

April 12, 2022

## NOVO AGREES TO SELL STAKE IN NEW FOUND GOLD FOR C\$125.9 MILLION

### KEY POINTS

- Novo has agreed to sell its stake of 15 million shares in New Found Gold Corp. (TSXV: NFG) (“**New Found**”) to a corporation controlled by Eric Sprott for gross proceeds of C\$125.9 million pursuant to arm’s length negotiations (the “**Transaction**”) representing an aggregate 9.3% premium to market
- Completion of the Transaction will leave Novo debt-free and with a pro-forma cash balance of almost C\$97 million<sup>1</sup>, with funds providing Novo with the flexibility to aggressively advance exploration efforts across the Pilbara and Victoria, while expediting a Feasibility Study on the Fresh component of the Company’s Beatons Creek project in Nullagine, Western Australia

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**VANCOUVER, BC - Novo Resources Corp.** (“**Novo**” or the “**Company**”) (TSX: NVO, NVO.WT & NVO.WT.A) (OTCQX: NSRPF) is pleased to announce that it has agreed to sell its 15 million New Found shares to a corporation controlled by Eric Sprott for gross proceeds of approximately C\$125.9 million pursuant to arm’s length negotiations and at a significant premium of 9.3% to New Found’s closing price of C\$7.68 as of April 11, 2022.

*“Novo has always considered its sizeable investment portfolio as a means to fund growth expenditure” commented Mr. Mike Spreadborough, Executive Co-Chairman of Novo. “The sale of our New Found holding at a premium of 9.3% to the closing price of C\$7.68 is an excellent result and allows Novo to deleverage our balance sheet, continue to focus on optimizing operations at Beatons Creek and aggressively accelerate growth and expansion plans across Western Australia and Victoria. We would also like to thank Sprott Lending for their support since our transition to operations in late 2020.”*

The first tranche of the Transaction totals 8.25 million New Found shares at C\$8.35 per share for gross proceeds of C\$68.9 million and is scheduled to complete on April 27, 2022 (“**Tranche 1**”). Tranche 1 is not subject to any regulatory approvals. The price per share payable under Tranche 1 represents an 8.7% premium to New Found’s most recent closing price and a 10.1% premium to New Found’s 10-day volume-weighted average price (“**VWAP**”).

The second tranche of the Transaction totals 6.75 million New Found shares at C\$8.45 per share for gross proceeds of C\$57.0 million and is scheduled to settle on August 5, 2022 (“**Tranche 2**”). The New Found shares representing Tranche 2 are subject to escrow provisions and the consent of the TSX Venture Exchange, on which New Found’s common shares trade, to the transfer of the Tranche 2 shares is required. The price per share payable under Tranche 2 represents a 10.0% premium to New Found’s most recent closing price and an 11.5% premium to New Found’s 10-day VWAP.

Pursuant to a general security agreement and terms of the US\$40 million (approximately C\$50.5 million) senior secured credit facility (the “**Credit Facility**”)<sup>2</sup> with Sprott Private Resource Lending II (Collector), LP (“**Sprott Lending**”), Sprott Lending has consented to the Transaction and has advised Novo that it will not require repayment of the Credit Facility in full until settlement of Tranche 2. This will result in Novo being debt-free upon completion of the Transaction. Concurrently, the minimum unrestricted cash balance covenant in the Credit Facility has been increased to US\$25.0 million.

Assuming completion of the Transaction and repayment of the Credit Facility, Novo’s pro-forma cash position is approximately C\$97.1 million<sup>1</sup>. This funding will provide Novo with the flexibility to aggressively advance

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<sup>1</sup> This balance represents Novo’s current cash balance of approximately C\$21.7 million plus gross proceeds of the Transaction of approximately C\$125.9 million less repayment of the Credit Facility of approximately C\$50.5 million at the current US\$-C\$ foreign exchange rate of 1.2621:1 per the [Bank of Canada’s exchange rate lookup](#). Figures may differ immaterially from final results due to foreign exchange and rounding differences.

<sup>2</sup> Refer to note 14 of the Company’s audited consolidated financial statements for the year ended December 31, 2021, which are available under Novo’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

exploration efforts across the Pilbara and Victoria, while expediting a Feasibility Study on the Fresh component of the Company's Beatons Creek project in Nullagine, Western Australia<sup>3</sup>.

Subsequent to completion of the Transaction, the Company's strategic investment portfolio will still include a 6.9% stake in ASX-listed joint venture partner Kalamazoo Resources Limited, a 2.2% stake in ASX-listed joint venture partner GBM Resources Ltd., and a 12.4% stake in unlisted Elementum 3D, Inc. ("E3D"). This portfolio is currently worth approximately C\$21.0 million<sup>4</sup>.

## QP STATEMENT

Dr. Quinton Hennigh (P.Geo.) is the qualified person, as defined under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, responsible for, and having reviewed and approved, the technical information contained in this news release. Dr. Hennigh is the Non-Executive Co-Chairman and a director of Novo.

## CAUTIONARY STATEMENT

The decision by the Company to produce at Beatons Creek was not based on a feasibility study of mineral reserves demonstrating economic and technical viability and, as a result, there is an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Production has not achieved forecast to date. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on the Company's cash flow and future profitability.

The Company cautions that its declaration of commercial production effective October 1, 2021<sup>5</sup> only indicates that Beatons Creek was operating at anticipated and sustainable levels and it does not indicate that economic results will be realized.

## ABOUT NOVO

Novo operates its flagship Beatons Creek project while exploring and developing its prospective land package covering approximately 12,500 square kilometres in the Pilbara region of Western Australia. In addition to the Company's primary focus, Novo seeks to leverage its internal geological expertise to deliver value-accretive opportunities to its shareholders. For more information, please contact Leo Karabelas at (416) 543-3120 or e-mail [leo@novoresources.com](mailto:leo@novoresources.com).

On Behalf of the Board of Directors,

**Novo Resources Corp.**

"Michael Spreadborough"

Michael Spreadborough

Executive Co-Chairman

## Forward-looking information

Some statements in this news release contain forward-looking information (within the meaning of Canadian securities legislation) including, without limitation, that Tranche 1 will settle on April 27, 2022, that Tranche 2 will settle on August 5, 2022, that repayment of the Credit Facility will not be required until settlement of Tranche 2 and Novo being debt free upon completion of the Transaction, that Novo's pro-forma cash position is approximately C\$97.1 million assuming completion of the Transaction and settlement of the Credit Facility,

<sup>3</sup> Refer to the Company's news release dated [April 7, 2022](#).

<sup>4</sup> This value excludes the fair value of warrants held in GBM Resources Ltd. Please refer to the Company's management discussion and analysis for the financial year ended December 31, 2021, which is available under Novo's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The value of Novo's holdings in E3D is based on E3D's most recent financing price of US\$8.00 per unit. Except for its investment in E3D, the fair value of Novo's investments is based on closing prices of its investments and relevant foreign exchanges rate as at April 11, 2022.

<sup>5</sup> Refer to the Company's news release dated [October 12, 2021](#).

and that net funding generated from the Transaction will provide Novo with the flexibility to aggressively advance exploration efforts across the Pilbara and Victoria while expediting a feasibility study on the Fresh component of the Company's Beatons Creek project in Nullagine, Western Australia. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, without limitation, customary risks of the resource industry, that TSX Venture Exchange consent to the transfer of the Tranche 2 shares will be obtained, and the risk factors identified in Novo's management's discussion and analysis for the year ended December 31, 2021, which is available under Novo's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, Novo assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If Novo updates any forward-looking statement(s), no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements.