



NOVO RESOURCES CORP.

(TSX: NVO; OTCQX: NSRPF)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2022 AND 2021**

(Expressed in Canadian Dollars)

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

| | Note | September 30, 2022 \$'000 | December 31, 2021 \$'000 |
|---|------|---------------------------------|--------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | 65,153 | 32,345 |
| Short-term investments | | 147 | 108 |
| Inventory | 3 | 5,437 | 9,646 |
| Receivables | 4 | 4,019 | 6,127 |
| Prepaid expenses and deposits | | 1,402 | 1,159 |
| Total current assets | | 76,158 | 49,385 |
| Non-current assets | | | |
| Marketable securities | 5 | 20,569 | 156,209 |
| Exploration and evaluation assets | 6 | 144,062 | 149,928 |
| Property, plant and equipment | 7 | 15,421 | 74,337 |
| Right of use assets | 8 | 7,343 | 25,778 |
| Mine development assets | 9 | 3,391 | 6,968 |
| Gold specimens | | 97 | 77 |
| Total non-current assets | | 190,883 | 413,297 |
| Total assets | | 267,041 | 462,682 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 10 | 13,079 | 16,894 |
| Provisions | | 6,413 | 2,911 |
| Lease liabilities | 11 | 4,136 | 12,453 |
| Credit facility | 12 | - | 6,339 |
| Sumitomo funding liability | 14 | - | 5,780 |
| Sumitomo written call option | 14 | - | 1,083 |
| Tax payable | 5 | 6,082 | - |
| Total current liabilities | | 29,710 | 45,460 |
| Non-current liabilities | | | |
| Lease liabilities | 11 | 3,886 | 18,530 |
| Credit facility | 12 | - | 37,384 |
| Derivative liability | 12 | - | 378 |
| Rehabilitation provision | 13 | 37,032 | 36,342 |
| Deferred tax liability | | 2,354 | 10,326 |
| Total non-current liabilities | | 43,272 | 102,960 |
| Total liabilities | | 72,982 | 148,420 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 15 | 391,961 | 388,781 |
| Reserves | 15 | 59,654 | 57,445 |
| Accumulated other comprehensive gain | 15 | (8,764) | 25,972 |
| Accumulated deficit | | (248,792) | (157,936) |
| Total shareholders' equity | | 194,059 | 314,262 |
| Total shareholders' equity and liabilities | | 267,041 | 462,682 |

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on November 11, 2022. They are signed on the Company's behalf by:

"Ross Hamilton"

Ross Hamilton

"Michael Barret"

Michael Barrett

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

| | | Three months ended September 30 | | Nine months ended September 30 | |
|--|----|---------------------------------|--|--------------------------------|--|
| | | 2022 \$'000 | 2021 <i>restated Note 2</i> \$'000 | 2022 \$'000 | 2021 <i>restated Note 2</i> \$'000 |
| Revenue | 16 | 27,987 | 42,964 | 89,547 | 82,386 |
| Cost of goods sold | 17 | (32,261) | (33,577) | (112,161) | (72,999) |
| Gross (loss) / profit from mine operations | | (4,274) | 9,387 | (22,614) | 9,387 |
| General administration | 18 | (3,205) | (4,926) | (10,757) | (19,979) |
| Exploration expenditure | 19 | (8,173) | (4,878) | (23,562) | (9,823) |
| Impairment of non-current assets | 20 | (48,255) | - | (48,255) | - |
| (Loss) / profit on disposal of exploration asset | 6 | - | (160) | - | 14,589 |
| Loss from operations | | (63,907) | (577) | (105,188) | (5,826) |
| Other income, net | 21 | 4,067 | 87,688 | 23,021 | 88,694 |
| Finance items | | | | | |
| Finance income | 22 | 282 | 44 | 475 | 65 |
| Finance costs | 22 | (1,155) | (2,821) | (8,568) | (14,005) |
| Net (loss) / income for the period before tax | | (60,713) | 84,334 | (90,260) | 68,928 |
| Income tax expense / (benefit) | | 1,602 | (7,884) | (596) | (7,884) |
| Net loss / (income) for the period after tax | | (59,111) | 76,450 | (90,856) | 61,044 |
| Other comprehensive income / (loss) | | | | | |
| Change in fair value of marketable securities, net of tax - not to be reclassified to profit or loss in subsequent periods | 15 | (351) | 8,685 | (29,244) | 6,704 |
| Foreign exchange on translation of subsidiaries - to be reclassified to profit or loss in subsequent periods | 15 | 530 | (7,384) | (5,492) | (16,553) |
| Total other comprehensive loss/ (income) | | 179 | 1,301 | (34,736) | (9,849) |
| Comprehensive (loss) / profit for the period | | (58,932) | 77,751 | (125,592) | 51,195 |
| Weighted average number of common shares outstanding | | 249,322,054 | 245,455,157 | 248,293,389 | 237,760,824 |
| Basic and diluted (loss) /profit per common share (\$ per share) | | (0.24) | 0.31 | (0.37) | 0.26 |

Novo Resources Corp.
(Expressed in Canadian Dollars)
Condensed Interim Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022 and 2021
(Unaudited)

| | Note | Number of Shares (unrounded) | Share Capital Amount \$'000 | Treasury Shares \$'000 | Option Reserve \$'000 | Warrant Reserve \$'000 | Comet Well Deferred Consideration Reserve \$'000 | Fair value reserve of financial assets at FVTOCI \$'000 | Foreign currency translation reserve \$'000 | Accumulated Deficit \$'000 | Shareholders' Equity \$'000 |
|---|---------|---------------------------------|--------------------------------|---------------------------|--------------------------|------------------------------|--|---|---|----------------------------------|-----------------------------------|
| Balance – December 31, 2020 as previously reported | | 230,353,507 | 347,166 | (2,571) | 31,137 | 16,293 | 3,354 | 6,028 | 5,557 | (77,525) | 329,439 |
| Change in accounting policy - adopted in 2021 | 2 | - | - | - | - | - | - | - | (5,258) | (79,707) | (84,965) |
| Balance – December 31, 2020 restated | | 230,353,507 | 347,166 | (2,571) | 31,137 | 16,293 | 3,354 | 6,028 | 299 | (157,232) | 244,474 |
| Other comprehensive profit / (loss) for the period | | - | - | - | - | - | - | 6,704 | (16,553) | - | (9,849) |
| Profit for the period | | - | - | - | - | - | - | - | - | 61,044 | 61,044 |
| Comprehensive loss for the period | | - | - | - | - | - | - | 6,704 | (16,553) | 61,044 | 51,195 |
| Stock option exercises | 15 | 1,875,000 | 1,968 | - | - | - | - | - | - | - | 1,968 |
| Share-based payments | 15 & 18 | - | - | - | 8,851 | - | - | - | - | - | 8,851 |
| Queens project share issuance | 6 | 584,215 | 1,875 | - | - | - | - | - | - | - | 1,875 |
| Comet Well share issuance | 6 | 1,198,395 | 3,354 | - | - | - | (3,354) | - | - | - | - |
| Malmsbury project share issuance | 6 | 1,575,387 | 3,450 | - | - | - | - | - | - | - | 3,450 |
| Movement in treasury shares - Investment in associate | | - | - | 2,571 | - | - | - | - | - | - | 2,571 |
| Conversion of special warrants | 15 | 10,353,000 | 31,027 | - | - | - | - | - | - | - | 31,027 |
| Share issue costs | 15 | - | (59) | - | - | - | - | - | - | - | (59) |
| Balance – September 30, 2021 | | 245,939,504 | 388,781 | - | 39,988 | 16,293 | - | 12,732 | (16,254) | (96,188) | 345,352 |
| Balance – December 31, 2021 | | 245,939,504 | 388,781 | - | 41,152 | 16,293 | - | 40,369 | (14,397) | (157,936) | 314,262 |
| Other comprehensive loss for the period | | - | - | - | - | - | - | (29,244) | (5,492) | - | (34,736) |
| Loss for the period | | - | - | - | - | - | - | - | - | (90,856) | (90,856) |
| Comprehensive loss for the period | | - | - | - | - | - | - | (29,244) | (5,492) | (90,856) | (125,592) |
| Share-based payments | 15 & 18 | - | - | - | 2,209 | - | - | - | - | - | 2,209 |
| Share issuance - Sumitomo | 14 | 3,382,550 | 3,180 | - | - | - | - | - | - | - | 3,180 |
| Balance – September 30, 2022 | | 249,322,054 | 391,961 | - | 43,361 | 16,293 | - | 11,125 | (19,889) | (248,792) | 194,059 |

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

| | Note | Three months ended September 30 | | Nine months ended September 30 | |
|---|-------|---------------------------------|--|--------------------------------|--|
| | | 2022 \$'000 | 2021 <i>restated Note 2</i> \$'000 | 2022 \$'000 | 2021 <i>restated Note 2</i> \$'000 |
| Operating activities | | | | | |
| Net (loss) / profit for the period | | (60,713) | 84,334 | (90,260) | 68,928 |
| Adjustments: | | | | | |
| Finance income | 22 | (282) | (44) | (475) | (65) |
| Finance costs | 22 | 948 | 1,955 | 7,353 | 11,589 |
| Depreciation - fixed assets and mine development asset | 7 & 9 | 6,617 | 389 | 20,581 | 1,165 |
| Depreciation - right of use assets | 8 | (2,030) | 3,902 | 4,125 | 9,756 |
| Impairment of non current assets | 20 | 48,255 | - | 48,255 | - |
| Foreign exchange | | (762) | (1,120) | (396) | (1,967) |
| Share-based payments | 18 | 461 | 1,865 | 2,209 | 8,851 |
| Share of profit in associate | | - | (2,372) | - | (3,951) |
| Other income | | - | - | (1,083) | - |
| Profit on sale of tenements | 6 | - | 160 | - | (14,589) |
| Change in fair value of derivative asset | | (3,767) | - | (22,275) | - |
| Other income on derecognition of associate | | - | (85,636) | - | (85,636) |
| Change in fair value of marketable securities | 5 | (5) | (18) | 215 | (1,392) |
| Total non-cash adjustments | | 49,435 | (80,919) | 58,509 | (76,239) |
| Changes in non-cash operating working capital: | | | | | |
| Accounts payable and accrued liabilities | | (4,872) | 6,294 | 88 | 12,741 |
| Prepaid expenses and deposits | | (347) | 317 | (244) | (323) |
| Receivables | | 399 | (832) | 2,109 | (4,297) |
| Inventory | | 7,365 | (61) | 4,209 | (6,239) |
| | | 2,545 | 5,718 | 6,162 | 1,882 |
| Interest income | | 282 | 44 | 475 | 65 |
| Interest paid | 12 | (1,850) | (1,159) | (3,042) | (3,252) |
| Net cash (used in) / generated from operating activities | | (10,301) | 8,018 | (28,156) | (8,616) |
| Investing activities | | | | | |
| Purchase of property, plant and equipment | 7 | (66) | (6,960) | (2,388) | (10,528) |
| Payments for mine development | 9 | - | (762) | (759) | (8,398) |
| Proceeds from sale of exploration assets | 6 | - | - | - | 9,310 |
| Proceeds from sale of marketable securities | 5 | 57,038 | 1,252 | 125,925 | 2,237 |
| Acquisition of exploration and evaluation assets | 6 | (44) | (455) | (44) | (696) |
| Net cash generated from / (used in) investing activities | | 56,928 | (6,925) | 122,734 | (8,075) |
| Financing activities | | | | | |
| (Repayment of) / proceeds from credit facility | 12 | (51,110) | - | (51,110) | 6,288 |
| Credit facility transaction costs | 12 | - | - | - | (135) |
| Payment of Comet Well deferred consideration | 6 | - | - | - | (2,946) |
| Issuance of shares pursuant to stock option exercises | 15 | - | 1,130 | - | 1,967 |
| Issuance of special warrants | 15 | - | - | - | 26,400 |
| Share issue costs | 15 | - | - | - | (59) |
| Payment of principal portion of lease liabilities | 11 | (5,101) | (4,358) | (10,782) | (11,313) |
| Sumitomo funding | | - | - | 342 | - |
| Net cash (used in) / generated from financing activities | | (56,211) | (3,228) | (61,550) | 20,202 |
| Net change in cash | | (9,584) | (2,135) | 33,028 | 3,511 |
| Effect of exchange rate changes on cash | | - | (138) | (220) | (52) |
| Cash, beginning of the period | | 74,737 | 46,226 | 32,345 | 40,494 |
| Cash, end of the period | | 65,153 | 43,953 | 65,153 | 43,953 |

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2022 and 2021

1. NATURE OF OPERATIONS

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

The Company is engaged primarily in the business of evaluating, acquiring, exploring, developing, and mining natural resource properties with a focus on gold, particularly the Beatons Creek gold project (the “Beatons Creek Project”). The Company’s registered office is located at Suite 2900, 595 Burrard Street, Vancouver, British Columbia, V7X 1J5, Canada. The Company’s operational office and corporate staff are located at Level 1, 46 Ventnor Avenue, West Perth, Western Australia, 6005, Australia.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). The accounting policies adopted are consistent with those disclosed in the Company’s most recent annual consolidated financial statements. These condensed interim consolidated financial statements do not include all of the information and note disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements and therefore should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2021.

New and amended accounting standards and interpretations adopted by the Company

All new and amended accounting standards and interpretations effective from January 1, 2022 have been adopted with no impact on the Company during the period.

Basis of presentation

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

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements are disclosed below within this note.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized during the period in which the estimate is revised if the revision affects only that period, or during the period of the revision and further periods if the review affects both current and future periods.

Australian dollars are referred to as “AUD”, and United States dollars are referred to as “USD”, in these condensed interim consolidated financial statements.

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2022 and 2021

Change in accounting policy – exploration and evaluation assets

As fully disclosed in the Company's annual consolidated financial statements for the year ended December 31, 2021, the Company adopted a voluntary change to its accounting policy for exploration and evaluation expenditures in the last quarter of the year ended December 31, 2021 and 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 or loss. 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 statements of cash flows.

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. As a result of the accounting policy change, the Company recorded the following adjustments to specific account balances in the condensed interim statement of profit or loss and other comprehensive income:

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

| | For the nine months period ended September 30, 2022 | | |
|--|---|------------------------------------|----------------------------|
| | Balance prior to effects of restatement \$'000 | Policy change adjustment \$'000 | Restated balance \$'000 |
| Exploration expenditure | - | (23,562) | (23,562) |
| Net loss for the period before tax | (66,698) | (23,562) | (90,260) |
| Net loss for the period after tax | (66,698) | (23,562) | (90,260) |
| Other comprehensive loss - foreign exchange on translation of subsidiaries | (5,979) | 487 | (5,492) |
| Comprehensive loss for the period | (102,517) | (23,075) | (125,592) |
| Basic and diluted loss per common share (\$ per share) | (0.37) | (0.00) | (0.37) |

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements**(Unaudited)****For the nine months ended September 30, 2022 and 2021**

| For the nine months period ended September 30, 2021 | | | |
|---|-------------------------------|------------------------------------|----------------------------|
| | Previously reported \$'000 | Policy change adjustment \$'000 | Restated balance \$'000 |
| Exploration expenditure | - | (9,823) | (9,823) |
| Impairment of exploration and evaluation assets | (3,931) | 3,931 | - |
| Profit on disposal of exploration asset | 13,747 | 842 | 14,589 |
| Net profit for the period before tax | 73,978 | (5,050) | 68,928 |
| Net profit for the period after tax | 66,094 | (5,050) | 61,044 |
| Other comprehensive income / (loss) - foreign exchange on translation of subsidiaries | (23,000) | 6,447 | (16,553) |
| Comprehensive profit / (loss) for the period | 49,798 | 1,397 | 51,195 |
| Basic and diluted (loss per common share (\$ per share)) | 0.28 | (0.02) | 0.26 |

Condensed interim consolidated statements of cash flows

| For the nine months period ended September 30, 2021 | | | |
|--|-------------------------------|------------------------------------|----------------------------|
| | Previously reported \$'000 | Policy change adjustment \$'000 | Restated balance \$'000 |
| Net cash used in operating activities | 9,834 | (18,450) | (8,616) |
| Net cash (generated from) / used in investing activities | (26,525) | 18,450 | (8,075) |

Basis of consolidation

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

As at September 30, 2022, the subsidiaries of the Company were as follows:

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

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2022 and 2021

Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of ongoing business activities, including ongoing exploration commitments and Beatons Creek Project commitments, and the realization of assets and settlement of liabilities in the normal course of business.

For the nine-month period ended September 30, 2022, the Company reported operating cash outflows of \$28,156,000 (September 30, 2021: \$8,616,000) and investing cash inflows of \$122,734,000 (September 30, 2021: outflows \$8,075,000). The Company had cash on hand and short-term investments of \$65,300,000 at September 30, 2022 and \$57,813,000 at November 11, 2022.

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.

The directors will continue to manage the Company's activities with due regard to current and future funding requirements and have identified a range of options to ensure sufficient funding is available, including the timing and amount of expenditure which is at the discretion of the directors. In addition, the directors may choose to secure additional funding by raising capital from equity markets or other sources should market conditions present favourable terms.

The directors are satisfied that the Company has sufficient funding resources in order to meet its committed expenditure for at least the next 12 months and hence prepare these condensed interim consolidated financial statements on a going concern basis.

3. INVENTORY

| | September 30, 2022 \$'000 | December 31, 2021 \$'000 |
|-----------------|------------------------------|-----------------------------|
| Consumables | 4,345 | 4,126 |
| Gold in circuit | 165 | 788 |
| Stockpiles | - | 4,732 |
| Gold dore | 927 | - |
| Total | 5,437 | 9,646 |

During the period ended September 30, 2022, the Company recorded net realizable value adjustments, recognized in cost of goods sold, of \$2,116,000 (year ended December 31, 2021 - \$2,723,000).

4. RECEIVABLES

| | September 30, 2022 \$'000 | December 31, 2021 \$'000 |
|-------------------------------------|------------------------------|-----------------------------|
| Canadian GST receivable | 36 | 49 |
| Australian GST receivable | 3,935 | 5,568 |
| Other receivables at amortized cost | 48 | 510 |
| Total | 4,019 | 6,127 |

5. MARKETABLE SECURITIES

Calidus Resources Limited – (ASX: CAI)

On April 1, 2021, Calidus Resources Limited ("Calidus") issued 13,333,333 shares to the Company in relation to the Blue Spec sale (see note 6). During the year ended December 31, 2021, the Company sold all of its 18,471,870 Calidus shares for gross proceeds of AUD \$10,550,000 (\$9,858,000).

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2022 and 2021

Elementum 3D Inc. – (unlisted)

During the year ended December 31, 2021, Elementum 3D, Inc. (“E3D”) conducted a financing at USD \$8 per unit. Each unit was comprised of one common share and one-half of one common share purchase warrant exercisable at USD \$11.00 for a period of 5 years from the date of issue. The value allocated to the half warrant based on a Black Scholes valuation is USD \$1.73, resulting in a fair value of USD \$6.27 per E3D common share. The valuation has been performed by an independent valuer, and the following assumptions were used in the warrant valuation:

| | Assumptions |
|---------------------------------|-------------|
| Exercise price | USD \$11.00 |
| Risk-free interest rate | 1.51% |
| Expected stock price volatility | 82% |
| Expected dividend yield | 0.00% |
| Expected life of warrants | 5 years |

Although the Company did not participate in this financing, the Company recognized the increased price as an appropriate indicator of E3D’s fair value and revalued its holdings. As at September 30, 2022 the Company held 2,076,560 common shares of E3D which represents a 12.41% undiluted interest. The Company has recognized its investment in E3D at fair value, being USD \$6.27 (December 31, 2021: USD \$6.27) per E3D common share, with remeasurements carried at fair value through other comprehensive income / loss (“FVTOCI”).

American Pacific Mining Corp. – (CSE: USGD)

During the year ended December 31, 2021, the Company sold all of its 266,666 common shares of American Pacific Mining Corp. (“APM”) for gross proceeds of \$91,000.

Essential Metals Limited – (ASX: ESS)

During the year ended December 31, 2021, the Company sold all of its 4,450,000 ordinary shares of Essential Metals Limited for gross proceeds of AUD \$402,000 (\$378,000).

Kalamazoo Resources Limited – (ASX: KZR)

The Company holds 10,000,000 ordinary shares of ASX-listed Kalamazoo Resources Limited (“Kalamazoo”) which represent a 6.72% undiluted interest in Kalamazoo as at September 30, 2022.

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

GBM Resources Limited – (ASX: GBZ)

The Company holds 11,363,637 ordinary shares (the “GBM Shares”) of ASX-listed GBM Resources Limited (“GBM”), 4,545,454 ordinary share purchase warrants exercisable to purchase one ordinary share of GBM at AUD \$0.096 and expiring on April 6, 2023, and an additional 1,136,362 listed ordinary share purchase warrants exercisable to purchase one ordinary share of GBM at AUD \$0.11 and expiring on July 6, 2023 (collectively, the “GBM Warrants”). The GBM Shares represent a 2.02% undiluted interest in GBM as at September 30, 2022.

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

The GBM Warrants qualify as derivatives and have therefore been initially recognized at fair value and subsequently remeasured at fair value through profit or loss (“FVTPL”).

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2022 and 2021

New Found Gold Corp. – (TSX-V: NFG)

The Company held 15,000,000 common shares of New Found Gold Corp. (“New Found”) which were originally accounted for as marketable securities, so they were initially recognized at fair value and subsequently remeasured at FVTOCI. In 2020, the Company obtained significant influence over New Found, and the New Found investment became an equity-accounted investment and was therefore subsequently recognized as an investment in associate.

On September 17, 2021 the Company ceased to exercise significant influence over New Found, and the investment in New Found was derecognized as an investment in associate and recognized as a marketable security at fair value, and subsequently remeasured at FVTOCI. The discontinuation of equity accounting of New Found resulted in a gain through profit and loss of \$85,636,000 during the year ended December 31, 2021. The fair value of the investment in New Found, based on the December 31, 2021 closing price of \$8.98 on the TSX-V, was \$134,700,000. The fair value was determined using level 1 inputs in the fair value hierarchy.

On April 12, 2022, the Company agreed to sell its 15,000,000 New Found shares to a corporation controlled by Eric Sprott for gross proceeds of approximately \$126,000,000 pursuant to arm’s length negotiations (the “Transaction”)

The first tranche of the Transaction totaled 8,250,000 New Found shares at \$8.35 per share for gross proceeds of \$68,900,000 and completed on April 27, 2022. The forward contract recognized on the first tranche of the Transaction resulted in a \$2,228,000 gain recognized through profit and loss.

On August 5, 2022, the Company closed the second tranche of the Transaction for gross proceeds of \$57,038,000. Together with the first tranche of the Transaction, the Company received gross proceeds of \$125,925,000 from the Transaction and recognized a gross gain for tax purposes of approximately \$109,200,000. This gain, net of available tax losses, is subject to Canadian capital gains tax which equates to 50% of the gain being taxed at the Company’s marginal tax rate which is currently 27%. The Company has recognised a capital gains tax liability of \$6,082,000 which is due in Q1 2023.

1342980 B.C. Ltd. – (unlisted)

On June 14, 2022 the Company participated in 1342980 B.C. Limited’s (“134 BC”) private placement by purchasing 1,000,000 units at USD \$0.05 per 134 BC Unit for gross consideration of USD \$50,000 (\$61,000).

Each 134 BC unit comprised of one 134 BC ordinary share and one whole common share purchase warrant. Each warrant entitles the Company to purchase one common share of 134 BC at a price of USD\$0.25 per warrant for a period of 12 months following the issuance of the warrants.

On August 11, 2022 the Company exercised 400,000 of its warrants for USD \$100,000 (\$127,605).

The 134 BC common shares have been accounted for as marketable securities and have thus initially been recognized at fair value and subsequently remeasured at FVTOCI.

The 134 BC warrants qualify as a derivative and have initially been recognized at fair value and subsequently remeasured at FVTPL.

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2022 and 2021

| As at September 30, 2022 | | | | | | |
|---|------------------|------------|-------------------------|------------------|------------------|------------|
| FVTOCI | Number of shares | Opening | Additions / (Disposals) | Foreign Exchange | Gains / (Losses) | Closing |
| | Closing balance | Fair Value | | | | Fair Value |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Elementum 3D Inc. Common Shares | 2,076,560 | 16,507 | - | - | 1,340 | 17,847 |
| New Found Gold Corp Common Shares | - | 134,700 | (103,650) | - | (31,050) | - |
| Kalamazoo Resources Limited Ordinary Shares | 10,000,000 | 3,498 | - | (88) | (1,633) | 1,777 |
| GBM Resources Ltd Ordinary Shares | 11,363,637 | 1,203 | - | (26) | (794) | 383 |
| 1342980 B.C.Ltd Common Shares | 1,000,000 | - | 189 | - | 291 | 480 |
| | | 155,908 | (103,461) | (114) | (31,846) | 20,487 |

| As at September 30, 2022 | | | | | | |
|--|----------------------|------------|-----------|------------------|--------|---------------|
| FVTPL | Number of securities | Opening | Additions | Foreign Exchange | Losses | Closing |
| | Closing balance | Fair Value | | | | Fair Value |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| GBM Resources Ltd Warrants/Options | 5,681,818 | 301 | - | (7) | (278) | 16 |
| 1342980 B.C.Ltd Warrants | 1,000,000 | - | 3 | - | 63 | 66 |
| | | 301 | 3 | (7) | (215) | 82 |
| Total marketable securities - non current | | | | | | 20,569 |

| As at December 31, 2021 | | | | | | | |
|---|------------------|------------|-----------|--|------------------|------------------|------------|
| FVTOCI | Number of shares | Opening | Disposals | Transfer from investment in associate | Foreign Exchange | Gains / (Losses) | Closing |
| | Closing balance | Fair Value | | | | | Fair Value |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Calidus Resources Limited Ordinary Shares | - | 2,552 | (4,834) | - | (188) | 2,470 | - |
| American Pacific Mining Corp. Common Shares | - | 47 | (92) | - | - | 45 | - |
| Elementum 3D Inc. Common Shares | 2,076,560 | 6,610 | - | - | 84 | 9,813 | 16,507 |
| Essential Metals Limited Ordinary shares | - | 358 | (393) | - | (1) | 36 | - |
| New Found Gold Corp Common Shares | 15,000,000 | - | - | 107,250 | - | 27,450 | 134,700 |
| Kalamazoo Resources Limited Ordinary Shares | 10,000,000 | 5,852 | - | - | (329) | (2,025) | 3,498 |
| GBM Resources Ltd Ordinary Shares | 11,363,637 | 1,564 | - | - | (94) | (267) | 1,203 |
| | | 16,983 | (5,319) | 107,250 | (528) | 37,522 | 155,908 |

| As at December 31, 2021 | | | | | | |
|--|----------------------|------------|-----------|------------------|-------------------|----------------|
| FVTPL | Number of securities | Opening | Additions | Foreign Exchange | Unrealised Losses | Closing |
| | Closing balance | Fair Value | | | | Fair Value |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Kalamazoo Resources Limited Warrants/Options | - | 1,271 | - | (54) | (1,217) | - |
| GBM Resources Ltd Warrants/Options | 5,681,818 | 516 | - | (29) | (186) | 301 |
| | | 1,787 | - | (83) | (1,403) | 301 |
| Total marketable securities - non current | | | | | | 156,209 |

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2022 and 2021

6. EXPLORATION AND EVALUATION ASSETS

| | September 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------|
| | \$'000 | \$'000 |
| Exploration and evaluation assets | | |
| Opening balance | 149,928 | 146,687 |
| Acquisitions | | |
| East Pilbara | 279 | 4,224 |
| Victoria | - | 7,215 |
| West Pilbara | 44 | 23 |
| Movement in rehabilitation provision | (662) | 1,933 |
| Impairment | - | (177) |
| Foreign exchange | (5,527) | (9,977) |
| Closing balance | 144,062 | 149,928 |

Royalties

In addition to any specific royalty rights described below, a 2.5% gross royalty is payable to the State of Western Australia on any gold and silver sold by the Company on any mineral property in Western Australia, subject to a 2,500 ounce annual exemption. In addition, a 2.75% gross royalty is payable to the State of Victoria on any gold and silver sold by the Company on any mineral property in Victoria, subject to a 2,500 ounce annual exemption.

Concurrently with the acquisition of Millennium in 2020 which was accounted for as an asset acquisition, Novo has also agreed to pay to IMC Resources Gold Holdings Pte Ltd, Heritas Capital Management (Australia) Pty Ltd, and IMC Resources Ltd (collectively, "IMC") deferred consideration in the form of a fee on future gold production equal to 2% of all gold revenue generated by Novo up to the later of cumulative gold production of 600,000 ounces or cumulative payments of AUD \$20,000,000 having been made to IMC.

East Pilbara

Beatons Creek Project

The Company signed agreements with Aboriginal groups who have title to the ground comprising the Beatons Creek Project during the year ended January 31, 2018. A gross royalty totaling 2.75% is payable to these groups on any gold and silver produced from the Beatons Creek Project.

Millennium Property

Pursuant to the acquisition of Millennium, the Company acquired control over 106 granted tenements including one general purpose lease, 11 miscellaneous licences, 62 mining leases, and 32 prospecting licences.

The adjustment of \$662,000 (December 31, 2021 – \$1,933,000) relates to the movement in the rehabilitation provision for the Millennium tenements acquired (see note 13).

Talga Projects

A 1.5% net smelter returns royalty is payable on any minerals extracted from the Talga Talga and Mosquito Creek projects in a commercial mining operation.

NOVO RESOURCES CORP.

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Blue Spec Project

On March 22, 2021 the Company signed amended binding terms sheets with Calidus regarding the sale of M46/115 and M46/244 (the "Calidus Blue Spec Tenements") which comprise the greater Blue Spec project (the "Blue Spec Project"). The resulting transactions and revised terms were as follows:

- Calidus paid an additional AUD \$5,000,000 (\$4,891,000) to the Company on January 28, 2021 in exchange for an additional 25% in the Calidus Blue Spec Tenements (aggregate payment in addition to payments made in 2020 – AUD \$7,700,000(\$7,313,980)); and
- Calidus paid an additional AUD \$5,000,000 (\$4,810,000) to the Company on March 29, 2021 (aggregate payment – AUD \$12,700,000) and issued 13,333,333 ordinary shares of Calidus on April 1, 2021 to complete the acquisition of the Calidus Blue Spec Tenements.

A 2% net smelter returns royalty over all production from tenements comprising the Blue Spec Project is payable to RSI (WA Gold) Pty Ltd. under a royalty agreement entered into by Northwest Resources Limited ("Northwest"), the prior owner of the Blue Spec Project.

A net smelter returns royalty over all production from certain tenements comprising the Blue Spec Project is payable to St. Barbara Limited under a royalty agreement Northwest was bound by when it owned the Blue Spec Project. The Company assumed the obligations under the 2015 purchase agreement with Northwest. The royalty is equal to 3.75% of the gross proceeds of sale of 75% of all gold, silver and other minerals produced from the Blue Spec Project. Insofar as these royalty obligations pertain to the Calidus Blue Spec Tenements, the Company has transferred these royalty obligations to Calidus.

Paleo-Placer Property

8,431 common shares (the "Additional Consideration Shares") will be issued to Mark Gareth Creasy and entities controlled by him (collectively, the "Creasy Group") once Australian Foreign Investment Review Board ("FIRB") approval has been obtained pursuant to a binding term sheet with the Creasy Group under which Novo consolidated sole ownership of 510km² of existing tenure and acquire ownership of an additional 2,390km² of highly prospective new tenure in the Pilbara region of Western Australia (the "Creasy Transaction"). The Additional Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance. If FIRB approval was not obtained by September 30, 2021, or such later date as agreed by the Company and the Creasy Group, either the Company or the Creasy Group may terminate this portion of the Creasy Transaction. As at September 30, 2022 the Company is still assessing this transaction.

Calidus' Warrawoona Project

The Company holds a 1% net smelter returns gold royalty over certain tenure comprising Calidus' Warrawoona project in Western Australia.

West Pilbara

Bellary Dome Pty Ltd ("Bellary Dome")

The Company holds an option to acquire the gold rights (the "Option") over exploration licence 47/3555 (the "Bellary Tenement") located in the Southern Pilbara region of Western Australia from Bellary Dome, which it extended for 12 months (the "Option Period") during the year ended December 31, 2021 by paying Bellary Dome AUD \$25,000 (\$23,000). At any time during the Option Period, the Company may exercise its Option and earn a 100% gold rights interest in the Bellary Tenement by paying Bellary Dome AUD \$1,000,000 and granting Bellary Dome a 2% gross overriding royalty on all gold derived from future production by the Company from the Bellary Tenement.

NOVO RESOURCES CORP.

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For the nine months ended September 30, 2022 and 2021

On July 29, 2022, the Company extended the Option Period over the Bellary Tenement by an additional 12 months by paying AUD \$50,000 (\$44,000) to Bellary Dome. The Company can extend the Option Period for another 12 months from the expiry of the Option Period by paying Bellary Dome AUD \$100,000.

Comet Well Property

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

A bonus (the “Discovery Bonus”) of AUD \$1,000,000 payable in cash and/or Novo common shares (at Campbell’s option) is required to be paid to Johnathon and Zoe Campbell (“Campbell”) if Novo publishes measured, indicated, or inferred gold mineral resources of at least 250,000 ounces on the Comet Well Project (the “Comet Well Technical Report”). As at the date of these condensed interim consolidated financial statements, mineral resources have not been defined on the Comet Well Project.

If the Discovery Bonus is to be paid in the Company’s common shares, the shares will be priced at the Company’s then 5-day trailing volume-weighted average closing price (“VWAP”) and will be subject to a statutory hold period expiring four months from the date of issuance. The Company has not published a Comet Well Technical Report, therefore no amount has been accrued for the Discovery Bonus.

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

- For Announced Resources and/or Mined Resources up to 5,000,000 ounces of gold, Novo shall make a payment of \$0.50 per ounce; and
- For Announced Resources and/or Mined Resources over 5,000,000 ounces of gold, Novo shall make a payment of \$1.00 per ounce.

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

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Artemis Resources Limited Joint Operation

On March 23, 2020, the Company dissolved its 50:50 joint operation with Artemis (the “Dissolution”) and acquired a 100% interest in exploration licenses E47/1745 (“Purdy’s Reward”) and E47/3443 (“47K”). As consideration for the transaction, the Company issued 1,640,000 common shares at a fair value of \$1.61 per share based on the Company’s closing price on the TSX-V on March 23, 2020 for total consideration of \$2,640,000, and paid AUD \$820,000 (\$680,000) to Artemis. The Company also issued 360,000 common shares at a fair value of \$1.61 per share for total consideration of \$580,000, paid AUD \$180,000 (\$151,000), and granted a 1% net smelter returns royalty to Sorrento Resources Pty Ltd, one of Artemis’ joint venture partners on the 47K project. For both transactions, as the Company determined that it could not reliably measure the fair value of the asset obtained, the shares issued were fair valued based on their trading price at the date of the respective transactions. A finder’s fee comprised of 100,000 common shares of the Company, issued at a fair value of \$1.61 per share for total consideration of \$161,000, and a cash payment of AUD \$50,000 (\$42,000) was paid to Battle Mountain Pty Ltd in respect of the transaction.

De Grey Mining Ltd. (“De Grey”) and Farno Heads of Agreement

During the year ended December 31, 2021, De Grey earned an aggregate 75% interest in tenement E47/2502. The Company retains a 25% interest in tenement E47/2502 as well as a 100% interest in alluvial rights over E47/2502 to a depth of three metres below surface.

Victoria, Australia

Malmsbury Project

On May 13, 2021, the Company completed its option exercise to acquire a 50% interest in GBM’s Malmsbury gold project (the “Malmsbury Project”) and issued 1,575,387 Novo common shares to GBM at a fair value of \$2.19 for total consideration of \$3,450,000.

The Company has the right to increase its 50% interest in the Malmsbury Project and earn an additional 10% interest and form a joint arrangement with GBM by incurring AUD \$5,000,000 in exploration expenditure (the “Malmsbury Earn-In Amount”) over a four-year period (the “Malmsbury Earn-In Period”), as to a minimum of AUD \$1,000,000 during the first year, and AUD \$1,250,000 in each subsequent year, of the Malmsbury Earn-In Period. Any expenditure incurred during any year of the Malmsbury Earn-In Period which surpasses the minimum required amount will be credited against the subsequent year’s commitment. If Novo does not satisfy the Malmsbury Earn-In Amount during the Malmsbury Earn-In Period, Novo’s interest in the Malmsbury Project will decrease to 49%.

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

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

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(Expressed in Canadian Dollars, unless stated otherwise)

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Queens Project

On March 22, 2021, the Company exercised an option to acquire a 50% interest in Kalamazoo's Queens gold project (the "Queens Project") and issued 584,215 Novo common shares to Kalamazoo at a fair value of \$3.21 for total consideration of \$1,875,000.

Novo now has the right to increase its 50% interest and earn an additional 20% interest and form a joint arrangement with Kalamazoo by incurring AUD \$5,000,000 in exploration expenditure (the "Queens Earn-In Amount") over a five-year period (the "Queens Earn-In Period"), with a minimum expenditure of AUD \$250,000 during the first year, AUD \$1,000,000 in each of the second, third, and fourth years, and AUD \$1,750,000 during the fifth and final year of the Queens Earn-In Period. Any expenditure incurred during any year of the Queens Earn-In Period which surpasses the minimum required amount will be credited against the subsequent year's commitment.

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

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

The Company and Kalamazoo also agreed to amend the timing of the Queens Earn-In Amount on March 22, 2021. During the Queens Earn-In Period, the Company would be required to incur AUD \$75,000 during the first year, AUD \$1,000,000 during each of the second, third, and fourth years, and AUD \$1,925,000 during the fifth and final year to earn the additional 20% interest. If Novo does not satisfy the Queens Earn-In Amount during the Queens Earn-In Period, Novo's interest in the Queens Project will decrease to 49%.

Nevada, USA Region

Tuscarora Property

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

Recoverability of exploration and evaluation assets

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

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2022 and 2021

7. PROPERTY, PLANT, AND EQUIPMENT

| | Buildings | Office Furniture and Equipment | Mining Equipment | Dams, Pipelines & Borefields | Exploration Camp | Vehicles | Leasehold Improvement | Capital WIP | Critical Spares | Total |
|-----------------------------------|-----------|--------------------------------|------------------|------------------------------|------------------|----------|-----------------------|-------------|-----------------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross carrying amount at cost | | | | | | | | | | |
| Opening balance - January 1, 2022 | 4,772 | 620 | 80,444 | 10,946 | 662 | 381 | 175 | 3,424 | 1,705 | 103,129 |
| Additions | - | - | 2,912 | - | - | - | - | 2,269 | - | 5,181 |
| Transfers from capital WIP | 387 | 391 | 3,288 | 1,383 | - | 14 | - | (5,463) | - | - |
| Foreign exchange | (175) | (30) | (2,952) | (412) | (23) | (13) | (6) | (56) | (59) | (3,726) |
| Closing balance | 4,984 | 981 | 83,692 | 11,917 | 639 | 382 | 169 | 174 | 1,646 | 104,584 |

| | Buildings | Office Furniture and Equipment | Mining Equipment | Dams, Pipelines & Borefields | Exploration Camp | Vehicles | Leasehold Improvement | Capital WIP | Critical Spares | Total |
|---|-----------|--------------------------------|------------------|------------------------------|------------------|----------|-----------------------|-------------|-----------------|----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Accumulated depreciation and impairment | | | | | | | | | | |
| Opening balance - January 1, 2022 | (1,964) | (312) | (23,121) | (2,895) | (260) | (218) | (22) | - | - | (28,792) |
| Depreciation | (586) | (156) | (11,487) | (2,029) | (88) | (52) | (32) | - | - | (14,430) |
| Impairment | - | (198) | (39,115) | (7,150) | - | (112) | - | - | (1,680) | (48,255) |
| Foreign exchange | 81 | 18 | 1,865 | 293 | 11 | 11 | 1 | - | 34 | 2,314 |
| Closing balance | (2,469) | (648) | (71,858) | (11,781) | (337) | (371) | (53) | - | (1,646) | (89,163) |

Net book value as at December 31, 2021 2,808 308 57,323 8,051 402 163 153 3,424 1,705 74,337

Net book value as at September 30, 2022 2,515 333 11,834 136 302 11 116 174 - 15,421

| | Buildings | Office Furniture and Equipment | Mining Equipment | Dams, Pipelines & Borefields | Exploration Camp | Vehicles | Leasehold Improvement | Capital WIP | Critical Spares | Total |
|-----------------------------------|-----------|--------------------------------|------------------|------------------------------|------------------|----------|-----------------------|-------------|-----------------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross carrying amount at cost | | | | | | | | | | |
| Opening balance - January 1, 2021 | 5,099 | 604 | 76,168 | 396 | 697 | 393 | - | 7,906 | 1,822 | 93,085 |
| Additions | - | - | 28 | 586 | - | - | - | 16,151 | - | 16,765 |
| Transfers from Capital WIP | - | 58 | 9,340 | 10,261 | 375 | 14 | 179 | (20,227) | - | - |
| Disposals | - | - | - | - | (365) | - | - | - | - | (365) |
| Foreign exchange | (327) | (42) | (5,092) | (297) | (45) | (26) | (4) | (406) | (117) | (6,356) |
| Closing balance | 4,772 | 620 | 80,444 | 10,946 | 662 | 381 | 175 | 3,424 | 1,705 | 103,129 |

| | Buildings | Office Furniture and Equipment | Mining Equipment | Dams, Pipelines & Borefields | Exploration Camp | Vehicles | Leasehold Improvement | Capital WIP | Critical Spares | Total |
|---|-----------|--------------------------------|------------------|------------------------------|------------------|----------|-----------------------|-------------|-----------------|----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Accumulated depreciation and impairment | | | | | | | | | | |
| Opening balance - January 1, 2021 | (270) | (66) | (488) | (21) | (343) | (117) | - | - | - | (1,305) |
| Depreciation | (814) | (164) | (4,184) | (290) | (156) | (69) | (23) | - | - | (5,700) |
| Disposals | - | - | - | - | 298 | - | - | - | - | 298 |
| Impairment | (938) | (92) | (19,010) | (2,653) | (80) | (42) | - | - | - | (22,815) |
| Foreign exchange | 58 | 10 | 561 | 69 | 21 | 10 | 1 | - | - | 730 |
| Closing balance | (1,964) | (312) | (23,121) | (2,895) | (260) | (218) | (22) | - | - | (28,792) |

Net book value as at December 31, 2020 4,829 538 75,680 375 354 276 - 7,906 1,822 91,780

Net book value as at December 31, 2021 2,808 308 57,323 8,051 402 163 153 3,424 1,705 74,337

Refer to note 20 for details of impairment.

NOVO RESOURCES CORP.

(Expressed in Canadian Dollars, unless stated otherwise)

Notes to the Condensed Interim Consolidated Financial Statements**(Unaudited)****For the nine months ended September 30, 2022 and 2021****8. RIGHT OF USE ASSETS**

| | Properties \$'000 | Mining Equipment \$'000 | Total \$'000 |
|--------------------------------------|----------------------|----------------------------|-----------------|
| Gross carrying amount at cost | | | |
| Opening balance - January 1, 2022 | 1,288 | 32,888 | 34,176 |
| Lease modification / reassessment | - | (13,988) | (13,988) |
| Disposals | - | (6,333) | (6,333) |
| Foreign exchange | (43) | (731) | (774) |
| Closing balance | 1,245 | 11,836 | 13,081 |

| | Properties \$'000 | Mining Equipment \$'000 | Total \$'000 |
|--|----------------------|----------------------------|-----------------|
| Accumulated depreciation and impairment | | | |
| Opening balance - January 1, 2022 | (310) | (8,088) | (8,398) |
| Depreciation | (298) | (3,827) | (4,125) |
| Lease modification / reassessment | - | 2,425 | 2,425 |
| Impairment | - | (2,233) | (2,233) |
| Disposals | - | 6,333 | 6,333 |
| Foreign exchange | 66 | 194 | 260 |
| Closing balance | (542) | (5,196) | (5,738) |
| Net book value as at December 31, 2021 | 978 | 24,800 | 25,778 |
| Net book value as at September 30, 2022 | 703 | 6,640 | 7,343 |

| | Properties \$'000 | Mining Equipment \$'000 | Total \$'000 |
|--------------------------------------|----------------------|----------------------------|-----------------|
| Gross carrying amount at cost | | | |
| Opening balance - January 1, 2021 | 700 | 40,507 | 41,207 |
| Additions | 1,318 | 12,702 | 14,020 |
| Disposals | (637) | (1,205) | (1,842) |
| Lease modification | - | (16,639) | (16,639) |
| Foreign exchange | (93) | (2,477) | (2,570) |
| Closing balance | 1,288 | 32,888 | 34,176 |

| | Properties \$'000 | Mining Equipment \$'000 | Total \$'000 |
|--|----------------------|----------------------------|-----------------|
| Accumulated depreciation and impairment | | | |
| Opening balance - January 1, 2021 | (506) | (1,465) | (1,971) |
| Depreciation | (417) | (12,613) | (13,030) |
| Disposals | 637 | 742 | 1,379 |
| Impairment | - | (4,657) | (4,657) |
| Lease modification | - | 9,655 | 9,655 |
| Foreign exchange | (24) | 250 | 226 |
| Closing balance | (310) | (8,088) | (8,398) |
| Net book value as at December 31, 2020 | 194 | 39,042 | 39,236 |
| Net book value as at December 31, 2021 | 978 | 24,800 | 25,778 |

The Company's mining contract for the Beatons Creek Project included various items of mining equipment which were accounted for as a lease. The original lease term of the mining equipment was for three years with an option to extend, which was taken into account in the calculation. The contract was modified, and certain mining equipment was demobilized during the year ended December 31, 2021. As at December 31, 2021 the right of use asset relating to mining equipment was partially impaired.

On June 14, 2022, the Company announced the phased wind-down of the operations at the Beatons Creek Project. As a result, the lease liability was remeasured and the right of use asset was adjusted by \$11,659,000 (see note 11). On June 23, 2022 the Company exercised its right to terminate the contract with 60 day's notice. This lease asset was assessed for impairment after the lease liability remeasurement and an impairment of \$2,233,000 was recognized.

The Company's on-site laboratory and sample preparation services include various items of laboratory equipment which have been accounted for as a lease. The term of the laboratory equipment is for three years with an option to extend, which has not been taken into account in the calculation.

The Company also leases office space and properties in Western Australia, to support exploration and operations. The Company applies the recognition exemption for the lease of assets with lease terms of 12 months or less.

NOVO RESOURCES CORP.

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9. MINE DEVELOPMENT ASSET

| | Mine Development Asset \$'000 |
|--------------------------------------|----------------------------------|
| Gross carrying amount at cost | |
| Opening balance - January 1, 2022 | 27,635 |
| Additions | 759 |
| Changes in rehabilitation provision | 1,988 |
| Foreign exchange | (1,026) |
| Closing balance | 29,356 |

| | Mine Development Asset \$'000 |
|--|----------------------------------|
| Accumulated depreciation and impairment | |
| Opening balance - January 1, 2022 | (20,667) |
| Depreciation | (6,151) |
| Foreign exchange | 853 |
| Closing balance | (25,965) |

Net book value as at December 31, 2021 6,968

Net book value as at September 30, 2022 3,391

| | Mine Development Asset \$'000 |
|--------------------------------------|----------------------------------|
| Gross carrying amount at cost | |
| Opening balance - January 1, 2021 | 12,820 |
| Additions | 8,670 |
| Changes in rehabilitation provision | 7,331 |
| Foreign exchange | (1,186) |
| Closing balance | 27,635 |

| | Mine Development Asset \$'000 |
|--|----------------------------------|
| Accumulated depreciation and impairment | |
| Opening balance - January 1, 2021 | - |
| Depreciation | (1,717) |
| Impairment | (19,433) |
| Foreign exchange | 483 |
| Closing balance | (20,667) |

Net book value as at December 31, 2020 12,820

Net book value as at December 31, 2021 6,968

Refer to note 20 for details of impairment.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | September 30, 2022 \$'000 | December 31, 2021 \$'000 |
|--------------------------|------------------------------|-----------------------------|
| Trade and other payables | 4,101 | 3,247 |
| Accrued expenses | 7,985 | 12,731 |
| Employee entitlements | 993 | 916 |
| Total | 13,079 | 16,894 |

There has been a reclassification of a liability from accounts payable and accrued liabilities to provisions in order to reflect the underlying nature of the liability.

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11. LEASE LIABILITIES

| | September 30, 2022 \$'000 | December 31, 2021 \$'000 |
|-----------------------------------|------------------------------|-----------------------------|
| Opening balance | 30,983 | 40,211 |
| Additions | - | 14,000 |
| Disposals | - | (46) |
| Accretion of interest | 1,214 | 3,093 |
| Lease modification / reassessment | (11,564) | (8,896) |
| Payments | (11,996) | (14,982) |
| Foreign exchange | (615) | (2,397) |
| Closing balance | 8,022 | 30,983 |
| Current | 4,136 | 12,453 |
| Non current | 3,886 | 18,530 |

| | 3 Months ended September 30, 2022 \$'000 | 3 Months ended September 30, 2021 \$'000 | 9 Months ended September 30, 2022 \$'000 | 9 Months ended September 30, 2021 \$'000 |
|---|--|--|--|--|
| Expense relating to short term and low value assets | 11 | 53 | 27 | 231 |
| Variable lease payments (included in cost of sales) | 479 | 505 | 1,370 | 988 |

12. LOANS AND BORROWINGS

On September 4, 2020 the Company closed an USD \$60,000,000 financing package (the "Credit Facility") with Sprott Resource Lending Corp. and Sprott Private Resource Lending II (Collector), LP (collectively, "Sprott Lending") to fund the refurbishment of production infrastructure acquired pursuant to the acquisition of Millennium and the development of the Company's Beatons Creek Project.

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

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

The availability of the Credit Facility was subject to certain conditions and covenants, including the maintenance of minimum unrestricted cash and working capital balances.

Pursuant to the terms of the Credit Facility, the Company was able borrow up to USD \$60,000,000 in two tranches, with the first USD \$35,000,000 available immediately and the remaining USD \$25,000,000 ("Sprott Tranche 2") available to be drawn until March 31, 2021, at Novo's sole discretion, upon delivery of a pre-feasibility study acceptable to Sprott Lending on the Company's Beatons Creek Project and the satisfaction of certain other conditions (the "Sprott Tranche 2 Conditions").

On April 7, 2021 the Company amended certain terms of this Credit Facility. The amendment terms included Sprott Tranche 2 being amended to a total of USD \$15,000,000 and extended until September 30, 2021 ("Amended Sprott Tranche 2").

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

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The Credit Facility was scheduled to mature on September 4, 2024. The Credit Facility was accounted for as a financial liability subsequently measured at amortized cost.

On September 8, 2020, the Company drew down the initial USD \$35,000,000 tranche, subject to an "original issue discount" of 12.286% of the initial advance, and less transaction costs, for net cash proceeds of USD \$30,509,000 (\$39,932,000). Any subsequent drawdown could be made in minimum amounts of USD \$5,000,000 per draw down, subject to a 2% issue discount at the time of draw and satisfaction of customary conditions precedent.

On April 8, 2021, pursuant to the Amended Sprott Tranche 2, the Company drew down an additional USD \$5,000,000, subject to the 2% issue discount. Net cash proceeds totalled USD \$4,893,000 (\$6,153,000). The remaining USD \$10,000,000 of the Amended Sprott Tranche 2 expired undrawn on September 30, 2021.

The first draw down of the Credit Facility was initially measured at its fair value of USD \$26,806,000 (\$35,359,000). The effective interest rate on the first tranche was approximately 19% per annum, and the Company paid USD \$2,264,000, (\$3,406,000) of interest payable in cash as at September 30, 2022 (USD \$3,528,000 (\$4,405,000) as at December 31, 2021). Interest has been expensed as an operating cost through profit and loss.

The subsequent USD \$5,000,000 draw down was initially measured at its fair value of USD \$4,802,000 (\$6,040,000) excluding the derivative liability. The 2% discount of USD \$100,000 (\$125,790) was included in determining the amortized cost and the calculation of the effective interest rate of 10% per annum. The Company paid total transaction costs of USD \$107,000 (\$135,000).

The floating interest rate floor of 1% over the base rate and the Company's ability to prepay the outstanding principal balance in whole or in part was determined to be a single compound embedded derivative that was not closely related to the Credit Facility and was bifurcated and accounted for separately. Had the Company elected to prepay the outstanding principal balance in whole or in part, the Company would have paid to Sprott Lending such amount that comprised the difference between the amount of interest that would have accrued and been payable to the second anniversary of any drawdown and interest that had accrued and been paid as at the date of the prepayment on the amount of principal being repaid. At each reporting period, the derivative was fair valued with changes in fair value recorded as a gain or loss in the condensed interim consolidated statement of profit or loss and other comprehensive income ("OCI"). The derivative was reversed on repayment of the Credit Facility and had a fair value of USD \$298,000 (\$378,000) as at the year ended December 31, 2021.

On June 14, 2022 the Company announced the phased wind-down of operations at the Beatons Creek Project which constituted an event of default under the Credit Facility, as amended. The Credit Facility was remeasured and was recorded at the total amount repayable of USD \$40,000,000 (\$51,544,000). An amortized cost adjustment of USD \$4,428,387 (\$5,630,000) was recognised in the statement of profit or loss as a finance cost.

On August 12, 2022, the Company completed repayment of the Credit Facility. The Company paid an aggregate amount of US\$40,144,000 (\$51,316,000) to Sprott Lending in satisfaction of all amounts outstanding, including all accrued interest, on the Credit Facility. No early repayment penalties were paid. The Company has discharged all security previously granted to Sprott Lending in connection with the Credit Facility.

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| | Credit Facility \$'000 | Derivative liability \$'000 | Total \$'000 |
|---|---------------------------|--------------------------------|-----------------|
| Opening balance January 1, 2022 | 43,723 | 378 | 44,101 |
| Interest and accretion | 9,993 | - | 9,993 |
| Payment of cash component of interest | (3,042) | - | (3,042) |
| Derivative liability change in fair value | - | (378) | (378) |
| Repayment | (51,110) | - | (51,110) |
| Foreign exchange gain (loss) | 436 | - | 436 |
| Closing balance - September 30, 2022 | - | - | - |

| | Credit Facility \$'000 | Derivative liability \$'000 | Total \$'000 |
|--|---------------------------|--------------------------------|-----------------|
| Opening balance January 1, 2021 | 34,899 | 984 | 35,883 |
| Fair value on initial recognition (additional draw down) | 6,040 | 113 | 6,153 |
| Interest and accretion | 7,266 | - | 7,266 |
| Payment of cash component of interest | (4,405) | - | (4,405) |
| Derivative liability change in fair value | - | (710) | (710) |
| Foreign exchange gain (loss) | (77) | (9) | (86) |
| Closing balance - December 31, 2021 | 43,723 | 378 | 44,101 |

| | | | |
|-------------|--------|-----|--------|
| Current | 6,339 | - | 6,339 |
| Non current | 37,384 | 378 | 37,762 |

13. PROVISION FOR CLOSURE AND RECLAMATION

The Company recognized a rehabilitation provision on the acquisition of Millennium as well as on the Beatons Creek Project. The Company has calculated the present value of the closure and reclamation provision at September 30, 2022 using a discount rate of 3.74% and inflation rate of 3.39%. The Company has estimated that payments will be made between 2026 and 2036.

Sensitivity analysis was performed to evaluate the difference by extending and shortening the timeframe by 2 years which provided a net present value of \$37,340,000 and \$35,995,000, respectively.

| | September 30, 2022 \$'000 | December 31, 2021 \$'000 |
|------------------------------------|------------------------------|-----------------------------|
| Opening balance | 36,342 | 28,615 |
| Accretion on discounted obligation | 680 | 473 |
| Change in estimate | 1,326 | 9,310 |
| Foreign exchange | (1,316) | (2,056) |
| Closing balance | 37,032 | 36,342 |

14. SUMITOMO FUNDING LIABILITY & CALL OPTION

Egina Farmin Arrangement ("EFA")

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

Under the EFA, Sumitomo Corporation and its wholly owned Australian subsidiary (together, "Sumitomo") had previously agreed to contribute up to USD \$29,660,000 funding to the Project over a 3-year earning period, subject to specific milestones and activity taking place. As at December 31, 2021, Sumitomo had funded AUD \$7,256,000 (CAD \$6,863,000); US\$ 5,000,000) to advance the Project.

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

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

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

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The Reimbursement Option was calculated with reference to Sumitomo's funding contributions, which included certain adjustments including for any notional share of exploration product that Sumitomo had earned over the earning period and, in the case of the Cash Payment Option, accrued interest on the principal outstanding calculated with reference to the London Interbank Offered Rate ("LIBOR") from the date the funding was obtained (the "Reimbursement Payment Amount").

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

The prescribed issue price was the higher of:

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

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

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

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

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

On April 21, 2022, Sumitomo made a final contribution of AUD \$370,000 (\$335,000) and subsequently exercised the Reimbursement Option under the EFA. In response, Novo exercised the Share Payment Option under the EFA and issued 3,382,550 common shares to Sumitomo with a fair value of \$0.94 per share for gross consideration of \$3,180,000, all of which are subject to orderly sale restrictions and a 12-month hold period expiring on April 21, 2023. As a result of Sumitomo's exercise of the Reimbursement Option and Novo's exercise of the Share Payment Option, the EFA was completed and Sumitomo's rights thereunder were extinguished. The Company recognized a gain of \$2,935,000 through profit and loss on the difference between the fair value of the Share Payment Option and the remaining financial liability and written call option on the date of settlement.

| | September 30, 2022 | December 31, 2021 |
|---|--------------------|-------------------|
| | \$'000 | \$'000 |
| Sumitomo funding liability | | |
| Opening balance | 5,780 | 6,071 |
| Draw downs | 342 | - |
| Sumitomo liability change in FVTPL | (2,942) | (89) |
| Reimbursement option adjustment | - | 183 |
| Exercise of Share Payment Option – issuance of 3,382,550 Novo common shares | (3,180) | - |
| Foreign exchange | - | (385) |
| Closing balance | - | 5,780 |

| | September 30, 2022 | December 31, 2021 |
|---|--------------------|-------------------|
| | \$'000 | \$'000 |
| Sumitomo written call option | | |
| Opening balance | 1,083 | 1,157 |
| Expiration on exercise of the reimbursement right | (1,083) | - |
| Foreign exchange | - | (74) |
| Closing balance | - | 1,083 |

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15. CAPITAL AND RESERVES

Authorized

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

Shares issued

Other than the 3,382,550 common shares issued to Sumitomo pursuant to the Share Payment Option under the EFA (see note 14), no common shares were issued during the period ended September 30, 2022. During the year ended December 31, 2021, shares were issued pursuant to the following transactions:

- a) On May 4, 2021 the Company closed a marketed private placement of special warrants (“Special Warrants”) totalling \$26.4 million (the “Offering”). The Company issued 10,353,000 Special Warrants at a price of \$2.55 per Special Warrant. Each Special Warrant converted into one unit of the Company (each a “Special Warrant Unit”) without payment of additional consideration on May 31, 2021 due to the Company obtaining a receipt from the British Columbia Securities Commission, as principal regulator, for final short form prospectuses qualifying the Special Warrant Units underlying the Subscription Receipts on May 31, 2021. Each Special Warrant Unit consists of one common share of the Company (each, a “Special Warrant Unit Share”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”), with each Warrant being exercisable to acquire one common share of the Company at an exercise price of \$3.00 per Warrant Share until May 4, 2024.

The Special Warrants issued were initially recognized as financial liabilities at FVTPL. The financial liability was valued on May 4, 2021 by valuing the underlying components into which the special warrants convert i.e. a Special Warrant Unit comprised of one common share and one-half of one Warrant. Transaction costs of \$1,759,000 were expensed in the statement of profit or loss. The Company used its share price of \$2.29 to value the 10,353,000 shares and used the Black-Scholes option pricing model to value 5,176,500 Warrants using the assumptions detailed below. On May 31, 2021, when the Special Warrants converted into Special Warrant Units of the Company, the fair value of \$31,027,000 was transferred to equity along with accompanying share issue costs of \$59,000.

| | Fair value of special warrants May 4, 2021 | Fair value of special warrants May 31, 2021 |
|----------------------|---|--|
| Share price | \$2.29 | \$2.42 |
| Exercise price | \$3 | \$3 |
| Dividend yield | 0.00% | 0.00% |
| Expected volatility | 83.01% | 83.31% |
| Expected option life | 3 years | 2.93 years |

- b) Refer to note 5 and 6 for shares issued to acquire marketable securities and exploration and evaluation assets.
- c) Refer to this note 15 for details of stock option exercises.

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Warrants

The continuity of warrants is as follows:

| | September 30, 2022 | | December 31, 2021 | |
|----------------------------------|--------------------|------------------------------------|-------------------|------------------------------------|
| | Number | Weighted Average Exercise Price \$ | Number | Weighted Average Exercise Price \$ |
| Balance, beginning of the period | 24,681,218 | 4.11 | 19,504,718 | 4.40 |
| Granted | - | - | 5,176,500 | 3.00 |
| Balance, end of the period | 24,681,218 | 4.11 | 24,681,218 | 4.11 |

Full share equivalent warrants outstanding and exercisable as at September 30, 2022:

| Expiry Date | Price per share \$ | Warrants Outstanding |
|--------------------|--------------------|----------------------|
| August 27, 2023 | 4.40 | 8,596,184 |
| September 7, 2023 | 4.40 | 8,853,427 |
| September 9, 2023 | 4.40 | 726,812 |
| September 14, 2023 | 4.40 | 1,328,295 |
| May 4, 2024 | 3.00 | 5,176,500 |
| | | <u>24,681,218</u> |

Full share equivalent warrants outstanding and exercisable as at December 31, 2021:

| Expiry Date | Price per share \$ | Warrants Outstanding |
|--------------------|--------------------|----------------------|
| August 27, 2023 | 4.40 | 8,596,184 |
| September 7, 2023 | 4.40 | 8,853,427 |
| September 9, 2023 | 4.40 | 726,812 |
| September 14, 2023 | 4.40 | 1,328,295 |
| May 4, 2024 | 3.00 | 5,176,500 |
| | | <u>24,681,218</u> |

Share option plan

Pursuant to the Company's stock option and stock bonus plan (the "Plan"), the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of each option ("Option") shall not be less than the higher of the (i) closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the Toronto Stock Exchange, or (ii) the Company's 'market price' as defined in the policies of the Toronto Stock Exchange.

9,100,000 remaining Options have fully vested as at September 30, 2022. 3,000,000 stock options vest equally over a 3-year period commencing November 2022. 2,500,000 options have expired as at September 30, 2022.

The continuity of stock options is as follows:

| | September 30, 2022 | | December 31, 2021 | |
|--|--------------------|------------------------------------|-------------------|------------------------------------|
| | Number | Weighted Average Exercise Price \$ | Number | Weighted Average Exercise Price \$ |
| Options outstanding, beginning of period | 14,600,000 | 3.18 | 15,085,000 | 3.31 |
| Granted | - | - | 3,000,000 | 1.89 |
| Exercised | - | - | (1,875,000) | (1.05) |
| Expired/cancelled | (2,500,000) | (2.27) | (1,610,000) | (4.46) |
| Options outstanding, end of period | 12,100,000 | 3.22 | 14,600,000 | 3.18 |

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The options outstanding and exercisable at September 30, 2022 were as follows:

| Outstanding Options | | | | Exercisable Options | |
|---------------------|---------------------------------------|--|--|---------------------|--|
| Number Outstanding | Weighted Average Exercise Price \$ | Weighted Average Remaining Contractual Life | | Number Exercisable | Weighted Average Exercise Price \$ |
| 1,500,000 | 0.95 | 0.54 | | 1,500,000 | 0.95 |
| 150,000 | 1.57 | - | | 150,000 | 1.57 |
| 1,600,000 | 7.70 | 0.05 | | 1,600,000 | 7.70 |
| 650,000 | 3.47 | 0.33 | | 650,000 | 3.47 |
| 285,000 | 4.60 | 0.68 | | 285,000 | 4.60 |
| 4,915,000 | 3.57 | 2.33 | | 4,915,000 | 3.57 |
| 3,000,000 | 1.89 | 4.15 | | - | 1.89 |
| 12,100,000 | 3.37 | 2.08 | | 9,100,000 | 3.86 |

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

| Outstanding Options | | | | Exercisable Options | |
|---------------------|---------------------------------------|--|--|---------------------|--|
| Number Outstanding | Weighted Average Exercise Price \$ | Weighted Average Remaining Contractual Life | | Number Exercisable | Weighted Average Exercise Price \$ |
| 1,750,000 | 0.95 | 0.43 | | 1,750,000 | 0.95 |
| 1,775,000 | 1.57 | 0.55 | | 1,775,000 | 1.57 |
| 1,750,000 | 7.70 | 0.80 | | 1,750,000 | 7.70 |
| 800,000 | 3.47 | 1.08 | | 800,000 | 3.47 |
| 335,000 | 4.60 | 1.43 | | 335,000 | 4.60 |
| 5,190,000 | 3.57 | 3.07 | | - | 3.57 |
| 3,000,000 | 1.89 | 4.90 | | - | 1.89 |
| 14,600,000 | 3.18 | 2.40 | | 6,410,000 | 3.47 |

For the period ended September 30, 2022, the total share-based payment expense was \$2,209,000 (period ended September 30, 2021: \$8,851,000).

Loss per share

As the Company has made a net loss for the period ended September 30, 2022, all Options and warrants on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These Options and warrants could potentially dilute basic earnings per share in the future. Since the end of the period, no further Options or warrants have been issued and no Options or warrants have been exercised.

Nature and purpose of reserves

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

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

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

The foreign currency translation reserve is used to recognize exchange differences arising from the translation of the financial statements of foreign subsidiaries with functional currencies other than Canadian dollar.

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

A reconciliation of the Company's annual movement in accumulated OCI is as follows:

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| | Movement in FVTOCI \$'000 | Foreign exchange on translation of subsidiaries \$'000 | Total \$'000 |
|---|------------------------------|--|-----------------|
| Balance as at December 31, 2020 restated | 6,028 | 299 | 6,327 |
| APM Shares | 45 | - | 45 |
| Calidus shares | 2,470 | - | 2,470 |
| E3D shares | 9,813 | - | 9,813 |
| Essential Metals | 36 | - | 36 |
| Kalamazoo shares | (2,025) | - | (2,025) |
| GBM shares | (267) | - | (267) |
| New Found shares | 27,450 | - | 27,450 |
| Deferred tax on marketable securities | (3,181) | - | (3,181) |
| Foreign exchange on translation of subsidiaries | - | (14,696) | (14,696) |
| Total | 34,341 | (14,696) | 19,645 |
| Balance as at December 31, 2021 | 40,369 | (14,397) | 25,972 |
| E3D shares | 1,340 | - | 1,340 |
| 1342980 B.C.Ltd shares | 291 | - | 291 |
| Kalamazoo shares | (1,633) | - | (1,633) |
| GBM shares | (794) | - | (794) |
| New Found shares | (31,050) | - | (31,050) |
| Deferred tax on marketable securities | 2,602 | - | 2,602 |
| Foreign exchange on translation of subsidiaries | - | (5,492) | (5,492) |
| Total | (29,244) | (5,492) | (34,736) |
| Balance as at September 30, 2022 | 11,125 | (19,889) | (8,764) |

16. REVENUE

| | 3 Months ended September 30, 2022 \$'000 | 3 Months ended September 30, 2021 \$'000 | 9 Months ended September 30, 2022 \$'000 | 9 Months ended September 30, 2021 \$'000 |
|---|--|--|--|--|
| <i>Revenue from contracts with customers earned during mine development</i> | | | | |
| Gold sales | - | 42,890 | - | 82,223 |
| Silver sales | - | 74 | - | 163 |
| <i>Revenue from contracts with customers earned after mine development</i> | | | | |
| Gold sales | 27,953 | - | 89,416 | - |
| Silver sales | 34 | - | 131 | - |
| Total | 27,987 | 42,964 | 89,547 | 82,386 |

17. COST OF SALES

| | 3 Months ended September 30, 2022 \$'000 | 3 Months ended September 30, 2021 \$'000 | 9 Months ended September 30, 2022 \$'000 | 9 Months ended September 30, 2021 \$'000 |
|--|--|--|--|--|
| <i>Costs of sales incurred during mine development</i> | | | | |
| Cost of sales (including royalties) | - | 33,577 | - | 72,999 |
| <i>Costs of sales incurred after mine development</i> | | | | |
| Cost of production | 17,524 | - | 81,115 | - |
| Depreciation, depletion and impairment | 6,189 | - | 20,177 | - |
| Royalties | 1,901 | - | 6,360 | - |
| Treatment and refining charges | 12 | - | 187 | - |
| Changes in inventory | 6,635 | - | 4,322 | - |
| Total | 32,261 | 33,577 | 112,161 | 72,999 |

18. GENERAL ADMINISTRATION

| | 3 Months ended September 30, 2022 \$'000 | 3 Months ended September 30, 2021 \$'000 | 9 Months ended September 30, 2022 \$'000 | 9 Months ended September 30, 2021 \$'000 |
|----------------------|--|--|--|--|
| Accounting and audit | 92 | 78 | 448 | 470 |
| Consulting services | 212 | 151 | 683 | 774 |
| Insurance | 223 | 933 | 659 | 1,566 |
| Legal fees | 243 | 149 | 484 | 432 |
| Office and general | 1,175 | 100 | 2,315 | 3,052 |
| Share based payments | 461 | 1,865 | 2,209 | 8,851 |
| Wages and salaries | 799 | 1,650 | 3,959 | 4,834 |
| Total | 3,205 | 4,926 | 10,757 | 19,979 |

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19. EXPLORATION EXPENDITURE

| | 3 Months ended September 30, 2022 \$'000 | 3 Months ended September 30, 2021 \$'000 | 9 Months ended September 30, 2022 \$'000 | 9 Months ended September 30, 2021 \$'000 |
|-------------------------|--|--|--|--|
| Field work | 7,221 | 3,009 | 21,476 | 6,709 |
| Office and general | 228 | 131 | 493 | 593 |
| Tenement administration | 724 | 1,738 | 1,593 | 2,521 |
| Total | 8,173 | 4,878 | 23,562 | 9,823 |

20. IMPAIRMENT OF NON-CURRENT ASSETS

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 September 30, 2022:

- (i) the Company’s market capitalisation has decreased below the Company’s net asset value,
- (ii) the current uncertainty regarding the timing of the receipt of the requisite approvals for the Fresh component of the Beatons Creek Project mineral resource, particularly since the Western Australian Environmental Protection Agency’s decision to not assess the Company’s proposed Beatons Creek Project Fresh operations submission (“Fresh Submission”) was appealed by a third party, and
- (iii) in addition to the November 2022 updated mineral resource estimate, the currently inflated cost environment in the mining industry, a tight Western Australian labour market and COVID-19 related supply challenges, which indicate that the economic performance of the Fresh component of the Beatons Creek Project may be worse than expected.

Based on certain factors mentioned above, the Company determined that the Beatons Creek Project should be placed on care and maintenance until further clarity is available on the status of the Fresh Submission approvals and economic conditions become more favourable. Considering these conditions existed at September 30, 2022, the Company has determined that the Beatons Creek Project should be assessed for impairment at this date.

The recoverable amount of the CGU was 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 was 10.55%.

The following impairment charge was recognized during the period ended September 30, 2022 to record the assets in the CGU at their estimated recoverable amount:

| Details | Carrying value \$'000 | Impairment loss \$'000 | Foreign exchange \$'000 | Recoverable amount \$'000 |
|-------------------------------------|--------------------------|---------------------------|-------------------------|------------------------------|
| Mine development asset ¹ | 3,391 | - | - | 3,391 |
| Property, plant and equipment | 59,785 | (48,255) | 1,004 | 12,534 |
| Inventory ² | 5,437 | - | - | 5,437 |
| Total | 68,613 | (48,255) | 1,004 | 21,362 |

1) Mine development asset valued using the \$/oz Au resource multiple (refer to Note 9)

2) Inventory carried at net realizable value (refer to Note 3)

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. The table below summarises the key assumptions used:

| Details | 2022 | 2023 | 2024 | 2025 | Long-Term |
|---------------------------------|---------|---------|---------|---------|-----------|
| Level 2 | | | | | |
| Gold price (US\$/oz) | \$1,789 | \$1,794 | \$1,754 | \$1,733 | \$1,648 |
| Foreign exchange rate (USD/AUD) | 1.34 | 1.42 | 1.40 | 1.39 | 1.39 |
| \$/oz Au resource multiple | \$34 | \$34 | \$34 | \$34 | \$34 |
| Level 3 | | | | | |
| Gold recoveries (%) | 92% | 92% | 92% | 92% | 92% |
| Discount rate (post-tax) | 10.55% | 10.55% | 10.55% | 10.55% | 10.55% |

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The determination of FVLCD is 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.

Sensitivity analysis

It was estimated that a change in key assumptions, in isolation would have had the following approximate impact on the recoverable amount as at September 30, 2022:

| Details | Increase / (decrease) in recoverable amount \$'000 | |
|--|---|-------|
| +/- 5% change in gold price (US\$/oz) | 11,297 | - |
| +/- 5% change in operating costs | - | 8,762 |
| +/- 1% change in discount rate | 303 | - |
| <i>The sensitivity analysis has been limited to nil as the assets have been written down to their individual recoverable amounts</i> | | |

21. OTHER INCOME, NET

| | 3 Months ended September 30, 2022 \$'000 | 3 Months ended September 30, 2021 \$'000 | 9 Months ended September 30, 2022 \$'000 | 9 Months ended September 30, 2021 \$'000 |
|--|--|--|--|--|
| Change in fair value of warrants | 5 | (18) | (215) | (1,392) |
| Gain on derivative asset at fair value through profit and loss | 3,767 | - | 22,275 | - |
| Foreign exchange (loss) / gain | 123 | (837) | (309) | (276) |
| Other income | 172 | 535 | 1,270 | 775 |
| Derecognition of associate (New Found) | - | 85,636 | - | 85,636 |
| Share of loss of associate (New Found) | - | 2,372 | - | 3,951 |
| Total | 4,067 | 87,688 | 23,021 | 88,694 |

22. FINANCE ITEMS

| | 3 Months ended September 30, 2022 \$'000 | 3 Months ended September 30, 2021 \$'000 | 9 Months ended September 30, 2022 \$'000 | 9 Months ended September 30, 2021 \$'000 |
|--|--|--|--|--|
| Interest income on bank deposits | 282 | 44 | 475 | 65 |
| Finance income | 282 | 44 | 475 | 65 |
| Deferred consideration accretion expense | - | - | - | 2 |
| Derivative liability change in fair value | (17) | (101) | (378) | (389) |
| Lease interest expense | 207 | 866 | 1,215 | 2,416 |
| Rehabilitation provision accretion expense | 317 | 153 | 680 | 335 |
| Sprott debt facility interest | 648 | 1,903 | 9,993 | 5,345 |
| Special warrants change in fair value | - | - | - | 4,627 |
| Special warrants financing costs | - | - | - | 1,759 |
| Sumitomo liability change in fair value | - | - | (2,942) | (90) |
| Finance costs | 1,155 | 2,821 | 8,568 | 14,005 |

23. RELATED PARTY DISCLOSURES

Key Management Personnel Disclosures

During the periods ended September 30, 2022 and 2021, the following amounts were incurred with respect to the key management and directors of the Company:

| | 3 Months ended September 30, 2022 \$'000 | 3 Months ended September 30, 2021 \$'000 | 9 Months ended September 30, 2022 \$'000 | 9 Months ended September 30, 2021 \$'000 |
|--|--|--|--|--|
| Consulting services - short term employee benefits | 45 | 45 | 135 | 135 |
| Wages and salaries - short term employee benefits | 258 | 387 | 1,070 | 1,149 |
| Share-based payments | 462 | 956 | 1,789 | 3,619 |
| Total | 765 | 1,388 | 2,994 | 4,903 |

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24. FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, other receivables, marketable securities, accounts payable, provisions, lease liabilities, and accrued liabilities. Prior to September 30, 2022, the Company's financial instruments also included, 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 was measured in their entirety as at FVTPL, except to the extent that the change in fair value was attributable to changes in credit risk of the Sumitomo funding liability in which case it was presented in OCI. The Credit Facility was initially recognized at fair value and was subsequently measured at amortized cost using the effective interest method. The Credit Facility was repaid in full on August 11, 2022 (refer to note 12). The derivative liability was initially recognized at fair value and was subsequently measured in its entirety at FVTPL.

Financial Instruments carried at fair value include:

- The marketable securities for listed shares are measured using Level 1 inputs. The fair values of marketable securities are measured at the closing market price obtained from 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.
- The Sumitomo funding liability balance was measured using Level 3 inputs. 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.

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| | Fair Value Hierarchy | | | Total \$'000 |
|--|----------------------|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | |
| As at September 30, 2022 | | | | |
| Financial assets at Fair Value | | | | |
| Marketable securities | 2,160 | 16 | 18,393 | 20,569 |
| Total September 30, 2022 | 2,160 | 16 | 18,393 | 20,569 |
| 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 |

| | September 30, 2022 \$'000 | December 31, 2021 \$'000 |
|--|------------------------------|-----------------------------|
| Reconciliation of the fair value measurement of Level 3 unlisted investments | | |
| Opening balance | 16,507 | 6,610 |
| Additions | 192 | - |
| Remeasurement recognised through other comprehensive income | 1,694 | 9,897 |
| Remeasurement recognised through profit and loss | - | - |
| Closing balance | 18,393 | 16,507 |
| Reconciliation of the fair value measurement of Level 3 financial liabilities | | |
| Opening balance | 6,158 | 7,055 |
| Purchases | - | - |
| Settlement | (3,180) | - |
| Remeasurement recognised through profit and loss | (3,320) | (710) |
| Foreign currency translation adjustment | 342 | (187) |
| Closing balance | - | 6,158 |

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.

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

- mining operations, which include the Company's development, production and administration in relation to the Beatons Creek Project; and
- exploration operations.

The information reported below as at and for the periods ended September 30, 2022 and 2021 is based on the information provided to the Acting Chief Executive Officer.

| Three month ended September 30, 2022 | | | | |
|--|-----------------------------|----------------------------------|-----------------------|-----------------|
| | Mining operations \$'000 | Exploration operations \$'000 | Unallocated \$'000 | Total \$'000 |
| Revenue | 27,987 | - | - | 27,987 |
| Segment result - net profit / (loss) for the period before tax | (55,728) | (7,692) | 2,707 | (60,713) |
| Three month ended September 30, 2021 | | | | |
| | Mining operations \$'000 | Exploration operations \$'000 | Unallocated \$'000 | Total \$'000 |
| Revenue | 42,964 | - | - | 42,964 |
| Segment result - net profit / (loss) for the period before tax | 8,321 | (7,433) | 83,446 | 84,334 |
| Nine month ended September 30, 2022 | | | | |
| | Mining operations \$'000 | Exploration operations \$'000 | Unallocated \$'000 | Total \$'000 |
| Revenue | 89,547 | - | - | 89,547 |
| Segment result - net profit / (loss) for the period before tax | (81,316) | (18,317) | 9,373 | (90,260) |
| Nine month ended September 30, 2021 | | | | |
| | Mining operations \$'000 | Exploration operations \$'000 | Unallocated \$'000 | Total \$'000 |
| Revenue | 82,386 | - | - | 82,386 |
| Segment result - net profit / (loss) for the period before tax | 5,731 | (3,759) | 66,956 | 68,928 |
| | Mining operations \$'000 | Exploration operations \$'000 | Unallocated \$'000 | Total \$'000 |
| Total assets - September 30, 2022 | 112,965 | 74,318 | 79,758 | 267,041 |
| Total liabilities - September 30, 2022 | 57,675 | 6,724 | 8,583 | 72,982 |
| Total assets - December 31, 2021 | 208,533 | 71,357 | 182,792 | 462,682 |
| Total liabilities - December 31, 2021 | 82,778 | 10,998 | 54,644 | 148,420 |