Units issued to IMC, increasing the hold period for those securities to 12 months.

Novo has also agreed to pay to IMC deferred consideration in the form of a fee on future gold production equal to 2% of all gold revenue generated by Novo up to the later of cumulative gold production of 600,000 ounces or cumulative payments of AUD $20,000,000 having been made to IMC. Pursuant to the Company's accounting policy, as at the Completion date, no obligation for the cash component of contingent consideration payable based on the future performance of the asset acquired and actions of the Company is recognized.

The acquisition of Millennium was accounted for as an asset acquisition as Millennium was not considered to be a business when applying the guidance within IFRS 3. The issuance of the Acquisition Consideration Units and the Debt Consideration Units was treated as an equity-settled share-based payment and measured at the fair value of the consideration issued as the fair value of the assets acquired included early-stage exploration assets, the fair value of which could not be reliably estimated. As a result, the fair value of the Acquisition Consideration Units and Debt Consideration Units needed to be measured and attributed to the assets and liabilities acquired.

Assets acquired, and liabilities assumed

The identifiable assets and liabilities of Millennium as at the Completion date were:

	Total $'000
Assets	
Cash, receivables and prepayments	167
Inventory	3,714
Plant, property and equipment	79,906
Exploration and evaluation assets	87,225
Liabilities	
Rehabilitation provision	(27,308)
Payables	(673)
Net assets acquired	**143,031**
Cost of acquisition	
Cash settlement of loan payable	57,210
Transaction costs	2,393
Shares issued	67,943
Warrants issued	15,134
Working capital adjustment	351
Total	**143,031**

10. MINE DEVELOPMENT ASSET

	March 31, 2021 $'000	December 31, 2020 $'000
Opening balance at cost	41,332	-
Transfer from exploration and evaluation assets	-	36,871
Additions	15,203	4,239
Foreign exchange	(1,430)	222
Closing balance at cost	55,105	41,332

No depreciation or depletion has been recorded as this asset is not ready for use as intended by management.

11. INVESTMENT IN ASSOCIATE

As at March 31, 2021, Novo has a 10.06% interest in New Found. Novo's interest in New Found is accounted for using the equity method in the consolidated financial statements. The fair value of Novo's interest, determined by reference to New Found's share price in New Found's initial public offering was $19,500,000 at the date significant influence was obtained. New Found is a mineral exploration company engaged in the acquisition, exploration and evaluation of resource properties with a focus on gold properties located in the Provinces of Newfoundland and Labrador and Ontario, Canada.

The fair value of the investment in New Found, based on the March 31, 2021 closing price of $4.21, is $63,150,000 (December 31, 2020: $61,050,000). The fair value was determined using level 1 inputs in the fair value hierarchy.

The following table illustrates the summarised financial information of Novo's investment in New Found.

	March 31, 2021 $'000	December 31, 2020 $'000
Investment in associate	14,131	15,091
Movement in investment in associate		
Net carrying amount at the beginning of the year	15,091	-
Value of interest in New Found - June 17, 2020	-	19,500
Treasury shares	6	(2,571)
Share of loss from operations of associate	(966)	(1,838)
Net carrying amount at period end	14,131	15,091
Summarised statement of financial position		
Current assets	67,243	71,509
Non-current assets*	75,210	78,692
Current liabilities	(1,990)	(628)
Non-current liabilities	-	-
Net assets	140,463	149,573
Novo's share of New Found's net assets	**14,131**	**15,091**
**Non-current assets adjusted to reflect fair value of Novo's investment*		
Summarised statement of comprehensive income/loss		
Loss for the period	(5,244)	(34,727)
Adjustment for unrealised loss on investment	3,958	7,285
Adjusted loss for the period	(1,286)	(27,442)
Novo's share of the adjusted loss through July 31, 2020 at 14.90%	-	(60)
Novo's share of the adjusted loss through October 31, 2020 at 10.48%	-	(899)
Novo's share of the adjusted loss through December 31, 2020 at 10.09%	-	(1,900)
Novo's share of the adjusted loss through March 31, 2021 at 10.06%	(130)	-
Impact of dilution including treasury shares	(836)	1,021
Total	**(966)**	**(1,838)**

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2021 $'000	December 31, 2020 $'000
Trade and other payables	3,666	6,881
Accrued expenses	8,306	4,697
Employee entitlements	750	505
Total	12,722	12,083

13. LEASE LIABILITIES

	March 31, 2021 $'000	December 31, 2020 $'000
Opening balance	40,211	187
Additions	1,103	38,336
Accretion of interest - capitalised	737	239
Accretion of interest	30	51
Payments	(2,975)	(917)
Foreign exchange	(1,051)	2,315
Closing balance	38,055	40,211
Current	11,069	10,645
Non current	26,986	29,566
Expense relating to short term and low value assets	178	68

14. LOANS AND BORROWINGS

On September 4, 2020 the Company closed an USD $60,000,000 financing package (the “Credit Facility”) with Sprott Resource Lending Corp. and Sprott Private Resource Lending II (Collector), LP (collectively, “Sprott”) to fund the refurbishment of production infrastructure acquired pursuant to the Millennium Acquisition (see note 9 for further details) and the development of the Company’s Beatons Creek project.

The Company incurred $2,724,000 of debt advisory, legal and due diligence fees in conjunction with arranging the Credit Facility. Upon close of the Credit Facility, these transaction costs were attributed to the Credit Facility and included in deferred charges. These amounts have been included in the respective effective interest rate calculations for the Credit Facility, measured at amortized cost.

Security provided for the Credit Facility includes: a) general security in favour of Sprott, b) a blocked account agreement in favour of Sprott on Conglomerate Gold Exploration (B.V.I.) Ltd.’s bank account, c) contractual assignments to Sprott of certain contractual obligations with the Company and Conglomerate Gold Exploration (B.V.I.) Ltd., d) a debenture of Conglomerate Gold Exploration (B.V.I.) Ltd. charging all of its assets in favour of Sprott, e) an equitable mortgage of Conglomerate Gold Exploration (B.V.I.) Ltd. over its shares in CGE, and f) mining mortgages over mineral tenure held by Beatons Creek Gold Pty Ltd, Nullagine Gold and Millennium.

The availability of the Credit Facility is subject to certain conditions and covenants, including the maintenance of minimum unrestricted cash and working capital balances. At March 31, 2021 the Company is in compliance with these conditions and covenants.

Pursuant to the terms of the Credit Facility, the Company was able borrow up to USD $60,000,000 in two tranches, with the first USD $35,000,000 available immediately and the remaining USD $25,000,000 ("Sprott Tranche 2") available to be drawn until March 31, 2021, at Novo's sole discretion, upon delivery of a pre-feasibility study acceptable to Sprott on the Company's Beatons Creek gold project and the satisfaction of certain other conditions (the "Sprott Tranche 2 Conditions"). Tranche 2 of this Credit Facility was amended on April 7, 2021. Refer to note 26 *Subsequent Events* for further details.

Interest will accrue on the outstanding principal amount of the Credit Facility at a rate of 8% plus the greater of (i) US three month LIBOR and (ii) 1.00% per annum. All interest is payable in cash on a monthly basis. In addition, the principal is repayable commencing on December 31, 2022 and quarterly thereafter until September 4, 2024 in eight equal instalments.

The Credit Facility matures on September 4, 2024. The Credit Facility is accounted for as a financial liability subsequently measured at amortized cost.

On September 8, 2020, the Company drew down the initial USD $35,000,000 tranche, subject to an "original issue discount" of 12.286% of the initial advance, which represents interest paid in advance, and less transaction costs, for net cash proceeds of USD $30,509,000 ($39,932,000). Subject to the satisfaction of the Sprott Tranche 2 Conditions and Novo's decision to draw additional funds under the Credit Facility at its sole discretion, any subsequent drawdown can be made in minimum amounts of USD $5,000,000 per draw down, subject to a 2% issue discount at the time of draw and satisfaction of customary conditions precedent.

Pursuant to the Credit Facility, on September 9, 2020, the Company issued 1,453,624 Sprott Units (as defined in Note 16) to Sprott as part of the interest paid in advance outlined above (see note 16 for further details).

The first draw down of the Credit Facility was initially measured at its fair value of USD $26,806,000 ($35,359,000). The original issue discount of USD $4,300,000 ($5,628,000), and any other future interest rate compensation arrangements, were included in the determination of the amortized cost of the Credit Facility and were incorporated into the calculation of the effective interest rate method. The effective interest rate on the first tranche was approximately 19% per annum, and the Company has paid USD $787,500 ($996,130) of interest payable in cash as at March 31, 2021 ((USD $1,006,250 ($1,281,000) as at December 31, 2020). Interest has been expensed as an operating cost through profit and loss.

The floating interest rate floor of 1% over the base rate and the Company's ability to prepay the outstanding principal balance in whole or in part have been determined to be a single compound embedded derivative that is not closely related to the Credit Facility and is bifurcated and accounted for separately. If the Company elects to prepay the outstanding principal balance in whole or in part, the Company shall pay to Sprott such amount that comprises the difference between the amount of interest that would have accrued and been payable to the second anniversary of any drawdown and interest that has accrued and been paid as at the date of the prepayment on the amount of principal being repaid. At each reporting period, the derivative will be fair valued with changes in fair value recorded as a gain or loss in the statement of profit or loss and other comprehensive loss. At March 31, 2021, the fair value of the derivative was USD $598,000 ($752,000) (December 31, 2020 USD $773,000 ($984,000)).

	Credit Facility $'000	Derivative liability $'000	Total $'000
Opening balance January 1, 2021	34,899	984	35,883
Interest and accretion	1,646	-	1,646
Payment of interest	(996)	-	(996)
Derivative liability change in fair value	-	(221)	(221)
Foreign exchange	(438)	(11)	(449)
Closing balance - March 31, 2021	**35,111**	**752**	**35,863**

	Credit Facility $'000	Derivative liability $'000	Total $'000
Opening balance	-	-	-
Fair value on initial recognition	35,359	1,105	36,464
Interest and accretion	2,126	-	2,126
Payment of interest	(1,312)	-	(1,312)
Derivative liability change in fair value	-	(88)	(88)
Foreign exchange	(1,274)	(33)	(1,307)
Closing balance - December 31, 2020	**34,899**	**984**	**35,883**

15. PROVISION FOR CLOSURE AND RECLAMATION

The Company recognized a rehabilitation provision on the acquisition of Millennium. The Company has calculated the present value of the closure and reclamation provision at March 31, 2021 using a discount rate of 1.69% and inflation rate of 2.00%. The Company has estimated that payments will be made between 2024 and 2036.

The Company has also recognised a rehabilitation provision relating to the Beatons Creek property. The Company has calculated the present value of the closure and reclamation provision at March 31, 2021 using a discount rate of 1.69% and inflation rate of 2.00%. The Company has estimated that payments will be made between 2020 and 2026.

	March 31, 2021 $'000	December 31, 2020 $'000
Opening balance	28,615	-
Increase in closure provision resulting from asset acquisition	-	27,308
Increase in closure provision resulting from mining activities	-	583
Accretion on discounted obligation	68	(127)
Change in estimate	(960)	-
Foreign exchange	(760)	851
Closing balance	**26,963**	**28,615**

16. CAPITAL AND RESERVES

Authorized

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

Shares issued

During the periods ended March 31, 2021 and December 31, 2020, shares were issued pursuant to brokered and non-brokered private placements and mineral property transactions as follows:

a) On August 27, 2020, the Company closed a private placement of subscription receipts (the “Subscription Receipts”). Gross proceeds of approximately $50,975,000 were raised from a brokered component (the “Brokered Offering”) and gross proceeds of approximately $4,900,000 were raised from a non-brokered component (the “Non-Brokered Offering”). In aggregate, the Company issued 17,192,379 Subscription Receipts at a price of $3.25 per Subscription Receipt, raising gross proceeds of $55,875,000 (collectively, the "Offering").

(Expressed in Canadian Dollars, unless stated otherwise)

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") entered into by the Company, Clarus Securities Inc. and Stifel GMP as lead agents of the Brokered Offering (the "Agents"), and Olympia Trust Company as subscription receipt agent. Pursuant to the Subscription Receipt Agreement, the proceeds from the Offering except for 50% of the Agents' cash commission and all of the Agents' expenses (the "Escrowed Funds") were held in escrow pending satisfaction of certain conditions including, amongst others, (a) the satisfaction or waiver of each of the conditions precedent to the Millennium Acquisition other than the completion of financings to raise the funds required to pay the IMC Cash Debt Repayment which was completed concurrently with the release of the Escrowed Funds; and (b) the receipt of all required regulatory (including TSX-V) approvals in connection with the Millennium Acquisition and the Offering ("Escrow Release Conditions"). The Escrow Release Conditions were satisfied on September 7, 2020.

As a result of the Escrow Release Conditions being satisfied and the Company obtaining a receipt from the British Columbia Securities Commission, as principal regulator, for final short form prospectuses qualifying the Units (as defined below) underlying the Subscription Receipts on October 27, 2020, each Subscription Receipt was automatically exchanged for one unit of Novo (a "Unit"). Each Unit was comprised of one common share of Novo (a "Share") and one-half of one Share purchase warrant (a "Warrant"), with each whole Warrant entitling the holder thereof to acquire one Share at a price of $4.40 until August 27, 2023. The Company incurred share issuance costs of $3,652,000 in conjunction with the Offering.

b) On September 9, 2020, in conjunction with the Credit Facility, Sprott subscribed for 1,453,624 units (the "Sprott Units") at a price of $3.25 per Sprott Unit for gross proceeds of $4,997,000 (approximately USD $3,600,000) (the "Sprott Private Placement"). Each Sprott Unit is comprised of one Share and one-half of one transferable Share purchase warrant (each a "Sprott Warrant"), with each whole Sprott Warrant entitling Sprott to acquire one Share at a price of $4.40 until September 9, 2023. The Sprott Units and their underlying securities were subject to a statutory four-month hold period which expired on January 10, 2021.

c) Refer to notes 5 and 6 for shares issued in acquiring marketable securities and exploration and evaluation assets.

Warrants

The continuity of warrants is as follows:

	March 31, 2021		December 31, 2020	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of the period	19,504,718	4.40	14,000,000	3.41
Granted	-	-	19,504,718	4.40
Expired	-	-	(14,000,000)	(6.00)
Exercised	-	-	-	-
Balance, end of the period	19,504,718	4.40	19,504,718	4.40

Full share equivalent warrants outstanding and exercisable as of December 31, 2020 and March 31, 2021:

Expiry Date	Price per share $	Warrants Outstanding
August 27, 2023	4.40	8,596,184
September 7, 2023	4.40	8,853,427
September 9, 2023	4.40	726,812
September 14, 2023	4.40	1,328,295
		19,504,718

(Expressed in Canadian Dollars, unless stated otherwise)

Share option plan

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

4,300,000 stock options have fully vested as at March 31, 2021. 4,660,000 stock options vest on the date on which any of the Company's projects in aggregate produce their 10,000th ounce of gold. 6,125,000 stock options vest on the date on which any of the Company's projects in aggregate produce their 60,000th ounce of gold.

The continuity of stock options is as follows:

	March 31, 2021		December 31, 2020	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Options outstanding, beginning of period	15,085,000	3.31	15,825,000	3.37
Granted	-	-	-	-
Exercised	-	-	(300,000)	(0.57)
Expired/cancelled	-	-	(440,000)	(7.54)
Options outstanding, end of period	15,085,000	3.31	15,085,000	3.31

The options outstanding and exercisable at December 31, 2020 and March 31, 2021 were as follows:

Outstanding Options			Exercisable Options	
Number Outstanding	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Exercise Price $
1,600,000	0.94	0.38	900,000	0.94
1,750,000	0.95	0.18	250,000	0.95
2,125,000	1.57	0.30	1,450,000	1.57
2,125,000	7.70	1.56	1,700,000	7.70
950,000	3.47	1.84	-	3.47
410,000	4.60	2.18	-	4.60
6,125,000	3.57	3.83	-	3.57
15,085,000	3.31	2.05	4,300,000	3.83

For the period ended March 31, 2021, the total share-based payment expense was $4,328,000 (March 31, 2020: $1,624,000).

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following assumptions:

	For the period ended March 31, 2021	For the period ended December 31, 2020
Average Share price	$2.74	$3.03
Risk-free interest rate	0.77% - 2.11%	0.39% - 2.11%
Dividend yield	0.00%	0.00%
Expected volatility	65.08% - 101.65%	57.05% - 96.34%
Expected option life	0.25 – 4.5 years	0.62 – 4.75 years

Share-based payment transactions with performance-based vesting conditions are measured at the fair value of the options granted at the date of issuance. Management adjusts the cumulative share-based payment expense periodically, based on the number of options expected to vest under the vesting conditions.

The option reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

The warrant reserve is used to recognize the value of equity-settled call options provided as compensation to financing underwriters.

The Comet Well Deferred Consideration reserve was used to recognize the value of the Subsequent Consideration Shares. See note 6 for further details.

The foreign currency translation reserve is used to recognize exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The reserve of financial assets at FVTOCI is used to recognize movements in fair value of investments where an irrevocable election has been made at initial acquisition to present fair value movements in other comprehensive income.

A reconciliation of the Company's annual movement in accumulated other comprehensive loss is as follows:

	Movement in FVTOCI	**Foreign exchange on translation of subsidiaries**	**Total**
	$'000	**$'000**	**$'000**
Balance as at January 31, 2020	**2,391**	**(12,165)**	**(9,774)**
APM Shares	3	-	3
Calidus shares	1,036	-	1,036
E3D shares	260	-	260
Essential Metals	(264)	-	(264)
Kalamazoo shares	(417)	-	(417)
New Found shares	2,764	-	2,764
New Found shares deferred tax	(778)	-	(778)
GBM shares	1,475	-	1,475
Fair value movement on credit risk	(442)		(442)
Foreign exchange on translation of subsidiaries	-	17,722	17,722
Total	3,637	17,722	21,359
Balance as at December 31, 2020	**6,028**	**5,557**	**11,585**
APM Shares	(7)	-	(7)
Calidus shares	(553)	-	(553)
E3D shares	(82)	-	(82)
Essential Metals	38	-	38
Kalamazoo shares	(1,613)	-	(1,613)
GBM shares	(467)	-	(467)
Foreign exchange on translation of subsidiaries	-	(9,003)	(9,003)
Total	(2,684)	(9,003)	(11,687)
Balance as at March 31, 2021	**3,344**	**(3,446)**	**(102)**

17. REVENUE

	March 31, 2021 $'000	March 31, 2020 $'000
Revenue from contracts with customers earned during mine development		
Gold sales	7,699	-
Silver sales	19	-
Total	**7,718**	**-**

During the period ended March 31, 2021, a royalty accrual of $509,000 (period ended March 31, 2020 - $nil) was accounted for in cost of sales.

18. GENERAL ADMININSTRATION

	March 31, 2021 $'000	March 31, 2020 $'000
Accounting and audit	50	141
Consulting services	114	157
Insurance	226	178
Legal fees	67	68
Office and general	1,196	456
Share based payments	4,328	1,624
Wages and salaries	1,664	282
Total	**7,645**	**2,906**

19. OTHER (EXPENSES) / INCOME, NET

	March 31, 2021 $'000	March 31, 2020 $'000
Change in fair value of warrants	(1,166)	859
Foreign exchange gain / (loss)	223	(7)
Other income	6	-
Share of profit / (loss) of associate	(966)	-
Total	**(1,903)**	**852**

20. FINANCE ITEMS

	March 31, 2021 $'000	March 31, 2020 $'000
Interest income on bank deposits	9	114
Finance income	**9**	**114**
Deferred consideration accretion expense	2	22
Derivative liability change in fair value	(221)	-
Lease interest expense	30	39
Rehabilitation provision accretion expense	68	-
Sprott debt facility interest	1,646	-
Sumitomo liability change	(92)	307
Finance costs	**1,433**	**368**

21. RELATED PARTY DISCLOSURES

Key Management Personnel Disclosures

During the periods ended March 31, 2021 and 2020, the following amounts were incurred with respect to the key management and directors of the Company:

	March 31, 2021 $'000	March 31, 2020 $'000
Consulting services - short term employee benefits	45	45
Wages and salaries - short term employee benefits	388	264
Share-based payments	1,667	659
Total	2,100	968

22. SUPPLEMENTAL CASH FLOW INFORMATION

During the periods ended March 31, 2021 and 2020, non-cash activities conducted by the Company related to investing and financing activities as follows:

	March 31, 2021 $'000	March 31, 2020 $'000
Investing activities		
Deductions from exploration and evaluation assets	(9,639)	(600)
Right of use assets	1,104	-
Issuance of shares - Queens project	1,875	-
Issuance of shares - Comet well	3,354	-
Issuance of shares - New Found Gold Corp	-	16,736
Issuance of shares - Prudy's and 47K	-	3,381
Financing activates		
Sumitomo funding liability	196	-

23. FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, other receivables, marketable securities, accounts payable and accrued liabilities, the Sumitomo funding liability, the Credit Facility, the derivative liability, and the cash component of the deferred consideration for mineral property (December 31, 2020). The fair value hierarchy 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 is unobservable market data.

The recorded amounts of cash, short-term investments, other receivables and accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature. The cash component of the deferred consideration was initially recognized at fair value and is subsequently measured at amortized cost with the carrying value approximating fair value at reporting date, December 31, 2020. The Sumitomo funding liability and its related embedded derivatives are measured in their entirety as at FVTPL, except to the extent that the change in fair value is attributable to changes in credit risk of the Sumitomo funding liability in which case it is presented in other comprehensive income. The Credit Facility was initially recognized at fair value and is subsequently measured at amortized cost using the effective interest method. The derivative liability was initially recognized at fair value and is subsequently measured in its entirety at FVTPL.

Financial Instruments carried at fair value:

- The marketable securities and other receivables balances for listed shares are measured using Level 1 inputs. The fair value of marketable securities and other receivables are measured at the closing market price obtained from the Canadian Securities Exchange and the Australian Securities Exchange.

- The marketable securities balance for the Kalamazoo Warrants and the GBM Warrants is measured using Level 2 inputs. The fair value of the Kalamazoo Warrants and the GBM Warrants has been determined using a Black-Scholes option pricing model.

- The marketable securities balance held in E3D is measured using Level 3 inputs. The value of the shares held in E3D was determined using the last financing price of USD $2.50 used by E3D to raise funds for its operations. Changes to E3D’s fair value per share can significantly affect the fair value estimates.

- The Sumitomo funding liability balance is measured using Level 3 inputs. At March 31, 2021, the fair value of the liability represented the contractual value that the Company would repay if Sumitomo were to exercise their Reimbursement Option (see Note 6 for further details). The fair value of the liability at December 31, 2020 was determined using a Binomial Option Pricing Model and a Monte Carlo simulation including the Company’s share price of $2.38 and accompanying volatility of 83.26%, various interest rates (including AUD risk-free rates of 0.075% and US 3MLIBOR of 0.1965%), and the Company’s estimated credit rating.

- The embedded derivative associated with the Credit Facility was measured using Level 3 inputs. The fair value of the derivative was determined by using a Black 76 model including accretion due to the passage of time, agreed repayment schedules, required interest payments, changes in the applicable interest rate (US three month LIBOR or 1%), and changes in the Company’s credit spread.

Financial instruments carried at amortized cost:

- The Credit Facility is measured using Level 3 inputs. The carrying value of the Credit Facility was recognized using the effective interest rate method and was adjusted by the value of the derivative liability.

	Fair Value Hierarchy			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at March 31, 2021				
Financial assets at Fair Value				
Marketable securities	7,163	599	6,528	14,290
Other receivables	5,041	-	-	5,041
Financial Liabilities at Fair Value				
Sumitomo funding liability	-	-	5,909	5,909
Derivative liability	-	-	752	752
Total March 31, 2021	12,204	599	13,189	25,992
As at December 31, 2020				
Financial assets at Fair Value				
Marketable securities	10,373	1,787	6,610	18,770
Financial Liabilities at Fair Value				
Sumitomo funding liability	-	-	6,071	6,071
Derivative liability	-	-	984	984
Total December 31, 2020	10,373	1,787	13,665	25,825

	March 31, 2021 $'000	December 31, 2020 $'000
Reconciliation of the fair value measurement of Level 3 unlisted investments		
Opening balance	6,610	6,870
Remeasurement recognised through other comprehensive income	(82)	(260)
Closing balance	**6,528**	**6,610**
Reconciliation of the fair value measurement of Level 3 financial liabilities		
Opening balance	7,055	4,519
Purchases	-	2,074
Remeasurement recognised through profit and loss	(313)	124
Foreign currency translation adjustment	(81)	338
Closing balance	**6,661**	**7,055**

There were no transfers between levels or changes in the valuation techniques and processes or inputs for determining fair value for financial instruments during the year.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. 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, however these amounts are subject to credit risk. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

The Company's maximum exposure to credit risk for cash and short-term investments is the carrying amounts as per the statement of financial position.

c) Foreign exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk, primarily the United States and Australian dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant company. The following table represents the impact of a +/- 5% change in the USD/CAD exchange rate on financial assets and liabilities denominated in US dollars for the period ended March 31, 2021:

US net monetary assets	$'000	5% Fluctuation Impact (CAD) $'000
Credit facility at amortised cost	35,111	2,208
Derivative liability at fair value	752	47
Sumitomo funding liability	5,000	314

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

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and its cash needs over the short term and over repayment dates into the future as it pertains to the Credit Facility. At March 31, 2021, the Company had cash of $20,801,000 (December 31, 2020 - $40,494,000) and short-term investments of $209,000, (December 31, 2020 - $195,000) to settle current liabilities of $30,928,000 (December 31, 2020 - $32,905,000). The Company has a practice of paying its outstanding payables within 30 days. The deferred consideration for mineral property was paid on January 25, 2021. The Sumitomo funding liability represents the contractual value that the Company would repay if Sumitomo were to exercise their Reimbursement Option. The Reimbursement Option is assumed to fall within one year considering Sumitomo can exercise the Reimbursement Option at any time (see note 6 Exploration and Evaluation Assets for further details).

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at March 31, 2021	Within 1year $'000	Within 1-2years $'000	Within 2-3years $'000	Within 3+years $'000	Total $'000
Trade and other payables	12,722	-	-	-	12,722
Leases	14,203	13,427	13,437	3,972	45,039
Sumitomo funding liability	5,909	-	-	-	5,909
Credit facility	3,194	11,845	19,301	9,021	43,361

As at December 31, 2020	Within 1year $'000	Within 1-2years $'000	Within 2-3years $'000	Within 3+years $'000	Total $'000
Trade and other payables	12,083	-	-	-	12,083
Leases	13,382	12,876	12,876	6,865	45,999
Sumitomo funding liability	6,071	-	-	-	6,071
Deferred consideration for mineral property	2,949	-	-	-	2,949
Credit facility	4,066	9,637	25,072	17,436	56,211

d) Price Risk

The Company is exposed to price risk with respect to commodity prices and its marketable securities. The Company's ability to raise capital is subject to risks associated with fluctuations in the market, including commodity prices. The Company's ability to recognize gains on liquidation of its marketable securities is subject to risks associated with fluctuations in the market prices of its marketable securities. At March 31, 2021 a 5% movement in the market value of marketable securities would have resulted in a movement of $685,000 (December 31, 2020: $849,000). For the period ended 31 March 2021, the Company did not enter or hold any commodity derivatives (December 31, 2020: $nil).

e) Interest Rate 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 term deposits carried at floating interest rates with reference to the market. The Company also has some exposure to interest rate risk with respect to the Credit Facility and associated derivative liability. The Company's operating cash flows are generally unaffected by changes in market interest rates unless the US 3-month LIBOR increases above 1%. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

The Company is exposed to cash flow interest rate risk due to the floating rate interest on the Credit Facility. For the period ended March 31, 2021, US 3-month LIBOR rate would need to increase by approximately 81 basis points before any additional interest would become payable on the Credit Facility.

24. MANAGEMENT OF CAPITAL

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

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company also manages its capital structure to maintain compliance with covenants under the Credit Facility. To maintain or adjust the capital structure, the Company may attempt to issue new shares and acquire or dispose of assets.

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

The Company expects its current capital resources will be sufficient to carry out its operations at the Beatons Creek Project and exploration plans through its current operating period.

The Credit Facility includes an asset disposition threshold. Other than this threshold and additional debt which would require Sprott's approval, the Company is not subject to external capital restrictions nor were there any changes in the Company's capital management policies during the period.

25. SEGMENT INFORMATION

The reportable operating segments are those operations for which operating results are reviewed by the Chief Executive Officer who is the chief operating decision maker regarding decisions about resources to be allocated to the segment and to assess performance provided those operations pass certain quantitative thresholds.

Each of the Company's reportable operating segments consists of mining and exploration operations and are reported in a manner consistent with internal reporting used to assess the performance of each segment and make decisions about resources to be allocated to the segments. On this basis the Company's reportable segments are as follows:

- Mining operations which include the Company's development, production and administration in relation to the Beaton's Creek project
- Exploration operation which includes the Company's exploration of tenements held
- Unallocated includes corporate activities.

The information reported below as at and for the periods ended March 31,2021 and December 31, 2020 is based on the information provided to the Chief Executive Officer. The December 31, 2020 comparative has been amended to align with the information disclosed for March 31, 2021. This didn't have any impact on the total number disclosed.

The change in disclosure is due to the fact that the business is evolving, and the information is assessed in the below segments.

	Three months ended March 31, 2021		
	Mining operations $'000	**Exploration operations $'000**	**Total $'000**
Revenue	7,718	-	7,718
Cost of sales	(7,718)	-	(7,718)
Gross profit	-	-	-
Other income and expenses			
Rehabilitation provision accretion expense	(68)	-	(68)
Depreciation	-	(408)	(408)
Other income	-	14,067	14,067
Impairment of tenements	-	(1,372)	(1,372)
Unallocated corporate expenses			(9,140)
Net profit / (loss) from operations	(68)	12,287	3,079
Interest revenue			9
Finance expense			(1,365)
Net profit for the period before tax			1,723

	Three months ended March 31, 2020		
	Mining operations $'000	Exploration operations $'000	Total $'000
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other income and expenses			
Depreciation	-	(208)	(208)
Impairment of tenements	-	(3,992)	(3,992)
Unallocated corporate expenses			(1,846)
Net profit (loss) from operations	-	(4,200)	(6,046)
Interest revenue			114
Finance expense			(368)
Net loss for the period before tax			(6,300)

26. SUBSEQUENT EVENTS

a) On April 7, 2021 the Company entered into an agreement to amend certain terms of its outstanding USD $60 million credit facility with Sprott Resource Lending Corp and Sprott Private Resources Lending II. Sprott Tranche 2 was amended to total USD $15 million and extended until September 30, 2021 (“Amended Sprott Tranche 2").

b) On April 8, 2021, the Company drew down USD $5 million from Amended Sprott Tranche 2.

c) On April 1, 2021, Calidus issued the Calidus Shares to the Company in relation to the Blue Spec sale. Refer to Note 6 for further details.

d) On May 4, 2021 the Company closed a marketed private placement of special warrants (“Special Warrants”) totalling $26.4 million (the “Offering”). The Company issued 10,353,000 Special Warrants at a price of $2.55 per Special Warrant. Each Special Warrant is convertible into one unit of the Company (each a “Unit”) without payment of additional consideration. Each Unit consists of one common share of the Company (each, a “Unit Share”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”), with each Warrant being exercisable to acquire one common share of the Company at an exercise price of $3.00 per Warrant Share until May 4, 2023.

The Special Warrants are exercisable by the holders thereof at any time. All unexercised Special Warrants shall be deemed exercised on behalf of, and without any required action on the part of, the holders (including payment of additional consideration) on the earlier of (the “Automatic Exercise Date”): (i) the third business day following the date on which a final receipt is obtained from the British Columbia Securities Commission, as principal regulator on behalf of the securities regulatory authorities in each of the Qualifying Jurisdictions (as defined herein), for a (final) short form prospectus filed pursuant to National Instrument 44-101 *Short Form Prospectus Distributions* qualifying the distribution of the Unit Shares and Warrants to be issued upon exercise of the Special Warrants (the “Qualification Date”); and (ii) 4:59 p.m. (Vancouver time) on the date which is four months and a day following the Closing Date.

In the event the Qualification Date has not occurred by June 15, 2021, each outstanding Special Warrant shall thereafter entitle the holder to receive, upon the exercise or deemed exercise of each Special Warrant, for no additional consideration, 1.1 Units.

e) On May 13, 2021, and subsequent to receipt of FIRB approval and payment of the GBM Reimbursable Amount, the Company issued the GBM Option Shares and commenced the Malmsbury Earn-In Period.