

**June 14, 2022**

## **NULLAGINE GOLD PROJECT OPERATIONS UPDATE**

### **KEY POINTS**

- Production to pause at the Beatons Creek gold project (“**Beatons Creek**”) and the Golden Eagle processing facility (“**Golden Eagle Plant**”), with mining of the Oxide mineral resource at Beatons Creek ending in Q3 2022<sup>1</sup> followed by a phased wind-down of operational activities finishing by the end of October 2022
- Novo is committed to supporting and honouring commitments to staff and contractors during this transition period
- H1 2022 production still expected to achieve guidance of 25 – 27 koz Au<sup>2</sup>
- Q3 2022 production forecast of 9 – 11 koz Au, with drawdown of inventory expected to add an additional 1 koz Au in Q4 2022
- Beatons Creek Fresh mineral resource feasibility study (the “**Feasibility Study**”), including mineral resource extension drilling, is underway, with targeted completion in mid-Q4 2022<sup>3</sup>
- Novo expects to transition to Phase Two mining of the Beatons Creek Fresh mineral resource upon receipt of requisite approvals from relevant Western Australian regulators and a final investment decision (“**FID**”) post receipt of results of the Feasibility Study
- Novo made an initial submission to the Western Australian Environmental Protection Authority (“**EPA**”) in March 2022 and is awaiting a response on the required approval pathway
- Phase Two Fresh mining is expected to deliver higher grades and lower unit costs, with production expected to commence in approximately 12-18 months, assuming successful completion of the Feasibility Study and receipt of all required approvals
- Current cash balance of approximately C\$77.5 million, which will support on-going exploration programs and completion of resource and extension drilling at the Beatons Creek Fresh mineral resource during the operational pause
- A fund managed by Sprott Resource Lending Corp. (“**Sprott**”), Novo’s senior secured lender, supports Novo’s operational plans and has waived any event of default in anticipation of full repayment of the US\$40 million (approximately C\$51.4 million) senior secured credit facility (the “**Credit Facility**”) by August 2022, upon completion of the Company’s sale of its shares in New Found Gold Corp. (“**New Found**”)<sup>4</sup>

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**VANCOUVER, BC – Novo Resources Corp. (“Novo” or the “Company”)** (TSX: NVO, NVO.WT & NVO.WT.A) (OTCQX: NSRPF) provides an operations update for Beatons Creek.

In December 2021<sup>1</sup>, Novo released a three-phase mine plan for Beatons Creek which comprised of:

- Mining of the Beatons Creek Oxide mineral resource through Q2 2022, with the expectation that low-grade stockpiles would be processed through Q3 2022
- Thereafter, transition to mining of the higher-grade free-milling Beatons Creek Fresh mineral resource, subject to approvals, expected to provide production through 2026

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<sup>1</sup> Refer to the Company’s news release dated [December 13, 2021](#).

<sup>2</sup> Refer to the Company’s news release dated [May 24, 2022](#).

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

<sup>4</sup> Refer to the Company’s news releases dated [April 12, 2022](#) and [April 27, 2022](#).

- Mining of the Golden Eagle deposit (“**Golden Eagle**”) commencing and continuing through the transition from Beatons Creek Oxide to Fresh material, depending on timing of Beatons Creek Fresh mining approvals

Despite optimization activities for the Oxide mineral resource, mined grade continues to deliver marginal cashflow and grade control drilling has defined the extent of economic Oxide material which could be mined. Novo believes that economic mining and processing of the Oxide mineral resource can be extended for an additional quarter from the three-phase mine plan outlined in December 2021<sup>1</sup> and will now continue to the end of Q3 2022. However, the transition to Golden Eagle and the Fresh mineral resource cannot occur immediately as previously anticipated. As such, following completion of Oxide mining, the Company will pause production operations at Beatons Creek and the Golden Eagle Plant, with a controlled and phased wind-down of operational activities.

The Company expects production to recommence in approximately 12-18 months, following receipt of required approvals for the Fresh mineral resource and completion of a FID post receipt of the results from the Feasibility Study. Importantly, Novo has developed a detailed development and exploration plan during this period, which includes further definition and extension drilling of the Fresh mineral resource and resource definition drilling of near-mine targets, with a primary focus on the Mosquito Creek Oxide and Sulphide targets to extend the greater Nullagine gold project (“**Nullagine**”) beyond Beatons Creek.

Commenting on the production update and path ahead at Nullagine, Executive Co-Chairman, acting Chief Executive Officer, and director Mike Spreadborough said, *“Confirmation of grade of the Oxide mineral resource has been a challenge. The team at Beatons Creek has done an excellent job in optimizing the mine plan and I, along with the Novo board of directors, commend them on their attention and focus. We now turn our attention to Phase Two mining of the Fresh mineral resource, where we expect operations to be supported by higher grades and lower mining costs. We will complete the Feasibility Study to validate the mining approach and economics prior to commencement of mining and in parallel we are seeking requisite environmental approvals.”*

*“Unfortunately, we expect a 12–18-month gap in production as we seek formal approval to mine the Fresh mineral resource. While this pause is far from ideal, we will continue to focus on Novo’s core strategic exploration programs across the Company’s 11,000 square kilometres of premium Pilbara tenure.”*

*“We will also focus on the efficient execution of the extensive work program we have developed over this period, with key activities planned across the Fresh mineral resource that will both optimize the economics and reduce future development and operational risks. This includes a 12-month drill out of the known Fresh mineral resource, exploration for extension opportunities, and completion of the Feasibility Study, which we expect to complete mid-Q4 2022. Further resource definition drilling of the Mosquito Creek Oxide and Sulphide targets, which comprises several exciting targets and provides excellent upside to extending production from Nullagine beyond Beatons Creek, is also planned.”*

*“I would like to take this time to thank all the staff and contractors at Beatons Creek for their hard work and determination. We will honour our commitments to staff and contractors during the pause in operations and continue to support the local community and our Traditional Owner partners.”*

*“Importantly, Novo remains in a strong financial position and we believe the plan in place provides the best platform for the Nullagine operations to become a consistent 100 koz/year gold operation and for Novo to deliver on its longer-term strategy of becoming a 250 koz/year gold producer through existing operations, exploration and other opportunities.”*

## **PHASE TWO – FRESH OPERATIONS AT BEATONS CREEK**

The Fresh mineral resource accounts for 65% of the total Beatons Creek mineral resource estimate<sup>1</sup>. Phase Two of operations, which is forecast to start in the next 12-18 months and is subject to approvals, is expected to be supported by higher grades and lower unit costs.

Delivery of Phase Two production will be underpinned by completion of key workstreams over the next 12 months, which include the following:

- Feasibility Study, which is underway and scheduled for completion in mid-Q4 2022:
  - Expectation to report mineral reserve based on updated mineral resource
  - Study focused on optimizing life of mine costs for haulage, power, water and tailings storage
  - Metallurgical and geotechnical diamond drilling programs have recently been completed
  - Other key studies underway and progressing as planned
- Completion of Phase One of a reverse circulation (“RC”) drilling program to deliver an upgraded mineral resource:
  - Results to be used in a mineral resource update, which will form the basis of the Feasibility Study
- Resource definition and extension drilling programs for the Fresh mineral resource. Programs have commenced and will continue for the remainder of CY 2022 and into H1 2023
  - Program to be completed in stages, targeting higher priority areas in the first instance and progressing to lower priority targets
  - Significant assay results to date provide Novo with an excellent platform to plan future stages of drilling
  - Focused on growing inferred mineral resource, informing further studies and life-of-mine planning

Delivery of Phase Two will play a critical role in executing the long-term vision at Nullagine, which should see production of the Fresh mineral resource between 2023-2026, with extensional drilling focused on extending production post 2026, along with exploration and development work at Mosquito Creek. Mining of the Fresh mineral resource is subject to receipt of approvals and a FID post receipt of the results from the Feasibility Study.

### **GOLDEN EAGLE**

Novo has completed confirmatory resource drilling and metallurgical testing to evaluate the potential to expand the historical Golden Eagle pit. Unfortunately, this work confirmed the geological complexity of Golden Eagle mineralization and also confirmed historic studies that Golden Eagle material requires the Golden Eagle Plant to be expanded to include a flotation circuit and associated components. The Company’s review has also confirmed that a mining restart of the Golden Eagle pit requires approval from relevant Western Australian government agencies. A decision has yet to be made whether the Company will progress further resource drilling and technical studies.

### **LONG-TERM PRODUCTION POTENTIAL AT MOSQUITO CREEK**

Novo has developed and is implementing a refractory (Sulphide) strategy at Mosquito Creek to target production at Nullagine post-Phase Two mining of the Fresh mineral resource.

Historical work completed by Millennium Minerals Limited (prior to being acquired by Novo<sup>5</sup>) successfully identified extensive Sulphide mineralization at Mosquito Creek at several targets and importantly, the majority of Sulphide mineralization is accessible by expansion of existing Mosquito Creek Oxide pits including Golden Eagle and Golden Gate. Historical work also indicated good gold recovery using fine grinding and flotation, which would require expansion of existing Golden Eagle Plant.

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<sup>5</sup> Refer to the Company’s news releases dated [August 4, 2020](#) and [September 8, 2020](#).

Exploration programs have been developed to identify potential Oxide mill feed to the Golden Eagle Plant from the Mosquito Creek basin, with follow-up RC drilling programs to commence in H1 2023 at Genie, Parnell-Vulture and Daisy Central, where current drilling has intersected significant, high-grade results<sup>6</sup>.

### **NOVO FINANCIAL POSITION & GUIDANCE**

Novo's current cash balance is approximately C\$77.5 million.

In addition to its existing cash reserves, the Company expects to complete the sale of its investment in New Found in August 2022<sup>4</sup>. The funds from this sale are expected to be used to repay the Credit Facility, leaving Novo debt free. Although the operational pause constitutes an event of default under the Credit Facility, Spratt has waived any consequence in anticipation of the Credit Facility repayment.

Novo expects to produce 9 – 11 koz Au in Q3 2022 prior to the operational pause at Beatons Creek and the Golden Eagle Mill, with an additional 1 koz Au expected to be produced in Q4 2022 as part of inventory draw down.

### **QP STATEMENT**

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

### **CAUTIONARY STATEMENT**

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

The Company cautions that its declaration of commercial production effective October 1, 2021<sup>7</sup> only indicates that Beatons Creek was operating at anticipated and sustainable levels and it does not indicate that economic results will be realized.

### **ABOUT NOVO**

Novo operates its flagship Beatons Creek gold project while exploring and developing its prospective land package covering approximately 11,000 square kilometres in the Pilbara region of Western Australia. In addition to the Company's primary focus, Novo seeks to leverage its internal geological expertise to deliver value-accretive opportunities to its shareholders.

Shareholders and Canadian media are to contact Leo Karabelas at (416) 543-3120 or e-mail [leo@novoresources.com](mailto:leo@novoresources.com).

Australian media are to contact Cameron Gilenko (Citadel-MAGNUS) at 0466 984 953.

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<sup>6</sup> Refer to the Company's news release dated [January 28, 2022](#).

<sup>7</sup> Refer to the Company's news release dated [October 12, 2021](#).

On Behalf of the Board of Directors,

**Novo Resources Corp.**

*“Michael Spreadborough”*

Michael Spreadborough

Executive Co-Chairman and Acting CEO

**Forward-looking information**

Some statements in this news release contain forward-looking information (within the meaning of Canadian securities legislation) including, without limitation, that Phase Two of operations of the Beatons Creek Fresh mineral resource is expected to commence in 12-18 months, that the sale of the Company’s New Found shares will complete in August 2022, that Novo is expected to repay the Credit Facility subsequent to the sale of the New Found shares, that Novo expects to produce 9 – 11 koz Au in Q3 2022 and an additional 1 koz Au in Q4 2022, that approvals to mine the Beatons Creek Fresh mineral resource will be obtained, that the Feasibility Study will be completed in mid-Q4 2022 and a FID will follow, and the expectation of production of the Fresh mineral resource between 2023-2026, with extensional drilling focused on extending production post 2026, along with exploration and development work at Mosquito Creek. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, without limitation, customary risks of the resource industry and the risk factors identified in Novo’s management’s discussion and analysis for the three-month period ended March 31, 2022, which is available under Novo’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, Novo assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If Novo updates any forward-looking statement(s), no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements.