NOVO RESOURCES CORP.

(TSX: NVO; OTCQX: NSRPF)

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") of the results of operations and financial condition of Novo Resources Corp. (the "**Company**" or "**Novo**"), prepared as of May 13, 2022, should be read in conjunction with the audited consolidated financial statements of Novo for the three months ended March 31, 2022 (the "**Q1 Financial Statements**") and accompanying notes thereto. The Q1 Financial Statements are prepared in accordance with IAS 34 *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**"). This MD&A includes the results of the Company's subsidiaries, Novo Resources (USA) Corp., Conglomerate Gold Exploration (B.V.I.) Ltd., Karratha Gold Exploration (B.V.I.) Ltd., Conglomerate Gold Exploration Pty. Ltd., Nullagine Gold Pty. Ltd., Beatons Creek Gold Pty. Ltd., Grant's Hill Gold Pty. Ltd., Karratha Gold Pty. Ltd., Rocklea Gold Pty. Ltd., Meentheena Gold Pty. Ltd., Farno-McMahon Pty. Ltd., and Millennium Minerals Pty. Ltd. ("**Millennium**").

In this MD&A:

"**Fiscal 2022**" means the fiscal year ending December 31, 2022.

Q1 2022" means the three-month period ended March 31, 2022.

"**Fiscal 2021**" means the fiscal year ended December 31, 2021.

"**Q4 2021**" means the three-month period ended December 31, 2021.

"**Q1 2021**" means the three-month period ended March 31, 2021.

All amounts are expressed in Canadian dollars unless otherwise stated, and all values are rounded to the nearest thousand dollars ($'000), unless otherwise noted. Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2021, is available under the Company's profile on SEDAR at www.sedar.com.

Certain non-IFRS financial performance measures are included in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide readers with an improved ability to evaluate the Company's underlying performance and compare its results to other companies. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers. The non-IFRS financial performance measures included in this MD&A are average realized price, total cash costs, all-in sustaining costs ("**AISC**"), earnings before interest, taxes, depreciation and amortization ("**EBITDA**"), free cash flow, adjusted earnings and adjusted basic and diluted earnings per share, available liquidity, working capital, and Credit Facility (as defined below) adjusted working capital. Refer to the *Non-IFRS Measures* section for further details and reconciliations of such non-IFRS measures.

Dr. Quinton Hennigh (P.Geo.) is the qualified person, as defined under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"), responsible for, and having reviewed and approved, the technical information contained in this MD&A. Dr. Hennigh is the non-executive co-chairman and a director of Novo.

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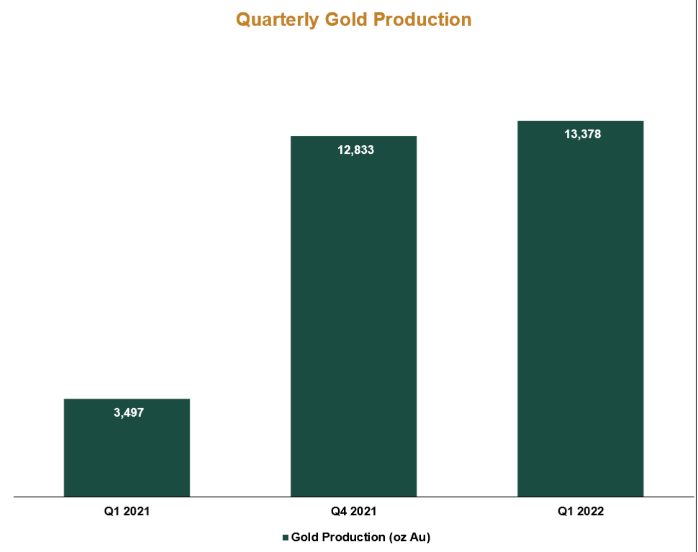
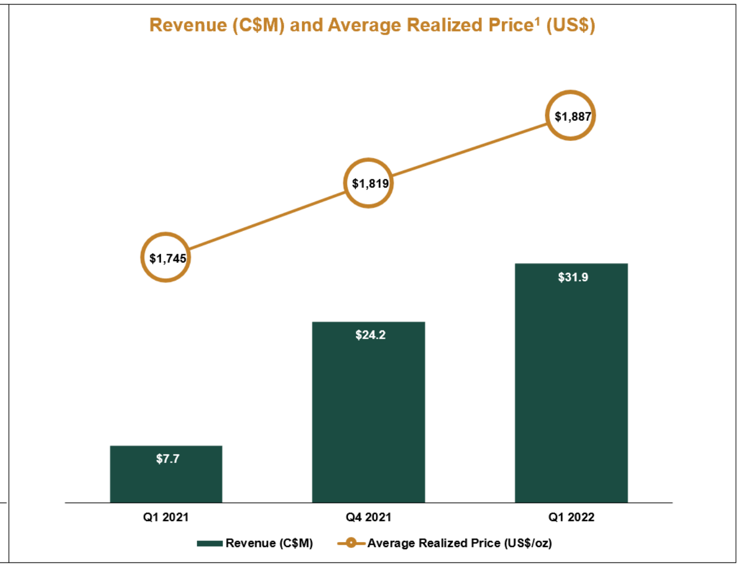




First Quarter 2022 Summary

- No lost time injuries were recorded at the Beatons Creek conglomerate gold project in the Nullagine region of Western Australia (the "**Beatons Creek Project**") or across the Company's exploration properties through Q1 2022.
- Near-mine exploration efforts continued through Q1 2022, with drilling at the Parnell South, Vulture West, Daisy Central, and AU81 targets.
- Regional exploration focussed on Ni-Cu targets across the Andover intrusive complex at Purdy's North, with survey programs scheduled for May 2022[2] prior to confirmation of drill targeting.
- 394,382 tonnes of mineralized material were processed through the Company's Golden Eagle processing facility (the "**Golden Eagle Plant**"), which represented a 164% increase from 149,577 tonnes in Q1 2021 and a minor decrease from 395,310 tonnes in Q4 2021.
- Average head grade was 1.15 g/t Au, which represented a 6% increase from 1.09 g/t Au in Q1 2021 and a minor decrease from 1.16 g/t Au in Q4 2021.
- Gold recoveries averaged 91.40%, which represented a 2% decrease from 93.11% in Q1 2021 and a minor decrease from 91.50% in Q4 2021.
- 13,378 ounces of gold were produced, which represented a significant increase in gold production from 3,497 ounces in Q1 2021 subsequent to the Company's inaugural gold pour in February 2021[3] and a small increase from 12,833 ounces in Q4 2021.
- Revenue of $31.9 million was generated from the sale of 13,364 ounces of gold at an average realized price[1] of $2,389 / A$2,604 / US$1,887, which represented a significant increase from revenue of $7.7 million in Q1 2021 and a 7% increase from revenue of $29.9 million in Q4 2021.
- EBITDA[1] was $(2.4) million, and adjusted EBITDA[1] was $(3.0) million.
- Adjusted earnings[1] (losses) of $(13.6) million or $(0.06) per share compared to adjusted earnings (losses)[1] of $3.0 million or $0.01 per share in Q1 2021 and $(21.7) million or $(0.09) per share in Q4 2021.

1 Refer to Non-IFRS Measures below.
2 Refer to the Company's news release dated May 6, 2022.
3 Refer to the Company's news release dated February 16, 2021.

- Total cash costs[1] of $2,195 / A$2,392 / US$1,733 per ounce of gold compared to $1,223 / A$1,251 / US$966 per ounce in Q1 2021 and $2,296 / A$2,501 / US$1,822 per ounce in Q4 2021.
- AISC[1] of $2,842 / A$3,097 / US$2,244 per ounce of gold compared to $3,429 / A$3,505 / US$2,708 per ounce in Q1 2021 and $3,143 / A$3,423 / US$2,494 per ounce in Q4 2021.
- Cash and cash equivalents totaled $21.9 million as at March 31, 2022, down from $32.5 million as at December 31, 2021 as the Company continued to invest in its Pilbara-wide exploration strategy and capital projects to support the Beatons Creek Project.
- Marketable securities totaled $135.2 million as at March 31, 2022, down from $156.2 million as at December 31, 2021 as a result of a decrease in value of the Company's investments.

OVERVIEW OF NOVO

The Company was incorporated on October 28, 2009 pursuant to the *Business Corporations Act* (British Columbia) as Galliard Resources Corp. On June 27, 2011, the Company changed its name from Galliard Resources Corp. to Novo Resources Corp. The Company's shares trade on the 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 is engaged primarily in the business of evaluating, acquiring, exploring, developing, and mining natural resource properties with a focus on gold and battery metals. The Company holds approximately 12,500 km^2 of land in the Pilbara region of Western Australia and has an extensive exploration program designed to aggressively advance its targets, including the development of mechanical sorting technology. In early 2021, the Company commenced gold production from its Beatons Creek Project. The Company has exploration joint venture interests in Victoria, Australia, and also holds equity investments in a number of companies. The Company's head office is located at Suite 880, 580 Hornby Street, Vancouver, British Columbia, V6C 3B6, Canada. The Company's operational office and corporate staff are located at Level 1, 46 Ventnor Avenue, West Perth, Western Australia, 6005, Australia.

SIGNIFICANT BUSINESS DEVELOPMENTS & OUTLOOK

Beatons Creek Project

During Q1 2022, the Company produced 13,378 ounces of gold. Both head grade and processing rates decreased slightly from Q4 2021, with 395,382 tonnes of mineralized material processed in Q1 2022 at a grade of 1.15 g/t Au[4].

Head grades at the Beatons Creek Project have been relatively variable and, on average, lower than originally forecast. The lower head grades compared to forecast are due to previous reliance on wide-spaced grade control drilling which results in lower accuracy of the modelled high-nugget effects in the Beatons Creek Project oxide mineral resource combined with higher mining dilution associated with more complex mining areas.

In May 2021, the Company successfully partnered with Intertek Testing Services (Australia) Pty Ltd ("**Intertek**")[5] and commissioned an on-site lab at the Beatons Creek Project. Novo has secured the use of two Chrysos PhotonAssay units at Intertek's facility in Perth, Western Australia, which has enabled

4 Refer to the Company's news release dated April 7, 2022.
5 Refer to the Company's news release dated May 18, 2021.

expedited assay turnaround times. As a result, Novo has been able to move from previous wide-spaced grade control drilling to 10 m x 10 m drilling relatively efficiently. The much closer-spaced drilling and rapid assays allowed greater certainty in grade forecasting for mine planning and the Company continues to progress its Beatons Creek Project grade control drilling program at a spacing of 10 m x 10 m. Analysis confirms that this level of grade control drilling provides improved reconciliation between the resource model grade and the actual grade mined.

The PhotonAssay technique is a necessity given the high-nugget nature of the Beatons Creek Project conglomerate gold mineralization, and the rapid assay turnaround is necessary to support the use of closer-spaced grade control drilling.

The Company most recently announced an updated mineral resource estimate in March 2021[6] outlining indicated mineral resources comprising 6.6 million tonnes at 2.1 g/t Au for 457,000 oz contained gold, with additional inferred mineral resources of 4.3 million tonnes at 3.2 g/t Au for 446,000 oz contained gold (the "**Beatons Creek Resource**"). Reference should be made to the 2021 Technical Report which is available under the Company's profile on SEDAR at www.sedar.com.

The Beatons Creek Resource is as follows, not taking into account any Beatons Creek Resource material depletion in 2021 and 2022:

Open Pit Mineral Resources (oxide and fresh mineralization)

Classification	Cut-off Grade Au g/t	Tonnes (x1000)	Grade Au g/t	Ounces Troy Au (x1000)
Indicated	0.5	6,645	2.1	457
Inferred	0.5	3,410	2.7	294

Open Pit Mineral Resources (oxide mineralization)

	Cut-off Grade	Tonnes	Grade	Ounces Troy Au
Classification	**Au g/t**	**(x1000)**	**Au g/t**	**(x1000)**
Indicated	0.5	4,500	1.9	272
Inferred	0.5	765	1.8	44

*6 Refer to the technical report prepared pursuant to NI 43-101. The independent technical report, entitled "Preliminary Economic Assessment on the Beatons Creek Gold Project, Western Australia" (the "**2021 Technical Report**"), with an effective date of February 5, 2021 and an issue date of April 30, 2021, was prepared for Novo by Jason Froud (BSc Hons, Grad Dip (Fin Mkts), MAIG), Andrew Grubb (BE (Mining), FAusIMM), and Ian Glacken (BSc Hons, MSc (Mining Geology), MSc (Geostatistics) PGCert (comp), DIC, FAusIMM(CP), FAIG, CEng, MIMMM) of Optiro Pty Ltd of Perth, Australia, and William George Gosling (BE (Extractive Metallurgy), FAusIMM) of GR Engineering Services, also of Perth, Australia (collectively, the "**QPs**"). The QP's are qualified persons as defined under NI 43-101. The 2021 Technical Report is available under the Company's profile on the SEDAR website at www.sedar.com (filing date: April 30, 2021) and on the Company's website at www.novoresources.com.*

Open Pit Mineral Resources (fresh mineralization)

	Cut-off Grade	Tonnes	Grade	Ounces Troy Au
Classification	**Au g/t**	**(x1000)**	**Au g/t**	**(x1000)**
Indicated	0.5	2,145	2.7	185
Inferred	0.5	2,645	2.9	250

Underground Mineral Resources (fresh mineralization)

	Cut-off Grade	Tonnes	Grade	Ounces Troy Au
Classification	**Au g/t**	**(x1000)**	**Au g/t**	**(x1000)**
Inferred	3.5	885	5.3	152

Total Mineral Resources (oxide and fresh mineralization; open pit and underground)

	Cut-off Grade	Tonnes	Grade	Ounces Troy Au
Classification	**Au g/t**	**(x1000)**	**Au g/t**	**(x1000)**
Indicated	0.5	6,645	2.1	457
Inferred	0.5, 3.5	4,295	3.2	446

Notes:
1. Open pit mineral resources contain oxide and fresh mineralization within an optimized shell and constrained within a mineralized wireframe.
2. An optimized Whittle pit shell was estimated with the following indicative parameters:
   (a) USD $1,311 (AUD $1,850) / troy ounce;
   (b) Metallurgical recoveries of 95% oxide and 90% fresh;
   (c) SGs applied: Oxide 2.40 t/m^3 and fresh 2.85 t/m^3 based on measurements taken on drill core;
   (d) USD $2.40 / tonne mining cost for oxide and USD $3.68 / tonne for fresh;
   (e) USD $17.00 / tonne Oxide and USD $19.00 / tonne fresh processing cost; and
   (f) USD $3.00 / tonne general and administrative costs.
3. Underground mineral resources contain fresh mineralization outside the optimized shell. Underground resources are constrained to discrete areas of contiguous mineralization. NB: cut-off grade for underground resource has been increased from 2.0 g/t Au to 3.5 g/t Au for the 2021 Technical Report.
4. Columns may not total due to rounding.
5. One troy ounce is equal to 31.1034768 grams.

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

In July 2021, a test package of approximately 43 kt of Beatons Creek Project fresh mineralization was processed at an average head grade of 1.83 g/t Au[7]. An additional test package of approximately 60 kt of Beatons Creek Project fresh mineralization was processed in March 2022 at an average head grade

7 Refer to the Company's news release dated October 12, 2021.

of 1.75 g/t Au[4]. This data will be used to optimize fresh mining in the future. The Beatons Creek Resource includes a fresh component comprising approximately 65% of the global estimate[6].

Beatons Creek Project Outlook

The Company's production forecast for the first half of 2022 of 27 koz – 30 koz Au[4] is subject to the receipt of requisite approvals[8] and the Company's ability to manage the impact to operations from COVID-19.

Previous Impairment of the Beatons Creek Project

Each asset or cash generating unit ("**CGU**") is evaluated at each reporting period to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

The following indicators of potential impairment were identified in the period ended March 31, 2022:

(i) the current uncertainty regarding the timing of the receipt of the requisite approvals for the Fresh component of the Beatons Creek Project mineral resource, and

(ii) current indications that the Oxide component of the Beatons Creek Project's estimated economically recoverable mineral resource is not achieving forecast production due to high head grade variability.

Variable head grades compared to forecast are due to previous reliance on wide-spaced grade control drilling which resulted in lower accuracy of the modelled high-nugget effects in the Beatons Creek Oxide mineral resource, combined with higher mining dilution associated with more complex mining areas. A revised mining approach with continued closer-spaced grade control drilling has been implemented to mitigate this risk to the extent possible.

The recoverable amount of the CGU is based on a fair value less costs of disposal ("**FVLCD**") analysis which models the projected discounted cash flows expected to be derived from the Beatons Creek Project. The post-tax nominal discount rate used in the current estimate of recoverable amount is 8.62%. In addition, a 35% adjustment was applied to the currently anticipated production volume of the Fresh component of the Beatons Creek Project to reflect estimated economic recoverability from a mineral resource estimate which includes inferred mineral resources.

The recoverable amount of the CGU was assessed at March 31, 2022, and no further impairment has been recognized.

Assumptions

The projected cash flows used in the FVLCD analysis are affected by changes in assumptions for the $/oz Au resource multiple, gold price, foreign exchange rates, production volume, and discount rates.

8 Refer to the Company's news releases dated December 13, 2021, and January 14, 2022.

The table below summarises the key assumptions used:

Details	2022	2023	2024	2025	Long-Term
Level 2					
Gold price (US$/oz)	$1,789	$1,731	$1,715	$1,705	$1,615
Foreign exchange rate (USD/AUD)	1.38	1.37	1.37	1.36	1.36
$/oz Au resource multiple	$34	$34	$34	$34	$34
Level 3					
Gold recoveries (%)	92%	92%	92%	92%	92%
Discount rate (post-tax)	8.62%	8.62%	8.62%	8.62%	8.62%
Mineral resource modifying factor	35%	35%	35%	35%	35%

The determination of FVLCD was considered to be a level 3 fair value measurement as it is derived from valuation techniques that include inputs that are not based on observable market data. Any variation in these key assumptions may result in further impairment or lead to a reversal of impairment in future periods.

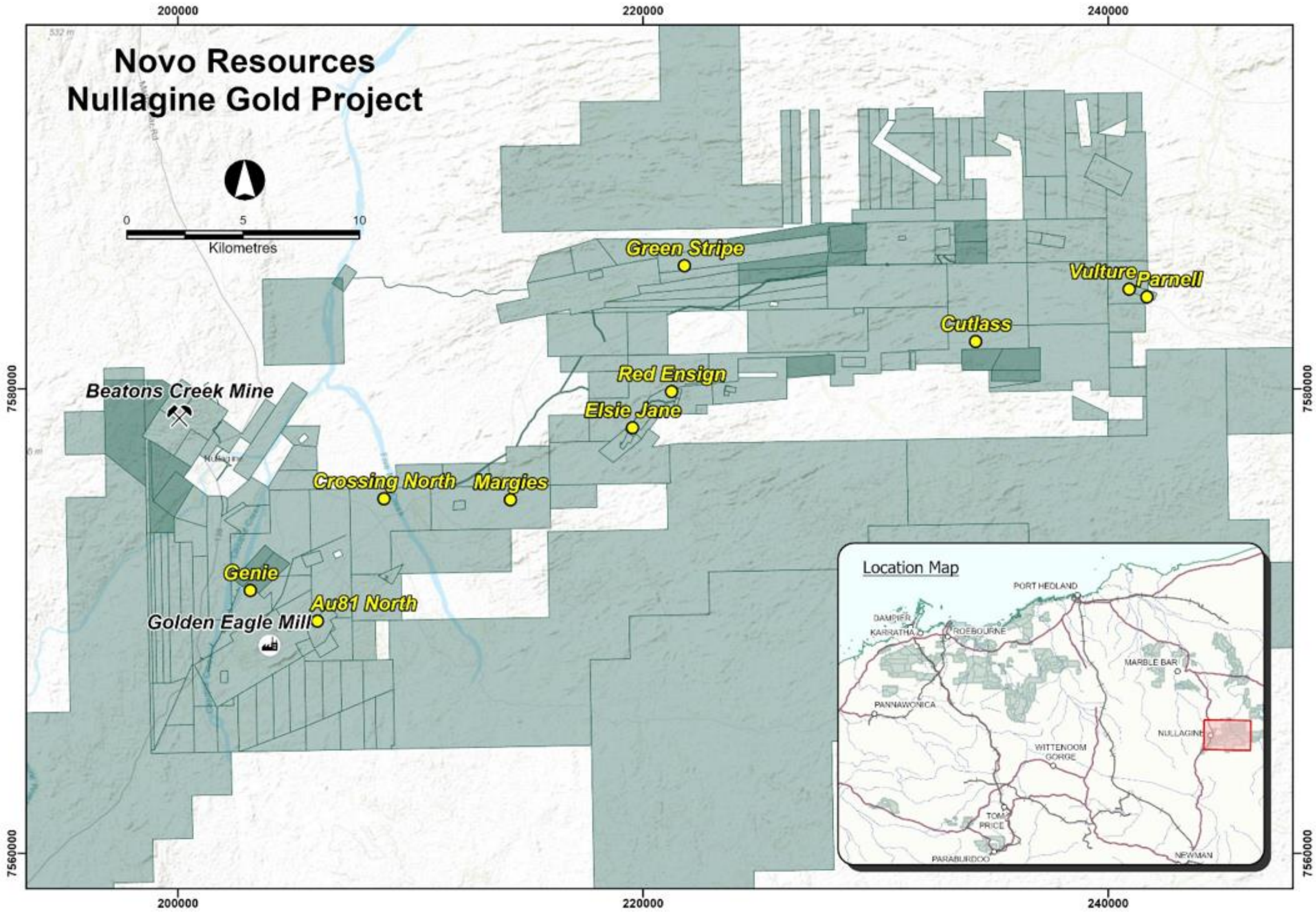
Exploration Program Update

Novo's exploration program gained momentum in Q1 2022, with a continued focus on brownfields with reverse circulation ("**RC**") drilling for oxide gold near the Beatons Creek Project along with additional preparations to recommence regional programs across the wider Pilbara tenement package. Diamond drilling also continued throughout Q1 2022 at the Malmsbury project in Victoria across the Company's joint operation with ASX-listed GBM Resources Ltd. (ASX: GBZ).

RC drilling was conducted on high priority oxide programs at the greater Nullagine gold project ("**NGP**"), with drill targets at Parnell South, Vulture West, Daisy Central and AU81 all completed.

In the West Pilbara, ground geophysical programs including fixed loop transient electromagnetic ("**EM**") surveys to better define EM conductors, and induced polarization **("IP")** lines across the identified target zones have now been contracted out and are scheduled to commence in May 2022[2]. Drill targeting will be completed pending results of this technical work. Follow up mapping and rock chip sampling along the East Well and Bob's Well VHMS trend, and on additional orogenic targets, has also continued.

At Egina, targets (both structural orogenic quartz vein and intrusion related targets) are ready for aircore drilling once all approvals have been finalized. Key targets include a series of interpreted sanukitoid intrusions, epithermal-like vein systems at the Becher prospect and lode gold targets at Becher Southeast, Irvine prospects, and at Station Peak testing historical high-grade quartz-vein related gold mineralization.



Investment in New Found Gold Corp.

Subsequent to Q1 2022, the Company agreed to sell its 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**")[9].

The first tranche of the Transaction, which completed on April 27, 2022, consisted of 8.25 million New Found shares at C$8.35 per share for gross proceeds of C$68.9 million ("**Tranche 1**")[9]. The price per share payable under Tranche 1 represented an 8.7% premium to New Found's closing price and a 10.1% premium to New Found's 10-day volume-weighted average price ("**VWAP**"), both immediately prior to the date of announcement of the Transaction.

The second tranche of the Transaction, which is scheduled to complete on August 5, 2022, consists of 6.75 million New Found shares at C$8.45[10] per share for gross proceeds of C$57.0 million ("**Tranche 2**")[9]. The New Found shares representing Tranche 2 are subject to escrow provisions. The consent of the TSX Venture Exchange, on which New Found's common shares trade, to the transfer of the Tranche 2 shares within escrow has been obtained[9]. The price per share payable under Tranche 2 represents a 10.0% premium to New Found's closing price and an 11.5% premium to New Found's 10-day VWAP, both immediately prior to the date of announcement of the Transaction.

9 Refer to the Company's news releases dated April 12, 2022, and April 27, 2022.
10 Subject to section 4.2 of National Instrument 62-104 Take-Over Bids and Issuer Bids.

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**") with Sprott Private Resource Lending II (Collector), LP ("**Sprott Lending**"), Sprott Lending consented to the Transaction and has advised Novo that it will not require repayment of the Credit Facility in full until completion 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. Funding 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.

Sumitomo Conversion of Egina Interest

On April 21, 2022, Sumitomo Corporation converted its notional interest in the Company's Egina project in Western Australia to a 1.36% shareholding (the "**Conversion**") pursuant to a farmin and joint venture agreement (the "**Agreement**"). A total of 3,382,550 common shares of the Company were issued upon the Conversion, all of which are subject to orderly sale restrictions and a twelve-month contractual hold period expiring on April 21, 2023. The Agreement was completed as a result of the Conversion.

Pursuant to a non-binding memorandum of understanding, Novo and Sumitomo are discussing new exploration opportunities across Novo's 12,500 square kilometre tenure package.

Management Changes

On April 13, 2022, Rob Humphryson resigned as Chief Executive Officer and as a director of Novo and its subsidiaries.

HEALTH AND SAFETY, ENVIRONMENT, AND COMMUNITY

The Company has committed to releasing an inaugural sustainability statement in 2022 which will outline the Company's performance to date and plans to continue to operate in a safe and environmentally and socially responsible manner.

Health and Safety

The health and safety of the Company's employees, contractors, and communities in which Novo operates is paramount. The Company's 12-month trailing TRIFR decreased from 17.9 as at December 31, 2021, to 15.7 as at March 31, 2022 as the Company continues to enhance its health and safety protocols. The Company has executed memorandums of understanding and mutual aid agreements with nearby operations and the West Australian Department of Fire and Emergency Services and continues to grow its internal emergency response capabilities. The Company also recently completed a mental health survey for its employees and contractors and is in the process of analyzing its results.

The Company is experiencing an increased impact of COVID-19, particularly with respect to the Company's workforce and operations. Mandatory isolation for COVID-positive personnel and close contacts is affecting staffing levels for the Company and its contractors, and supply chain issues are causing costs of production to increase, particularly with respect to fuel and other consumables. The Western Australian government has also mandated that all site-based mine workers must receive their first dose of a COVID-19 vaccine by December 1, 2021, be fully vaccinated against COVID-19 by January 1, 2022, and must arrange for booster vaccinations within four months of their second vaccine.

The Company is working with its employees, contractors, and stakeholders to ensure orderly uptake of requisite vaccines. To date, the Company has not experienced any significant issues with hosting employees or contractors required to isolate on site due to a positive COVID-19 result or as a result of being a close contact. In this regard, it is not possible at this time to predict the impact, if any, that current and future policies and mandates may have on the Company's operations. Refer to *Risks Related to the Company – COVID-19* and *Labour and Employment Matters*.

Environment

The Company works closely with the West Australian regulatory bodies, particularly the Department of Mines, Industry Regulation and Safety ("**DMIRS**"), the Department of Water and Environmental Regulation ("**DWER**"), and the Environmental Protection Authority ("**EPA**"), in order to promote compliance with requisite regulations. Subsequent to the acquisition of Millennium[11], the Company expended significant efforts interfacing with DMIRS and DWER to re-establish lasting and constructive relationships with these departments. The Company recognizes the importance of environmental stewardship, particularly given the Beatons Creek Project's proximity to the township of Nullagine and Millennium's historical rehabilitation liabilities, and prioritizes environmental endeavours as it continues to develop the Beatons Creek Project. The Company has also been engaging with the EPA regarding approvals to mine the Fresh component of the Beatons Creek Resource.

Community

As a committed corporate citizen of the Pilbara region of Western Australia, the Company values its relationships with the aboriginal communities and local residents, and communities surrounding the Company's projects. Novo works closely with the nine Aboriginal Groups who hold interests in the Company's vast Pilbara-wide tenure holdings. Novo has also entered into agreements with Aboriginal Groups who have title to the ground comprising the Beatons Creek Project which include commitments to local employment, community support, and royalties.

The Beatons Creek Project is located 1 km away from the small town of Nullagine. The Company remains committed to ensuring a safe and orderly operation and has implemented policies to ensure any impact to the town of Nullagine is minimized, including noise and air quality monitoring. The Company is also actively pursuing opportunities to construct a haulage bypass to detour Nullagine and divert its haulage fleet from driving though Nullagine.

The Company also endeavours to invest in its communities outside the parameters of its contractual obligations, including providing support to community, cultural, education, and sport initiatives.

OPERATING RESULTS

		For the three months ended March 31, 2022	For the three months ended March 31, 2021
Mineralized Material Milled	t	**394,382**	149,577
Grade	g/t Au	**1.15**	1.09
Recovery	%	**91.40%**	93.11%
Gold Produced	Oz Au	**13,378**	3,497

11 Refer to the Company's news releases dated August 4, 2020, and September 8, 2020.

Mining and Processing

Mining during Q1 2022 focused on the Edwards, Golden Crown, and Grant's Hill areas of the Beatons Creek Project. A total of 395,824 tonnes of mineralized material was mined, which represents a significant increase over the 174,403 tonnes of mineralized material mined during Q1 2021 but slightly less than the 434,133 tonnes of mineralized material mined during Q4 2021. A total of 5,025 m of grade control drilling was also completed, targeting the Edwards, and South Hill areas of the Beatons Creek Project which are planned to be mined during 2022, as well as a further 20,648 m targeting certain components of Fresh mineralization. Q1 2022 also saw the completion of mining in the initial stage of the Grant's Hill area.

During Q1 2022, 394,382 tonnes of mineralized material, equivalent to a throughput rate of approximately 4,321 tonnes per day, were processed This equates to a significant increase over Q1 2021 during which 149,577 tonnes of mineralized material were processed in the Company's inaugural operating quarter, but a slight decrease from the 395,310 tonnes of mineralized material processed during Q4 2021.

The Company began processing in early February 2021[3] and, as such, Q1 2021 does not represent a full quarter of processing. The slight decrease in mineralized material milled between Q1 2022 and Q4 2021 was due to slightly reduce availability as a result of mill liner repairs and primary pump issues, as well as a slightly reduced throughput rate due to the processing of Fresh mineralized material.

Mill feed grade averaged 1.15 g/t Au during Q1 2022 compared to 1.09 g/t Au during Q1 2021 and 1.16 g/t Au during Q4 2021. The receipt of critical assay information pursuant to a PhotonAssay arrangement with Intertek[5] has resulted in sample backlog being reduced significantly, providing higher resolution of data assisting the interpretation process and the Company's ability to selectively mine higher grade sections of the Beatons Creek Project, as evidenced by March 2022 grade of 1.31 g/t Au. A parcel of approximately 60,000 tonnes of Fresh material from the Grant's Hill pit was processed during Q1 2022 and reconciled at 1.75 g/t Au[4].

Gold recovery for Q1 2022 averaged 91.40% compared to 93.11% for Q1 2021 and 91.50% for Q4 2021. On average, recovery has stabilized around 91.5% generally due to a lower throughput rate and higher residence time.

Gold and Silver Production

During Q1 2022, the Beatons Creek Project produced 13,378 ounces of gold and 2,208 ounces of silver as compared to 3,497 ounces of gold and 561 ounces of silver during Q1 2021 and 12,833 ounces of gold and 1,758 ounces of silver during Q4 2021. The Company began processing in early February 2021[3].

FINANCIAL RESULTS

The following table contains quarterly information derived from the Q1 Financial Statements.

In thousands of CAD, except where noted		For the three months ended March 31, 2022	March 31, 2021
Gold sold	***Oz Au***	**13,364**	3,497
Average realized price[1]	***$/oz***	**2,389**	2,205
Average realized price[1]	***AUD$/oz***	**2,604**	2,254
Average realized price[1]	***USD$/oz***	**1,887**	1,742
Total revenue	***$***	**31,875**	7,718
Cost of goods sold	***$***	**(37,375)**	(7,718)
Net (loss) / income from operations	***$***	**(8,039)**	4,447
Other income / (expenses), net	***$***	**670**	(1,903)
Finance items	***$***	**(64)**	(1,424)
Net (loss) / profit for the period after tax	***$***	**(12,933)**	1,120
Basic and diluted profit / (loss) per common share	***$/share***	**(0.05)**	0.00
EBITDA[1]	***$***	**(2,440)**	6,208
Adjusted EBITDA[1]	***$***	**(3,110)**	8,111
Adjusted (loss) / earnings[1]	***$***	**(13,603)**	(11,917)
Adjusted (loss) / earnings per common share[1]	***$/share***	**(0.06)**	(0.05)
Total cash costs[1]	***$/oz***	**2,195**	1,223
Total cash costs[1]	***AUD$/oz***	**2,392**	1,251
Total cash costs[1]	***USD$/oz***	**1,733**	966
AISC[1]	***$/oz***	**2,842**	3,429
AISC[1]	***AUD$/oz***	**3,097**	3,505
AISC[1]	***USD$/oz***	**2,244**	2,708

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Net loss after tax for the three months ended March 31, 2022 was $12,933,000 (March 31, 2021 –profit of $1,120,000), caused by a gross loss from operations, exploration and general administration expenditure. The Company began processing in early February 2021[3] and, as such, Q1 2021 does not represent a full quarter of processing. The Company was still ramping up operations through to September 30, 2021 and did not declare that the Beatons Creek Project had achieved commercial production until October 1, 2021.

Gold and Sales Revenue

For the three months ended March 31, 2022, the Company generated revenue of $31,875,000 (March 31, 2021 - $7,718,000) which represented an increase in revenue of $24,157,000 over Q1 2021. The Company recognized its inaugural revenue from Beatons Creek Project in February 2021[3] and, as such, Q1 2021 does not represent a full quarter of revenue-generating operations.

For the three months ended March 31, 2022, the Company sold 13,364 ounces of gold (March 31, 2021 – 3,497) at an average realized price[1] of $2,389 (AUD $2,604 / USD $1,887) per ounce generating $31,821,000 in revenue from contracts with customers. For the three months ended March 31, 2021, the Company sold 3,497 ounces of gold at an average realized price[1] of $2,205 (AUD $2,254 / USD $1,742) per ounce generating $7,699,000 in revenue from contracts with customers.

The average gold price over the three months ended March 31, 2022 according to the World Gold Council was $2,377 per ounce (AUD $2,590 / USD $1,877) (March 31, 2021 – $2,129 (AUD $2,413 / USD $1,583)).

During the three months ended March 31, 2022, the Company sold 1,780 ounces of silver (March 31, 2021 – 561 ounces) generating $54,000 in additional revenue (March 31, 2021 - $19,000).

Cost of Sales

Total cost of sales for the three months ended March 31, 2022 was $37,375,000 compared to $7,718,000 for the three months ended March 31, 2021.

Cost of sales for the three months ended March 31, 2022 includes production costs, depreciation, depletion, royalties, and changes in inventories, reflecting the difference between produced and sold ounces. Depletion from the Beatons Creek Project is currently recognized on the remaining ounces in the Oxide production profile and does not include any expense related to recoverable ounces from the Fresh production profile considering the Company is still awaiting approvals to mine the Fresh component of the Beatons Creek Resource.

Cost of sales for the three months ended March 31,2021 included expenditures incurred during the development phase of the Beatons Creek Project relating to both commissioning the mine and the production of inventory. In determining the costs to be allocated to inventory sold during the period, consideration was given to the estimated mining and processing costs per tonne expected to be achieved when the Beatons Creek Project was operating in a manner as intended by management. In practice, this means that little to no income from mine operations was recognized while the Beatons Creek Project was not yet in commercial production. Cost of sales included production costs, royalties and selling costs, and changes in inventories, reflecting the difference between produced and sold ounces. Depreciation and depletion of the Beatons Creek Project was not charged as the Beatons Creek Project had not yet achieved commercial production.

Royalties for the three months ended March 31, 2022 were $2,235,000, representing a 339% increase over royalties for the three months ended March 31, 2021 of $509,000. The increase in royalty expense resulted from an increase in revenues from the Beatons Creek Project.

All production costs were incurred in Australian dollars. The average foreign exchange rate was AUD $0.9176 to CAD $1.00 during the three months ended March 31, 2022 (March 31, 2021 – AUD $0.9782 to CAD $1.00).

Other Expenses

General administration costs for the three months ended March 31, 2022 were $4,001,000 as compared to $7,645,000 for the three months ended March 31, 2021. The decrease was primarily due to a decrease in share based payments and general non-operational cash costs. Share based payments were higher in the three-month period ended March 31, 2021 due to the acceleration of the expense associated with certain incentive stock options granted to employees and non-employees with production milestone-based vesting conditions. A number of the Company’s outstanding incentive stock options vested fully once the Company produced 10,000 ounces of gold from any project. An additional batch of incentive stock options vested fully during the three months ended March 31, 2022 as the Company achieved aggregate production of 60,000 ounces of gold.

Exploration expenditure for the three months ended March 31, 2022 totalled $4,038,000 (March 31, 2021 - $2,848,000) and was recognized in line with the recent change in accounting policy to expense exploration expenditure.

Other Income / expenses

Other income recognized during the three months ended March 31, 2022 totalled $670,000 and relates primarily to a non-cash $582,000 foreign exchange gain and a non-cash $70,000 gain from the increase in the value of the warrants held in GBM Resources Ltd. ("**GBM**"). Other income / expenses for the March 31, 2021 period totalled non-cash expenses of $1,903,000 relating to a decrease in the value of the warrants held in GBM and Kalamazoo Resources Limited of $1,166,000 and the share of the loss from the Company's investment in New Found of $966,000, offset by a gain on foreign exchange of $223,000.

Finance Items

The Company incurred interest and finance costs of $2,332,000 during the three months ended March 31, 2022 (March 31, 2021 - $1,433,000), including $181,000 of non-cash income (March 31, 2021 – non-cash income $153,000) relating to rehabilitation provision accretion expense and the change in fair value of the derivative liability embedded within the Credit Facility. Interest and finance costs also included $1,944,000 (March 31, 2021 - $1,646,000) of cash interest and accreted interest related to the Credit Facility during the three months ended March 31, 2022.

Interest and finance costs also included non-cash interest expenses of $570,000 (March 31, 2021 - $30,000) related to leases recognized pursuant to IFRS 16. The Company recognizes lease liabilities and corresponding right-of-use assets pursuant to IFRS 16 where the Company has the right to use assets underlying certain arrangements, including the Company's open pit mining contract, PhotonAssay arrangement with Intertek, and various office space and other property leases in Western Australia to support exploration and operations. Refer to notes 8 and 12 of the Q1 Financial Statements.

Other Comprehensive Loss

During the three months ended March 31, 2022, non-cash gains of $18,698,000 (March 31, 2021 – loss of $2,684,000) represent movement in the fair value of the Company's marketable securities. Refer to note 5 of the Q1 Financial Statements.

During the three months ended March 31, 2022, the Company also recognized non-cash gains of $3,429,000 (March 31, 2021 – loss $965,000) pertaining to the foreign exchange impact of the translation of subsidiary financial information. The Company's Australian subsidiaries, which incur most of the Company's operational expenditure, have an Australian dollar functional currency. Gains or losses are recognized upon translation of income and expenses denominated by the Company's Australian subsidiaries in Australian dollars into the Company's Canadian dollar presentation currency. Refer to *Cost of Sales* above for foreign exchange rate movement across the relevant periods.

LIQUIDITY AND CAPITAL RESOURCES

In thousands of CAD, except where noted	March 31, 2022 $'000	December 31, 2021 $'000	December 31, 2020 $'000	January 31, 2020 $'000
Cash	**21,783**	32,345	40,494	28,703
Short-term investments	**155**	108	195	88
Working capital[1]	**105,063**	3,925	14,071	26,051
Credit Facility adjusted working capital (USD)[1]	**105,237**	23,332	25,089	-
Marketable securities [1]	**135,164**	156,209	18,770	14,457
Available liquidity[1]	**99,136**	102,868	59,623	42,501
Total assets	**427,017**	462,682	456,408	158,049
Current liabilities excluding current portion of financial liabilities	**18,813**	19,805	12,083	1,082
liabilities	**35,721**	36,342	28,615	-
Financial liabilities (current and non-current)	**72,635**	75,608	86,271	8,565
Total liabilities	**139,665**	148,420	126,969	9,647
Shareholders' equity	**287,352**	314,262	329,439	148,402

Available liquidity[1] totalled $99,136,000 as at March 31, 2022 (December 31, 2021 - $102,868,000) and represented the value of the Company's realizable assets. The Company's available liquidity[1] has decreased slightly since 2021 due to the decrease in cash, receivables, and the fair value of marketable securities.

The Company's working capital position increased significantly since December 31, 2021 as a result of the current classification of the New Found investment. *Refer to Significant Business Developments & Outlook*.

	For the three months ended	
	March 31, 2022 $'000	March 31, 2021 $'000
Cash flow information		
Cash used in operations	**(3,714)**	(7,338)
Cash used in investing activities	**(4,137)**	(7,114)
Cash used in financing activities	**(2,786)**	(5,154)
Change in cash	**(10,637)**	(19,606)
Free cash flow[1]	**(7,851)**	(14,845)

The Company used $3,714,000 and $7,338,000 in operating cash flows during Q1 2022 and Q1 2021, respectively. The decrease in cash flows relates primarily to additional revenue generated from the Beatons Creek Project which was offset by costs of sales and additional adjustments.

During Q1, 2022, the Company deployed $4,137,000 in investing activities (March 31, 2021 – $7,114,000) which included capital expenditure of $4,064,000 (March 31, 2021 - $1,896,000) and $73,000 (March 31, 2021 - $15,203,000) related to the development of the Beatons Creek Project. Investing cashflows in Q1 2021 also included cash proceeds of $9,592,000 and $393,000 received from the sale of marketable securities and exploration assets, respectively.

During the three months ended March 31, 2022, the Company experienced $2,786,000 in financing cash outflows (March 31, 2021 – outflows of $5,154,000). The decrease in financing cash outflows was primarily due to the one-time payment of the Comet Well deferred consideration totaling $2,946,000 (AUD $3,000,000) in Q1 2021.

Free cash flow[1] for Q1 2022 comprised outflows of $7,851,000 (March 31, 2021 – outflows of $14,845,000). The Company reallocated all operating cash flow generated during Q1 2022 and 2021 to capital projects and exploration activities, thus minimizing free cash flow[1].

SELECTED FINANCIAL INFORMATION

Management is responsible for the Q1 Financial Statements referred to in this MD&A and provides officers' disclosure certifications filed with the securities regulators of the Canadian jurisdictions in which Novo is a reporting issuer. Although the Company's audit committee reviews the Q1 Financial Statements and MD&A and makes recommendations to the Board, the Board has final approval of the Q1 Financial Statements and MD&A.

SUMMARY OF QUARTERLY RESULTS

The following information is derived from and should be read in conjunction with the Q1 Financial Statements and the interim condensed financial statements for each of the past eight quarters which have been prepared in accordance with IFRS applicable to interim financial reporting including IAS 34.

		1st Quarter 2022 March 31, 2022	4th Quarter 2021 December 31, 2021	3rd Quarter 2021 September 30, 2021	2nd Quarter 2021 June 30, 2021	1st Quarter 2021 March 31, 2021	4th Quarter 2020 December 31, 2020	3rd Quarter 2020 October 31, 2020	2nd Quarter 2020 July 31, 2020
Revenue	***$'000***	**31,875**	112,243	42,964	31,704	7,718	-	-	-
Net Profit / (Loss)	***$'000***	**(12,933)**	3,076	87,836	(15,582)	1,723	(3,826)	(3,927)	(5,952)
Basic and Diluted Income (Loss)	***$/share***	**(0.05)**	(0.02)	0.33	(0.07)	0.05	(0.02)	(0.02)	(0.03)

The Company's operating and financial results are primarily driven by gold production and revenue, the average realized price[1] of gold, foreign exchange rates, non-operating expenses, and other income. Significant changes in any of these factors directly impact the Company's revenue and earnings.

CASH RESOURCES AND GOING CONCERN

The Q1 Financial Statements have been prepared on a going concern basis, which contemplates continuity of business activities and the realization of assets and settlement of liabilities in the normal course of business.

For the three-month period ended March 31, 2022, the Company reported operating cash outflows of $3,714,000 (March 31, 2021: $7,338,000) and investing cash outflows of $4,137,000 (March 31, 2021: $7,114,000). The Company had cash on hand and short-term investments of $86,959,000 at May 13, 2022 and $21,938,000 at March 31, 2022.

Since December 31, 2021, the Company has continued to develop its Beatons Creek Project and advance its exploration efforts across the Pilbara and Victoria. The Company has prepared a cash flow forecast demonstrating that the Company will have access to sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing these condensed interim consolidated financial statements.

Based on the cash flow forecast and revenue, operating cost assumptions, exploration costs, and capital expenditures, along with forecast commodity prices, foreign exchange rates, and the ability to further realize marketable securities, the Company's directors are satisfied that the going concern basis of preparation is appropriate.

Critical elements to managing the Company's cash flows and achieving the forecast cash flows, positive cash balance, and forecast covenant compliance under the Credit Facility (as amended or waived) include achieving forecast gold production at forecast operating costs, managing forecast capital expenditure, determining forecast discretionary exploration expenditure, and realising additional liquidity from the potential to dispose of certain of the Company's assets at favourable prices, in acceptable timeframes, if required, and to the extent permitted under the Credit Facility.

If the Company does not meet its cash flow forecast, it may need to rely on a number of additional options, including obtaining additional waivers or rescheduling of repayments under the Credit Facility, securing additional funding, refinancing the Credit Facility with other parties or by raising further capital from equity markets, or a combination of these options. The Company had available liquidity[1] of $99,136,000 at March 31, 2022.

Subsequent to period end, the Company increased its cash reserves through the sale of 8.25 million New Found shares (see Note 27 of the Q1 Financial Statements and *Significant Business Developments & Outlook - Investment in New Found Gold Corp.*).

The conditions above 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 realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the condensed interim consolidated financial statements. The Q1 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.

CONTRACTUAL OBLIGATIONS

As at March 31, 2022, the following contractual obligations were outstanding:

As at March 31, 2022	Within 1 year $'000	Within 1-2 years $'000	Within 2-3 years $'000	Within 3+ years $'000	Total $'000
Trade and other payables	18,813	-	-	-	**18,813**
Leases	13,445	13,346	4,201	27	**31,019**
Sumitomo funding liability	5,880	-	-	-	**5,880**
Credit facility	16,916	27,565	12,883	-	**57,364**

The Sumitomo funding liability was settled subsequent to March 31, 2022. See Note 27 of the Q1 Financial Statements and *Significant Business Developments & Outlook – Sumitomo Conversion of Egina Interest*.

OFF-BALANCE SHEET TRANSACTIONS

There are currently no off-balance sheet arrangements which have, or are reasonably likely to have, a current or future effect on the financial performance or the financial condition of the Company.

CONTINGENCIES

From time to time, the Company is involved in various claims, litigation and other matters in the ordinary course and conduct of business. Some of these pending matters may take a number of years to resolve.

While it is not possible to determine the ultimate outcome of such actions at this time, and inherent uncertainties exist in predicting such outcomes, it is the Company's belief that the ultimate resolution of any such current actions is not reasonably likely to have a material adverse effect on its consolidated financial position or results of operations.

RELATED PARTY TRANSACTIONS

During Q1 2022 and Q1 2021, the following amounts were incurred in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties:

		Three Months Ended	
Position	Nature of Compensation	March 31, 2022 $'000	March 31, 2021 $'000
Non Executive Co-Chairman	Salary / Director fees	**27**	95
Executive Co-Chairman & Acting CEO	Salary	**125**	-
Former CEO & Director	Salary	**113**	110
CFO & Corporate Secretary	Salary	**98**	89
VP, Corporate Communications	Consulting	**45**	45
Independent Directors	Director Fees	**64**	94
Total		**471**	**433**

From time to time, Novo's board of directors (the "**Board**") incentivizes the Company's management, employees, and consultants by issuing incentive stock options. Amounts outlined in the table above represent such portion of the Company's share-based payment expenses which relate to incentive stock options granted to the Company's management and Board, namely the non-executive co-chairman/director, the executive co-chairman/director, an independent director, the chief financial officer/corporate secretary, and the vice president, corporate communications. The Company's methodology for calculating the fair value of share-based payments is outlined in note 2 of the Q1 Financial Statements. Share-based payments relating to these key management personnel and directors totaled $871,000 during Q1 2022 (March 31, 2021 - $1,667,000).

CRITICAL ACCOUNTING ESTIMATES

The accounting policies and methods of application applied by the Company are outlined in the Q1 Financial Statements (refer to note 2 Basis of Preparation and Significant Accounting Estimates).

Accounting policies adopted during the period for new transactions and events

Change in accounting policy – exploration and evaluation assets

As more fully disclosed in the Company's consolidated audited financial statements for the years ended December 31, 2021 and 2020, the Company adopted a voluntary change in its accounting policy for exploration and evaluation expenditures during the year ended December 31, 2021 and has applied the change retrospectively. As a result, balances of comparative periods have been restated.

Under the new policy, the Company recognizes these expenditures as exploration and evaluation costs in the condensed interim consolidated statements of profit or loss and other comprehensive income in the period incurred until management concludes the technical feasibility and commercial viability of a mineral deposit has been established. Costs that represent the acquisition of rights to explore a mineral deposit continue to be capitalized. Prior to December 31, 2021, the Company's policy was to capitalize all exploration and evaluation expenditures as exploration and evaluation assets.

Impact of the change in accounting policy

The Company reclassified all post-acquisition exploration and evaluation expenditures that were (i) capitalized as exploration and evaluation assets, and (ii) included in mine development assets in the statement of financial position, to exploration and evaluation expenditure in the statements of profit and loss and other comprehensive income. Initial acquisition costs of the Beatons Creek Project were unaffected by the change in accounting policy. Other than acquisition costs, all capitalized amounts for exploration and evaluation assets associated with the Company's other projects were retrospectively expensed.

All Australian research and development tax incentive credits associated with exploration costs that were offset against exploration and evaluation assets have been reclassified to profit and loss in accordance with the Company's stated accounting policy.

The adjustment arising from the reclassification of post-acquisition exploration and evaluation expenditure has been translated into the presentation currency of the Company in accordance with the Company's stated accounting policy for foreign currencies using the relevant average exchange rates. As a result of the change in accounting policy, cash outflows relating to post acquisitions exploration and evaluation expenditure have been reclassified from investing to operating activities in the condensed interim consolidated statement of cash flows.

As a result of the accounting policy change, the Company recorded the following adjustments to specific account balances, increasing (decreasing) amounts previously recognized in the condensed interim consolidated financial statements. The impact of the change in accounting policy on the Consolidated Statement of Financial Position at December 31, 2021 was disclosed in the Company's annual consolidated financial statements for the year then ended.

Condensed interim consolidated statements of profit or loss and other comprehensive income / (loss)

	For the period ended March 31, 2022		
	Balances before change in accounting policy $'000	Policy change adjustment $'000	Restated balance $'000
Exploration expenditure	-	(4,038)	(4,038)
Net loss for the period before tax	(8,895)	(4,038)	(12,933)
Net loss for the period after tax	(8,895)	(4,038)	(12,933)
Other comprehensive income / (loss) - foreign exchange on translation of subsidiaries	3,347	82	3,429
Comprehensive profit / (loss for the period)	(24,246)	(3,956)	(28,202)
Basic and diluted profit / (loss) per common share ($ per share)	(0.05)	(0.00)	(0.05)

	For the period ended March 31, 2021		
	Previously reported $'000	Policy change adjustment $'000	Restated balance $'000
Exploration expenditure	-	(2,848)	(2,848)
Impairment of exploration and evaluation assets	(1,372)	1,372	-
Profit on disposal of exploration asset	14,067	873	14,940
Net profit for the period before tax	1,723	(603)	1,120
Net profit for the period after tax	1,723	(603)	1,120
Other comprehensive income / (loss) - foreign exchange on translation of subsidiaries	(9,003)	8,038	(965)
Comprehensive profit / (loss for the period)	(9,964)	7,435	(2,529)
Basic and diluted profit / (loss) per common share ($ per share)	0.01	(0.01)	0.00

Condensed interim consolidated statements of cash flows

	For the period ended March 31, 2021		
	Previously reported $'000	Policy change adjustment $'000	Restated balance $'000
Net cash used in operating activities	(1,417)	(5,921)	(7,338)
Net cash(generated from) / used in investing activities	(13,035)	5,921	(7,114)

FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, other receivables, marketable securities, accounts payable, lease liabilities and accrued liabilities, the Sumitomo funding liability, the Credit Facility and the derivative liability. 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 Sumitomo funding liability and its related embedded derivatives are measured in their entirety as at fair value through profit or loss ("**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 for listed shares are measured using Level 1 inputs. The fair value of marketable securities are measured at the closing market price obtained from the TSX Venture Exchange and the Australian Securities Exchange.
- The marketable securities balance for the GBM warrants is measured using Level 2 inputs. The fair values of the GBM warrants have 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 fair value of USD $6.27 which represents the price at which E3D raised funds. Refer to note 5 of the Q1 Financial Statements.

- The Sumitomo funding liability balance is measured using Level 3 inputs. At March 31, 2022, the fair value of the liability was determined using a Binomial Option Pricing Model and a Monte Carlo simulation including the Company's share price of $1.06 and accompanying volatility of 80.13%, various interest rates (including AUD risk-free rates of 0.220% and US 3MLIBOR of 0.860%), and the Company's estimated credit rating presented the contractual value that the Company would repay if Sumitomo were to exercise their Reimbursement Option (refer to note 15 of the Q1 Financial Statements). The fair value of the liability at December 31, 2021 represented the contractual value that the Company would repay if Sumitomo were to exercise their Reimbursement Option.

- 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.

	Fair Value Hierarchy			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at March 31, 2022				
Financial assets at Fair Value				
Marketable Securities	118,517	377	16,270	135,164
Financial Liabilities at Fair Value				
Sumitomo funding liability	-	-	3,575	3,575
Derivative liability	-	-	50	50
Total March 31, 2022	**118,517**	**377**	**19,895**	**138,789**
As at December 31, 2021				
Financial assets at Fair Value				
Marketable Securities	139,401	301	16,507	156,209
Financial Liabilities at Fair Value				
Sumitomo funding liability	-	-	5,780	5,780
Derivative liability	-	-	378	378
Total December 31, 2021	**139,401**	**301**	**22,665**	**162,367**

	March 31, 2022 $'000	December 31, 2021 $'000
Reconciliation of the fair value measurement of Level 3 unlisted investments		
Opening balance	16,423	6,610
Remeasurement recognised through other comprehensive income	(237)	9,813
Closing balance	**16,186**	**16,423**
Reconciliation of the fair value measurement of Level 3 financial liabilities		
Opening balance	6,158	7,055
Purchases	-	-
Remeasurement recognised through profit and loss	(2,586)	(710)
Foreign currency translation adjustment	53	(187)
Closing balance	**3,625**	**6,158**

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.

  The fair value of the Credit Facility is shown in the table below:

	Carrying Value		Fair Value	
	March 31, 2022 $'000	December 31, 2021 $'000	March 31, 2022 $'000	December 31, 2021 $'000
Credit facility	43,888	43,723	45,728	44,212

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management formally assessed the effectiveness of the Company's internal control over financial reporting as at March 31, 2022, and continues to do so on an on-going basis. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (also known as "**COSO 2013**").

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation.

There have been no significant changes in the Company's internal controls during the period ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value ("**Common Shares**"). All issued Common Shares are fully paid and non-assessable. As of May 13, 2022 the following Common Shares, Common Share purchase warrants (the "**Warrants**"), and stock options were issued and outstanding:

	Number of Shares	Exercise Price (C$)	Expiry Date
Common Shares	249,322,054	-	-
Stock Options	1,750,000	0.95	June 5, 2022
Stock Options	1,775,000	1.57	July 18, 2022
Stock Options	1,750,000	7.70	October 20, 2022
Stock Options	800,000	3.47	January 30, 2023
Stock Options	285,000	4.60	June 5, 2023
Stock Options	5,170,000	3.57	January 6, 2025
Stock Options	3,000,000	1.89	November 22, 2026
Warrants	8,596,184	4.40	August 27, 2023
Warrants	8,853,427	4.40	September 7, 2023
Warrants	726,812	4.40	September 9, 2023
Warrants	1,328,295	4.40	September 14, 2023
Warrants	5,176,500	3.00	May 4, 2024
Fully Diluted	**288,533,272**		

NON-IFRS MEASURES

Certain non-IFRS measures have been included in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide readers with an improved ability to evaluate its underlying performance and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers. Refer to *Significant Business Developments & Outlook* for the treatment of depreciation and depletion costs prior and subsequent to the declaration of commercial production.

Non-IFRS measures for Q1 2021 are not necessarily indicative of ongoing performance considering the Company had just commenced operations.

Average realized price

The Company uses the average realized price per ounce of gold sold to better understand the gold price and, once applicable, cash margin realized throughout a period.

Average realized price is calculated as revenue from contracts with customers plus treatment and refinery charges included in dore revenue less silver revenue divided by gold ounces sold.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q1 Financial Statements.

In thousands of CAD,		For the three months ended	
except where noted		**March 31, 2022**	**March 31, 2021**
Revenue from contracts with customers	***$***	**31,875**	7,718
Treatment and refining charges	***$***	**106**	13
Less: Silver revenue (*Note 17*)	***$***	**(54)**	(19)
Gold revenue	***$***	**31,927**	7,712
Gold sold	***oz***	**13,364**	3,497
Average realized price	***$/oz***	**2,389**	**2,205**
Foreign exchange rate	***CAD:AUD***	**1.0898**	1.0223
Average realized price	***AUD$/oz***	**2,604**	**2,254**
Foreign exchange rate	***CAD:USD***	**0.7898**	0.7899
Average realized price	***USD$/oz***	**1,887**	**1,742**

Total cash costs

The Company reports total cash costs on a per gold ounce sold basis. In addition to measures prepared in accordance with IFRS, such as revenue, the Company believes this information can be used to evaluate its performance and ability to generate operating earnings and cash flow from its mining operations. The Company uses this metric to monitor operating cost performance.

Total cash costs include cost of sales such as mining, processing, mine general and administrative costs, royalties, selling costs, and changes in inventories less non-cash depreciation and depletion, write-down of inventories and site share-based payments where applicable, and silver revenue divided by gold ounces sold to arrive at total cash costs per ounce of gold sold.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q1 Financial Statements.

In thousands of CAD, except where noted		For the three months ended March 31, 2022	March 31, 2021
Gold sold	***Oz Au***	**13,364**	3,497
Total cash cost reconciliation			
Cost of sales	***$***	**37,375**	7,718
Less: Depreciation and depletion*	***$***	**(7,989)**	(3,421)
Less: Silver Revenue *(Note 17)*	***$***	**(54)**	(19)
Less: Site share-based compensation	***$***	**-**	-
Total cash costs	***$***	**29,332**	4,278
Cash costs per oz of gold sold	***$/oz***	**2,195**	**1,223**
Foreign exchange rate	***CAD:AUD***	**1.0898**	1.0223
Cash costs per oz of gold sold	***AUD$/oz***	**2,392**	**1,251**
Foreign exchange rate	***CAD:USD***	**0.7898**	0.7899
Cash costs per oz of gold sold	***USD$/oz***	**1,733**	**966**

**Depreciation and depletion are reconciled to aggregate depreciation in the operating adjustments in the condensed interim consolidated statements of cash flows in the Q1 Financial Statements.*

All-in sustaining costs

The Company believes that AISC more fully defines the total costs associated with producing gold. AISC is calculated based on the definitions published by the World Gold Council ("**WGC**"). The WGC is not a regulatory organization. The Company calculates AISC as the sum of total cash costs (as described above), sustaining capital expenditures (excluding significant projects considered expansionary in nature), accretion on decommissioning and restoration provisions, treatment and refinery charges, payments on lease obligations, site share-based payments where applicable, and corporate administrative costs less any share-based payments directly attributable to exploration and non-operating payments on lease obligations, all divided by gold ounces sold during the period to arrive at a per ounce amount.

Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus expansion capital.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q1 Financial Statements.

In thousands of CAD, except where noted		For the three months ended March 31, 2022	March 31, 2021
Gold sold	***Oz Au***	**13,364**	3,497
All-in sustaining cost reconciliation			
Total cash costs	***$***	**29,332**	4,278
Sustaining capital expenditures	***$***	**1,930**	-
Accretion on rehabilitation provision *(Note 21)*	***$***	**146**	68
Treatment and refinery charges	***$***	**106**	13
Payments on lease obligations *(Note 13)*	***$***	**2,786**	2,208
Less: non-operating payments on lease obligations*	***$***	**(112)**	(154)
Site share-based compensation	***$***	**-**	-
Corporate administrative costs *(Note 19)*	***$***	**4,001**	7,645
Less: exploration share-based payments**	***$***	**(213)**	(2,068)
Total all-in sustaining costs	***$***	**37,976**	11,990
AISC per oz of gold sold	***$/oz***	**2,842**	**3,429**
Foreign exchange rate	***CAD:AUD***	**1.0898**	1.0223
AISC per oz of gold sold	***AUD$/oz***	**3,097**	**3,505**
Foreign exchange rate	***CAD:USD***	**0.7898**	0.7899
AISC per oz of gold sold	***USD$/oz***	**2,244**	**2,708**

**The non-operating payments on lease obligations adjustment includes lease amounts which are not directly related to the Company's operations at the Beatons Creek Project. This figure is not separately disclosed in the Q1 Financial Statements.*

***Share-based payment expenses directly attributable to the Company's exploration staff are excluded from the calculation of AISC. This figure is not separately disclosed in the Q1 Financial Statements and is a subset of the share-based payments expense outlined in Note 20 of the Q1 Financial Statements.*

EBITDA

The Company uses EBITDA to better understand its ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

EBITDA is defined as net earnings before interest and finance expense, interest and finance income, current income tax expense, deferred income tax expense, depreciation and depletion. EBITDA is also adjusted for non-recurring transactions such as the change in fair value of derivative instruments, foreign exchanges gains and losses, gains and losses on the disposal of assets, impairment, and other income.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q1 Financial Statements.

In thousands of CAD, except where noted	For the three months ended March 31, 2022 $'000	March 31, 2021 $'000
Net (loss) / profit for the period	**(12,933)**	1,120
Interest and finance expense	**2,514**	1,676
Interest and finance income	**(10)**	(9)
Current income tax expense / (income)	**-**	-
Deferred income tax expense	**-**	-
Depreciation and depletion*	**7,989**	3,421
EBITDA	**(2,440)**	6,208
Other (income) / expenses *(Note 22)*	**(670)**	1,903
Adjusted EBITDA	**(3,110)**	8,111

**Depreciation and depletion are reconciled to aggregate depreciation in the operating adjustments in the condensed interim consolidated statements of cash flows in the Q1 Financial Statements.*

Free cash flow

The Company uses free cash flow as an indicator of the cash generated from its operations before consideration of how those activities are financed.

Free cash flow is calculated as cash generated from operating activities less cash used in investing activities. Free cash flow is also adjusted for non-operating transactions including the sale of marketable securities.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q1 Financial Statements.

In thousands of CAD, except where noted	For the three months end March 31, 2022 $'000	March 31, 2021 $'000
Cash used in operations	**(3,714)**	(7,338)
Cash used in investing activities	(4,137)	(7,114)
Less: proceeds from sale of marketable securities	-	393
Adjusted cash used in investing activities	**(4,137)**	**(7,507)**
Free cash flow	**(7,851)**	(14,845)

Adjusted earnings and adjusted basic and diluted earnings per share

The Company uses adjusted earnings and adjusted basic and diluted earnings per share to measure its underlying operating and financial performance.

Adjusted earnings are defined as net earnings adjusted to exclude specific items that are significant, but not reflective of the Company's underlying operations, including: foreign exchange (gain) loss, (gain) loss on financial instruments at fair value, impairment, and non-recurring gains and losses on treatment of marketable securities, sale of E&E assets, and associated tax impacts. Adjusted basic and diluted earnings per share are calculated using the weighted average number of shares outstanding under the basic and diluted method of earnings per share as determined under IFRS.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q1 Financial Statements.

In thousands of CAD, except where noted		For the three months ended March 31, 2022	March 31, 2021
Basic weighted average shares outstanding		**245,939,504**	231,144,281
Adjusted earnings and adjusted basic earnings per share			
Net earnings / (loss) for the period	***$***	**(12,933)**	1,120
Adjusted for:			
Other (income) / expenses *(Note 22)*	***$***	**(670)**	1,903
Profit on disposal of exploration asset	***$***	**-**	(14,940)
Adjusted earnings	***$***	**(13,603)**	(11,917)
Adjusted basic earnings per share	***$***	**(0.06)**	(0.05)

Available liquidity

The Company believes that available liquidity provides an accurate measure of the Company's ability to liquidate assets in order to satisfy its liabilities. The Company uses this metric to help monitor its risk profile.

Available liquidity includes cash, short-term investments, and assets which are readily saleable within the next 12 months, including gold in circuit and stockpiles, receivables, marketable securities (to the extent that an established market exists for such marketable securities, they are free of any long-term trading restrictions, and sufficient historical volume exists to liquidate holdings within 12 months), and gold specimens. The market value of certain marketable securities has been used in the calculation of available liquidity which may not reconcile to the accounting treatment of such marketable securities. Refer to Notes 5 and 10 of the Q1 Financial Statements.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q1 Financial Statements.

	March 31, 2022 $'000	December 31, 2021 $'000	December 31, 2020 $'000	January 31, 2020 $'000
Cash	**21,783**	32,345	40,494	28,703
Short-term investments	**155**	108	195	88
Gold in circuit	**1,434**	788	3	-
Stockpiles	**3,321**	4,732	565	-
Receivables	**5,188**	6,127	1,806	6,657
Marketable securities	**67,178**	58,691	16,477	6,979
Gold specimens	**77**	77	83	74
Available liquidity	**99,136**	**102,868**	**59,623**	**42,501**

	March 31, 2022			
	# of shares	Share price	Foreign exchange	Adjusted value $'000
Kalamazoo Resources Limited Ordinary Shares	10,000,000	$0.35	0.936	**3,230**
GBM Resources Ltd Ordinary Shares	11,363,637	$0.13	0.936	**1,331**
New Found Gold Corp Common Shares *	8,250,000	$7.59	1	**62,618**
				67,178

	December 31, 2021			
	# of shares	Share price	Foreign exchange	Adjusted value $'000
Kalamazoo Resources Limited Ordinary Shares	10,000,000	$0.38	0.942	**3,579**
GBM Resources Ltd Ordinary Shares	11,363,637	$0.12	0.942	**1,232**
New Found Gold Corp Common Shares *	6,000,000	$8.98	1	**53,880**
				58,691

**Some of the Company's New Found shares remain subject to escrow restrictions pursuant to National Instrument 46-201 Escrow for Initial Public Offerings. As at March 31, 2022, 8,250,000 of the Company's 15,000,000 New Found shares had been released from escrow. The Company's remaining 6,750,000 New Found shares will be released from escrow semi-annually, with 2,250,000 New Found Shares being released in February and August of each year. Refer to Significant Business Developments & Outlook - Investment in New Found Gold Corp.*

Working capital

Working capital is defined as current assets less current liabilities and is used to monitor the Company's liquidity.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q1 Financial Statements.

	March 31, 2022 $'000	December 31, 2021 $'000
Current assets	**152,064**	49,385
Current liabilities	**47,001**	45,460
Working capital	**105,063**	3,925

Credit Facility adjusted working capital

Credit Facility adjusted working capital is a derivation of working capital with a series of adjustments as permitted pursuant to the Credit Facility. The Company uses Credit Facility adjusted working capital to monitor its compliance against certain covenants within the Credit Facility.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q1 Financial Statements.

In thousands of CAD, except where noted		March 31, 2022 $'000	December 31, 2021 $'000
Working capital	*$*	**105,063**	3,925
Credit Facility (current)	*$*	**12,496**	6,339
Lease liabilities (current)	*$*	**11,015**	12,453
Sumitomo funding liability	*$*	**3,575**	5,780
Sumitomo written call option	*$*	**1,102**	1,083
Sprott Facility working capital	**$**	**133,251**	**29,580**
Foreign exchange rate	*CAD:USD*	**0.7898**	0.7888
Sprott Facility working capital	*USD$*	**105,237**	**23,332**

CAUTION ON FORWARD-LOOKING INFORMATION

This MD&A contains “forward-looking information” within the meaning of Canadian securities laws. Forward-looking information in this MD&A includes, but is not limited to, the Company’s planned operations at its Beatons Creek Project; timing of receipt of Fresh approvals; the value of certain Company assets, in particular the fair value of marketable securities held by the Company; the Company’s planned production from, and further potential of, the Company’s mineral properties; the Company’s planned exploration activities; the Company’s ability to raise additional funds; the future price of minerals, particularly gold; the estimation of mineral resources; the realization of mineral resource estimates; capital expenditures; success of exploration activities; exploration and development issues; currency exchange rates; government regulation of exploration, development, and mining operations; and social and environmental risks. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on numerous factors including but not limited to assumptions underlying mineral resource estimates and the realization of such estimates. Capital and development cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent estimates of development and operating costs and other factors. Forward-looking information is characterized by words such as “plan”, “expect”, “budget”, “target”, “schedule”, “estimate”, “forecast”, “project”, “intend”, “believe”, “anticipate” and other similar words or statements that certain events or conditions “may”, “could”, “would”, “might”, or “will” occur or be achieved. Forward-looking information is based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Such factors include: the timing of receipt of Fresh approvals; the fluctuating price of gold; reliance on third parties to provide technical services and information, particularly with respect to assay turnaround timeframes; success of exploration, development and operations activities; the ability to comply with and maintain the Credit Facility in good standing; health, safety and environmental risks; variations in the estimation of mineral resources; uncertainty relating to mineral resources; the potential of cost overruns; risks relating to government regulation; the impact of Australian laws regarding foreign investment; access to additional capital; volatility in the market price of the Company's securities; liquidity risk; risks relating to native title and Aboriginal heritage; risks relating to the construction and development of new operations; the availability of adequate infrastructure; the availability of adequate energy sources; seasonality and unanticipated weather conditions; limitations on insurance coverage; the prevalence of competition within the industry; currency exchange rates (such as the United States dollar and the Australian dollar versus the Canadian dollar); risks associated with foreign tax regimes; risks relating to potential litigation; risks relating to the dependence of the Company on outside parties and key management personnel; and risks in the event of a potential conflict of interest.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward looking statements prove incorrect, actual results might vary materially from those anticipated in those forward looking statements. The assumptions referred to above and described in greater detail under *Risks Related to the Company* should be considered carefully by readers.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this MD&A (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. The Company does not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada. If the Company 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.

RISKS RELATED TO THE COMPANY

The operations of the Company are subject to significant uncertainty due to the high-risk nature of its business. The following risks could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Construction, Development, and Operation of Mines

The success of construction projects and the development and operation of any mines and associated infrastructure, including tailings storage facilities, by the Company is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining and processing facilities, the timely receipt of assay results to guide selective mining operations, and the conduct of mining operations (including environmental permits), among other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company is dependent in connection with its activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements of a mine could delay or prevent the planned construction, development, commissioning and continued operation of any mines. There can be no assurance that current or future construction, development and operational plans implemented by the Company will be successful, that the Company will be able to obtain sufficient funds to finance additional construction, development and operational activities, that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete such projects, that the Company will be able to obtain all necessary governmental approvals and permits or that the construction, development, commissioning and ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Company. Any of the foregoing factors could adversely impact the operations and financial condition of the Company.

The requirements for the production and processing of materials may be affected by, among other things, technological changes, equipment failure, the accuracy of assumptions regarding ground conditions, physical and metallurgical characteristics of mineralized materials, the accuracy of the estimated costs and rates of mining and processing, and capacity of the Company's tailings storage facility. Mining, processing and development activities depend on adequate infrastructure. Reliable roads, bridges and power and water supply are important determinants that affect capital, processing and operating costs. The processing plant which comprises part of the production infrastructure held by Millennium was operational before being placed on care and maintenance in December 2019. The Company completed the refurbishment of the Millennium infrastructure and restarted the processing plant in early 2021, however there can be no assurance that nameplate capacity and treatment rates will be as anticipated or that overall gold recovery will be as expected despite the declaration of commercial production effective October 1, 2021[7]. Ongoing operational success will also depend, among other things, on sufficient electricity and water supply, sufficient tailings storage facilities, compliance with existing permits, success in obtaining and complying with further additional environmental and other permitting requirements and on the timing of access to future planned mining areas at the Beatons Creek Project, none of which can be assured. Any of the foregoing risks may materially delay operations, or cause operations to be suspended, and adversely impact the Company's financial condition and results of operations.

The Company's properties have limited operating history upon which to base estimates of future cash flow. The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules can affect project economics. Thus, it is possible that actual costs may change significantly, and economic returns may differ materially from the Company's estimates.

Commercial viability of a new mine or development project is predicated on many factors. Mineral resources projected by technical assessments performed on the properties may not be realized, and the level of future metal prices needed to ensure commercial viability may not materialize. Consequently, there is a risk that the start-up and continued operations of any mine and development project may be subject to write-down and/or closure as they may not be commercially viable.

Mining operations are inherently hazardous and generally involve a high degree of risk. The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of precious or base metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or loss of life and damage to tailings dams, property, and environmental damage, all of which may result in possible legal liability. Although the Company expects that adequate precautions to minimize risk will be taken, mining operations are subject to hazards such as fire, rock falls and other geomechanical issues, equipment failure or seepage around or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability. The occurrence of any of these events could result in a prolonged interruption of the Company's operations that would have a material adverse effect on its business, financial condition, results of operations and prospects. Further, the Company may be subject to liability or sustain losses in relation to certain risks and hazards against which it cannot insure or for which it may elect not to insure. The occurrence of operational risks and/or a shortfall or lack of insurance coverage could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

No Prefeasibility or Feasibility Study for the Beatons Creek Project

The Board ratified management's recommendation to mine the Beatons Creek Project. The decision by the Company to produce at the Beatons Creek Project was not based on a pre-feasibility or feasibility study and no mineral reserves demonstrating economic and technical viability has been defined for the project. 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. 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. Commercial production was declared by the Company to have occurred on October 1, 2021[7]. However, the Company cautions that the declaration of commercial production only indicates that the Beatons Creek Project is operating at anticipated and sustainable physical levels and it does not indicate that economic results will be realized.

The Company has published the preliminary economic assessment in respect of the Beatons Creek Project (the "**PEA**"). The PEA is preliminary in nature, and is based on a mineral resource estimate that includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

Permitting and License Risks

In the ordinary course of business, the Company will be required to obtain and renew governmental licences or permits for the operation and expansion of the Beatons Creek Project, particularly the Fresh component of the mineral resource estimate, or for the development, construction and commencement of mining at any of the Company's mineral resource properties, including other areas of the Beatons Creek Project. Obtaining or renewing the necessary governmental licences or permits is a complex and time-consuming process involving numerous jurisdictions, public hearings, and costly permitting and other legal undertakings on the part of the Company.

In Australia, as with many jurisdictions, there are various federal, state and local laws governing land, power and water use, the protection of the environment, development, occupational health and safety, waste disposal and appropriate handling of toxic substances. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and require the Company to obtain permits from various governmental agencies.

Exploration generally requires one form of permit while development and production operations require numerous additional permits. There can be no assurance that all permits which the Company may require for future exploration or development, or ongoing operation of the Beatons Creek Project, will be obtainable at all or on reasonable terms. In addition, future changes in applicable laws or regulations could result in changes in legal requirements or in the terms of existing permits applicable to the Company or its properties. This could have a negative effect on the Company's exploration activities or the Company's ability to develop and operate its properties, including the Beatons Creek Project.

The duration and success of the Company's efforts to obtain and renew licences or permits are contingent upon many variables not within the Company's control, including the interpretation of applicable requirements implemented by the licensing authority, delays in processing of the Company's permitting submissions, and a lack of available resources within regulatory departments to review the Company's permitting submissions in a timely manner. The Company may not be able (and no assurances can be given with respect to its ability) to obtain or renew licences or permits that are necessary to conduct operations at the Company's property interests, including, without limitation, exploitation, operations, and environmental licences. Also, the cost to obtain or renew licences or permits may exceed what the Company believes can be recovered from its property interests if they are put into production. Any unexpected refusals of required licences or permits or delays or costs associated with the licensing or permitting process could prevent or delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or other remedial actions.

There can be no assurance that all permits which the Company may require for future exploration, operation, or possible future development will be obtainable in a timely manner or at all or on reasonable terms.

The Company also cannot be certain what conditions will be attached to such permits and licences or whether the Company will be able to fulfil such conditions. Further, any additional future laws and regulations, changes to existing laws and regulations (including, but not restricted to, the imposition of higher licence fees, mining royalties or taxes) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities, or of rulings or clearances obtained from such governmental authorities, could cause additional expenditures (including capital expenditure) to be incurred or impose restrictions on, or suspensions of, the Company's operations and cause delays in the development of its properties. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damage to or destruction of properties and injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The occurrence of any of these factors may have a material adverse effect on the Company's business, results of operations and financial condition and the price of the Common Shares.

Native Title and Aboriginal Heritage

Native title claims and Aboriginal heritage issues, including access to tenure, may affect the ability of the Company to pursue exploration, development and mining on Australian properties. Although to date the Company has been able to negotiate commercially reasonable and acceptable arrangements with Aboriginal title claimants, Aboriginal title holders, and land owners where the Company operates, including heritage agreements to access tenements for exploration efforts, there can be no assurance that claims will not be lodged in the future, including upon expiry of current tenure, which may impact the Company's ability to effectively operate in relevant geographic areas or at all. The resolution of native title and Aboriginal heritage issues is an integral part of exploration and mining operations in Australia and the Company is committed to actively managing any issues that may arise. However, in view of the inherent legal and factual uncertainties relating to such issues, no assurance can be given that material adverse consequences will not arise.

There can be no assurance that access to tenure which the Company may require for future exploration, operation, or possible future development will be obtainable in a timely manner or at all or on reasonable terms. The Company also cannot be certain what conditions will be attached to such access or whether the Company will be able to fulfil conditions required by the relevant Aboriginal title claimants. Further, any additional future laws and regulations regarding Aboriginal title, changes to existing laws and regulations regarding Aboriginal title (including, but not restricted to, the imposition of higher licence fees or mining royalties) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities and Aboriginal title claimants regarding Aboriginal title, or of rulings or clearances obtained from such Aboriginal title claimants, could cause additional expenditures (including capital expenditure) to be incurred or impose restrictions on, or suspensions of, the Company's operations and cause delays in the development of its properties. Moreover, these laws and regulations regarding Aboriginal title may allow Aboriginal title claimants and private parties to bring lawsuits based upon damage to or destruction of properties and injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, and could lead to the imposition of substantial fines, penalties or other civil sanctions. The occurrence of any of these factors may have a material adverse effect on the Company's business, results of operations and financial condition and the price of the Common Shares.

Water Supply, Management and Availability Challenges

The Company acknowledges the right to clean, safe water and recognizes that access to a reliable water supply is critical to the hygiene, livelihood and environmental health of Novo's host communities. The Company aims to balance its operational water needs to ensure the effective operation of its mines with those of the local Pilbara and Victorian communities and ecosystems. Protecting the quality and quantity of water available to host communities and other users in its catchments is a key component of Novo's sustainability strategy which will be reported upon in Fiscal 2022. Water is a critical input to Novo's mining operations, and the increasing pressure on water resources around the globe due to user demand and climate change requires the Company to consider current and future conditions in its management of water. Water scarcity is an inherent risk in the Pilbara, and rainfall can vary greatly from year to year. Novo's operations in this region face challenges related to limited supply, increased demand, and impacted water in various forms. Conversely, excessive rainfall or flooding may also result in operational difficulties, including geotechnical instability and flooding, increased dewatering demands, and additional water management requirements.

The Company's approach to management of water-related risks is based on a commitment to responsible water use, including assessing, managing and monitoring water risks and controls. Operating facilities and procedures have been designed to mitigate environmental and social impacts, including managing the quality and quantity of the water the Company uses and returns to the environment.

Although the Beatons Creek Project currently has sufficient water rights to cover operational demands, the Company cannot predict the potential outcome of pending or future proceedings or negotiations related to water rights, claims, contracts and uses, which may impact Novo's operations. The loss of water rights for the Beatons Creek Project, in whole or in part, or shortages of water to which Novo has established rights, could impact existing operations or prevent future exploration. In addition, laws and regulations may be introduced in Western Australia which could limit Novo's access to sufficient water resources. All of these events could result in increased costs or disruptions that may impact Novo's production, which in turn could adversely affect the Company's results of operations and financial position.

Dependence on Future Financing

Although the Company believes that it currently has access to sufficient funding for its planned operations at its Beatons Creek Project and other properties, there can be no assurance that the Company will have the funds required to carry out all of its business plans or that those expenditures will prove profitable. Obtaining additional financing would be subject to a number of factors, including market prices for minerals and commodities, investor acceptance of the Company's properties and investor sentiment. These factors may make the timing, amount, terms or conditions of additional financing unavailable to the Company. The most likely source of future funds presently available to the Company is through equity or debt financings. Any sale of share capital will result in dilution to existing shareholders. In addition, pricing of Tranche 2 of the New Found Transaction is subject to section 4.2 of National Instrument 62-104 Take-Over Bids and Issuer Bids.

Dependence on Key Management Personnel

The Company is dependent upon a number of key management personnel. The Company's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. The Company faces intense competition for qualified personnel, and there can be no assurance that the Company will be able to attract and retain such personnel, particularly considering the current demand for labour in Western Australia and COVID-19 related international and inter-state travel restrictions. The loss of the services of one or more key employees or consultants or the failure to attract and retain new personnel could have a material adverse effect on the Company's ability to manage and expand the Company's business.

COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020.

The outbreak and the response of various governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and financial markets worldwide, including the Company's operations and the operations of the companies in which the Company has invested. Restrictions on travel and the limited ability to have meetings with personnel, vendors and service providers have had, and may continue to have, an adverse effect on the Company's operations. The scale and duration of these developments remain uncertain as at the date of this MD&A, but they may have an impact on the Company's future cash flows. The Company notes that the value of certain assets, in particular the fair value of marketable securities recorded in the statement of financial position in the Company's Q1 Financial Statements, determined by reference to fair or market values at March 31, 2022, may have materially changed by the date of this MD&A.

The COVID-19 pandemic, including without limitation, the occurrence of new variants of the virus, has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide. It is not possible to estimate the impact of the outbreak's near-term and longer-term effects or governments' varying efforts to combat the outbreak and support businesses. There can be no assurance that conditions in the global financial markets will not continue to deteriorate as a result of the pandemic, or that the Company's access to capital and other sources of funding will not become constrained, all of which could adversely affect the availability and terms of any future financings the Company undertakes.

Since openings its borders to domestic and international travelers in March 2022, Western Australia has experienced community spread of COVID which is affecting the Company's workforce and operations. Mandatory isolation for COVID-positive personnel and close contacts is affecting staffing levels for the Company and its contractors, and supply chain issues are causing costs of production to increase, particularly with respect to fuel and other consumables. There can be no assurance that such conditions could adversely affect the Company's ability to operate in a safe manner.

Labour and Employment Matters

Production at the Company's mining operations is dependent upon the efforts of its employees and the Company's operations would be adversely affected if it fails to maintain satisfactory labour relations. Factors such as work slowdowns or stoppages caused by high turnover, loss of key staff, and difficulties in recruiting qualified geologists and miners and hiring and training new geologists and miners could materially adversely affect the Company's business. This would have a negative effect on the Company's business and results of operations, which might result in the Company not meeting its business objectives.

Western Australia is continuing to experience a surge in mining activity and operations, which has created significant demand for trained geologic, mining, and support staff. While the Company has sufficient skilled staff to carry on operations and there are currently no material labour shortages with the Company operating near its budgeted staffing levels, the Company may not be able to retain its staff. Loss of staff may have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, relations between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdictions the Company carries on business. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations and financial condition.

The Australian government mandated that all site-based mine workers must have received their first dose of a COVID-19 vaccine by December 1, 2021, have been fully vaccinated against COVID-19 by January 1, 2022 and must arrange for booster vaccinations within four months of their second vaccine. The Company is working with its employees, contractors, and stakeholders to ensure orderly uptake of requisite vaccines, but there can be no assurance that all relevant personnel will adhere to such mandates and the Company may be required to terminate such personnel, which could have a material adverse impact on the Company's business, results of operations and financial condition.

Risks Related to the amended Credit Facility and Indebtedness

The amended Credit Facility has usual and customary covenants to keep the facility in good standing, including, but not limited to, repayment of the principal advanced thereunder and accrued interest, maintenance and provision of regular and up-to-date financial reports, compliance with all applicable laws and applicable securities legislation, obligation to provide notice of material events, and obligation to maintain secured assets and insurance thereon. The amended Credit Facility also contains restrictive covenants that will limit the Company's ability to engage in activities that may be in the Company's long-term best interest. If the Company defaults in respect of its obligations under the amended Credit Facility, full repayment of amounts funded under the Credit Facility may be demanded and the Company may lose the shares of certain of its international subsidiaries (which are pledged as collateral under the amended Credit Facility) and other property securing its obligations under the amended Credit Facility, all of which would have a material effect on the Company's operations. The available funding under the amended Credit Facility is currently fully drawn down. To the extent the Company incurs additional debt, the risks related to the Company's indebtedness could increase.

The Company's level of indebtedness and the terms thereof will have several important effects on its future operations, including, without limitation, that it:

- will require the Company to dedicate a portion of its cash flow from operations, if any, and under the terms of the amended Credit Facility other proceeds from divestitures, financings and insurance claims, to the payment of principal and interest on the Company's outstanding indebtedness, thereby reducing the funds available to it for operations and any future business opportunities;

- could increase the Company's vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure;

- could decrease the Company's flexibility in planning for and reacting to changes in the industry in which it competes and place the Company at a disadvantage compared to other, less leveraged competitors; and

- depending on the levels of its outstanding debt, could increase the Company's cost of borrowing and/or limit the Company's ability to obtain additional financing for working capital, capital expenditures, general corporate and other purposes or require the Company to make other divestitures.

The Company's ability to make payments of principal and interest on its indebtedness depends upon the Company's financial condition, operating performance and expected future revenues, will be subject to prevailing economic conditions, competitive conditions, changes in the applicable interest rate, industry cycles and financial, business, legislative, regulatory and other factors affecting its operations, many of which are beyond the Company's control. If the Company's revenues are insufficient to, or the Company cannot raise sufficient funds to, meet its debt service and other obligations in the future, the Company could face substantial liquidity problems and may be required, among other things, to:

- reduce or delay investments and other capital expenditures;
- obtain additional financing in the debt or equity markets;
- refinance or restructure all or a portion of its indebtedness; and/or
- sell selected assets.

The Company cannot provide assurance that such measures will be sufficient to enable the Company to service its debt. In addition, any such financing, refinancing or sale of assets might not be available on economically favourable terms or at all. Any of the foregoing may have a material and adverse effect on the Company's financial condition and results of operations.

Obligations as a Public Company

The Company's business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Company's compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

The Company is subject to changing securities laws and to rules and regulations promulgated by a number of governmental and self-regulated organizations having jurisdiction over the Company including, but not limited to, the TSX, the OTCQX, and the International Accounting Standards Board. These laws and regulations continue to evolve in scope and complexity creating many new requirements.

The Company's efforts to comply with the same could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Acquisitions and Integration

From time to time, the Company examines opportunities to acquire additional assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Company has committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant and may include risk of future prosecution against which the Company may have limited legal defense options. In the event that the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may experience dilution. Alternatively, the Company may choose to finance any such acquisition with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Market Price of Securities

Over the last several years, the securities of many resource companies have experienced a high level of price and volume volatility and wide fluctuations in market price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Company include macroeconomic developments locally and globally and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in market prices will not occur.

As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the Company's long-term value. In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of the Company.

A decline in the Company's market capitalization may require the Company to write-down the carrying value of the Company's assets.

Community Relations

The Company's relationships with the communities in which it operates and other stakeholders are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of exploration and mining activities on the environment and on communities impacted by such activities. Publicity adverse to the Company, its operations or extractive industries generally, could have an adverse effect on the Company and may impact relationships with the communities in which the Company operates and other stakeholders.

While the Company is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk. Further, damage to the Company's reputation can be the result of the perceived or actual occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easy for individuals and groups to communicate and share opinions and views in regards to the Company and its activities, whether true or not. While the Company strives to uphold and maintain a positive image and reputation, the Company does not ultimately have control over how it is perceived by others. Reputation loss may lead to increased challenges in developing, maintaining community relations and advancing its projects and decreased investor confidence, all of which may have a material adverse impact on the financial performance and growth of the Company.

The Speculative Nature of the Exploration of Natural Resource Properties

While the discovery of a commercially viable ore body may result in substantial rewards, few mineral properties that are explored are ultimately developed into producing mines. There is no assurance that any of the claims the Company will explore or acquire will contain commercially exploitable reserves of minerals. Exploration for natural resources is a speculative venture involving substantial risk. Even a combination of careful evaluation, experience and knowledge may not eliminate such risk. Hazards such as unusual or unexpected geological formations, formation pressures, cyclones, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability of the Company to obtain suitable machinery, equipment or labour due to industry disruptions or general shortages are all risks involved with the conduct of exploration programs and the operation of mines. While appropriate precautions to mitigate these risks have been taken or are planned to be taken, operations are subject to hazards such as equipment failure or failure of structures which may result in environmental pollution and consequent liability. Even though the Company intends to maintain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Reclamation Costs

In the context of environmental permits, including the approval of reclamation plans, the Company must comply with standards, laws and regulations that may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the regulatory authority. The reclamation liability on any of the Company’s properties will be calculated based on current laws and regulations and the expected future costs to be incurred in reclaiming, restoring and closing its exploration or operating mine sites. The Company may incur costs associated with reclamation activities, which may materially exceed the provisions established by the Company for the activities. In addition, possible additional future regulatory requirements may require additional reclamation requirements creating uncertainties related to future reclamation costs. Should the Company be unable to post required financial assurance related to an environmental remediation obligation, the Company might be prohibited from starting planned operations or enter into interim compliance measures pending completion of the required remedy, which could have a material adverse effect. Furthermore, changes to the amount of financial assurance that the Company is required to post, as well as the nature of the collateral to be provided, could significantly increase the Company’s costs, making the maintenance and development of new mines less economically feasible.

Although the Company has currently made provisions for certain of its reclamation obligations and is assessing provisions for the reclamation obligations from other properties, there is no assurance that these provisions will be adequate in the future. The provision required is expected to increase significantly through negotiation with regulatory authorities as the Beatons Creek Project is further operated and developed. There can be no guarantee that the Company will have sufficient capital resources to cover the costs of reclamation when they become due and payable. The Company is currently engaged in discussions with DMIRS and DWER in Western Australia, with respect to its closure plan for the Beatons Creek Project, to account for any future changes to the site through production. Only an initial amount of required reclamation work has been completed as at the date hereof.

Failure to provide regulatory authorities with the required information could potentially result in the closure of the Company's operations, which could result in a material adverse effect on its operating results and financial condition.

Nature and Climatic Conditions

The Company has properties located in Western Australia, Australia. Typically, the Western Australian's tropical wet season is from the end of November to the end of March. During the wet season, the properties may be subject to unpredictable weather conditions such as cyclones, heavy rains, strong winds and flash flooding. During the summer, the properties may be subject to unpredictable weather conditions such as extended dry periods and bush fires. The Company has undertaken several steps to minimize the effects of the wet and dry seasons on its operations including planning exploration and mining activities around said seasons. Nonetheless, no assurance can be given that the unpredictable weather conditions will not adversely affect exploration activities.

Furthermore, the occurrence of physical climate change events may result in substantial costs to respond to the event and/or recover from the event, and to prevent recurrent damage, through either the modification of, or addition to, existing infrastructure at the Company's operations. The scientific community has predicted an increase, over time, in the frequency and severity of extraordinary or catastrophic natural phenomena as a result of climate change. The Company can provide no assurance that it will be able to predict, respond to, measure, monitor or manage the risks posed as a result.

The Company's mining and processing operations are, in some instances, energy intensive. The Company acknowledges climate change is an international and community concern. Legislation and regulations relating to emission levels and energy efficiency are becoming more rigorous and may result in increased costs at its operations. In addition, as climate change is increasingly perceived as an international and community concern, stakeholders may increase demands for emissions reductions and call-upon mining companies to better manage their consumption of climate-relevant resources. While the Company takes measures to manage the use of energy, such regulatory requirements may have an adverse impact on the Company.

Physical climate change events, and the trend toward more stringent regulations aimed at reducing the effects of climate change, could impact the Company's decisions to pursue future opportunities, or maintain existing operations, which could have an adverse effect on its business and future operations.

The Company can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on its operations and profitability.

Information Technology

The Company is reliant on the continuous and uninterrupted operations of its information technology ("**IT**") systems. User access and security of all IT systems are critical elements to the operations of the Company. The Company's operations depend, in part, on how well the Company and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft.

The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any IT failure pertaining to availability, access or system security could result in disruption for personnel and could adversely affect the reputation, operations or financial performance of the Company.

The Company's IT systems could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions on the part of the Company's employees or vendors. A cyber security incident resulting in a security breach or failure to identify a security threat, could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy and security laws and regulations and remediation costs.

Although, to date, the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including: adverse environmental conditions; industrial accidents; unusual or unexpected geological conditions; ground failures; changes in the regulatory environment; and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties, including but not limited to the Beatons Creek Project and associated infrastructure, personal injury or death, environmental damage to the Company's properties or the properties of others, monetary losses and possible legal liability.

The businesses and properties of the Company are insured against loss or damage, subject to a number of limitations and qualifications. Such insurance will not cover all the potential risks associated with an exploration company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to the Company or to other companies in the exploration industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that it may not be insured against or that the Company may elect not to insure against because of premium costs or other reasons. The Company may suffer a material adverse effect on its business, results of operations, and financial position if it incurs a material loss related to any significant event that is not covered, or adequately covered, by its insurance policies.

Dependence on Principal Exploration Stage Projects

The Company currently carries out exploration activities on several properties, but is focused on the NGP, Egina, and Karratha properties. These properties may never develop into commercially viable deposits, which would have a material adverse effect on the Company's potential mineral resource production, profitability, financial performance and results of operation.

Previous Work on the Egina, Beatons Creek, and Karratha Properties May Give Rise to Environmental Liabilities

There can be no assurance that historic (prior to the Company's ownership) activities on the Egina, Beatons Creek, and Karratha Properties, as well as on tenements held by Millennium, were conducted in full compliance with the various government and environmental regulations required under the Australian mining regime.
To the extent that any of the activities were not in compliance with applicable environmental laws, regulations and permitting requirements, enforcement actions thereunder, including orders of regulatory or judicial authorities, may be taken against the Company as a result of its interest in the Egina, Beatons Creek, and Karratha Properties, and on tenements held by Millennium. Any such actions or orders may cause increases in expenses, capital expenditures or production costs or reduction in levels of production, or require abandonment or delays.

Negative Operating Cash Flow

The Company has generally incurred losses since inception and may continue to incur losses as it proceeds with exploration and development of its mineral properties while operating the Beatons Creek Project. The Company's efforts to date have been focused on acquiring and exploring its mineral properties. All but one of the Company's properties are in the exploration stage and none have mineral reserves.

The Company has only recently begun the production of gold and silver from its Beatons Creek Project and has significant cash requirements to meet its exploration and development commitments and administrative overhead, and to maintain its mineral interests. The Company will continue to incur losses in respect of the Beatons Creek Project until it generates sufficient revenue to fund continuing operations. There can be no assurance that problems will not be encountered at the Beatons Creek Project that result in mining operations not being profitable. If this occurs, additional funds will need to be raised.

Uncertainty in Global Markets and Economic Conditions

There remains considerable volatility in global markets and economic conditions together with the volatility in the price of gold and in the availability and price of critical supplies, including fuel. This continues to generate uncertainty for the mining sector worldwide.

As discussed above, the Company has and will continue to rely on the capital markets for necessary capital expenditures.

As a result, the business, financial condition and operations of the Company could be adversely affected by: (i) continued disruption and volatility in financial markets; (ii) continued capital and liquidity concerns regarding financial institutions generally and hindering the Company's counterparties specifically; (iii) limitations resulting from governmental action in an effort to stabilize or provide additional regulation of the financial system; or (iv) recessionary conditions that are deeper or last longer than currently anticipated.

Price of Gold

The Company's profitability and long-term viability depend, in large part, upon the market price of gold. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control, including global and regional supply and demand for industrial products containing metals generally; changes in global or regional investment or consumption patterns; increased production due to new mine developments and improved mining and production methods; decreased production due to mine closures; interest rates and interest rate expectation; expectations with respect to the rate of inflation or deflation; currency rate fluctuations; availability and costs of metal substitutes; global or regional political or economic conditions; and sales by central banks, holders, speculators and other producers of metals in response to any of the above factors.

There can be no assurance that metal prices will remain at current levels or that such prices will improve. A decrease in the market prices could adversely affect the profitability of the Company's existing mines and projects as well as its ability to finance the exploration and development of additional properties, which would have a material adverse effect on the Company's results of operations, cash flows and financial position. A decline in metal prices may require the Company to write-down mineral resource estimates (or mineral reserve estimates if ever established in the future), which could result in material write-downs of investments in mining properties. Further, if revenue from metal sales declines, the Company may experience liquidity difficulties. Its cash flow from mining operations may be insufficient to meet its operating needs, and as a result the Company could be forced to discontinue production and could lose its interest in, or be forced to sell, some or all of its properties.

Joint Ventures

The Company is and will be subject to the risks normally associated with the conduct of joint ventures, which include disagreements as to how to develop, operate and finance a project, inequality of bargaining power, incompatible strategic and economic objectives and possible litigation between the participants regarding joint venture matters. These matters may have an adverse effect on the Company's ability to realize the full economic benefits of its interest in the property that is the subject of a joint venture, which could affect its results of operations and financial condition as well as the price of the Company's Common Shares.

Danger of Exploration and Development Activities

Exploration and development activities involve various types of risks and hazards, including but not limited to:

- environmental hazards;
- industrial accidents;
- metallurgical and other processing problems;
- unusual or unexpected rock formations;
- structural cave-ins or slides;
- flooding and fires; and
- periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties or other properties; personal injury; environmental damage; delays in activities; monetary losses; and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, is not generally available to the Company or to other companies within the mining industry. The Company may suffer a material adverse impact on its business if it incurs losses related to any significant events that are not covered by its insurance policies.

Exploration and Mining Tenements May be Subject to Forfeiture

The Australian title registration system provides for application for forfeiture of exploration and mining licences where there is, or has been, non-compliance with the prescribed royalties, rents or expenditure conditions. Forfeiture may occur in one of a number of ways. A third party may file a plaint (an application for forfeiture) with the mining warden, who may (in the case of prospecting or miscellaneous licences) elect to forfeit the tenement or impose a fine not exceeding AUD $10,000 for non-compliance with expenditure conditions and not exceeding AUD $50,000 in any other case, or (in the case of exploration licences, mining and general purpose leases) make a recommendation to the Minister for Mines and Petroleum; Energy; Industrial Relations (the "**Minister**") for or against forfeiture.

In the latter case, the Minister may decide to forfeit the tenement, impose a fine not exceeding AUD $50,000 per tenement, or impose no penalty. A tenement may not be forfeited or recommended for forfeiture unless non-compliance is of sufficient gravity to justify forfeiture. Alternatively, the Minister may himself institute forfeiture measures where non-compliance has occurred (or impose a fine not exceeding AUD $50,000 per tenement which, if unpaid, results in deemed forfeiture).

Uncertainty in the Estimation of Mineral Resources and Mineral Reserves

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The Company's publicly disclosed mineral resource figures contained in this MD&A are estimates only and no assurance can be given that these will ever be upgraded to higher categories of mineral resources or to mineral reserves. Even if mineral reserves are established in the future, there is no assurance that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves will be mined or processed profitably. Actual mineral resources may not conform to geological, metallurgical or other expectations, and the volume and grade of mineralized material recovered may differ from estimated levels. There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

Short-term operating factors relating to the Company's mineral resources (and mineral reserves if ever established in the future), such as the need for orderly development of the mineralized material or the processing of new or different mineralized material grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.
Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of mineral resource estimates from time to time or may render the Company's mineral resource uneconomic to exploit. Mineral resource data is not indicative of future results of operations. If the Company's actual mineral resources (and mineral reserves if ever established in the future) are less than current estimates or if the Company fails to develop its mineral resource base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected. Evaluation of mineral resources occurs from time to time and estimates of mineral resources (and mineral reserves if ever established in the future) may change depending on further geological interpretation, drilling results and metal prices, which could have a negative effect on the Company's operations. The category of inferred mineral resource is the least reliable mineral resource category and is subject to the most variability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to an indicated or measured mineral resource category as a result of continued exploration. There is no certainty that any mineral resources (or mineral reserves, if any) identified on any of the Company's properties will in fact be realized or will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. Until a deposit is actually mined and processed, the quantity of mineral resources (or mineral reserves, if any) and grade must be considered as estimates only and the Company may ultimately never realize production on any of its properties.

Government Regulation

The Company's business, mining operations and exploration and development activities are subject to extensive federal, territorial and local laws and regulations governing exploration, development, production, exports, taxes, labour standards, waste disposal, protection of the environment, reclamation, historic and cultural resource preservation, mine safety and occupational health, control of toxic substances, reporting and other matters. Although the Company believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, new rules and regulations may be enacted and existing rules and regulations may be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations.

Competition

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources than itself. Competition in the precious metals mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

Currency Fluctuations

Currency fluctuations may affect the Company's capital costs and the costs that the Company incurs at its operations. Gold is sold throughout the world based principally on a United States dollar price, but most of the Company's operating and capital expenses are incurred in Australian and Canadian dollars and the Company recognizes revenues in Australian dollars. Changes in these foreign currencies could materially and adversely affect the Company's profitability, results of operations and financial position.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. Legal proceedings arise from time to time in the course of the Company's business. Such litigation may be brought against the Company or one or more of its subsidiaries in the future from time to time or the Company or one or more of its subsidiaries may be subject to another form of litigation. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, should a claim be brought against the Company, the process of defending such claims could take away from management time and effort and the resolution of any particular legal proceeding to which the Company or one or more of its subsidiaries may become subject could have a material adverse effect on the Company's financial position and results of operations.

Enforcement of Civil Liabilities

Substantially all of the Company's assets are located outside of Canada and certain of the directors and officers of the Company are or may be resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the Company's directors and officers residing outside of Canada.

No Cash Dividends on Common Shares

Shareholders should not anticipate receiving cash dividends on the Common Shares. The Company has never declared or paid any cash dividends or distributions on the Common Shares. It is currently expected that the Company will retain future earnings, if any, to support operations and to finance explorations and therefore not pay any cash dividends on the Common Shares in the foreseeable future.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard.
In addition, each of the Company's directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the *Business Corporations Act* (British Columbia) and any other applicable law.

The Company's ESG practices and reporting may be considered inadequate which may impact its reputation and/or ability to obtain financing

In the last several years, the importance of environmental, social and governance ("**ESG**") performance requirements, standards, and disclosure and reporting of material items has increased significantly across all stakeholder groups. While the Company is advancing its ESG strategy and plans to issue its inaugural sustainability statement in 2022, there is no assurance that the Company will be able to adequately address all ESG related expectations of priority stakeholders.

ESG factors, including climate change, are increasingly becoming a metric for institutional shareholders to review and assess the performance of the Company and a significant factor in investment decisions. The Company is advancing its strategy and framework to monitor ESG matters at its operations and to ensure proper and complete reporting thereof. However, there are no assurances that the Company's efforts will be sufficient or meet all or any of the standards and frameworks set by various ESG analysts or institutional or other investors, or that the Company's efforts will accurately be reported on, which can adversely impact the Company's reputation and valuation. In addition, the Company's ability to obtain future financing or access capital may be impacted by its practices in respect of, and reporting on, ESG matters and the evaluation of the Company's practices by third party rating agencies on ESG matters.

Tax Matters

The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position, application of tax incentives or similar "holidays" or benefits were to be challenged for any reason, this could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect the Company's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on the Company's business. There is no assurance that the Company's current financial condition will not be materially adversely affected in the future due to such changes.

Foreign Mining Tax Regimes

Mining tax regimes in foreign jurisdictions are subject to differing interpretations and are subject to constant change. The Company's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Company's operations may be assessed, which could result in significant additional taxes, penalties and interest. In addition, proposed changes to mining tax regimes in foreign jurisdictions could result in significant additional taxes payable by the Company, which would have a negative impact on the financial results of Novo.

Disclosure and Internal Controls

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by the Company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to the Company's management, as appropriate, to allow timely decisions regarding required actions. The Company has invested resources to document and analyze its system of disclosure controls and its internal control over financial reporting. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. The Company's failure to satisfy the requirements of applicable Canadian securities laws on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm its business and negatively impact the trading price of the Common Shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations.