



NOVO RESOURCES CORP.

(TSX: NVO; OTCQX: NSRPF)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") of the results of operations and financial condition of Novo Resources Corp. (the "**Company**" or "**Novo**"), dated as of May 12, 2023, should be read in conjunction with the condensed interim consolidated financial statements of Novo for the three months ended March 31, 2023 (the "**Q1 Financial Statements**") and accompanying notes thereto. The Q1 Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting ("**IAS**") as issued by the International Accounting Standards Board ("**IASB**"). This MD&A includes the results of the Company's subsidiaries, Novo Resources (USA) Corp., Conglomerate Gold Exploration (B.V.I.) Ltd., Karratha Gold Exploration (B.V.I.) Ltd., Conglomerate Gold Exploration Pty. Ltd., Nullagine Gold Pty. Ltd., Beatons Creek Gold Pty. Ltd., Grant's Hill Gold Pty. Ltd., Karratha Gold Pty. Ltd., Rocklea Gold Pty. Ltd., Meentheena Gold Pty. Ltd., Farno-McMahon Pty. Ltd., and Millennium Minerals Pty. Ltd. ("**Millennium**").

In this MD&A:

"**Q1 2023**" means the three-month period ended March 31, 2023.

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

"**Q4 2022**" means the three-month period ended December 31, 2022

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

All amounts are expressed in Canadian dollars unless otherwise stated, and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise noted. Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2022, is available under the Company's profile on SEDAR at www.sedar.com.

Certain non-IFRS financial performance measures¹ are included in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide readers with an improved ability to evaluate the Company's underlying performance and compare its results to other companies. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers. The non-IFRS financial performance measures included in this MD&A are available liquidity and working capital. Refer to the *Non-IFRS Measures* section for further details and reconciliations of such non-IFRS measures.

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

¹ Refer to non-IFRS measures on page 19.

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FINANCIAL AND OPERATING HIGHLIGHTS

Q1 2023 Summary

- No lost time injuries were recorded across the Company's Australian projects through Q1 2023.
- The Company focused its exploration efforts on analyzing results from its prospective Egina Gold Camp, with encouraging aircore drilling results from the Becher Area target² and significant new gold targets identified in the Mosquito Creek Basin³. Drilling also commenced at the Catia prospect at Bellary Dome⁴.
- Cash and cash equivalents totaled \$30.7 million as at March 31, 2023, up from \$21.9 million as at March 31, 2022 and down from \$48.0 million as at December 31, 2022.
- The acquisition of the remaining 50% interests in the Queens and Malmsbury projects was announced on March 9, 2023 and closed on April 24, 2023 (refer to *Significant Business Developments & Outlook – Consolidation of Belltopper Gold Project, Victoria, Australia*)⁵.
- Aggregate current and non-current marketable securities totaled \$25.5 million as at March 31, 2023, down from \$135.2 million as at March 31, 2022 due to the divestment of the Company's investment in New Found Gold Corp⁶ (refer to Note 5 of the Q1 Financial Statements) and up from \$20.7 million as at December 31, 2022 as a result of the increase in the value of the Company's investment in San Cristobal Mining Inc. (formerly 1342980 BC Ltd.) ("**SCM**") (refer to *Q1 2023 Compared to Q1 2022 – Other Comprehensive Loss*).

OVERVIEW OF NOVO

The Company was incorporated on October 28, 2009 pursuant to the *Business Corporations Act* (British Columbia) as Galliard Resources Corp. On June 27, 2011, the Company changed its name from Galliard Resources Corp. to Novo Resources Corp. The Company also registered as a foreign company with the Australian Securities & Investments Commission on January 13, 2023. 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 Group's OTCQX International Exchange under the symbol "NSRPF".

The Company is engaged primarily in the business of evaluating, acquiring, exploring, and developing natural resource properties with a focus on gold. The Company holds approximately 10,500 sq km of land in the Pilbara region of Western Australia and has an extensive exploration program designed to aggressively advance its targets. The Company has exploration tenure in Victoria, Australia, and also holds equity investments in a number of companies.

SIGNIFICANT BUSINESS DEVELOPMENTS & OUTLOOK

Exploration Program Update Q1 2023⁷

Field exploration programs recommenced in both the Pilbara and Victorian Projects during Q1 2023.

² Refer to the Company's news release dated [February 14, 2023](#).

³ Refer to the Company's news release dated [February 9, 2023](#).

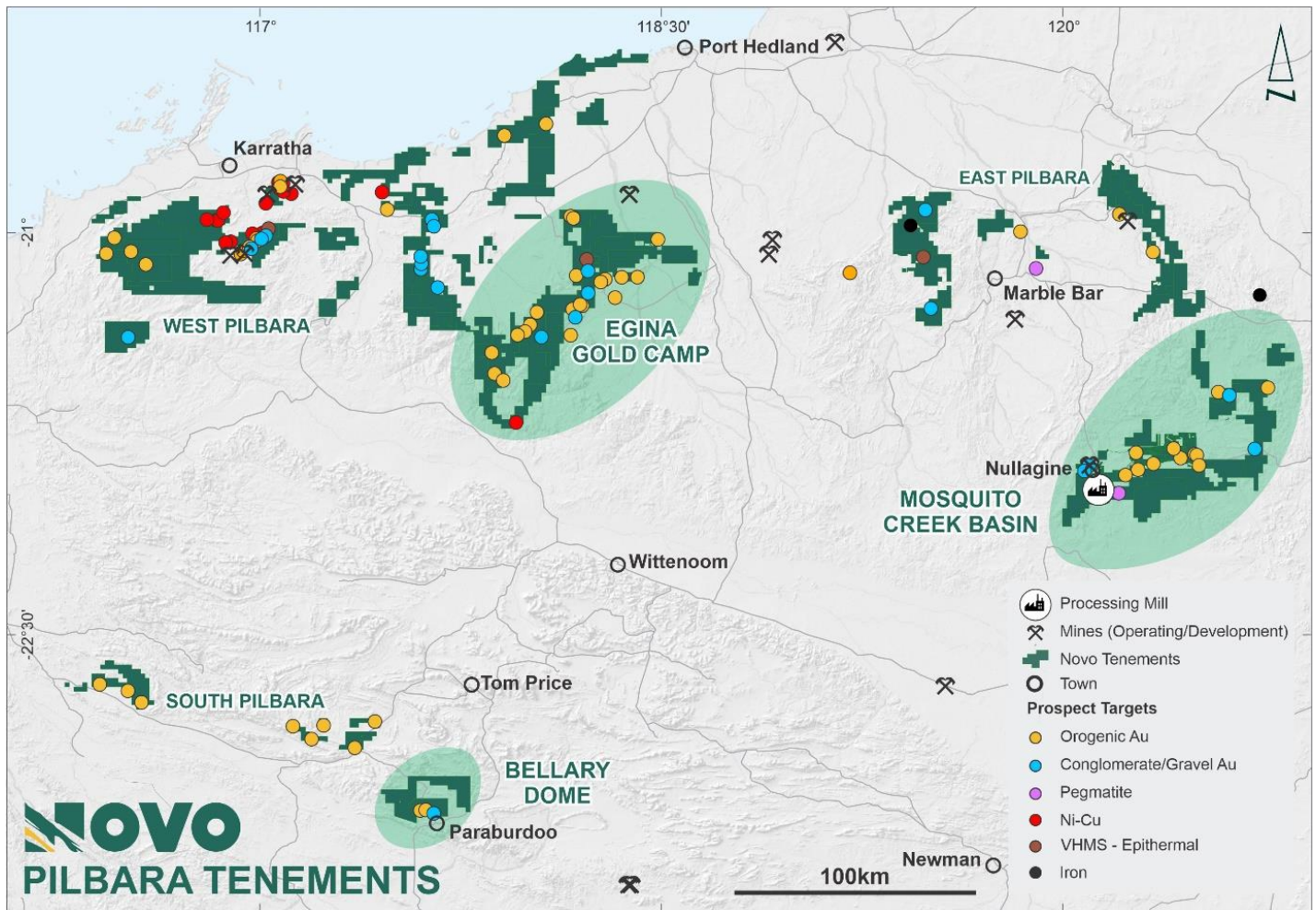
⁴ Refer to the Company's news release dated [March 22, 2023](#).

⁵ Refer to the Company's news release dated [March 9, 2023](#) and [April 24, 2023](#).

⁶ Refer to the Company's news release dated [April 12, 2022](#) and [August 8, 2022](#).

⁷ Refer to the Company's public disclosure record for further details.

A reverse circulation (“RC”) drilling program started in the South Pilbara at the Catia orogenic gold prospect and continued as at March 31, 2023. Preparation for aircore (“AC”) drilling to recommence in the Egina Gold Camp at Becher in Q2 2023 is near completion, but weather dependant. In the East Pilbara, exploration is currently focused on the Mosquito Creek Basin at Nullagine. In Victoria, focus has been on integration of data from the newly consolidated Belltopper Project.



Novo's Pilbara landholding, project areas and priority prospects

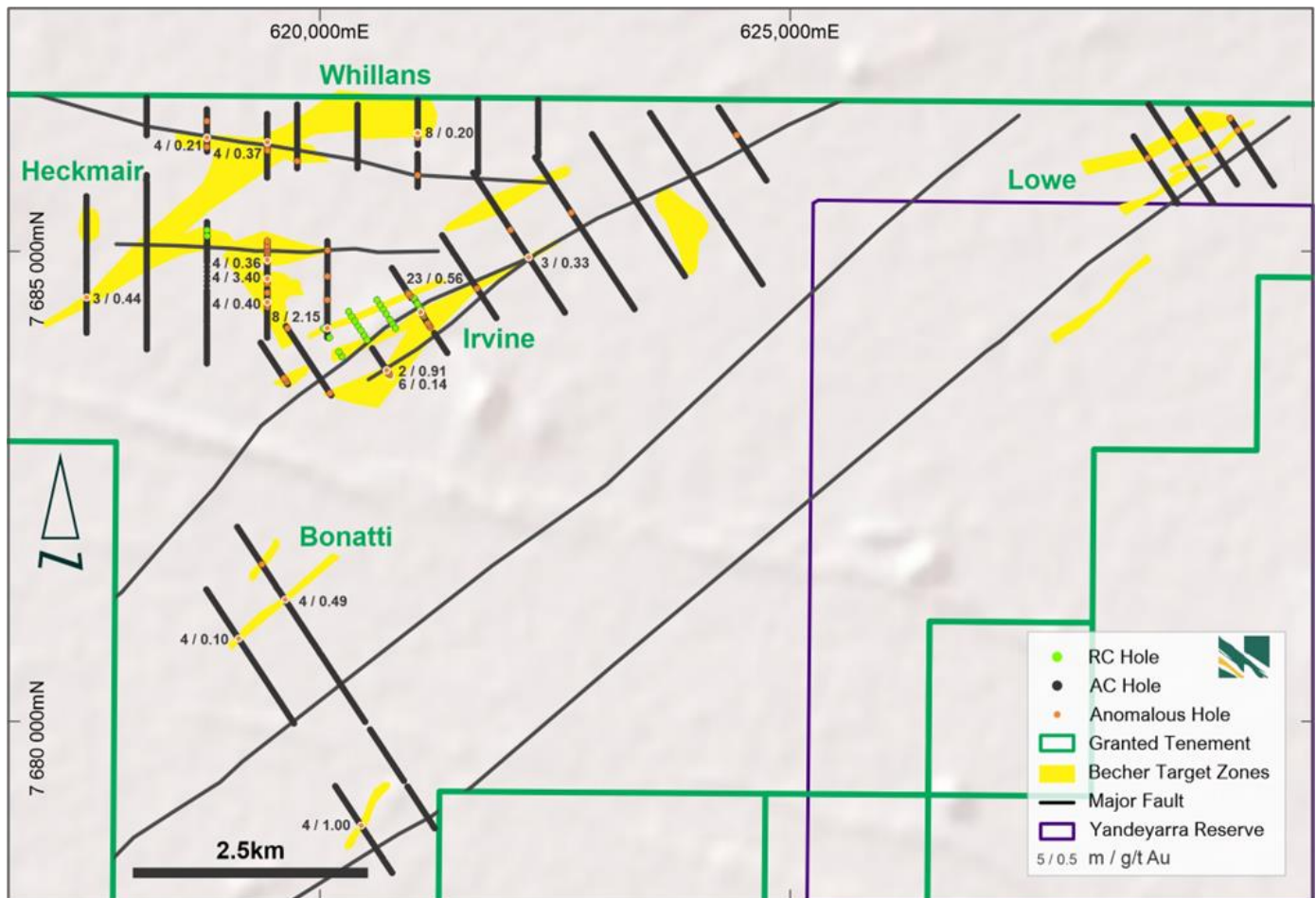
The Bellary Dome project (“**Bellary**”) is one of Novo’s priority target areas in the Pilbara. Bellary is an area of structural uplift along the southern margin of the Pilbara Craton where both historic and more recent explorers have identified significant gold targets. Field work carried out by Novo, combined with historical exploration review completed in 2020 and 2021 highlighted several gold targets with Catia (orogenic gold) and Edney’s Find (conglomerate gold) being prioritised for drilling.

The Catia prospect is a structurally complex area geologically, comprising ultramafic to mafic rocks, sulphidic quartz veins and highly foliated sedimentary rocks, and hosting a network of shallow and steep dipping gold-rich quartz veins within a west-northwest trending shear zone. Rock chips from reconnaissance mapping and sampling by Novo in 2021 and 2022 returned significant anomalous gold values with peak results of 556 ppm Au and 117 ppm Au⁸. Broad (km) scale carbonate, silica and sulphide alteration has also been identified across all stratigraphic units at Bellary.

⁸ Refer to the Company’s news release dated [March 22, 2023](#).

The RC program at Catia is designed to test both mineralised vein outcrop, and also drill along strike on the Catia Trend under cover to the southeast, where thin transported colluvium may be masking the true extent of gold system. A total of 16 holes for 1,503 m were completed at Catia prior to March 31, 2023. Results are awaited.

AC drilling in the Egina Gold Camp is expected to recommence in early April 2023. The accelerated exploration program at Becher in 2022 was designed to systematically test multiple structural and intrusive targets along a series of interpreted significant shear corridors, including the ENE trending Irvine and Bonatti shears and the EW trending Whillans and Heckmair shears. Broad spaced (approximately 640 m) drill lines have been completed in the first instance to enable rapid coverage of these interpreted targets. The program resulted in five prospects requiring follow up drilling at Heckmair, Irvine, Whillans, Lowe and Bonatti.



Becher target area showing best gold intercepts to date with well-defined targets (in yellow) generated from gold results > 0.1 g/t, multielement analysis of pathfinder geochemistry and lithochemochemistry, and visual logging during AC drilling.

Peak AC results from these prospects follow²:

Irvine prospect:

- 8 m @ 2.15 g/t Au from 8 m (F0632)
- 23 m @ 0.56 g/t Au from 0 m (A0034)
- 2 m @ 0.91 g/t Au from 66 m (A003)

Whillans prospect:

- 8 m @ 0.20 g/t Au from 16 m (F0519)
- 4 m @ 0.37 g/t Au from 20 m (F1136)

Heckmair prospect:

- 4 m @ 0.40 g/t Au from 12 m (F0738)
- 3 m @ 0.44 g/t Au from 20 m (F0858)

Bonatti prospect:

- 4 m @ 0.99 g/t Au from 17m (F1393)
- 5 m @ 0.49 g/t Au from 8m (F1242)
- 4 m @ 0.10 g/t Au from 4m (F1260)
- 4 m @ 0.10 g/t Au from 4m (F1194)

Peak RC drilling results from Irvine include:

- 33 m @ 0.493 g/t Au from 33 m (G0005) including 5 m @ 1.28 g/t Au
- 20 m @ 0.406 g/t Au from 32 m (G0016)
- 24 m @ 0.390 g/t Au from 76 m (G0018)

More recently, lithogeochemical and pathfinder analysis of bottom of hole AC samples has been completed, recognising a suite of prospective hornblende-diorite intrusions ('sanukitoids') within and around the targeted structural corridors. These intrusions are commonly associated with gold deposits in the Mallina Basin. Predictive pathfinder element patterns have also been identified using elements such as arsenic, antimony, and tungsten.



Becher target area showing peak gold assays, results from lithogeochemical assessment draped over 1VD aeromagnetics.

Some 20,000 m AC drilling is planned for Q2 2023. This program will test multiple, high-priority structural and intrusion-hosted gold targets, delineated in well-defined and highly anomalous structural corridors. Significant gold and pathfinder anomalism, coupled with improved geological interpretation has located an area some 20 km sq (at Irvine, Heckmair and Whillans) and will be the initial program priority.

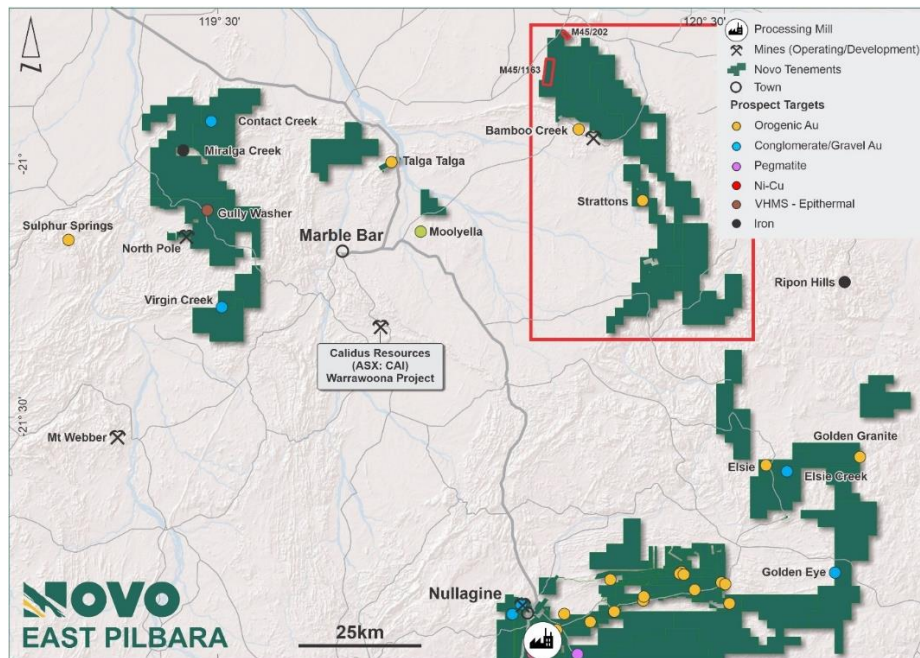
In the East Pilbara a basin-wide targeting exercise utilising newly acquired high resolution geophysical data and other regional data sets was conducted across the Mosquito Creek Basin, with ground truthing field work follow up as conditions permit. Aircore drill planning (H2 2023) for programs testing new trends or extensions and targets under cover continues.

In Victoria reconnaissance mapping and sampling programs recommenced at the Belltopper Project, focussing on the Queens tenure. Results from geophysical programs completed in December 2022 across the Malmsbury and Queens Projects (induced polarisation, ground gravity and ground magnetics) were received and all data is being integrated into a 3D geological model for use in drill targeting and planning for H2 2023.

Second and Final Completion with Creasy Group

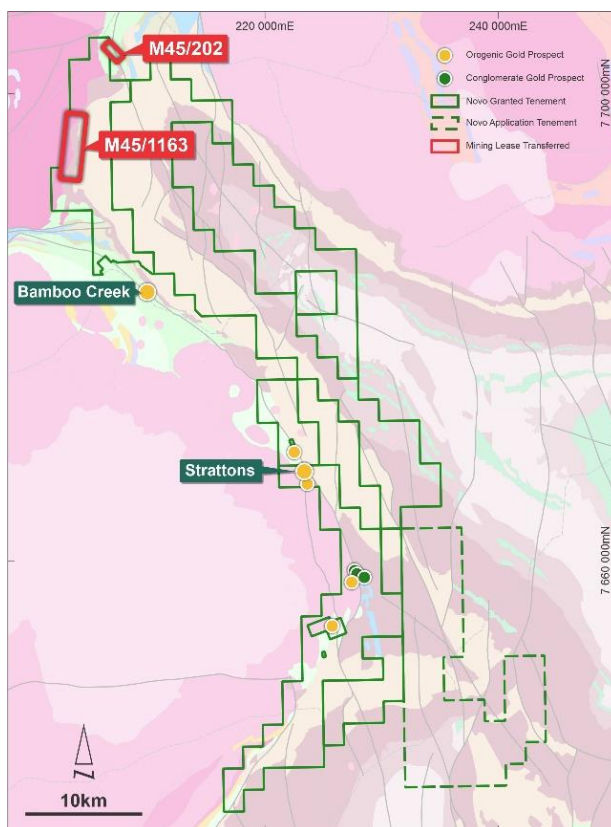
On January 20, 2023⁹, the Company issued 8,431 common shares to Mark Creasy and entities controlled by him (collectively, the “**Creasy Group**”) in exchange for a 100% interest in mining lease 45/202 and a 70% interest in mining lease 45/1163, both of which are located in the East Pilbara region of Western Australia. The shares are subject to a statutory hold period expiring on May 20, 2023.

Acquisition of the mining leases completed Novo’s consolidation of the Bamboo Creek and Strattons Project areas, east of Marble Bar. These projects are prospective for orogenic gold, silver and base metal mineralisation within the Archaean greenstone belt flanking the Mt Edgar Batholith. The greenstone belt is overlain by the Fortescue Formation, which is prospective for conglomerate gold mineralisation.



Mining leases in relation to Novo's Marble Bar tenure.

⁹ Refer to the Company's news release dated [January 20, 2023](#).



Bamboo Creek and Strattons Project targets.

Consolidation of Belltopper Gold Project, Victoria, Australia⁵

On April 24, 2023, the Company completed the acquisition of residual 50% interests in the Queens Project from Kalamazoo Resources Limited (ASX:KZR) (“**Kalamazoo**”) and the Malmsbury Project from GBM Resources Limited (ASX:GBZ) (“**GBM**”). The Company now holds a 100% interest in the Malmsbury and Queens Projects, referred to as the Belltopper Gold Project.

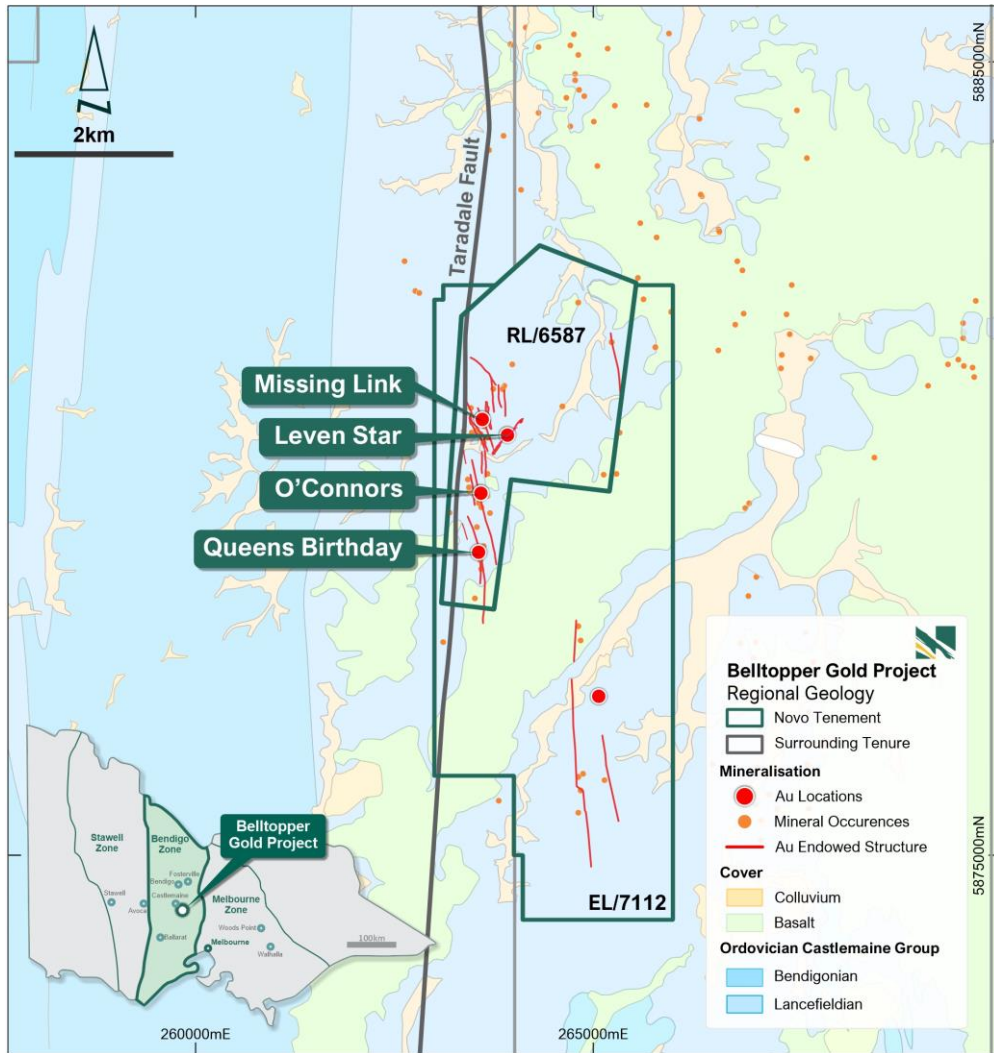
Malmsbury Project

Novo paid A\$1 million and issued 4,037,872 common shares and 2,018,936 transferable common share purchase warrants (collectively, the “**GBM Securities**”) to GBM for its residual 50% interest in the Malmsbury Project, with each warrant entitling GBM to purchase one additional common share of the Company at a price of C\$0.60 until April 24, 2025. All of the GBM Securities, and any common shares of the Company issued upon exercise of such warrants, are subject to a statutory hold period expiring on August 25, 2023, along with an additional contractual hold period expiring on April 24, 2024.

In addition, the previously agreed 2.5% maximum net smelter returns royalty has been retained by GBM. The Malmsbury Project is potentially encumbered by certain pre-existing royalties for which GBM has indemnified Novo.

Queens Project

Novo paid A\$0.75 million and issued 2,088,554 common shares (the “**Kalamazoo Securities**”) to Kalamazoo for its 50% interest in the Queens Project on an encumbrance-free basis. The royalty previously held by Kalamazoo has been terminated in conjunction with this acquisition. All of the Kalamazoo Securities are subject to a statutory hold period expiring on August 25, 2023, along with an additional contractual hold period expiring on April 24, 2024.



Geology and tenements of the Belltopper Gold Project.

SUSTAINABILITY

The Company released its inaugural sustainability statement for the 12-month period ended June 30, 2022 in November 2022¹⁰.

Health and Safety

The health and safety of the Company's employees, contractors, and communities in which Novo operates is paramount. The Company's 12-month trailing TRIFR was 21.3. The Company continues to enhance its health and safety protocols, including its focus on implementing critical risk controls, behaviours, and culture, for its care and maintenance operations at the Beatons Creek Project and its Pilbara-wide and Victoria exploration efforts.

Environment

The Company works closely with the West Australian regulatory bodies, particularly the Department of Mines, Industry Regulation and Safety ("DMIRS"), the Department of Water and Environmental

¹⁰ Refer to the Company's news release dated [November 16, 2022](#).

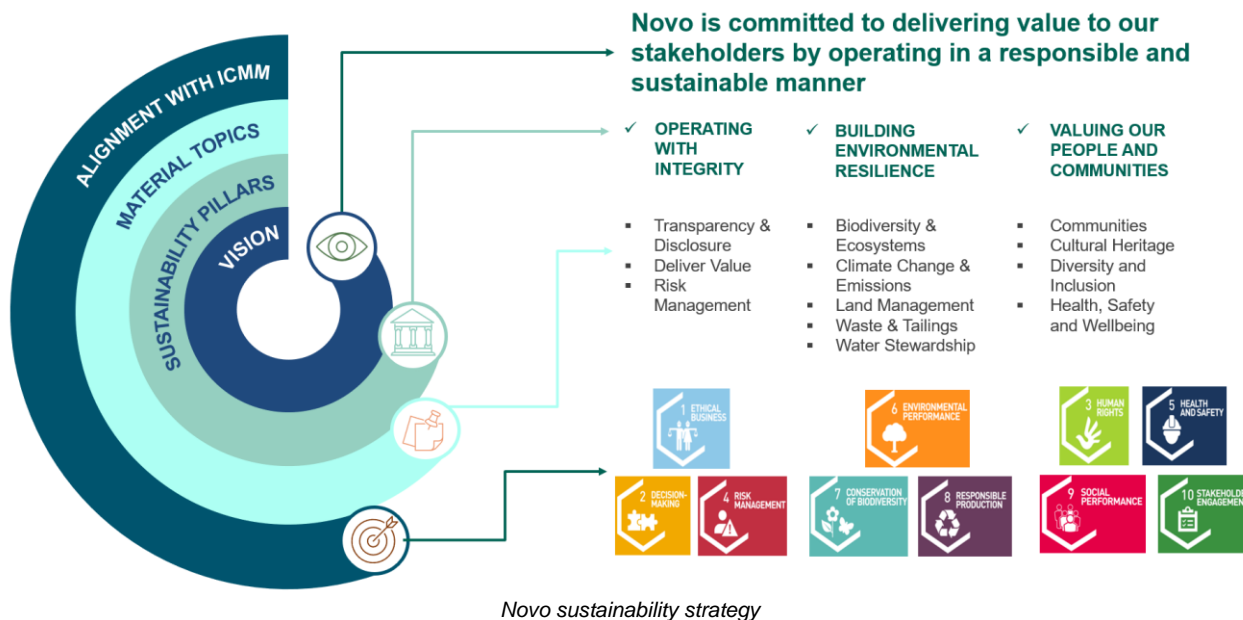
Regulation (“**DWER**”), and the Environmental Protection Authority, in order to ensure compliance with requisite regulations. Subsequent to the acquisition of Millennium¹¹, the Company expended significant efforts interfacing with DMIRS and DWER to re-establish lasting and constructive relationships with these departments. The Company recognizes the importance of environmental stewardship, particularly given its vast landholdings in the Pilbara and its rehabilitation liabilities, and prioritizes environmental endeavours, including water stewardship.

Community

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

The Beatons Creek Project and a number of exploration tenements are located adjacent to the small town of Nullagine. The Company remains committed to ensuring a safe and orderly care and maintenance plan and has implemented policies to ensure any impact to the town of Nullagine is minimized.

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



¹¹ Refer to the Company’s news releases dated [August 4, 2020](#), and [September 8, 2020](#).

FINANCIAL RESULTS

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

| <i>In thousands of CAD, except where noted</i> | | For the three months ended | |
|--|----------|----------------------------|----------------|
| | | March 31, 2023 | March 31, 2022 |
| Total revenue | \$ | - | 31,875 |
| Cost of goods sold | \$ | - | (37,375) |
| General and exploration expenditure | \$ | (8,290) | (8,039) |
| Care and maintenance costs | \$ | (7,322) | - |
| Other (expenses) / income, net | \$ | (398) | 670 |
| Finance items | \$ | (69) | (64) |
| Income tax expense | \$ | (107) | - |
| Net loss for the period after tax | \$ | (16,186) | (12,933) |
| Basic and diluted loss per common share | \$/share | (0.06) | (0.05) |

Q1 2023 Compared to Q1 2022

Net loss after tax was \$16,186,000 (Q1 2022 – \$12,933,000), incurred as a result of care and maintenance activities, exploration expenditure, and general administration expenditure. The Company was producing during Q1 2022. and the Q1 2022 gross loss was caused by a loss from operations, exploration and general administration expenditure.

The Beatons Creek Project was transitioned into care and maintenance in Q4 2022, therefore no revenue or costs of sales were recognized in Q1 2023.

Gold and Sales Revenue

The Company did not generate any revenue in Q1 2023. The Company generated \$31,875,000 of revenue in Q1 2022.

Cost of Sales

The Company did not incur any cost of sales in Q1 2023. The Company incurred \$37,375,000 in cost of sales in Q1 2022.

Cost of sales in Q1 2022 included production costs, depreciation, depletion, royalties, and changes in inventories, reflecting the difference between produced and sold ounces. Depletion from the Beatons Creek Project was recognized on the remaining ounces in the Beatons Creek Project Oxide production profile and did not include any expense related to recoverable ounces from the Fresh production profile.

Royalties in Q1 2022 were \$2,235,000.

Other Expenses

General administration costs in Q1 2023 were \$4,194,000 as compared to \$4,001,000 in Q1 2022. The increase was primarily due to additional consulting, legal and office and general expenditure incurred, but was offset by a decrease in share-based payments. Share based payments were higher in Q1 2022 due to the expense associated with certain incentive stock options granted to employees and non-employees with production milestone-based vesting conditions which vested during Q1 2022.

Exploration expenditure in Q1 2023 totalled \$4,096,000 (Q1 2022 - \$4,038,000) and care and maintenance costs in Q1 2023 totalled \$7,322,000 (Q1 2022 – nil), of which \$4,178,000 (Q1 2022 – nil) relates to a write-down of inventories to net realizable value as a result of the Company's assessment of inventory value subsequent to the transition to care and maintenance.

Other Income / expenses

Other expenses recognized during Q1 2023 totalled \$398,000 (Q1 2022 – other income of \$670,000) and relate primarily to a non-cash \$440,000 foreign exchange loss (Q1 2022 – gain of \$582,000) and a non-cash \$8,000 loss from the decrease in the value of the warrants held in GBM (Q1 2022 – gain of \$70,000) which expire in April 2023. This was offset by an accounting profit on sale of property, plant, and equipment of \$43,000 (Q1 2022 – nil) and other income of \$7,000 (Q1 2022 - \$18,000).

Finance Items

The Company incurred interest and finance costs of \$376,000 during Q1 2023 (Q1 2022 - \$74,000), including a net non-cash \$363,000 accretion expense (Q1 2022 – \$146,000) relating to the Company's rehabilitation provision.

Interest and finance costs included non-cash interest expenses of \$13,000 (Q1 2022 - \$570,000) related to leases recognized pursuant to IFRS 16 Leases (“**IFRS 16**”). The Company recognizes lease liabilities and corresponding right-of-use assets pursuant to IFRS 16 where the Company has the right to use assets underlying certain arrangements. Refer to Notes 8 and 11 of the Q1 Financial Statements.

During Q1 2022, interest and finance costs included \$1,944,000 of cash and accreted interest expenses relating to the credit facility with Sprott Resource Lending Corp. and Sprott Private Resources Lending II (Collector), LP (the “**Credit Facility**”) which was fully repaid in 2022, offset by a non-cash gain on the fair value of the derivative liability embedded within the Credit Facility of \$327,000. The Company further recognized a total gain of \$2,259,000 on the change in fair value of the Sumitomo joint venture liability and subsequent settlement¹².

Interest and finance costs were offset by interest earned of \$307,000 during Q1 2023 (Q1 2022 - \$10,000).

Other Comprehensive Loss

During Q1 2023, non-cash gains of \$4,098,000 (Q1 2022 – non-cash losses of \$18,698,000) represented movement in the fair value of the Company's marketable securities. The Company's portfolio consists of holdings in a number of listed and unlisted entities, including GBM, Kalamazoo, Elementum 3D, Inc. (“**E3D**”), and SCM. The Q1 2023 gain is mostly driven by a revaluation of the Company's SCM holdings from USD \$0.25 per SCM share to USD \$2.40 per SCM share pursuant to SCM's equity financing which closed during Q1 2023. Refer to Note 5 of the Q1 Financial Statements.

During Q1 2023, the Company also recognized non-cash losses of \$2,323,000 (Q1 2022 – gains of \$3,429,000) pertaining to the foreign exchange impact of the translation of subsidiary financial information. The Company's Australian subsidiaries, which incur most of the Company's expenditure, have an Australian dollar functional currency. Gains or losses are recognized upon translation of income and expenses and assets and liabilities denominated by the Company's Australian subsidiaries in Australian dollars into the Company's Canadian dollar presentation currency. The average foreign

¹² Refer to the Company's news release dated [April 21, 2022](#).

exchange rate was AUD \$0.9242 to CAD \$1.00 during Q1 2023 (Q1 2022 – AUD \$0.9176 to CAD \$1.00).

LIQUIDITY AND CAPITAL RESOURCES

| In thousands of CAD, except where noted | March 31, 2023 | December 31, 2022 | December 31, 2021 |
|--|----------------|-------------------|-------------------|
| | \$'000 | \$'000 | \$'000 |
| Cash | 30,555 | 47,925 | 32,345 |
| Short-term investments | 150 | 152 | 108 |
| Working capital ¹ | 18,203 | 33,695 | 3,925 |
| Marketable securities | 25,506 | 20,701 | 156,209 |
| Available liquidity ¹ | 33,491 | 53,146 | 102,868 |
| Total assets | 233,730 | 256,161 | 462,682 |
| Current liabilities excluding current portion of financial liabilities | 10,982 | 12,365 | 19,805 |
| Non-current liabilities excluding non-current portion of financial liabilities | 41,542 | 41,935 | 36,342 |
| Financial liabilities (current and non-current) | 7,441 | 13,893 | 75,608 |
| Total liabilities | 59,965 | 68,193 | 148,420 |
| Shareholders' equity | 173,765 | 187,968 | 314,262 |

Available liquidity¹ totalled \$33,491,000 as at March 31, 2023 (December 31, 2022 - \$53,146,000) and represented the value of the Company's realizable assets. Refer *Non-IFRS Measures* below.

The Company's available liquidity¹ has decreased since December 31, 2022 due to ongoing ordinary course of business expenditure, a decrease in the value of certain marketable securities, and the payment of Canadian capital gains tax of \$6,160,000 on the divestment of the Company's investment in New Found Gold Corp⁶. Refer to Note 5 of the Q1 Financial Statements.

The Company's working capital position has decreased since December 31, 2022 as a result of ordinary course of business cash outflows and the write down of inventory to net realizable value subsequent to the transition of the Company's Beatons Creek Project to care and maintenance.

| | For the three months ended | |
|--|----------------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| | \$'000 | \$'000 |
| Cash flow information | | |
| Cash used in operations | (16,048) | (3,714) |
| Net cash generated from / (used in) investing activities | 36 | (4,137) |
| Net cash used in financing activities | (1,079) | (2,786) |
| Change in cash | (17,091) | (10,637) |

Operating cash outflows totalled \$16,048,000 in Q1 2023 (Q1 2022 – \$3,714,000). The increase in cash outflows relates primarily to a net loss generated from ongoing ordinary course of business, exploration, and care and maintenance expenditure without any offsetting revenue which was recognized in Q1 2022.

Operating cash inflows totalled \$36,000 in Q1 2023 (Q1 2022 - outflows of \$4,137,000). These inflows relate to net proceeds from the sale of certain property, plant and equipment of \$43,000 offset by asset purchases of \$7,000. During Q1 2022, the Company incurred aggregate capital expenditure of \$4,137,000 related to the development of the Beatons Creek Project.

During Q1 2023, the Company recognized \$1,079,000 (Q1 2022– \$2,786,000) in financing cash outflows related to the principal portion of lease liabilities incurred pursuant to IFRS 16.

SELECTED FINANCIAL INFORMATION

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

SUMMARY OF QUARTERLY RESULTS

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

| | 1st Quarter 2023 March 31, 2023 | 4th Quarter 2022 December 31, 2022 | 3rd Quarter 2022 September 30, 2022 | 2nd Quarter 2022 June 30, 2022 | 1st Quarter 2022 March 31, 2022 | 4th Quarter 2021 December 31, 2021 | 3rd Quarter 2021 September 30, 2021 | 2nd Quarter 2021 June 30, 2021 | |
|---------------------------------|--|---|--|---|--|---|--|---|----------|
| Revenue | \$'000 | - | 2,496 | 27,987 | 29,685 | 31,875 | 112,243 | 42,964 | 31,704 |
| Net Profit / (Loss) | \$'000 | (16,186) | (14,562) | (60,713) | (19,617) | (12,933) | 6,441 | 84,334 | (16,520) |
| Basic and Diluted Income (Loss) | \$/share | (0.06) | (0.42) | (0.24) | (0.08) | (0.05) | (0.00) | 0.31 | (0.07) |

CASH RESOURCES AND GOING CONCERN

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

For the three months ended March 31, 2023, the Company reported operating cash outflows of \$16,048,000 (March 31, 2022: \$3,714,000) and investing cash inflows of \$36,000 (March 31, 2022: outflows of \$4,137,000). The Company had cash on hand and short-term investments of \$26,095,000 at May 12, 2023 and \$30,705,000 at March 31, 2023.

The Company has prepared a cash flow forecast demonstrating that the Company will have access to sufficient cash flows to meet its committed expenditure and working capital requirements for the 12-month period from the date of signing the Q1 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 the Q1 Financial Statements on a going concern basis.

CONTRACTUAL OBLIGATIONS

As at March 31 2023, the following contractual obligations were outstanding:

| As at March 31, 2023 | Within 1 year \$'000 | Within 1-2 years \$'000 | Within 2-3 years \$'000 | Within 3+ years \$'000 | Total \$'000 |
|--------------------------|-------------------------|----------------------------|----------------------------|---------------------------|-----------------|
| Trade and other payables | 4,271 | - | - | - | 4,271 |
| Leases | 5,123 | 680 | 27 | - | 5,830 |

OFF-BALANCE SHEET TRANSACTIONS

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

CONTINGENCIES

From time to time, the Company is involved in various claims, litigation and other matters in the ordinary course and conduct of business. Some of these pending matters may take a number of years to resolve. While it is not possible to determine the ultimate outcome of such actions at this time, and inherent uncertainties exist in predicting such outcomes, it is the Company's belief that the ultimate resolution of any such current actions is not reasonably likely to have a material adverse effect on its consolidated financial position or results of operations except as otherwise disclosed.

RELATED PARTY TRANSACTIONS

During Q1 2023 and 2022, the following amounts were incurred with related parties in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties:

| Name | Nature of Compensation | For the three months ended | |
|--------------------------------------|------------------------|----------------------------|--------------------------|
| | | March 31, 2023 \$'000 | March 31, 2022 \$'000 |
| Non Executive Co-Chairman & Director | Director fees | 36 | 27 |
| Executive Co-Chairman & Director | Salary | 116 | 125 |
| Former CEO & Director | Salary | - | 113 |
| CFO & Corporate Secretary | Salary | 84 | 98 |
| Former VP, Corporate Communications | Consulting Fees | 45 | 45 |
| Independent Directors | Director Fees | 69 | 64 |
| Share Based Payments | Stock Options | 205 | 871 |
| Total | | 555 | 1,343 |

Details of these compensation arrangements are outlined in the Company's most recently filed Form 51-102F5 Information Circular (filed under the Company's profile on SEDAR at www.sedar.com on June 1, 2022).

From time to time, Novo's board of directors (the "**Board**") incentivizes the Company's management, employees, and consultants by issuing incentive stock options. Amounts outlined in the table above represent such portion of the Company's share-based payment expenses which relate to incentive stock options granted to the Company's management and Board, namely the non-executive co-chairman/director, the executive co-chairman/director, an independent director, and the chief financial officer/corporate secretary.

The Company's methodology for calculating the fair value of share-based payments is outlined in note 2 of the Q1 Financial Statements. Share-based payments relating to these key management personnel and directors totaled \$205,000 during Q1 2023 (Q1 2022 - \$871,000).

CRITICAL ACCOUNTING ESTIMATES

The accounting policies and methods of application applied by the Company are outlined in the Q1 Financial Statements (refer to Note 2).

FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, other receivables, marketable securities, accounts payable, lease liabilities and accrued liabilities. The 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, accounts payable, accrued liabilities and lease liabilities approximate their respective fair values due to their short-term nature.

Financial Instruments carried at fair value:

- The marketable securities for listed shares are measured using Level 1 inputs. The fair value of marketable securities are measured at the closing market price obtained from the 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 share price at which E3D raised funds during the year after deducting the value of a warrant which was included in E3D's financing. Refer to note 5 of the Q1 Financial Statements.
- The marketable securities balance held in SCM is measured using Level 3 inputs. The value of the shares held in SCM was determined using the fair value of USD \$2.40 which represents the most recent price at which SCM raised equity funds. Refer to Note 5 of the Q1 Financial Statements.

| | Fair Value Hierarchy | | | Total \$'000 |
|---------------------------------------|----------------------|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | |
| As at March 31, 2023 | | | | |
| Financial assets at Fair Value | | | | |
| Marketable securities | 1,388 | 1 | 24,117 | 25,506 |
| Total March 31, 2023 | 1,388 | 1 | 24,117 | 25,506 |
| As at December 31, 2022 | | | | |
| Financial assets at Fair Value | | | | |
| Marketable Securities | 2,380 | 9 | 18,312 | 20,701 |
| Total December 31, 2022 | 2,380 | 9 | 18,312 | 20,701 |

| | March 31, 2023 \$'000 | December 31, 2022 \$'000 |
|---|--------------------------|-----------------------------|
| Reconciliation of the fair value measurement of Level 3 unlisted investments | | |
| Opening balance | 18,312 | 16,507 |
| Additions / transfers | - | 397 |
| Remeasurement recognised through other comprehensive income | 5,805 | 1,408 |
| Remeasurement recognised through profit and loss | - | - |
| Closing balance | 24,117 | 18,312 |

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management formally assessed the effectiveness of the Company's internal control over financial reporting as at March 31, 2023, and continues to do so on an on-going basis. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (also known as “**COSO 2013**”).

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

There have been no significant changes in the Company's internal controls during the period ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value (“**Common Shares**”). All issued Common Shares are fully paid and non-assessable.

As of May 12, 2023 the following Common Shares, Common Share purchase warrants (“**Warrants**”), and stock options were issued and outstanding:

| | Number of shares | Exercise Price (C\$) | Expiry date |
|----------------------|--------------------|----------------------|--------------------|
| Common Shares | 269,221,785 | - | - |
| Stock Options | 285,000 | 4.60 | June 5, 2023 |
| Stock Options | 3,665,000 | 3.57 | January 6, 2025 |
| Stock Options | 3,000,000 | 1.89 | November 6, 2026 |
| Warrants | 8,596,184 | 4.40 | August 27, 2023 |
| Warrants | 8,853,427 | 4.40 | September 7, 2023 |
| Warrants | 726,812 | 4.40 | September 9, 2023 |
| Warrants | 1,328,295 | 4.40 | September 14, 2023 |
| Warrants | 5,176,500 | 3.00 | May 4, 2024 |
| Warrants | 3,205,128 | 0.60 | December 22, 2024 |
| Warrants | 641,025 | 0.60 | December 22, 2025 |
| Warrants | 2,018,936 | 0.60 | April 24, 2025 |
| Fully Diluted | 306,718,092 | | |

NON-IFRS MEASURES

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

Available liquidity

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

Available liquidity includes cash, short-term investments, and assets which are readily saleable within the next 12 months, including gold in circuit and stockpiles (in previous periods), receivables, marketable securities (to the extent that an established market exists for such marketable securities, they are free of any long-term trading restrictions, and sufficient historical volume exists to liquidate holdings within 12 months), and gold specimens. Refer to Notes 3, 4 and 5 of the Q1 Financial Statements.

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

| | March 31, 2023 | December 31, 2022 | December 31, 2021 | 11-month period ended December 31, 2020 |
|----------------------------|----------------|-------------------|-------------------|--|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash | 30,555 | 47,925 | 32,345 | 40,494 |
| Short-term investments | 150 | 152 | 108 | 195 |
| Gold in circuit | - | - | 788 | 3 |
| Stockpiles | - | - | 4,732 | 565 |
| Receivables | 1,297 | 2,587 | 6,127 | 1,806 |
| Marketable securities | 1,390 | 2,381 | 58,691 | 16,477 |
| Gold specimens | 99 | 101 | 77 | 83 |
| Available liquidity | 33,491 | 53,146 | 102,868 | 59,623 |

| | March 31, 2023 | | | Adjusted value |
|---|----------------|-------------|------------------|----------------|
| | # of shares | Share price | Foreign exchange | \$'000 |
| Kalamazoo Resources Limited Ordinary Shares | 10,000,000 | \$0.13 | 0.906 | 1,133 |
| GBM Resources Ltd Ordinary Shares | 11,363,637 | \$0.03 | 0.906 | 257 |
| | | | | 1,390 |

| | December 31, 2022 | | | Adjusted value |
|---|-------------------|-------------|------------------|----------------|
| | # of shares | Share price | Foreign exchange | \$'000 |
| Kalamazoo Resources Limited Ordinary Shares | 10,000,000 | \$0.21 | 0.920 | 1,932 |
| GBM Resources Ltd Ordinary Shares | 11,363,637 | \$0.04 | 0.920 | 448 |
| | | | | 2,381 |

Working capital

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

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

| | March 31, 2023 | December 31, 2022 |
|------------------------|----------------|-------------------|
| | \$'000 | \$'000 |
| Current assets | 33,257 | 56,427 |
| Current liabilities | 15,054 | 22,732 |
| Working capital | 18,203 | 33,695 |

CAUTION ON FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of Canadian securities laws. Forward-looking information in this MD&A includes, but is not limited to, the Company's care and maintenance plans at its Beatons Creek Project; the value of certain Company assets, in particular the fair value of marketable securities held by the Company; the Company's further potential of its mineral properties; the Company's planned exploration activities; the Company's ability to raise additional funds; the future price of minerals, particularly gold; the estimation of mineral resources; the realization of mineral resource estimates; capital expenditures; success of exploration activities; exploration and development issues; currency exchange rates; government regulation of exploration, development, and

mining operations; and social and environmental risks. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on numerous factors including but not limited to assumptions underlying mineral resource estimates and the realization of such estimates. Capital and development cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent estimates of development and operating costs and other factors. Forward-looking information is characterized by words such as “plan”, “expect”, “budget”, “target”, “schedule”, “estimate”, “forecast”, “project”, “intend”, “believe”, “anticipate” and other similar words or statements that certain events or conditions “may”, “could”, “would”, “might”, or “will” occur or be achieved. Forward-looking information is based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

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

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

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