

April 7, 2022

## NULLAGINE GOLD PRODUCTION UPDATE

### KEY POINTS

- No lost-time injuries were recorded during the first quarter of 2022 (“Q1 2022”)
- Q1 2022 production of 13,378 oz Au from Beatons Creek conglomerate gold project (“Beatons Creek”), a 4.2% increase over the previous quarter and in line with guidance<sup>1</sup>
- Q1 2022 revenue of C\$31.9 million (A\$34.7 million)<sup>2</sup>, a 6.7% increase over the previous quarter, from the sale of 13,364 oz Au
- Novo’s production forecast for the first half of 2022 is now expected to be between 27 koz to 30 koz Au<sup>1</sup>
- Workforce and supply chain affected by COVID-19; however, effective operational risk management practices in place which are expected to minimize production impacts
- Strong financial position maintained as at March 31, 2022
  - Cash and cash equivalents balance of C\$22.0 million<sup>2</sup>
  - Investment portfolio fair value of approximately C\$135 million<sup>3</sup>, including its 9.1% investment in New Found Gold Corp. (TSXV: NFG) which was worth approximately C\$114 million<sup>3</sup>
- Treatment of Grant’s Hill Fresh material during the latter part of Q1 2022 delivered high grades of 1.75 g/t Au, confirmed previous processing rates and recovery performance, and is supported by ongoing resource definition drilling which is currently well advanced
- An update on the Oxide material mining schedule and progress on the Fresh material resource drilling, feasibility study and external status of approvals will be issued in May 2022

**Table 1: Key Q1 2022 Operational and Financial Performance<sup>2</sup>**

		Q4 2021	Q1 2022
Mining	(tonnes)	434,133	395,824
Processing	(tonnes)	395,310	394,382
Grade	(g/t Au)	1.16	1.15
Recovery	(%)	91.5%	91.4%
Gold Production	(oz Au)	12,833	13,378
Revenue	(C\$M)	\$29.9	\$31.9
Cash and Cash Equivalents	(C\$M)	\$32.5	\$22.0

**VANCOUVER, BC - Novo Resources Corp. (“Novo” or the “Company”)** (TSX: NVO, NVO.WT & NVO.WT.A) (OTCQX: NSRPF) provides a Q1 2022 operational update from Beatons Creek, located in Nullagine, Western Australia.

*“This quarter has seen a positive increase in production, revenue and more importantly, consistent gold delivery from the Oxide mine areas,”* commented Mr. Mike Spreadborough, Executive Co-Chairman of Novo. *“We expect this performance to continue in the second quarter of 2022, thus confirming the influence of closely-spaced grade control drilling on ongoing grade estimation and mine planning. Also of equal importance, is the demonstrated high-grade from the Grant’s Hill Fresh material that has been mined to further confirm resource and metallurgical properties. We look forward to releasing the results of our updated Oxide mine plan and progress on the Fresh resource drilling and feasibility study in May 2022.”*

<sup>1</sup> Refer to the Company’s news releases dated [December 13, 2021](#) and [January 14, 2022](#).

<sup>2</sup> Financial figures may differ immaterially from final results due to foreign exchange and rounding differences.

<sup>3</sup> This value excludes the fair value of warrants held in GBM Resources Ltd. Novo’s ability to dispose of its investments is subject to certain thresholds pursuant to its senior secured credit facility with Spratt Private Resource Lending II (Collector), LP. 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). Novo’s investment in New Found Gold Corp. is subject to escrow requirements pursuant to National Instrument 46-201 Escrow for Initial Public Offerings. The value of Novo’s holdings in Elementum 3D, Inc. (“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 March 31, 2022.

**BEATONS CREEK PROJECT*****Safety and COVID-19 Update***

Safety remains a core value of Novo.

During Q1 2022, Novo did not record any lost time injuries.

The Company is experiencing impacts from COVID-19, particularly with respect to its workforce. Turnover rates are high and mandatory isolation for positive personnel and close contacts is temporarily impacting staffing levels for the Company and its contractors. Supply chain issues are resulting in moderately elevated production costs, particularly with respect to fuel and other consumables, however best efforts have been made to mitigate the impacts of the pandemic through the adoption of sound risk management processes. It is not possible at this time to predict the impact, if any, that current and future government policies and mandates may have on the Company's operations.

***Operations***

Forecast Q1 2022 mining rates at Beatons Creek were achieved, with 396 kt of mineralized material mined from the Edwards, Gold Crown, and Grant's Hill areas of Beatons Creek (*refer to [Figure 1](#), [Figure 2](#), and [Figure 3](#) below*).



***Figure 1: Gold Crown and Edwards mining areas (looking North)***



*Figure 2: Grant's Hill mining area (looking South-West)*



*Figure 3: Edwards ROM pad*

Grade control drilling of Oxide material at Beatons Creek has continued, with 5,640 m on either a 10 x 10 m or 20 x 20 m pattern as appropriate to support the current forecast mining plan. The balance of the Oxide mining plan is now covered with 20 x 20 m drilling as a minimum, with ongoing drilling planned to tighten the drill spacing to 10 x 10 m and resource confidence ahead of mining operations. Samples generated from this drilling are delivered to Intertek's on-site laboratory for sample preparation ahead of despatch to Intertek's Perth facility<sup>4</sup>. Novo has secured priority access to two Chrysos PhotonAssay units<sup>4</sup>, enabling accurate and non-destructive gold assay results with very rapid turnaround time, furnishing operations with gold assay data in a timely manner to support mining operations.

The Company's Golden Eagle processing facility ("**Golden Eagle Plant**") processed 394 kt in Q1 2022, with an average head grade of 1.15 g/t Au.

Gold production totalled 13,378 ounces and recovery rates of approximately 91.4% were achieved in Q1 2022.

Data from ongoing grade control drilling efforts is being used to update and expand Oxide mining schedules at Beatons Creek. Learnings from mining and grade reconciliation over the past year are being incorporated into all mine planning activities and are expected to result in more predictable future mine planning and scheduling models. The Company anticipates that results from this work will be released in May 2022.

Encouragingly, head grade in March lifted to 1.31 g/t Au, supported by treating a 60 kt parcel of Fresh material from the Grant's Hill pit, which reconciled at 1.75 g/t Au. Throughput rates, reagent consumption and recoveries for this Fresh material performed to expectations and were not materially different to that experienced to date when processing Oxide material.

The Company's production forecast for the first half of 2022 has been revised to 27 koz – 30 koz Au, assuming receipt of requisite approvals<sup>1</sup> and ability to manage impact to operations from COVID-19.

### **Novo Financial Position**

Novo maintains a strong financial position, with a cash balance of C\$22.0 million<sup>2</sup> and investment portfolio with a fair value of approximately C\$135 million<sup>3</sup>.

Q1 2022 gold sales totalled 13,364 ounces of gold and 1,780 ounces of silver for gross revenue of C\$31.9 million (A\$34.7 million)<sup>2</sup>. Novo sells its gold in Australian dollars to ABC Refinery of Sydney, Australia and continues to enjoy strong gold price performance in Australian dollar terms.

In addition to its cash reserves, the Company's strategic portfolio of investments held a fair value of approximately C\$135 million<sup>3</sup> as at March 31, 2022, including its 9.1% investment in New Found Gold Corp. (TSXV: NFG) which was worth approximately C\$114 million<sup>3</sup> (approximately C\$110 million as at the date of this news release).

### **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

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<sup>4</sup> Refer to the Company's news release dated [May 18, 2021](#).

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, (1) that the Company expects to produce 27 koz – 30 koz Au in the first half of 2022, (2) the impact, if any, that current and future government policies and mandates may have on the Company's operations, that ongoing drilling may tighten the drill spacing and resource confidence ahead of mining operations, (3) that learnings from mining and grade reconciliation over the past year are expected to result in more predictable future mine planning and scheduling models, (4) that results from modelling and scheduling work are expected to be released in May 2022, and (5) an update on the Oxide material mining schedule and progress on the Fresh material resource drilling, feasibility study and external status of approvals will be issued in May 2022. 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 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.

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