NOVO RESOURCES CORP.

(TSX: NVO; OTCQX: NSRPF)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

(Expressed in Canadian Dollars)

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Independent auditor's report to the Shareholders of Novo Resources Corp.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Novo Resources Corp (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2021 and the 11 month period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and December 31, 2020 and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2021 and the 11 month period ended December 31, 2020 in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial s*tatements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Change in exploration and evaluation ("E&E") expenditure accounting policy

Why significant	How our audit addressed the key audit matter
The Group determined that in order to align its accounting policy for E&E with those of its peers, that it would voluntarily change its E&E accounting policy during the year ended December 31, 2021. The revised accounting policy, as disclosed in Note 2, requires the Group to capitalise E&E acquisition costs with all subsequent E&E costs being expensed until the Group was able to demonstrate technical feasibility and commercial viability in the relevant area of interest. The impact of this change in accounting policy for E&E, which has been applied retrospectively, is disclosed in Note 2 to the consolidated financial statements. This was considered a key audit matter as an entity may only voluntarily change an existing accounting policy if, and only if, the change makes the financial statements more relevant to the needs of users and no less reliable, or more reliable and no less relevant to those needs, judged for relevance and reliability using the criteria set out in IAS 8	Our audit procedures included the following: ► Reviewed management's assessment of the rationale for the selection of the new accounting policy as well as its determination of whether the change in accounting policy resulted in the consolidated financial statements providing more relevant and no less reliable information for users of the consolidated financial statements. This review, which involved our IFRS Technical specialists, considered relevance and reliability using the criteria set out in IAS 8. ► Tested the accuracy of the retrospective adjustments required to the comparative information presented in the consolidated financial statements. ► Reviewed the adequacy of the Group's disclosures in Note 2 the consolidated financial statements.

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Why significant	How our audit addressed the key audit matter
Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8").	

2. Impairment assessment of non-current assets

Why significant	How our audit addressed the key audit matter
The Group recognised an impairment expense of \$46.9 million in the consolidated statement of profit or loss. This impairment expense related to impairment of the Group's mine development asset, property, plant and equipment and right-of-use assets which formed part of the the Beatons Creek CGU (refer Notes 7, 8 and 10 in the consolidated financial statements) which was carried at \$140.0 million (before impairment) in the consolidated statement of financial position, representing 27% of the Group's total assets. IAS 36 *Impairment of Assets* ("IAS 36") requires that an entity assesses at each reporting date whether there is any indication that an asset or cash generating unit ("CGU") may be impaired. If any such indicators exist, the Group must estimate the recoverable amount of the applicable asset or CGU. The Group assessed whether any indicators of impairment were present at December 31, 2021 and concluded that indicators of impairment were present for the Beatons Creek CGU. As a result, the Group estimated the recoverable amount of the Beatons Creek CGU and recognised the impairment in the consolidated statement of profit or loss to write down the non-current assets referred to above to their estimated recoverable amount. In addition, as disclosed in Note 6 to the consolidated financial statements, the Group held capitalised E&E assets of \$149.9 million as at December 31, 2021, representing 32% of the Group's total assets.	We evaluated the Group's assessment of the presence of any indicators of impairment. Our audit procedures included the following: ► Reviewed management's assessment as to whether indicators of impairment, as described in IAS 36, were present, taking into consideration both internal and external sources of information. This included comparison of the Group's consolidated net assets to its market capitalisation as well as reading operational and board reports, minutes and market announcements. As indicators of impairment were identified for the Beatons Creek CGU, we assessed the reasonableness of the Group's impairment assessment process. Our audit procedures included the following: ► Obtained an understanding of management's impairment testing process and considered the reasonableness of the methodologies and assumptions used in the preparation of the cash flow projections for impairment testing purposes, including whether these were in accordance with IAS 36. ► Assessed the reasonableness of operating and capital costs based on historical costs and whether these are expected to change based on the Group's latest business plans. ► For resources included in the impairment assessment, obtained an understanding of management's process for determining the quantum of economically recoverable resources to include in the impairment assessment and

Why significant	How our audit addressed the key audit matter
The carrying amount of E&E assets is assessed for impairment, in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources*, by the Group when facts and circumstances indicate that the carrying amount of E&E assets may exceed its recoverable amount. The determination as to whether there are any indicators to require the E&E assets to be assessed for impairment involves a number of judgments, including whether the Group has the right to explore in the specific area of interest, whether substantive ongoing expenditure is planned or budgeted and whether sufficient information exists to indicate that the carrying amount of the E&E asset is unlikely to be recovered. The directors did not identify any impairment indicators at December 31, 2021. This was considered a key audit matter because of the: ► Significant judgement involved in determining whether indicators of impairment were present. ► Significant judgement and estimates involved in the determination of the recoverable amount of the Beatons Creek CGU including assumptions relating to future gold prices, operating and capital costs and the discount rate used to reflect the risks associated with the forecast cash flows having regard to the current status of the Beatons Creek CGU. ► Quantum of the E&E and other non-current asset balances relative to total assets in the consolidated statement of financial position and the quantum of the impairment expense relative to the consolidated statement of profit or loss.	assessed the reasonableness of this based on published resource estimates and historical conversion rates. This included assessment of the Group's experts with respect to the resource assumptions used in the cash forecasts, including assessment of their competence, qualifications, independence and objectivity. ► Assessed, with involvement from our valuation specialists, the reasonableness of economic assumptions used including the discount rate, forecast exchange rates and gold prices, used in the impairment assessment. ► Assessed the impact of a range of sensitivities on the key assumptions used in the impairment assessment. ► Reviewed the adequacy of the Group's disclosures in the consolidated financial statements. Our audit procedures in relation to E&E assets included the following: ► Assessed whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements. ► Assessed the Group's intention to carry out ongoing E&E activities in the relevant areas of interest which included reviewing the Group's approved cash flow forecast and enquiring of the directors as to their intentions and the strategy of the Group. ► Assessed whether E&E data existed to indicate that the carrying value of capitalised E&E was unlikely to be recovered through development or sale. ► Reviewed the adequacy of the Group's disclosures in the consolidated financial statements.

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3. Commencement of commercial production

Why significant	How our audit addressed the key audit matter
The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgement. The factors taken into account by management in determining when the Beatons Creek mine achieved commercial production are disclosed in Note 2 under the heading "*Commercial production*" in the consolidated financial statements. Determining when mine development ends and commercial production commences is important as it is at that point that the Group begins: ► expensing its mine operating costs as opposed to capitalising these costs, and ► recognising depreciation and amortisation on its processing assets and depletion on its capitalised mine development asset. The Group determined that the Beatons Creek mine achieved commercial production on October 1, 2021, This was considered a key audit matter because the determination of when a mine has achieved commercial production is highly judgemental and has a significant impact on whether certain expenditure is capitalised or expensed.	Our audit procedures included the following: ► Evaluated the assessment of the key factors, as disclosed in Note 2 of the consolidated financial statements, applied by management in determining when and whether the Beatons Creek mine had achieved commercial production. ► Considered the requirements of IFRS as well as current market practice of comparable mining organisations in order to assess the performance of the Beatons Creek mine to determine whether the timing of commercial production being declared was reasonable. ► Held discussions with operational management at the mine site and reviewed operational performance data and reports in order to assess the operational performance of the Beatons Creek mine relative to forecast to determine whether the mine had reached levels of operating capacity as intended by management ► Reviewed the adequacy of the Group's disclosures in the consolidated financial statements.

4. Determination of depreciation, depletion and amortisation ("DD&A") charge

Why significant	How our audit addressed the key audit matter
Following achievement of commercial production at Beatons Creek mine on October 1, 2021, the Group was required to commence depreciation of its capitalised mine development and other producing assets. The depreciation charge in the consolidated statement of profit or loss amounted to $19.5 million (refer to Note 19 of the consolidated financial statements). Management determined that a units-of-production ("UOP") basis of charging deprecation for the Beatons Creek mine was the most appropriate basis of amortising the mine development and other producing assets. A critical decision in applying the UOP method is determining the most appropriate resource base to be used in the calculation. The Group's accounting policy requires a high degree of confidence that those resources are able to be extracted in an economic manner. This was considered a key audit matter because the significant judgement involved in determining the appropriate resource base to be used in determining the depreciation charge using the UOP method.	Our audit procedures included the following: ► Assessed, in conjunction with our resources specialist, the appropriateness of management's methodology for determining the resource base used in the UOP calculation. This included assessment of the Group's experts responsible for determining the Group's published resource estimates, including assessment of their competence, qualifications, independence and objectivity. ► Confirmed that the Group's resource estimates used in the UOP calculation agreed to the latest resource estimates having regard to the Group's and IFRS requirement that there needs to be a high degree of confidence that those resources are able to be extracted in an economic manner. ► Reviewed the mathematical accuracy of the UOP calculation and the related depreciation charge. ► Reviewed the adequacy of the Group's disclosures in the consolidated financial statements.

5. Provision for closure and reclamation

Why significant	How our audit addressed the key audit matter
As a consequence of its mining operations, the Group is obligated under the Mining Act 1978 (WA) to restore and rehabilitate its mines sites at the end of their estimated mine lives. As at December 31, 2021 the Group's consolidated statement of financial position included a provision for closure and reclamation of $36.3 million in respect of these obligations (refer to Note 15 of the consolidated financial statements). This was considered a key audit matter because estimating the costs associated with these future activities requires judgment and estimation for factors such as timing of when rehabilitation will take place, the extent of the rehabilitation and restoration activities as well as the economic assumptions relating to inflation and discount rates taken into account to determine the provision amount.	Our audit procedures included the following: ► Assessed the qualifications, competence, independence and objectivity of the Group's external and internal experts who were involved in the determination of the Group's rehabilitation cost estimates. ► Used our EY Climate Change and Sustainability Services specialists to assess the reasonableness of management's rehabilitation cost estimates. ► Assessed the appropriateness of the estimated timing of when the rehabilitation activities will be undertaken and the related cash flows incurred and the resultant inflation and discount rate assumptions used in determining the provision for closure and reclamation, having regard to available economic data relating to future inflation and discount rates. ► Considered the appropriateness of the accounting for the changes in the provision. ► Evaluated the adequacy of the Group's disclosures relating to rehabilitation obligations.

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6. Accounting for loss of significant influence over New Found Gold Corp ("New Found")

Why significant	How our audit addressed the key audit matter
The Group's investment in New Found was accounted for as an investment in an associate at the previous balance date as the Company exercised significant influence over New Found as defined by IAS 28 *Investments in Associates and Joint Ventures*. On September 17, 2021, the Company determined that it ceased to exercise significant influence over New Found. This assessment took into consideration the Company's shareholding in New Found at that date as well as the loss of the Company's right to nominate a director to New Found's board. As a result of this determination, the Group recognised a gain of $85.6 million in the consolidated statement of profit or loss on derecognition of this investment as an associate (refer to Note 11 of the consolidated financial statements). On derecognition as an associate, this investment was subsequently recognised as a marketable security carried at fair value through other comprehensive income in the consolidated statement of financial position. This was considered a key audit matter because of the significant judgement involved in determining whether the Group had lost significant influence over its investment in New Found as well as the quantum of the gain recognised on derecognition of the investment as an associate in the consolidated statement of profit or loss.	Our audit procedures included the following: ► Evaluated management's assessment of the factors considered in determining whether the Company had lost significant influence over its investment in New Found and the resulting treatment of this investment as a marketable security carried at fair value through other comprehensive income. ► Reviewed the terms of the Subscription Agreement ("Agreement") between the Company and New Found to assess whether any of the terms of this Agreement may impact the determination of the accounting treatment for the Company's New Found investment. ► Tested the mathematical accuracy of the Company's calculation of the gain arising on the derecognition of New Found as an associate and its subsequent recognition as a marketable security. ► Evaluated the adequacy of the Group's disclosures relating to the derecognition of New Found as an associate and its subsequent recognition as a marketable security.

Information other than the consolidated financial statements and auditor's report thereon

Other information consists of the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's Discussion and Analysis. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Pierre Dreyer.

Ernst & Young

Chartered Accountants
Perth, Western Australia
March 31, 2022

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

	Note	December 31, 2021 $'000	December 31, 2020 *restated Note 2* $'000	February 1, 2020 *restated Note 2* $'000
ASSETS				
Current assets				
Cash		32,345	40,494	28,703
Short-term investments		108	195	88
Inventory	3	9,646	3,839	-
Receivables	4	6,127	1,806	6,657
Prepaid expenses and deposits		1,159	642	250
Total current assets		49,385	46,976	35,698
Non-current assets				
Property, plant and equipment	7	74,337	91,780	1,409
Right of use assets	8	25,778	39,236	177
Mine development assets	10	6,968	12,820	-
Investment in associate	11	-	15,091	-
Exploration and evaluation assets	6	149,928	146,687	39,125
Gold specimens		77	83	74
Marketable securities	5	156,209	18,770	14,457
Total non-current assets		413,297	324,467	55,242
Total assets		462,682	371,443	90,940
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	12	19,805	12,083	1,082
Credit facility	14	6,339	-	-
Lease liabilities	13	12,453	10,645	187
Sumitomo funding liability	16	5,780	6,071	4,519
Sumitomo written call option	16	1,083	1,157	1,341
Deferred consideration for mineral property	6	-	2,949	2,518
Total current liabilities		45,460	32,905	9,647
Non-current liabilities				
Lease liabilities	13	18,530	29,566	-
Credit facility	14	37,384	34,899	-
Derivative liability	14	378	984	-
Rehabilitation provision	15	36,342	28,615	-
Deferred tax liability	25	10,326	-	-
Total non-current liabilities		102,960	94,064	-
Total liabilities		148,420	126,969	9,647
SHAREHOLDERS' EQUITY				
Share capital	17	388,781	347,166	190,698
Treasury shares	11	-	(2,571)	-
Reserves	17	57,445	47,430	24,224
Comet Well deferred consideration reserve	6	-	3,354	3,354
Accumulated other comprehensive gain / (loss)	17	25,972	6,327	(7,552)
Accumulated deficit		(157,936)	(157,232)	(129,431)
Total shareholders' equity		314,262	244,474	81,293
Total shareholders' equity and liabilities		462,682	371,443	90,940

These consolidated financial statements are authorized for issue by the Board of Directors on March 31, 2022. They are signed on the Company's behalf by:

"Ross Hamilton" — Ross Hamilton

"Michael Barrett" — Michael Barrett

Novo Resources Corp.

(Expressed in Canadian Dollars)

Consolidated Statements of Profit or Loss and Other Comprehensive Income / (Loss)

		Year ending	Period ending
		December 31, 2021 $'000	December 31, 2020 *restated Note 2* $'000
Revenue	18	112,243	-
Cost of goods sold	19	(110,767)	-
Gross profit from mine operations		1,476	-
General administration	20	(25,094)	(17,062)
Exploration expenditure	21	(12,118)	(12,259)
Impairment of non-current assets	22	(46,905)	-
Profit on disposal of exploration asset	6	14,472	2,517
Loss from operations		(68,169)	(26,804)
Other income, net	23	90,947	398
Finance items			
Finance income	24	91	138
Finance costs	24	(16,428)	(2,311)
Net income / (loss) for the period before tax		6,441	(28,579)
Income tax (expense) / benefit	25	(7,145)	778
Net loss for the period after tax		(704)	(27,801)
Other comprehensive income / (loss)			
Change in fair value of marketable securities, net of tax - not to be reclassified to profit or loss in subsequent periods	17	34,341	4,079
Changes in fair value resulting from credit risk	6	-	(442)
Foreign exchange on translation of subsidiaries - to be reclassified to profit or loss in subsequent periods	17	(14,696)	10,242
Total other comprehensive income		19,645	13,879
Comprehensive profit / (loss) for the period		18,941	(13,922)
Weighted average number of common shares outstanding		239,822,300	198,880,088
Basic and diluted loss per common share ($ per share)	17	(0.00)	(0.14)

The accompanying notes are an integral part of these consolidated financial statements.

Novo Resources Corp.

(Expressed in Canadian Dollars)

Consolidated Statements of Changes in Equity

For the year ended December 31, 2021 and the eleven months period ended December 31, 2020

	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 – January 31, 2020 as previously reported		178,870,048	190,698	-	24,205	19	3,354	2,391	(12,165)	(60,100)	**148,402**
Change in accounting policy	2	-	-	-	-	-	-	-	2,222	(69,331)	**(67,109)**
Balance – January 31, 2020 restated		**178,870,048**	**190,698**	**-**	**24,205**	**19**	**3,354**	**2,391**	**(9,943)**	**(129,431)**	**81,293**
Other comprehensive profit for the period		-	-	-	-	-	-	3,637	10,242	-	**13,879**
Loss for the period		-	-	-	-	-	-	-	-	(27,801)	**(27,801)**
Comprehensive loss for the period		-	-	-	-	-	-	3,637	10,242	(27,801)	**(13,922)**
Stock Option exercise		300,000	301	-	(130)	-	-	-	-	-	**171**
Share-based payments		-	-	-	7,062	-	-	-	-	-	**7,062**
New Found Gold Corp share issuance	5 & 11	6,944,444	16,736	-	-	-	-	-	-	-	**16,736**
Purdy's & 47K share issuance	6	2,100,000	3,381	-	-	-	-	-	-	-	**3,381**
Acquisition of GBM Resources Ltd shares and warrants	5 & 6	197,907	601	-	-	-	-	-	-	-	**601**
Acquisition of Mt. Elsie project	6	324,506	1,292	-	-	-	-	-	-	-	**1,292**
Millennium acquisition	9	20,363,447	67,943	-	-	15,135	-	-	-	-	**83,078**
Sprott Private Lending financing share issuance	14	1,453,624	4,997	-	-	1,139	-	-	-	-	**6,136**
Creasy share issuance	6	2,582,269	8,909	-	-	-	-	-	-	-	**8,909**
Kalamazoo option share issuance	6	24,883	85	-	-	-	-	-	-	-	**85**
Subscription receipt financing	17	17,192,379	55,875	-	-	-	-	-	-	-	**55,875**
Share issue costs	17	-	(3,652)	-	-	-	-	-	-	-	**(3,652)**
Treasury shares - Investment in associate	11	-	-	(2,571)	-	-	-	-	-	-	**(2,571)**
Balance – December 31, 2020		**230,353,507**	**347,166**	**(2,571)**	**31,137**	**16,293**	**3,354**	**6,028**	**299**	**(157,232)**	**244,474**
Balance – December 31, 2020		**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		-	-	-	-	-	-	34,341	(14,696)	-	**19,645**
Loss for the year		-	-	-	-	-	-	-	-	(704)	**(704)**
Comprehensive loss for the period		-	-	-	-	-	-	34,341	(14,696)	(704)	**18,941**
Stock options exercise	17	1,875,000	1,968	-	-	-	-	-	-	-	**1,968**
Share-based payments	17 & 19	-	-	-	10,015	-	-	-	-	-	**10,015**
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	11	-	-	2,571	-	-	-	-	-	-	**2,571**
Conversion of special warrants	17	10,353,000	31,027	-	-	-	-	-	-	-	**31,027**
Share issue costs	17	-	(59)	-	-	-	-	-	-	-	**(59)**
Balance – December 31, 2021		**245,939,504**	**388,781**	**-**	**41,152**	**16,293**	**-**	**40,369**	**(14,397)**	**(157,936)**	**314,262**

The accompanying notes are an integral part of these consolidated financial statements.

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

	Note	Year ending December 31, 2021 $'000	Period ending December 31, 2020 *restated Note 2* $'000
Operating activities			
Net loss for the period		**(704)**	**(27,801)**
Adjustments:			
Finance income	24	(91)	(138)
Finance costs	24	13,335	2,266
Impairment	22	46,905	-
Depreciation - fixed assets	7	5,700	714
Depreciation - right of use assets	8	13,030	1,483
Depletion - mine development asset	10	7,806	-
Impairment of exploration expenditure	6	177	480
Foreign exchange		(4,176)	(1,955)
Share-based payments	20	10,015	7,062
Share of (profit) / loss in associate	11	(3,951)	1,837
Profit on sale of assets		(2,602)	-
Profit on the sale of tenements	6	(14,472)	-
Other income on derecognition of associate	11	(85,636)	-
Change in fair value of marketable securities	5	(1,403)	(1,541)
Total adjustments		(15,363)	10,208
Changes in non-cash operating working capital:			
Accounts payable and accrued liabilities		11,369	7,465
Prepaid expenses and deposits		(516)	(392)
Receivables		(4,321)	1,209
Inventory		(5,807)	(248)
		725	8,034
Interest income		91	138
Interest paid	14	(4,405)	(1,312)
Net cash used in operating activities		**(19,656)**	**(10,733)**
Investing activities			
Millennium acquisition	9	-	(60,651)
Purchase of property, plant and equipment	7	(16,765)	(8,563)
Payments for mine development	10	(8,670)	(6,725)
Proceeds from sale of exploration assets	6	9,232	-
Proceeds from sale of marketable securities	5	10,358	(160)
Expenditures on exploration and evaluation assets	6	(1,912)	(1,735)
Net cash used in investing activities		**(7,757)**	**(77,834)**
Financing activities			
Proceeds from Credit Facility	14	6,288	37,180
Credit Facility transaction costs	14	(135)	2,752
Payment of Comet Well deferred consideration	6	(2,946)	-
Issuance of shares	17	1,967	61,043
Issuance of special warrants	17	26,400	-
Share issue costs	17	(59)	(3,652)
Payment of principal portion of lease liabilities	13	(11,889)	(872)
Sumitomo funding	16	-	3,959
Net cash generated from financing activities		**19,626**	**100,410**
Net change in cash		(7,787)	11,843
Effect of exchange rate changes on cash		(362)	(52)
Cash, beginning of the period		40,494	28,703
Cash, end of the period		**32,345**	**40,494**

Supplemental cash flow information (Note 27)

The accompanying notes are an integral part of these consolidated financial statements.

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 conglomerate 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

Change in year end

In the prior period the Company changed its fiscal year end to December 31 from January 31. The comparative period for these consolidated financial statements is for the eleven-month period ended December 31, 2020. The revised financial year aligns the Company with its peer group in the mineral resources sector.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. These 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 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. The accounting policies adopted are consistent with prior years, except for those adopted during the year resulting from new transactions and events, including revenue from gold and silver sales, stripping costs and the voluntary change in accounting policy for exploration and evaluation assets.

Australian dollars are referred to as "AUD", and United States dollars are referred to as "USD", in these consolidated financial statements.

As the Company transitioned to production at the Beatons Creek Project, the Directors considered the presentation of expenses by function in the consolidated statements of profit or loss and other comprehensive income to be more relevant to users of the financial statements and more in line with the Company's peer group. The Company previously analyzed expenses by nature. As a result of the change in presentation format, comparative information has been reclassified to be presented on a consistent basis. In this regard, except for financing costs, exploration expenditure, impairment expenses, expense items for the comparative period have been aggregated into general administration costs (see note 20).

Change in accounting policy – exploration and evaluation assets

The Company adopted a voluntary change in its accounting policy for exploration and evaluation expenditures during the year ended December 31, 2021 and has applied the change retrospectively. As a result, balances of comparative periods have been restated. Under the new policy, the Company recognizes these expenditures as exploration and evaluation costs in the 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.

Management believes this change in accounting policy results in more relevant, and no less reliable, information as it is better aligned with the IFRS conceptual framework with respect to the definition of an asset and is more consistent with its peer group in the mineral resources sector.

This change in accounting policy has resulted in the adoption of the following accounting policies effective January 1, 2021:

Exploration and evaluation expenditures

The costs of acquiring exploration stage properties, including transaction costs in an asset acquisition, are capitalized as an exploration and evaluation asset at cost.

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for Mineral Resources, which are referred to in Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and are defined in Canadian Institute of Mining, Metallurgy and Petroleum's ("CIM") CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended ("CIM Definition Standards").

Evaluation expenditures are the costs incurred to establish the technical feasibility and commercial viability of developing mineral deposits identified through exploration activities, business combination or asset acquisition. Evaluation expenditures include the cost of: (i) further defining the volume and grade of deposits through drilling of core samples and other sampling techniques, including trenching and sampling activities in a deposit or other forms of data acquisition; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development of mineralized material is commercially justified including preliminary economic assessments, pre-feasibility and final feasibility studies, to the extent that such studies do not include Mineral Reserves as referred to in NI 43-101 and defined in the CIM Definition Standards.

Exploration and evaluation expenditures are expensed until it has been determined that a property is technically feasible and commercially viable, in which case subsequent evaluation costs incurred to develop a mineral property are capitalized.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or mineral resources from a particular mineral property has been determined, any capitalized exploration expenditure is reclassified as a mine development asset.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds on disposal. Exploration and evaluation assets are tested for impairment immediately prior to reclassification to a mine development asset.

The aggregate costs related to abandoned mineral properties are charged to profit or loss at the time of any abandonment, or when it has been determined that there is evidence of impairment.

Impact of the change in accounting policy

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

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

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

As a result of the accounting policy change, the Company recorded the following adjustments to specific account balances, increasing (decreasing) amounts previously recognized in the consolidated financial statements.

Consolidated statements of financial position

	As at February 1, 2020		
	Previously reported $'000	Policy change adjustment $'000	Restated balance $'000
Exploration and evaluation assets (Note 6)	106,234	(67,109)	39,125
Total non current assets	122,351	(67,109)	55,242
Total assets	158,049	(67,109)	90,940
Foreign currency translation reserve (Note 17)	(12,165)	2,222	(9,943)
Accumulated deficit	(60,100)	(69,331)	(129,431)
Total shareholders equity	148,402	(67,109)	81,293
Total shareholders equity and liabilities	158,049	(67,109)	90,940

	As at December 31, 2020		
	Previously reported $'000	Policy change adjustment $'000	Restated balance $'000
Exploration and evaluation assets (Note 6)	203,140	(56,453)	146,687
Mine development asset (Note 10)	41,332	(28,512)	12,820
Total non current assets	409,432	(84,965)	324,467
Total assets	456,408	(84,965)	371,443
Foreign currency translation reserve (Note 17)	5,557	(5,258)	299
Accumulated deficit	(77,525)	(79,707)	(157,232)
Total shareholders equity	329,439	(84,965)	244,474
Total shareholders equity and liabilities	456,408	(84,965)	371,443

Consolidated statements of profit or loss and other comprehensive income

	For the eleven month period ended December 31, 2020		
	Previously reported $'000	Policy change adjustment $'000	Restated balance $'000
Exploration expenditure	(1,884)	(10,375)	(12,259)
Net loss for the period before tax	(18,204)	(10,375)	(28,579)
Net loss for the period after tax	(17,426)	(10,375)	(27,801)
Other comprehensive income / (loss) - foreign exchange on translation of subsidiaries	17,722	(7,480)	10,242
Comprehensive profit / (loss) for the period	3,933	(17,855)	(13,922)
Basic and diluted loss per common share ($ per share)	(0.09)	(0.05)	(0.14)

	For the year ended December 31, 2021		
	Balance prior to effects of restatement $'000	Policy change adjustment $'000	Restated balance $'000
Exploration expenditure	(3,899)	(8,219)	(12,118)
Impairment	(75,417)	28,512	(46,905)
Profit on disposal of exploration asset	13,637	835	14,472
Net profit for the period before tax	(14,687)	21,128	6,441
Net loss for the period after tax	(21,832)	21,128	(704)
Other comprehensive income / (loss) - foreign exchange on translation of subsidiaries	(16,642)	1,946	(14,696)
Comprehensive (loss) / profit for the period	(4,133)	23,074	18,941

Consolidated statements of cash flows

	For the eleven month period ended December 31, 2020		
	Previously reported $'000	Policy change adjustment $'000	Restated balance $'000
Net cash used in operating activities	(3,937)	(6,796)	(10,733)
Net cash(generated from) / used in investing activities	(84,630)	6,796	(77,834)

Basis of consolidation

These 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 December 31, 2021, 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%

Going concern

These 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 year ended December 31, 2021, the Company reported operating cash outflows of $19,656,000 (December 31, 2020: $10,733,000) and investing cash outflows of $7,757,000 (December 31, 2020: $77,834,000). The Company had cash on hand and short-term investments of $21,728,000 at March 31, 2022 and $32,453,000 at December 31, 2021.

Since December 31, 2020, the Company has continued to develop its Beatons Creek Project and advancing its exploration efforts across the Pilbara and Victoria. The Company has prepared a cash flow forecast demonstrating that the Company will have access to sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing these consolidated financial statements.

Based on the cash flow forecast and revenue, operating cost assumptions, exploration costs, and capital expenditures, along with forecast commodity prices, foreign exchange rates, and the ability to realise marketable securities the Company's directors are satisfied that the going concern basis of preparation is appropriate. Critical elements to managing the Company's cash flows and achieving the forecast cash flows, positive cash balance, and forecast covenant compliance under the Credit Facility, include achieving forecast gold production at forecast operating costs, managing forecast capital expenditure, determining forecast discretionary exploration expenditure, and realising additional liquidity from the potential to dispose of certain of the Company's assets at favourable prices, in acceptable timeframes, if required and to the extent permitted under the Credit Facility.

If the Company does not meet its cash flow forecast, it may need to rely on a number of additional options, including, obtaining additional waivers or rescheduling of repayments under the Credit Facility, securing additional funding, refinancing the Credit Facility with other parties or by raising further capital from equity markets, or a combination of these options. The Company had available liquidity of $102,868,000 at December 31, 2021. Refer to the Company's Management's Discussion and Analysis for the year ended December 31, 2021 for further details.

The conditions above indicate a material uncertainty that may cast doubt about the Company's ability to continue as a going concern and, therefore, whether it will be able to realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

Financial Instruments

Classification

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income or loss ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the date of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or when the Company has opted to measure them at FVTPL.

Financial assets at FVTOCI

Certain investments in equity instruments are classified at FVTOCI and are initially recognized at fair value plus transaction costs. The Company can elect to classify irrevocably its equity instruments designated at FVTOCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis and the Company considers these investments to be strategic in nature. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income or loss ("OCI").

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements of profit and loss and other comprehensive income or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company 's business model for managing them. In order for a financial asset to be classified and measured at amortized cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed through profit or loss. Gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in OCI.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The Company considers a financial asset in default when contractual payments are overdue. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statement of profit and loss and other comprehensive income or loss. However, gains and losses on derecognition of equity investments classified as FVTOCI remain within the accumulated OCI.

Derecognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss and OCI.

Financial instruments – derivatives

Derivatives are classified as FVTPL and initially recognized at their fair value on the date the derivative contract is entered into and transaction costs are expensed. Derivatives are subsequently re-measured at their fair value at each statement of financial position date, with changes in fair value recognized through profit and loss. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative.

Derivatives embedded in debt instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

Inventory

Inventories comprise raw materials, stores, consumables, and work-in-process inventory (stockpiled mineralized material and gold in circuit). Inventories are stated at the lower of cost and net realizable value. Net realizable value of work-in-process inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and less applicable selling expenses. Costs include expenditure incurred in acquiring and bringing the inventories into their present location and condition and are determined on the basis of weighted average costs. Any provision for obsolescence is determined by reference to specific items of raw materials, stores, or consumables. A regular review is undertaken to determine the extent of any provision for obsolescence.

Investment in associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Company's former investments in its associates were accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date, including elimination of reciprocal interests and recognition of treasury shares. The consolidated statements of profit and loss and OCI reflects the Company's share of the results of operations of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Company's share of profit or loss of an associate is shown on the face of the consolidated statements of profit and loss and OCI.

Where the reporting dates of the associate and the Company vary, the Company uses the associate's financial results and adjusts for any significant events if there is less than three months' difference between the filing timelines of the associate and the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company. After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'share of profit of an associate' in the consolidated statements of profit and loss and OCI. Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statements of profit and loss and OCI.

Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. The Company determines the type of joint arrangement in which it is involved based on the rights and obligations of the parties to the joint arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement on a proportionate basis. Those parties are called joint operators. Joint control is the contractually agreed sharing of an arrangement, which exists only when decisions about the relevant activities require consent of the parties sharing control based on unanimous consent of the parties sharing control. None of the parties involved have unilateral control of a joint operation. The Company accounts for its interest in joint operations by recognizing its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. This assessment is to be performed on a continuous basis.

Foreign currency translation

The functional currency of each of the Company's subsidiaries and associates has been determined to be the local currency of their home jurisdictions. Each component's functional currency is the currency of the primary economic environment in which the component operates. Novo Resources Corp.'s functional currency is the Canadian dollar, and the consolidated financial statements are presented in Canadian dollars.

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their consolidated statements of profit and loss and OCI are translated at the average exchange rates for the reporting period. The exchange differences arising on consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Foreign currency transactions

Transactions in foreign currencies are initially recorded by each entity using the respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Impairment of non-financial assets

The carrying amounts of assets included in mine development assets, right of use assets and property, plant and equipment are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit ("CGU") to which the asset belongs is determined. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the assets' or CGU's carrying amount exceeds the recoverable amount and is recorded as an expense immediately.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. Future cash flows are estimated using the following significant assumptions: mineral reserves and mineral resources, production profiles (which include physical assumptions such as mining dilution, material loss, and processing recovery rates), operating costs, capital costs, commodity prices, foreign exchange rates, and discount rates. All external inputs used are those that an independent market participant would consider appropriate.

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or CGU in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which estimates of future cash flows have not been adjusted.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized into profit or loss immediately.

Decommissioning and rehabilitation liabilities

The Company recognizes a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Changes in the decommissioning and restoration liability due to the passage of time are recognized as an increase in the liability and an accretion expense in the consolidated statement of profit and loss and OCI. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

Share-based payments

The Company’s rolling share option plan (the “Plan”) allows the Company’s employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees, the fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the options granted at the date the Company receives the goods or the services using the Black-Scholes option pricing model.

Share-based payment transactions with performance-based vesting conditions are measured at the fair value of the options granted at the date of issuance, and they are remeasured at every reporting period throughout the deemed life of the share-based payment based on management estimates of vesting timeframes. Management also adjusts the cumulative share-based payment expense based on the number of options expected to vest under the vesting conditions.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

Property, plant and equipment and depreciation

Recognition and measurement

On initial recognition, property, plant and equipment is valued at cost, being the purchase price and directly attributable costs of acquisition required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income/expenses in profit or loss.

Depreciation

Depreciation is recognized through profit or loss and property, plant and equipment is amortized using the following methods:

Buildings	6 years, straight-line
Office furniture and equipment	5 to 6 years, straight-line
Mining equipment	
- Production plant	Units-of-production (“UOP”) method
- Field equipment	5 to 6 years, straight-line
Dams, pipelines, and Infrastructure	
- Tailings storage facility	UOP method
- Infrastructure	6 years, straight-line
Camp	6 years, straight-line
Vehicles	5 to 6 years, straight-line
Leasehold improvements	Over lease term

Mine development assets

Mine development assets are measured at cost less accumulated depletion and accumulated impairment losses. Mine development assets include the fair value attributable to recognized mineral reserves and resources acquired in a business combination or asset acquisition and the purchase price or construction cost representing any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Upon the achievement of commercial production, a mineral property is depleted using the UOP method. UOP depletion rates are determined using gold ounces mined over the estimated recoverable resources.

Stripping costs

As part of its mining operations, the Company incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine before the production phase commences are capitalized as part of the cost of constructing the mine and subsequently amortised over its useful life using a UOP method. The capitalization of development stripping costs ceases when the mine is ready for use as intended by management.

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the mineralized material to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realized in the form of improved access to mineralized material to be mined in the future, the costs are recognized as a non-current asset, referred to as a ‘stripping activity asset’, if the following criteria are met:

- Future economic benefits (being improved access to the deposit) are probable;
- The component of the deposit for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified mineralized material, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. The production measure is calculated for the identified component of the mineralised material and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset and is presented as part of ’mine development asset’ in the statements of financial position. This forms part of the total investment in the relevant CGU, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the deposit that became more accessible as a result of the stripping activity. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Government incentive tax credits

The Company incurs certain expenditures where government incentive tax credits are available to offset specific expenditures incurred. These tax credits and research and development tax refunds are accounted for as government grant incentive tax credits and are therefore recorded as a receivable when the amount is reliably measurable, and it is considered probable that the tax credit will be recovered. Government grant incentive tax credits are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the credits are intended to compensate.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In the prior period, right of use assets were disclosed as part of property, plant and equipment, but the comparatives in the current year have been restated to separately disclose the right of use asset in the statements of financial position.

Company as Lessee

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets.

Right of use assets

The Company recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office properties	3 to 5 years
Mining equipment	2 to 3 years

The right of use assets is also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery, equipment and vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase or extension option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from equity, net of any related income tax effects. For equity offerings of units consisting of a common share and warrants, when both instruments are classified as equity, the Company does not bifurcate the proceeds between the common share and the other equity instrument.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Employee leave benefits

(i) Wages, salaries, and annual leave

Liabilities for wages, salaries and, annual leave expected to be settled within 12 months of the reporting date are recognized in respect of employees' services up to the reporting date. They are measured at the amount expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognized and measured using the projected unit credit method.

Revenue – gold and silver sales

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Sales of gold and silver are recorded at the prevailing spot price on the date of sale.

Revenue from the sale of gold and silver during mine development was recognized in profit or loss.

Significant accounting judgements and estimates

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are periodically evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

Significant judgements

Information about critical judgements in applying accounting policies are discussed below:

Accounting for contingent consideration payable on an asset acquisition

In accounting for the cash component of contingent consideration payable on an asset acquisition, including future royalties, the Company considers IAS 37 *Provisions, Contingent liabilities and Contingent Assets* to be the applicable Accounting Standard. Accordingly, no obligation for the cash component of contingent consideration payable based on the future performance of the asset and actions of the Company is recognized at the date of purchase of the related asset.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew and renewal periods (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of certain plant and machinery with shorter non-cancellable periods (i.e., three to five years). Due to location of the Company's operations and expected mine life the Company expects to exercise its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

Leases - estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Transition from the exploration and evaluation stage to the development stage

Judgment is required in determining when an exploration and evaluation project is both technically feasible and commercially viable. When this can be demonstrated the carrying value of the exploration and evaluation asset is reclassified to mine development assets. In assessing the technical feasibility and commercial viability of an asset, the estimated net cash flows are determined by estimating the expected future revenues and costs, including the future production costs, capital expenditures, site closure and environmental rehabilitation costs. There must a high degree of confidence to be able to conclude that the extraction, processing and sale of reserves as well as mineral resources can be undertaken economically.

Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as “commercial production”) is a matter of significant judgement. Management considers several factors in determining when a mining property has reached levels of operating capacity intended by management, including:

- When the mine is substantially complete and ready for its intended use;
- The mine has the ability to sustain ongoing production at a steady or increasing level;
- The mine has reached a level of pre-determined percentage of design capacity;
- Mineral recoveries are at or near the expected production level; and
- A reasonable period of testing of the mine, plant and equipment has been completed.

Once in commercial production, the capitalization of certain mine development and construction costs ceases and depletion of the mine property commences. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. Any costs relating to mining asset additions or improvements, or mineable reserve development, are assessed to determine whether capitalization is appropriate. The Company declared that the Beatons Creek Project achieved commercial production effective October 1, 2021.

Revenue – determining the timing of the transfer of control

Revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgement. Revenue from bullion sales is recognized at a point in time when control passes to the buyer. This generally occurs when the bullion has been physically transferred to the refiner and the Company has instructed the refiner to purchase the gold. This is the point in time when all performance obligations are satisfied. The transaction price is determined on the transaction date.
Determination of cost of inventory sold prior to commercial production

As expenditure incurred during the development phase of the mine relates to both commissioning the mine and the production of inventory, there is significant judgement involved in allocating expenditure between mine development expenditure and the cost of inventory. In determining the costs to be allocated to inventory sold during the development phase, consideration was given to the estimated mining and processing costs per tonne expected to be achieved when the mine is operating in a manner as intended by management.
Determination of significant influence

The formerly equity accounted investment in New Found Gold Corp. represented an interest in an entity in which the Company held less than 20% voting power but determined that it had significant influence. The Company’s former significant influence was mainly due to the Company having representation on the investee’s board of directors, participation in policy-making processes, and provision of essential technical information, all of which were lost on September 17, 2021. See notes 5 and 11 for further details.

Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected volume of waste to be stripped for an expected volume of mineralized material to be mined for a specific component of the deposit is the most suitable production measure.

Key estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Recoverability of exploration and evaluation assets

The amounts shown as exploration and evaluation assets represent net acquisition costs to date, and do not necessarily represent present or future values. The recoverability of these amounts 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.

Marketable securities

The fair value of marketable securities that cannot be measured based on quoted prices in active markets is measured using valuation techniques including trading and revenue multiples.

The fair value of the shares held in Elementum 3D Inc. (“E3D”) (formerly known as Sinter Print Inc.), an unlisted entity, was determined using the latest share price used by E3D to raise funds and corroborated with revenue/business enterprise multiples of listed companies comparable to E3D.

Decommissioning, restoration and similar liabilities

Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation costs. Decommissioning, restoration and similar liabilities are estimated based on the Company’s interpretation of current regulatory requirements and constructive obligations, and are measured at the present value of discounted cash flows for the estimated liabilities. The carrying value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration and similar liabilities that may occur upon decommissioning of certain of the Company’s assets. The ultimate decommissioning and restoration costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine decommissioning and restoration. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management’s best estimate of the present value of the future rehabilitation costs required.

Fair value of derivatives

The valuation of the Company’s derivative financial instruments requires the use of valuation techniques. Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates result in changes in the fair value of these instruments and a corresponding change in the amount recognized through profit or loss. Refer to note 28 for further detail.

Determination of resources

Estimates pertaining to mineral resource, as referred to in NI 43-101 and defined in the CIM Definition Standards, are used to generate estimates of the amount of mineralized material that can be economically and legally extracted from the Company’s mining properties. The Company does not currently have an established mineral reserve as referred to in NI 43-101 and defined in the CIM Definition Standards and therefore develops its mine plans, schedules and forecasts on estimated recoverable resources. Such estimated recoverable resources and changes to these may impact the Company’s reported financial position and results, in the following way:

- The recoverable values of mine properties, and property, plant and equipment may be affected due to changes in estimated future cash flows;
- Depreciation and amortization charges in the consolidated statement of profit or loss and OCI may change where such charges are determined using the units-of-production method, or where the useful life of the related assets changes;
- Capitalized stripping costs recognized in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios;
- Provisions for rehabilitation and environmental provisions may change where mineral resource or mineral reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities; and
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Company estimates its mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the deposit and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the deposit and is reconciled to the Beatons Creek Project's mineral resource estimate on a regular basis.

Recoverable amount of long-lived assets

The carrying amounts of mining properties and plant and equipment are assessed for any impairment triggers such as events or changes in circumstances which indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the CGU level. The Company considers both external and internal sources of information in assessing whether there are any indications that mining interests are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mining interests. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Refer to note 22.

UOP - depreciation

Estimated economically recoverable mineral resources are used in determining the depreciation and/or amortization of mine-specific assets. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining production profile. The life of each item, which is assessed quarterly, has regard to both its physical life limitations and present assessments of economically recoverable mineral resources of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable mineral resources and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortization could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable mineral resources, or if future capital expenditure estimates change. Changes to economically recoverable mineral resources could arise due to changes in the factors or assumptions used in estimating mineral resources, including:

- The effect on economically recoverable resource of differences between actual commodity prices and commodity price assumptions; and
- Unforeseen operational issues.

In the event of changes in estimates they are accounted for prospectively.

Inventories

Net realizable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

New and amended accounting standards and interpretations

Several other amendments and interpretations applied for the first time in 2021, but did not have an impact on the consolidated financial statements of the Company and, hence, have not been disclosed.

The following are accounting standards anticipated to be effective January 1, 2023 or later that are assessed to be relevant to the Company but have not yet been adopted:

<u>Amendments to IAS 1: Classification of liabilities as current or non-current</u>

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

<u>Property, Plant and Equipment: Proceeds before intended use – amendments to IAS 16</u>

In May 2020, the IASB issued Property, Plant and Equipment — *Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1,2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

<u>Definition of Accounting Estimates - Amendments to IAS 8</u>

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1 2022 and apply to changes in accounting policies and accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments are effective for annual reporting periods beginning on or after January 1 2023 and apply to transactions that occur on or after the beginning of the earliest comparative period presented. The amendments have yet to be determined by the Company.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual reporting periods beginning on or after January 1 2022 and the amendments must be applied prospectively. The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract –Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1 2022 and the amendments must be applied prospectively. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

IFRS 9 Financial Instruments - Fees in the 10% test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

3. INVENTORY

	December 31, 2021 $'000	December 31, 2020 $'000
Consumables	4,126	3,271
Gold in circuit	788	3
Stockpiles	4,732	565
Total	**9,646**	**3,839**

During the year ended December 31, 2021, the Company recorded net realizable value adjustments, recognized in cost of goods sold, of $2,723,000 (period ended December 31, 2020 - $nil).

4. RECEIVABLES

	December 31, 2021 $'000	December 31, 2020 $'000
Canadian GST receivable	49	168
Australian GST receivable	5,568	1,638
Other receivables at amortized cost	510	-
Total	**6,127**	**1,806**

5. MARKETABLE SECURITIES

Calidus Resources Limited – (ASX: CAI)

On October 30, 2017, the Company participated in Calidus Resources Limited's ("Calidus") private placement by purchasing 36,585,366 ordinary shares at AUD $0.041 per share for gross consideration of AUD $1,500,000 ($1,490,000). The Company received Calidus' shares upon closing of the private placement on November 6, 2017. Calidus also issued to Novo 20,000,000 fully paid ordinary shares at a fair value of AUD $820,000 ($814,000) or AUD $0.041 per share as a reimbursement for expenditures incurred by the Company on certain tenements in the Marble Bar region of Western Australia which was subject to a binding term sheet between Novo and Calidus (see note 6). These shares are subsequently remeasured at FVTOCI.

On November 27, 2019, Calidus completed a 10:1 consolidation of its outstanding ordinary shares. Immediately subsequent to this consolidation, the Company held 5,658,537 ordinary shares of Calidus.

On April 1, 2021, 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 its remaining 18,471,870 Calidus shares for gross proceeds of AUD $10,550,000 ($9,858,000).

(Expressed in Canadian Dollars, unless stated otherwise)

Elementum 3D Inc. – (unlisted)

On November 18, 2014, the Company participated in E3D's inaugural financing and purchased 2,000,000 common shares of E3D, an unlisted private company based in Erie, Colorado. E3D is an additive manufacturing research and development company which specializes in the creation of advanced metals, composites, and ceramics. On March 7, 2018, the Company participated in E3D's rights offering financing. Through this rights offering financing, the Company purchased 76,560 additional common shares of E3D at a price of USD $1.68 per common share. As a result of other share issuances during the rights offering financing, the Company's ownership in E3D was diluted to 14.87%. As a result of this and other factors, the Company determined that it could no longer exert significant influence over E3D and thus E3D no longer met the definition of an associate. As such, the Company's 2,076,560 common shares of E3D have been accounted for as marketable securities from the date E3D ceased to be an associate.

The Company recognized a fair value gain on derecognition of associate in the consolidated statements of profit or loss and OCI, with subsequent fair value changes in this investment remeasured at FVTOCI.

During the year ended December 31, 2021, 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 US$11 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 December 31, 2021, the Company's ownership in E3D is 12.57% and the Company has recognized its investment in E3D at fair value, being USD $6.27 (2020: USD $2.50) per E3D common share.

American Pacific Mining Corp. – (CSE: USGD)

On March 6, 2018, American Pacific Mining Corp. ("APM") issued 266,666 common shares to Novo at a fair value of $0.38 per share for total consideration of $101,000. On March 8, 2019 APM issued an additional 266,666 common shares at $0.22 per share for a total consideration of $59,000. On March 4, 2020, APM issued the final tranche of 266,667 common shares to Novo at $0.045 per share for total consideration of $12,000 (see note 6). The APM shares were accounted for as marketable securities, so they were initially recognized at fair value and subsequently remeasured at FVTOCI.

On April 17, 2020, APM completed a 3:1 consolidation of its outstanding common shares. Immediately subsequent to this consolidation, the Company held 266,666 common shares of APM.

During the year ended December 31, 2021, the Company sold all of its 266,666 common shares of APM for gross proceeds of $91,000.

Essential Metals Limited – (ASX: ESS)

On September 17, 2018 Essential Metals Limited ("Essential Metals") issued 50,000,000 ordinary shares to Novo at a fair value of AUD $0.02 per share for total consideration of AUD $1,000,000 ($931,000). On July 8, 2020 Essential Metals completed a 10:1 consolidation of its outstanding ordinary shares. Immediately subsequent to this consolidation, the Company held 5,000,000 ordinary shares of Essential Metals.

During the period ended December 2020, the Company sold 550,000 Essential Metals shares for gross proceeds of AUD $46,000 ($45,000). The Essential Metals shares had been accounted for as marketable securities, so they were initially recognized at fair value and subsequently remeasured at FVTOCI.

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

Kalamazoo Resources Limited – (ASX: KZR)

On January 14, 2020, the Company participated in Kalamazoo Resources Limited's ("Kalamazoo") private placement (the "Kalamazoo Financing") by purchasing 10,000,000 units (each a "Kalamazoo Unit") at AUD $0.40 per Kalamazoo Unit for gross consideration of AUD $4,000,000 ($3,544,000).

Each Kalamazoo Unit was comprised of one Kalamazoo ordinary share and one whole unlisted option (each a "Kalamazoo Warrant"). The Company received the Kalamazoo ordinary shares upon closing of the Kalamazoo Financing on January 17, 2020, which represented 6.89% of Kalamazoo's issued and outstanding ordinary shares as at December 31, 2021.

Each Kalamazoo Warrant entitled the Company to purchase one additional ordinary share of Kalamazoo at a price of AUD $0.80 per share. The issue of the Kalamazoo Warrants was subject to Kalamazoo shareholder approval which was obtained on February 24, 2020. The Kalamazoo Warrants were issued on February 25, 2020 and expired unexercised on August 24, 2021.

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.

The Kalamazoo Warrants qualified as derivatives and were therefore initially recognized at fair value and subsequently remeasured at FVTPL prior to their expiry.

GBM Resources Limited – (ASX: GBZ)

On March 30, 2020, the Company subscribed for 9,090,909 units (each a "GBM Unit") of ASX-listed GBM Resources Limited ("GBM") (the "GBM Subscription"). The GBM Subscription was subject to approval of the TSX Venture Exchange (the "TSX-V") and other customary regulatory approvals for transactions of this nature, all of which were received by April 6, 2020.

The GBM Units were paid for by the issuance of 197,907 common shares of Novo with a fair value of $366,000 based on the closing price of the Company's common shares on the TSX-V on April 6, 2020 of $1.85. Each GBM Unit is comprised of one ordinary share of GBM and one-half-of-one ordinary share purchase warrant (each a "GBM Warrant"). Each whole GBM Warrant is exercisable to purchase one ordinary share of GBM at AUD $0.11 and expires on April 6, 2023.

On July 6, 2020, the Company subscribed for 2,272,728 fully paid ordinary shares at a cost of AUD $0.055 and 1,136,364 listed options at AUD $0.11 pursuant to GBM's rights offering financing. As part of this rights offering financing, the exercise price of the GBM Warrants was repriced to AUD $0.105. The Company now holds a total of 11,363,637 ordinary shares and 5,681,818 warrants which represents 2.22% of GBM's issued and outstanding ordinary shares as at December 31, 2021.

The GBM ordinary 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 FVTPL.

New Found Gold Corp. – (TSX-V: NFG)

On March 2, 2020, the Company subscribed for 15,000,000 common shares (the "New Found Shares") of New Found Gold Corp. ("New Found"), a Canadian private exploration company at the time, in exchange for 6,944,444 common shares of the Company (the "Novo Shares") based on the closing price of the Company's common shares on the TSX-V on February 28, 2020. The issuance of the Novo Shares in return for the New Found Shares was subject to TSX-V approval which was provided on March 6, 2020. As such, the Novo Shares were issued on March 6, 2020, at a fair value of $2.41 per share for total consideration of $16,736,000. In May 2020, New Found raised significant funds at a price of $1.50 per share. Although the Company did not participate in this financing, the Company recognized the increased price as a fair indicator of New Found's fair value and revalued its holdings accordingly.

The New Found shares were accounted for as marketable securities, so they were initially recognized at fair value and subsequently remeasured at FVTOCI.

On June 17, 2020 the Company obtained significant influence over New Found through the appointment of Dr. Quinton Hennigh, Novo's former Chairman, President, and a director, to the board of New Found as Novo's nominee. 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 will be 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. Refer to note 11 for further details.

As at December 31, 2021							
FVTOCI	Number of shares Closing balance	Opening Fair Value $'000	Disposals $'000	Transfer from investment in associate $'000	Foreign Exchange $'000	Gains / (Losses) $'000	Closing Fair Value $'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 shares Closing balance	Opening Fair Value $'000	Additions $'000	Foreign Exchange $'000	Gains / (Losses) $'000	Closing Fair Value $'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**

As at December 31, 2020							
FVTOCI	Number of shares Closing balance	Opening Fair Value $'000	Additions / (Disposals) $'000	Transfer to investment in associate $'000	Foreign Exchange $'000	Gains / (Losses) $'000	Closing Fair Value $'000
Calidus Resources Limited Ordinary Shares	5,138,537	1,309	(198)	-	405	1,036	2,552
American Pacific Mining Corp. Common Shares	266,666	32	12	-	-	3	47
Elementum 3D Inc. Common Shares	2,076,560	6,870	-	-	-	(260)	6,610
Essential Metals Limited Ordinary shares	4,450,000	576	(44)	-	90	(264)	358
Kalamazoo Resources Limited Ordinary Shares	10,000,000	5,670	-	-	599	(417)	5,852
New Found Gold Corp Common Shares	15,000,000	-	16,736	(19,500)	-	2,764	-
GBM Resources Ltd Ordinary Shares	11,363,637	-	643	-	(554)	1,475	1,564
		14,457	17,149	(19,500)	540	4,337	16,983

As at December 31, 2020						
FVTPL	Number of shares Closing balance	Opening Fair Value $'000	Additions $'000	Foreign Exchange $'000	Gains / (Losses) $'000	Closing Fair Value $'000
Kalamazoo Resources Limited Warrants/Options	10,000,000	-	-	74	1,197	1,271
GBM Resources Ltd Warrants/Options	5,681,818	-	225	(53)	344	516
		-	225	21	1,541	1,787
					Total marketable securities - non current	**18,770**

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets	December 31, 2021 $'000	December 31, 2020 *restated Note 2* $'000	February 1, 2020 *restated Note 2* $'000
Opening balance	146,687	39,125	36,903
Acquisitions			
East Pilbara	6,157	98,525	-
Victoria	7,215	108	-
West Pilbara	23	5,356	-
Transfer to mine development asset	-	(4,503)	-
Impairment	(177)	(480)	-
Foreign exchange	(9,977)	8,556	2,222
Closing balance	**149,928**	146,687	39,125

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.

<u>East Pilbara</u>

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.

On December 8, 2020, the Company received approvals from the Western Australia Department of Mining, Industry Regulation and Safety (“DMIRS”) to commence mining the Beatons Creek Project. With this approval in place, mining leases 46/9, 46/10, 46/11 and 46/532 transitioned from exploration and evaluation assets to mine development assets.

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. Deferred consideration equal to 2% of all gold revenue generated by the Company is paid to IMC on a quarterly basis. Refer to note 9 and note 19.

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.

Blue Spec Project

On September 19, 2020, the Company signed a binding terms sheet with Calidus to sell tenements M46/115 and M46/244 (the “Calidus Blue Spec Tenements”) to Calidus, both of which are included in the Blue Spec project (the “Blue Spec Project”), for AUD $19,500,000 ($18,779,000). Calidus paid a non-refundable deposit of AUD $200,000 ($193,000) to the Company on September 22, 2020. On November 25, 2020 and on March 22, 2021 the Company signed amended binding terms sheets with Calidus regarding the sale of the Calidus Blue Spec Tenements. The resulting transactions and revised terms were as follows:

- Calidus paid AUD $2,500,000 ($2,459,000) to the Company on November 27, 2020 in exchange for a 10% interest in the Calidus Blue Spec Tenements (aggregate payment – AUD $2,700,000);

- 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 – AUD $7,700,000); 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 (the "Calidus Shares") 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

On June 15, 2020 the Company entered into a binding term sheet with the Mark Gareth Creasy and entities controlled by him (collectively, the "Creasy Group") pursuant to which Novo would consolidate 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 Creasy Transaction was comprised of the following elements:

- acquisition of Creasy Group's residual interest in 20 tenements comprising 510km² currently subject to joint arrangements between the Company and the Creasy Group pursuant to which the Company currently holds a 70% of all mineral rights (the "Original JV Tenements"). Upon completion of the transaction, Novo will hold 100% ownership in these tenements;
- acquisition of 100% ownership (including rights to all minerals) in 55 tenements comprising an additional 1,865km² of new tenure for Novo, subject to the Creasy Group retaining limited prospecting rights on one tenement comprising 25km²; and
- acquisition of a 70% interest in 3 tenements comprising an additional 525km² of new tenure for the Company and entry into joint arrangements over these tenements, pursuant to which Novo will hold a 70% interest in rights to all minerals and Creasy Group will hold the other 30%.

Upon completion of the Creasy Transaction, the Company and the Creasy Group will terminate agreements which pertain to the Original JV Tenements and historical transactions between the Company and the Creasy Group.

As consideration for the Creasy Transaction, the Company issued to the Creasy Group 2,582,269 common shares (the "Consideration Shares") at a fair value of $3.45 per Consideration Share for gross consideration of $8,909,000. An additional 8,431 common shares (the "Additional Consideration Shares") will be issued to Creasy once Australian Foreign Investment Review Board ("FIRB") approval has been obtained. The Additional Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance. If FIRB approval is not obtained by June 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 December 31, 2021 the Company is still assessing this transaction.

The Consideration Shares have been accounted for as an equity-settled share-based payment. As an equity-settled share-based payment, the consideration payable was recognised directly in equity without subsequent remeasurement. The transaction was recognized and measured with reference to the fair value of the equity instruments granted at the date control of the asset was obtained, estimated to be $8,909,000 as the Company determined that it could not reliably measure the fair value of the asset obtained.

Calidus Resources Limited

On January 30, 2021, the Company signed a binding term sheet with Calidus pursuant to which it sold its 30% interest in its joint operation over the Warrawoona project in Western Australia to Calidus for a 1% net smelter returns gold royalty.

Mt Elsie project

On June 11, 2020, the Company entered into a binding term sheet to acquire three exploration licences (the "Mt Elsie Project") comprising an area of approximately 19km² located 75km north-east of the town of Nullagine, Western Australia and adjacent to numerous Novo wholly-owned tenements. The Company issued an aggregate 324,506 common shares (the "Elsie Consideration Shares") at a fair value of $3.98 per Elsie Consideration Share for gross consideration of $1,292,000 and paid AUD $100,000 ($95,000) in cash to the vendors of the Mt. Elsie Project. 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 transaction.

<u>West Pilbara</u>

Bellary Dome Pty Ltd ("Bellary Dome")

On June 12, 2020 the Company entered into an option agreement (the "Option Agreement") with Bellary Dome for the option to acquire the gold rights (the "Option") in exploration licence 47/3555 (the "Bellary Tenement") located in the Southern Pilbara region of Western Australia. The Option was conditional upon the removal of a caveat currently registered against the Bellary Tenement by a non-arm's length party to Bellary Dome and subsequent registration of the Bellary Tenement in Bellary Dome's name, all of which were satisfied on July 31, 2020. The Company paid AUD $25,000 ($24,000) to Bellary Dome for an initial option period of 12 months (the "Option Period"). 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.

Before the expiry of the Option Period, the Company may extend the Option Period to 24 months from the date of satisfaction of the Conditions by paying Bellary Dome AUD $25,000, 36 months from the date of satisfaction of the Conditions by paying Bellary Dome AUD $50,000, or 48 months from the date of satisfaction of the Conditions by paying Bellary Dome AUD $100,000.

During the year ended December 31, 2021, the Company extended the Options period for 12 months and paid Bellary Dome AUD $25,000 ($23,000).

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.

The AUD $3,000,000 cash consideration was initially recognized as a liability in the Company's consolidated statements of financial position. On initial recognition, the cash consideration payable was discounted to reflect its present value. The liability was carried at amortized cost and was being accreted to its face value over the period to maturity. The carrying value of the cash consideration payable recognized as a current liability at December 31, 2021 was $nil (December 31, 2020: $2,949,000) as it was paid on February 4, 2021.

The Subsequent Consideration Shares were accounted for as an equity-settled share-based payment. As an equity-settled share-based payment, the consideration payable was recognized directly in equity without subsequent remeasurement. The transaction was recognized and measured with reference to the fair value of the equity instruments granted at the date control of the asset was obtained, estimated to be $3,354,000 as the Company determined that it could not reliably measure the fair value of the asset obtained.

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 resources of at least 250,000 ounces on the Comet Well Project (the "Comet Well Technical Report"). As at the date of these] consolidated financial statements, 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) 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 property, 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.

Pursuant to the first farm in and joint operation agreement (the "Novo Farm-in Agreement"), the Company will free carry Gardner and Smith with respect to joint operation expenditures until a decision to mine is made, at which point any non-contributing entity's interest in the joint operation will dilute at a pre-determined ratio. If Gardner's and Smith's interests in the joint operation are reduced to below 5%, Gardner and Smith will be deemed to have withdrawn from the joint operation and their interest will convert to an aggregate 1.0% net smelter returns royalty payable on any gold which is capable of being sold or otherwise disposed of. If the Company's interest in the joint operation is reduced to below 5%, the Company will be deemed to have withdrawn from the joint operation and its interest will convert to an aggregate 4% net smelter returns royalty payable on any gold which is capable of being sold or otherwise disposed of.

Pursuant to the concurrent farm in and joint operation agreement with Gardner and Smith (the "Gardner and Smith Farm-in Agreement"), the Company will free carry Gardner and Smith with respect to joint operation expenditures until a decision to mine is made, at which point any non-contributing entity's interest in the joint operation will dilute at a pre-determined ratio. If Gardner's and Smith's interests in the joint operation are reduced to below 5%, Gardner and Smith will be deemed to have withdrawn from the joint operation and their interests will convert to a 0.5% net smelter returns royalty payable on any gold which is capable of being sold or otherwise disposed of. If the Company's interest in the joint operation is reduced to below 5%, the Company will be deemed to have withdrawn from the joint operation and its interest will convert to a 4% net smelter returns royalty payable on any gold which is capable of being sold or otherwise disposed of.

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.

<u>Central Pilbara</u>

Memorandum of Agreement with Essential Metals

On December 7, 2020, the Company completed its farm in obligations pursuant to a Memorandum of Agreement pertaining to certain tenements in the Egina region, executed with Essential Metals in September 2017 and earned a 70% interest in precious metals rights on the relevant tenements.

De Grey and Farno McMahon Heads of Agreement

On January 28, 2020, De Grey provided the Company with a notice that it had earned a 30% interest in E47/2502 and commenced a joint operation over the tenement. On March 30, 2021, De Grey provided the Company with a notice that it had earned an additional 45% interest in E47/2502 for an aggregate 75% interest. The Company retains a 100% interest in alluvial rights over E47/2502 to a depth of three metres below surface.

<u>Victoria, Australia</u>

Malmsbury Project

On March 30, 2020, the Company was granted an option (the "Malmsbury Option") and an additional earn-in right to acquire up to an aggregate 60% interest in GBM's Malmsbury gold project (the "Malmsbury Project") located in the Bendigo zone of Australia's Victorian goldfields, with the possibility of the interest being increased to 75% interest, as described below. The Malmsbury Option was subject to approval of the TSX-V and other customary regulatory approvals for transactions of this nature, all of which were received by April 6, 2020.

Novo had a six-month period (the "Malmsbury Initial Period") to confirm social license to explore the Malmsbury Project and conduct other due diligence while awaiting the grant of the Malmsbury Project Retention Licence RL6587 to GBM. At any time during the Malmsbury Initial Period, Novo had the right to exercise the Malmsbury Option to earn a 50% interest in the Malmsbury Project by issuing 1,575,387 common shares to GBM (the "GBM Option Shares"), which would be subject to a statutory hold period of four months from the date of issuance, and reimbursing GBM for validly incurred and documented exploration expenditures on the Malmsbury Project during the Malmsbury Initial Period of up to AUD $250,000 (the "GBM Reimbursable Amount"), with such reimbursed amount being credited against the Malmsbury Earn-In Amount (defined below). On September 24, 2020, the Company exercised the Malmsbury Option. The Company issued the GBM Option Shares on May 13, 2021 and paid the GBM Reimbursable Amount.

The Company has the right to earn an additional 10% interest in the Malmsbury Project and form a joint venture 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 venture 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 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.

Queens Project

On September 22, 2020, the Company was granted an option (the "Queens Option") and an additional earn-in right to acquire up to an aggregate 50% interest in Kalamazoo's Queens gold project (the "Queens Project") located in the Bendigo zone of Australia's Victorian goldfields, with the possibility of the interest being increased to 80% interest, as described below. The Queens Option was subject to approval of the TSX-V and other customary regulatory approvals for transactions of this nature, all of which were received by September 28, 2020.

Novo was granted a six-month period (the "Queens Initial Period") to conduct due diligence on the Queens Project by issuing 24,883 common shares of the Company (the "Queens Due Diligence Shares") to Kalamazoo on September 28, 2020 at a fair value of $3.87 per share for gross consideration of $85,000. The Queens Due Diligence Shares were subject to a statutory hold period which expired on January 29, 2021. At any time during the Queens Initial Period, Novo had the right to exercise the Queens Option to earn a 50% interest in the Queens Project by issuing the AUD $2,000,000 equivalent of the Company's common shares to Kalamazoo (the "Kalamazoo Option Shares"), which will be subject to a statutory hold period of four months from the date of issuance, at a deemed price per Kalamazoo Option Share equal to the volume-weighted average closing price of the Company's common shares for the five trading days immediately prior to the Company's exercise of the Queens Option. On March 22, 2021, the Company completed the Queens Initial Period, exercised the

Queens Option, 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 earn an additional 20% interest in the Queens Project 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 is 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

On January 29, 2021, pursuant to an amended agreement signed between the Company and APM on December 18, 2019, APM made final payment of $150,000 in order to complete its purchase of the Company’s Tuscarora property in Nevada, USA.

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.

7. PROPERTY, PLANT, AND EQUIPMENT

Gross Cost	Buildings $'000	Office Furniture and Equipment $'000	Mining Equipment $'000	Dams, Pipelines, and Infrastructure $'000	Exploration Camp $'000	Vehicles $'000	Leasehold Improvement $'000	Capital WIP $'000	Critical Spares $'000	Total $'000
Opening balance	**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**

Accumulated Depreciation and Impairment	Buildings $'000	Office Furniture and Equipment $'000	Mining Equipment $'000	Dams, Pipelines, and Infrastructure $'000	Exploration Camp $'000	Vehicles $'000	Leasehold Improvement $'000	Capital WIP $'000	Critical Spares $'000	Total $'000
Opening balance	(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)**
Balance as at December 31, 2020	**4,829**	**538**	**75,680**	**375**	**354**	**276**	**-**	**7,906**	**1,822**	**91,780**
Balance as at December 31, 2021	**2,808**	**308**	**57,323**	**8,051**	**402**	**163**	**153**	**3,424**	**1,705**	**74,337**

Gross Cost	Buildings $'000	Office Furniture and Equipment $'000	Mining Equipment $'000	Exploration Camp $'000	Vehicles $'000	Capital WIP $'000	Critical Spares $'000	Total $'000
Opening balance	**-**	**57**	**1,103**	**574**	**171**	**-**	**-**	1,905
Additions	4,808	510	71,027	56	201	7,455	1,718	85,775
Disposals	-	-	-	-	(9)	-	-	(9)
Foreign exchange	291	37	4,434	67	30	451	104	5,414
Closing balance	**5,099**	**604**	**76,564**	**697**	**393**	**7,906**	**1,822**	**93,085**

Accumulated Depreciation and Impairment	Buildings $'000	Office Furniture and Equipment $'000	Mining Equipment $'000	Exploration Camp $'000	Vehicles $'000	Capital WIP $'000	Critical Spares $'000	Total $'000
Opening balance	-	(4)	(226)	(198)	(68)	-	-	(496)
Depreciation	(255)	(58)	(243)	(116)	(42)	-	-	(714)
Disposals	-	-	-	-	3	-	-	3
Foreign exchange	(15)	(4)	(40)	(29)	(10)	-	-	(98)
Closing balance	**(270)**	**(66)**	**(509)**	**(343)**	**(117)**	**-**	**-**	**(1,305)**
Balance as at January 31, 2020	**-**	**53**	**877**	**376**	**103**	**-**	**-**	**1,409**
Balance as at December 31, 2020	**4,829**	**538**	**76,055**	**354**	**276**	**7,906**	**1,822**	**91,780**

Refer to note 14 for details of encumbrances on property, plant and equipment.
Refer to note 22 for details of impairment.

8. RIGHT OF USE ASSETS

Cost	Properties $'000	Mining Equipment $'000	Total $'000
Opening balance	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**

Accumulated Depreciation and Impairment	Properties $'000	Mining Equipment $'000	Total $'000
Opening balance	(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)**
Balance as at December 31, 2020	**194**	**39,042**	**39,236**
Balance as at December 31, 2021	**978**	**24,800**	**25,778**

Cost	Properties $'000	Mining Equipment $'000	Total $'000
Opening balance	368	155	523
Additions	273	38,033	38,306
Foreign exchange	59	2,319	2,378
Closing balance	**700**	**40,507**	**41,207**

Accumulated Depreciation and Impairment	Properties $'000	Mining Equipment $'000	Total $'000
Opening balance	(290)	(56)	(346)
Depreciation	(174)	(1,309)	(1,483)
Foreign exchange	(42)	(100)	(142)
Closing balance	**(506)**	**(1,465)**	**(1,971)**
Balance as at December 31, 2020	**194**	**39,042**	**39,236**

The Company's mining contract for the Beatons Creek Project includes various items of mining equipment which have been accounted for as a lease. The lease term of the mining equipment is 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 has partially been impaired – refer to note 22.

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.

(Expressed in Canadian Dollars, unless stated otherwise)

9. ACQUISITION OF MILLENNIUM MINERALS

On August 4, 2020, the Company signed arm's length agreements (the "Agreements") to acquire all of the outstanding shares of privately held Millennium from IMC Resources Gold Holdings Pte Ltd, Heritas Capital Management (Australia) Pty Ltd, and IMC Resources Ltd (collectively, "IMC") (the "Millennium Acquisition"). The Millennium Acquisition completed on September 7, 2020 (the "Completion Date").

Pursuant to the Agreements and on the Completion Date, Novo acquired all of the outstanding ordinary shares of Millennium on a cash and debt free basis (except as described below) in exchange for the issuance to IMC of 17,706,856 Novo units (each an "Acquisition Consideration Unit").

Each Acquisition Consideration Unit was comprised of one Novo common share (an "Acquisition Share") and one-half of one transferable Acquisition Share purchase warrant (each an "Acquisition Consideration Warrant"), with each whole Acquisition Consideration Warrant entitling the holder to acquire one Acquisition Share at a price of $4.40 until September 7, 2023. On September 14, 2020, as contemplated by the Agreements, Millennium settled all debts owing to IMC by repaying a cash component of AUD $60,000,000 ($57,210,000) (the "IMC Cash Debt Repayment") and issuing 2,656,591 Units to IMC (each a "Debt Consideration Unit"). Each Debt Consideration Unit is comprised of one common share of Novo (each a "Debt Share") and one-half of one transferable Debt Share purchase warrant (each a "Debt Consideration Warrant"), with each whole Debt Consideration Warrant entitling the holder to acquire one Debt Share at a price of $4.40 until September 14, 2023. The Company did not have all requisite approvals to effect the IMC Cash Debt Repayment and issue the Debt Consideration Units until September 14, 2020. However, the issuance of the Acquisition Consideration Units and the Debt Consideration Units was treated as a single transaction for the purposes of the Millennium Acquisition.

The Acquisition Shares and the Debt Repayment Shares were issued at a fair value of $67,943,000. The Acquisition Consideration Warrants and Debt Consideration Warrants were valued at $15,135,000 using the Black Scholes option pricing model with the following assumptions:

	Assumptions
Exercise price	$4.40
Risk-free interest rate	0.25%
Expected stock price volatility	80%
Expected dividend yield	0.00%
Expected life of warrants	3 years

The Acquisition Consideration Units and Debt Consideration Units issued to IMC, and the securities underlying the Acquisition Consideration Units and Debt Consideration Units, were subject to statutory and stock exchange hold periods which expired on January 8 and January 15, 2021; a further contractual hold period applies to half of the Acquisition Consideration Units and Debt Consideration Units issued to IMC, increasing the hold period for those securities to 12 months.

Novo has also agreed to pay to 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. Pursuant to the Company's accounting policy, as at the Completion date, no obligation for the cash component of contingent consideration payable based on the future performance of the asset acquired and actions of the Company was recognized.

The acquisition of Millennium was accounted for as an asset acquisition as Millennium was not considered to be a business when applying the guidance within IFRS 3. The issuance of the Acquisition Consideration Units and the Debt Consideration Units was treated as an equity-settled share-based payment and measured at the fair value of the consideration issued as the fair value of the assets acquired included early-stage exploration assets, the fair value of which could not be reliably estimated. As a result, the fair value of the Acquisition Consideration Units and Debt Consideration Units needed to be measured and attributed to the assets and liabilities acquired.

Assets acquired, and liabilities assumed

The identifiable assets and liabilities of Millennium as at the Completion Date were:

	Total $'000
Assets	
Cash, receivables and prepayments	167
Inventory	3,714
Plant, property and equipment	79,906
Exploration and evaluation assets	87,225
Liabilities	
Rehabilitation provision	(27,308)
Payables	(673)
Net assets acquired	**143,031**
Cost of acquisition	
Cash settlement of loan payable	57,210
Transaction costs	2,393
Shares issued	67,943
Warrants issued	15,134
Working capital adjustment	351
Total	**143,031**

10. MINE DEVELOPMENT ASSET

Cost	Mine Development Asset $'000
Opening balance	12,820
Additions	8,670
Changes in rehabilitation provision	7,331
Foreign exchange	(1,186)
Closing balance	**27,635**

Accumulated Depreciation and Impairment	Mine Development Asset $'000
Opening balance	-
Depreciation	(1,717)
Impairment	(19,433)
Foreign exchange	483
Closing balance	**(20,667)**
Balance as at December 31, 2020	**12,820**
Balance as at December 31, 2021	**6,968**

Cost	Mine Development Asset $'000
Opening balance	-
Transfer from exploration and evaluation assets	4,503
Additions	7,293
Changes in rehabilitation provision	583
Foreign exchange	441
Closing balance as at December 31, 2020	**12,820**

Refer to note 22 for details of impairment.

11. INVESTMENT IN ASSOCIATE

As at December 31, 2021, Novo holds a 9.13% interest in New Found. Novo's interest in New Found was accounted for using the equity method in the consolidated financial statements up until September 17, 2021 when the Company ceased to exercise significant influence over New Found. The Company's investment in New Found was derecognized as an investment in associate and recognized as marketable securities at fair value and was subsequently remeasured at FVTOCI.

The fair value of Novo's interest determined by reference to New Found's share price in its initial public offering was $19,500,000 at the date significant influence was obtained on June 17, 2020. New Found is a mineral exploration company engaged in the acquisition, exploration and evaluation of resource properties with a focus on gold properties located in the Provinces of Newfoundland and Labrador and Ontario, Canada.

The fair value of the investment on the date of derecognition was $107,250,000 based on New Found's September 17, 2021 closing price of $7.15 on the TSX-V. The fair value of the investment in New Found, based on the December 31, 2021 closing price of $8.98 on the TSX-V, is $134,700,000 (December 31, 2020: $61,050,000). The fair value was determined using level 1 inputs in the fair value hierarchy. Refer to Note 5.

The following table illustrates the movement of Novo's investment in New Found for the period to September 17, 2021:

	December 31, 2021 $'000	December 31, 2020 $'000
Investment in associate	-	15,091
Movement in investment in associate		
Net carrying amount at the beginning of the year	15,091	-
Value of interest in New Found - June 17, 2020	-	19,500
Treasury shares	91	(2,571)
Share of profit / (loss) from operations of associate	3,951	(1,838)
Derecognition of investment - September 17, 2021	(19,133)	-
Net carrying amount at period end	-	15,091
Deferred tax recognised on derecognition of the investment in associate	7,884	-
Summarised statement of comprehensive income/loss		
Loss for the period - to September 17, 2021	(10,460)	(34,727)
Adjustment for unrealised loss on investment	(2,361)	7,285
Adjusted loss for the period	(12,821)	(27,442)
Novo's share of the adjusted unrealised loss	(1,234)	(2,859)
Impact of dilution	5,276	2,175
Treasury shares	(91)	(1,154)
Total	**3,951**	**(1,838)**

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021 $'000	December 31, 2020 $'000
Trade and other payables	3,247	6,881
Accrued expenses	12,731	4,697
Accrued expenses - Millennium acquisition stamp duty	2,911	-
Employee entitlements	916	505
Total	**19,805**	**12,083**

13. LEASE LIABILITIES

	December 31, 2021 $'000	December 31, 2020 $'000
Opening balance	40,211	187
Additions	14,000	38,336
Disposals	(46)	-
Accretion of interest	3,093	290
Lease modification	(8,896)	-
Payments	(14,982)	(917)
Foreign exchange	(2,397)	2,315
Closing balance	**30,983**	**40,211**
Current	12,453	10,645
Non current	18,530	29,566
Expense relating to short term and low value assets	250	68
Variable lease payments (included in cost of sales)	1,998	-

14. 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") to fund the refurbishment of production infrastructure acquired pursuant to the Millennium Acquisition (see note 9 for further details) 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 close 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 includes: a) general security in favour of Sprott, b) a blocked account agreement in favour of Sprott on Conglomerate Gold Exploration (B.V.I.) Ltd.'s bank account, c) contractual assignments to Sprott 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, 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 is subject to certain conditions and covenants, including the maintenance of minimum unrestricted cash and working capital balances. At December 31, 2021 the Company is in compliance with all conditions and covenants in the Credit Facility, as amended or waived.

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 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 USD $15,000,000 and extended until September 30, 2021 ("Amended Sprott Tranche 2").

Interest accrues 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 is payable in cash on a monthly basis. In addition, the principal is repayable commencing on December 31, 2022 and quarterly thereafter until September 4, 2024 in eight equal instalments.

The Credit Facility matures on September 4, 2024. The Credit Facility is 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 can 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.

Pursuant to the Credit Facility, on September 9, 2020, the Company issued 1,453,624 Sprott Units (as defined in note 14) to Sprott outlined above (see note 14 for further details).

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 has paid USD $3,528,000, ($4,405,000) of interest payable in cash as at December 31, 2021 (USD $1,006,250 ($1,281,000) as at December 31, 2020). 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 have been determined to be a single compound embedded derivative that is not closely related to the Credit Facility and is bifurcated and accounted for separately. If the Company elects to prepay the outstanding principal balance in whole or in part, the Company shall pay to Sprott such amount that comprises the difference between the amount of interest that would have accrued and been payable to the second anniversary of any drawdown and interest that has accrued and been paid as at the date of the prepayment on the amount of principal being repaid. At each reporting period, the derivative is fair valued with changes in fair value recorded as a gain or loss in the consolidated statement of profit or loss and OCI. At December 31, 2021, the fair value of the derivative USD $298,000 ($378,000) (December 31, 2020 - USD $773,000 ($984,000)).

	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 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**

	Credit Facility $'000	Derivative liability $'000	Total $'000
Opening balance February 1 , 2020	-	-	-
Fair value on initial recognition	35,359	1,105	36,464
Interest and accretion	2,126	-	2,126
Payment of interest	(1,312)	-	(1,312)
Derivative liability change in fair value	-	(88)	(88)
Foreign exchange gain (loss)	(1,274)	(33)	(1,307)
Closing balance - December 31, 2020	**34,899**	**984**	**35,883**
Current	-	-	-
Non current	**34,899**	**984**	**35,883**

15. PROVISION FOR CLOSURE AND RECLAMATION

The Company recognized a rehabilitation provision on the acquisition of Millennium (see note 9 for further details). The Company has calculated the present value of the closure and reclamation provision at December 31, 2021 using a discount rate of 1.61% and inflation rate of 2.00%. The Company has estimated that payments will be made between 2026 and 2036.

The Company has also recognized a rehabilitation provision relating to the Beatons Creek Project. The Company has calculated the present value of the closure and reclamation provision at December 31, 2021 using a discount rate of 1.61% and inflation rate of 2.00%. The Company has estimated that payments will be made between 2026 and 2036. The increase in the rehabilitation provision resulting from mining activities relates solely to operations at the Beatons Creek Project during the year ended December 31, 2021.

Sensitivity analysis was performed to evaluate the difference by extending and shortening the timeframe by 2 years which provided a net present value of $36,748,000 and $35,621,000.

	December 31, 2021 $'000	December 31, 2020 $'000
Opening balance	28,615	-
Increase in closure provision resulting from asset acquisition	-	27,308
Increase in closure provision resulting from mining activities	7,331	583
Accretion on discounted obligation	473	(127)
Change in estimate	1,979	-
Foreign Exchange	(2,056)	851
Closing balance	**36,342**	**28,615**

16. 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") will contribute up to USD $29.66 million funding to the Project over a 3-year earning period, subject to specific milestones and activity taking place. As at December 31 2021, Sumitomo has funded AUD $7,256,000 (CAD $6,863,000); US$ 5,000,000) to advance the Project. No further funding has been received for the year ended December 31, 2021.

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

- acquire up to 40% participating interest in the Farmin Assets if Sumitomo makes an election to establish a joint arrangement with the Company (the "Farmin Option"); or
- exercise their reimbursement option (Reimbursement Option Adjustment) 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 extinguishes the obligation of the Company to repay Sumitomo any funding contributions previously provided.

The Reimbursement Option is calculated with reference to the Reimbursement Payment Amount, which includes adjustments for any notional share of Product that Sumitomo has 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.

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

The prescribed issue price is 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 has a financial liability with respect to the Reimbursement Option as it has 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 is at Sumitomo's discretion at all times.

As a result of the unique features and characteristics of the EFA, the Company has 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 are recognised through profit or loss, except to the extent that the change in fair value is attributable to changes in credit risk of that liability (in which case it is presented in other comprehensive income).

In addition to the financial liability, the EFA has 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 if the counterparty exercises the option. The written call option is a contract to sell a non-financial item, being the physical delivery of a participating interest in the Farmin Assets.

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).

Sumitomo funding liability	December 31, 2021 $'000	December 31, 2020 $'000
Opening balance	6,071	4,519
Draw downs	-	783
Sumitomo liability change in FVTPL	(89)	(211)
Sumitomo liability change in FVTOCI	-	442
Reimbursement option adjustment	183	-
Foreign exchange	(385)	538
Closing balance	**5,780**	**6,071**

Sumitomo written call option	December 31, 2021 $'000	December 31, 2020 $'000
Opening balance	1,157	1,341
Draw downs	-	131
Foreign exchange	(74)	(315)
Closing balance	**1,083**	**1,157**

17. CAPITAL AND RESERVES

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

Shares issued

During the year ended December 31, 2021 and the period ended December 31, 2020, shares were issued pursuant to brokered and non-brokered private placements and mineral property transactions as follows:

a) On August 27, 2020, the Company closed a private placement of subscription receipts (the "Subscription Receipts"). Gross proceeds of approximately $50,975,000 were raised from a brokered component (the "Brokered Offering") and gross proceeds of approximately $4,900,000 were raised from a non-brokered component (the "Non-Brokered Offering"). In aggregate, the Company issued 17,192,379 Subscription Receipts at a price of $3.25 per Subscription Receipt, raising gross proceeds of $55,875,000 (collectively, the "Subscription Receipt Offering").

   The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") entered into by the Company, Clarus Securities Inc. and Stifel GMP as lead agents of the Brokered Offering (the "Agents"), and Olympia Trust Company as subscription receipt agent. Pursuant to the Subscription Receipt Agreement, the proceeds from the Offering except for 50% of the Agents' cash commission and all of the Agents' expenses (the "Escrowed Funds") were held in escrow pending satisfaction of certain conditions including, amongst others, (a) the satisfaction or waiver of each of the conditions precedent to the Millennium Acquisition other than the completion of financings to raise the funds required to pay the IMC Cash Debt Repayment which was completed concurrently with the release of the Escrowed Funds; and (b) the receipt of all required regulatory (including TSX-V) approvals in connection with the Millennium Acquisition and the Offering ("Escrow Release Conditions"). The Escrow Release Conditions were satisfied on September 7, 2020.

   As a result of the Escrow Release Conditions being satisfied and the Company obtaining a receipt from the British Columbia Securities Commission, as principal regulator, for final short form prospectuses qualifying the Subscription Receipt Units (as defined below) underlying the Subscription Receipts on October 27, 2020, each Subscription Receipt was automatically exchanged for one unit of Novo (a "Subscription Receipt Unit"). Each Subscription Receipt Unit was comprised of one common share of Novo (a "Share") and one-half of one Share purchase warrant (a "Subscription Receipt Warrant"), with each whole Subscription Receipt Warrant entitling the holder thereof to acquire one Share at a price of $4.40 until August 27, 2023. The Company incurred share issuance costs of $3,652,000 in conjunction with the Subscription Receipt Offering.

b) On September 9, 2020, in conjunction with the Credit Facility, Sprott subscribed for 1,453,624 units (the "Sprott Units") at a price of $3.25 per Sprott Unit for gross proceeds of $4,997,000 (approximately USD $3,600,000) (the "Sprott Private Placement"). Each Sprott Unit is comprised of one Share and one-half of one transferable Share purchase warrant (each a "Sprott Warrant"), with each whole Sprott Warrant entitling Sprott to acquire one Share at a price of $4.40 until September 9, 2023. The Sprott Units and their underlying securities were subject to a statutory four-month hold period which expired on January 10, 2021.

c) 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.

(Expressed in Canadian Dollars, unless stated otherwise)

The Special Warrants issued were initially recognized as financial liabilities at fair through profit and loss. 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 have been 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 transferred to equity
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

d) Refer to notes 5 and 6 for shares issued to acquire marketable securities and exploration and evaluation assets.

e) Treasury shares relate to the Company's shares that are held by New Found. The amount represented by such treasury shares has been reversed on derecognition of the investment in associate. Refer to note 11.

Warrants

The continuity of warrants is as follows:

	December 31, 2021		December 31, 2020	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of the period	19,504,718	4.40	14,000,000	3.41
Granted	5,176,500	3.00	19,504,718	4.40
Expired	-	-	(14,000,000)	(6.00)
Balance, end of the period	24,681,218	4.11	19,504,718	4.40

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
		24,681,218

Full share equivalent warrants outstanding and exercisable as at December 31, 2020:

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
		19,504,718

(Expressed in Canadian Dollars, unless stated otherwise)

Share option plan

Pursuant to the Company's 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 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 TSX.

6,410,000 options have fully vested as at December 31, 2021. 4,660,000 of these stock options vested on May 20, 2021, the date on which the Company's projects in aggregate produced their 10,000th ounce of gold. 5,190,000 stock options vest on the date on which any of the Company's projects in aggregate produce their 60,000th ounce of gold. 3,000,000 stock options vests equally over a 3-year period commencing November 2022.

The continuity of stock options is as follows:

	December 31, 2021		December 31, 2020	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Options outstanding, beginning of period	15,085,000	3.31	15,825,000	3.37
Granted	3,000,000	1.89	-	-
Exercised	(1,875,000)	(1.05)	(300,000)	(0.57)
Expired/cancelled	(1,610,000)	(4.46)	(440,000)	(7.54)
Options outstanding, end of period	14,600,000	3.18	15,085,000	3.31

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	-	1.90
14,600,000	3.18	2.40	6,410,000	3.47

The options outstanding and exercisable at December 31, 2020 were as follows:

Outstanding Options			Exercisable Options	
Number Outstanding	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Exercise Price $
1,600,000	0.94	0.62	900,000	0.94
1,750,000	0.95	0.43	250,000	0.95
2,125,000	1.57	0.55	1,450,000	1.57
2,125,000	7.70	1.80	1,700,000	7.70
950,000	3.47	2.08	-	3.47
410,000	4.60	2.43	-	4.60
6,125,000	3.57	4.07	-	3.57
15,085,000	3.31	2.30	4,300,000	3.83

For the year ended December 31, 2021, the total share-based payment expense was $10,015,000 (period ended December 31, 2020: $7,062,000).

(Expressed in Canadian Dollars, unless stated otherwise)

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following assumptions:

	For the year ended December 31, 2021	For the period ended December 31, 2020
Average Share price	$1.83	$3.03
Risk-free interest rate	0.81% - 2.11%	0.39% - 2.11%
Dividend yield	0.00%	0.00%
Expected volatility	62.80% - 101.65%	57.05% - 96.34%
Expected option life	0.25 - 4.89 years	0.62 - 4.75 years

Share-based payment transactions with performance-based vesting conditions are measured at the fair value of the Options granted at the date of issuance. Management adjusts the cumulative share-based payment expense periodically, based on the number of Options expected to vest under the vesting conditions.

Loss per share

As the Company has made a loss for the year ended December 31, 2021, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future. There are 1,750,000 fully vested options at December 31, 2021. A further 1,000,000 options will vest and become exercisable with the potential to become ordinary shares in the next financial year. Since the end of the financial year, no further options have been issued and no options 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.

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:

	Movement in FVTOCI $'000	Foreign exchange on translation of subsidiaries $'000	Total $'000
Balance as at January 31, 2020	**2,391**	**(9,943)**	**(7,552)**
APM Shares	3	-	3
Calidus shares	1,036	-	1,036
E3D shares	260	-	260
Essential Metals	(264)	-	(264)
Kalamazoo shares	(417)	-	(417)
New Found shares	2,764	-	2,764
New Found shares deferred tax	(778)	-	(778)
GBM shares	1,475	-	1,475
Fair value movement on credit risk	(442)	-	(442)
Foreign exchange on translation of subsidiaries	-	10,242	10,242
Total	3,637	10,242	13,879
Balance as at December 31, 2020	**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**

18. REVENUE

	Year ending December 31, 2021 $'000	Period ending December 30, 2020 $'000
Revenue from contracts with customers earned during mine development		
Gold sales	82,223	-
Silver sales	163	-
Revenue from contracts with customers earned after mine development		
Gold sales	29,805	-
Silver sales	52	-
Total	**112,243**	-

19. COST OF SALES

	Year ending December 31, 2021 $'000	Period ending December 30, 2020 $'000
Cost of production	88,230	-
Depreciation & depletion	19,535	-
Royalties	7,852	-
Treatment and refining charges	255	-
Changes in inventory	(5,105)	-
Total	**110,767**	-

20. GENERAL ADMINISTRATION

	Year ending December 31, 2021 $'000	Period ending December 30, 2020 $'000
Accounting and audit	504	671
Consulting services	1,068	845
Insurance	2,185	260
Legal fees	472	317
Office and general	3,949	4,183
Share based payments	10,015	7,062
Wages and salaries	6,901	3,724
Total	**25,094**	**17,062**

21. EXPLORATION EXPENDITURE

	Year ending December 31, 2021 $'000	Period ending December 30, 2020 $'000
Field work	8,740	8,859
Office and general	868	1,406
Tenement administration	2,333	1,514
Impairment	177	480
Total	**12,118**	**12,259**

22. IMPAIRMENT OF NON-CURRENT ASSETS

Each asset or 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 final quarter of the year:

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

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

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

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

The following impairment charge was recognized during the year ended December 31, 2021 to record the CGU at its estimated recoverable amount:

Details	Carrying value $'000	Impairment loss $'000	Foreign exchange $'000	Recoverable amount $'000
Mine development asset	25,958	(19,433)	443	6,968
Property, plant and equipment	94,729	(22,815)	521	72,435
Right of use asset	19,333	(4,657)	106	14,782
Inventory	9,647	-	-	9,647
Lease liabilities	(19,475)	-	-	(19,475)
Rehabilitation provision	(36,341)	-	-	(36,341)
Total	**93,851**	**(46,905)**	**1,070**	**48,016**

The carrying value of the mine development asset reflects the impact of the change in the accounting policy for exploration expenditure.

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	$1,731	$1,715	$1,705	$1,615
Foreign exchange rate (USD/AUD)	1.38	1.37	1.37	1.36	1.36
$/oz Au resource multiple	$34	$34	$34	$34	$34
Level 3					
Gold recoveries (%)	92%	92%	92%	92%	92%
Discount rate (post-tax)	8.62%	8.62%	8.62%	8.62%	8.62%
Mineral resource modifying factor	35%	35%	35%	35%	35%

The determination of FVLCD 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 (increase or decrease) on the recoverable amount as at December 31, 2021:

Details	Movement in recoverable amount $'000	
+/- 5% in gold price (US$/oz)	12,838	(15,061)
+/- 5% to mineral resource modifying factor	3,694	(3,694)
+/- 1% in gold recoveries	2,967	(2,967)
+/- 1% in discount rate	(1,843)	1,918

23. OTHER INCOME, NET

	Year ending December 31, 2021 $'000	Period ending December 30, 2020 $'000
Change in fair value of warrants	(1,403)	1,542
Foreign exchange gain / (loss)	(144)	315
Other income	413	378
Profit on disposal of assets	2,494	-
Derecognition of associate (New Found) (*Note 11*)	85,636	-
Share of profit / (loss) of associate (New Found) (*Note 11*)	3,951	(1,837)
Total	**90,947**	**398**

24. FINANCE ITEMS

	Year ending December 31, 2021 $'000	Period ending December 30, 2020 $'000
Interest income on bank deposits	91	138
Finance income	**91**	**138**
Deferred consideration accretion expense	2	144
Derivative liability change in fair value	(710)	(88)
Lease interest expense	3,093	45
Rehabilitation provision accretion expense	473	(127)
Credit Facility interest	7,272	2,126
Special warrants change in fair value	4,627	-
Special warrants financing costs	1,759	-
Sumitomo liability change in fair value	(88)	211
Finance costs	**16,428**	**2,311**

25. INCOME TAXES

	Year ending December 31, 2021 $'000	Period ending December 30, 2020 restated $'000
Major components of tax expense		
Deferred income tax:		
Deferred tax expense relating to origination and reversal of temporary difference	7,145	-
Deferred tax expense from temporary differences	**7,145**	-
Deferred tax charged directly to equity		
Deferred tax expense relating to unrealised gains on marketable securities	3,181	(778)
Recognised in OCI and equity	3,181	(778)
Reconciliation between tax expense and accounting loss before income tax:		
Pre-tax accounting profit	6,441	(28,579)
Tax at the applicable rate of 27%	1,739	(7,715)
Tax effect of non-deductible expenses		
Fines	10	-
Non-deductible Entertainment / Legal fees / consulting fees	(3,326)	(54)
Other non-deductible items	(408)	-
Permanent differences relating to shared based payments, special warrants change in fair value and gain on derecognition of associate	(7,877)	-
Movement in deferred tax balances not recognised	17,007	6,991
Tax expense	**7,145**	**(778)**

Deferred tax assets and liabilities	December 31, 2021 $'000	December 31, 2020 $'000
Non-capital losses	42,806	31,027
Capital losses	286	569
Other	11,458	(3)
Deferred tax assets	**54,550**	**31,593**
Deferred tax liabilities		
Marketable securities	(17,534)	(778)
Property, plant and equipment	422	-
Exploration and evaluation assets	(18,943)	(8,537)
Mine development asset	2,462	(8,002)
Off-set with deferred tax assets	23,267	17,317
Deferred tax liabilities	**(10,326)**	**-**
Unrecognized deferred tax assets	31,283	14,276
Net deferred tax assets	**-**	**-**

26. RELATED PARTY DISCLOSURES

Key Management Personnel Disclosures

During the year ended December 31, 2021 and the period ended December 31, 2020, the following amounts were incurred with respect to the key management and directors of the Company:

	Year ending December 31, 2021 $'000	Period ending December 30, 2020 $'000
Consulting services - short term employee benefits	180	135
Wages and salaries - short term employee benefits	2,068	832
Share-based payments	4,335	2,185
Total	**6,583**	**3,152**

27. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2021 and the period ended December 31, 2020, non-cash activities conducted by the Company related to investing and financing activities as follows:

	Year ending December 31, 2021 $'000	Period ending December 30, 2020 $'000
Investing activities		
Deductions to exploration and evaluation assets	(1,343)	(2,675)
Additions to right of use assets	14,020	-
Issuance of shares for mineral properties	5,229	8,994
Issuance of shares for marketable securities	-	22,010
Issuance of shares For Millennium acquisition	-	83,078
Financing activities		
Increase to the Sumitomo funding liability	188	-

28. FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, other receivables, marketable securities, accounts payable lease liabilities and accrued liabilities, the Sumitomo funding liability, the Credit Facility, the derivative liability, and the cash component of the deferred consideration for mineral property (December 31, 2020). 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 cash component of the deferred consideration for mineral property was initially recognized at fair value and was subsequently measured at amortized cost with the carrying value approximating fair value at reporting date, December 31, 2020. The Sumitomo funding liability and its related embedded derivatives are measured in their entirety as at FVTPL, except to the extent that the change in fair value is attributable to changes in credit risk of the Sumitomo funding liability in which case it is presented in other comprehensive income. The Credit Facility was initially recognized at fair value and is subsequently measured at amortized cost using the effective interest method. The derivative liability was initially recognized at fair value and is subsequently measured in its entirety at FVTPL.

Financial Instruments carried at fair value:

- The marketable securities for listed shares are measured using Level 1 inputs. The fair value of marketable securities are measured at the closing market price obtained from the TSX-V and the Australian Securities Exchange.
- The marketable securities balance for the GBM Warrants is measured using Level 2 inputs. The fair values of the GBM Warrants have been determined using a Black-Scholes option pricing model.
- The marketable securities balance held in E3D is measured using Level 3 inputs. The value of the shares held in E3D was determined using the fair value of USD $6.27 which represents the price at which E3D raised funds. Refer to note 5.
- The Sumitomo funding liability balance is measured using Level 3 inputs. At December 31, 2021, the fair value of the liability represented the contractual value that the Company would repay if Sumitomo were to exercise their Reimbursement Option (see note 16). The fair value of the liability at December 31, 2020 was determined using a Binomial Option Pricing Model and a Monte Carlo simulation including the Company's share price of $2.38 and accompanying volatility of 83.26%, various interest rates (including AUD risk-free rates of 0.075% and US 3MLIBOR of 0.1965%), and the Company's estimated credit rating.
- The embedded derivative associated with the Credit Facility was measured using Level 3 inputs. The fair value of the derivative was determined by using a Black 76 model including accretion due to the passage of time, agreed repayment schedules, required interest payments, changes in the applicable interest rate (US three-month LIBOR or 1%), and changes in the Company's credit spread.

	Fair Value Hierarchy			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 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**
As at December 31, 2020				
Financial assets at Fair Value				
Marketable Securities	10,373	1,787	6,610	18,770
Financial Liabilities at Fair Value				
Sumitomo funding liability	-	-	6,071	6,071
Derivative liability	-	-	984	984
Total December 31, 2020	**10,373**	**1,787**	**13,665**	**25,825**

	December 31, 2021 $'000	December 31, 2020 $'000
Reconciliation of the fair value measurement of Level 3 unlisted investments		
Opening balance	6,610	6,870
Remeasurement recognised through other comprehensive income	9,813	(260)
Closing balance	**16,423**	**6,610**
Reconciliation of the fair value measurement of Level 3 financial liabilities		
Opening balance	7,055	4,519
Purchases	-	2,074
Remeasurement recognised through profit and loss	(710)	124
Foreign currency translation adjustment	(187)	338
Closing balance	**6,158**	**7,055**

Financial instruments carried at amortized cost:

- The Credit Facility is measured using Level 3 inputs. The carrying value of the Credit Facility was recognized using the effective interest rate method and was adjusted by the value of the derivative liability.

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

	Carrying Value		Fair Value	
	December 31, 2021 $'000	December 31, 2020 $'000	December 31, 2021 $'000	December 31, 2020 $'000
Credit facility	43,723	-	44,212	-

There were no transfers between levels or changes in the valuation techniques and processes or inputs for determining fair value for financial instruments during the year.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and short-term investments. The Company limits its exposure to credit loss by placing its cash and short-term investments with high credit quality financial institutions, however these amounts are subject to credit risk. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

The Company's maximum exposure to credit risk for cash and short-term investments is their carrying amount as per the statement of financial position.

c) Foreign exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk, primarily United States and Australian dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant company. The following table represents the impact of a +/- 5% change in the USD/CAD exchange rate on financial assets and liabilities denominated in US dollars for the period ended December 31, 2021:

US net financial assets	$'000	5% Fluctuation Impact (CAD) $'000
Credit facility at amortised cost	34,488	2,186
Derivative liability at fair value	298	19
Sumitomo funding liability	5,000	317

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

d) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date, cash needs over the short-term, and over repayment dates into the future as they pertain to the Credit Facility. The Company has a practice of paying its outstanding payables within 30 days. The deferred consideration for mineral property was paid on February 4, 2021.The Sumitomo funding liability represents the contractual value that the Company would repay if Sumitomo were to exercise their Reimbursement Option. The Reimbursement Option is assumed to fall within one year considering Sumitomo can exercise the Reimbursement Option at any time (see note 16).

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at December 31, 2021	Within 1 year $'000	Within 1-2 years $'000	Within 2-3 years $'000	Within 3+ years $'000	Total $'000
Trade and other payables	19,805	-	-	-	**19,805**
Leases	13,781	13,734	6,988	50	**34,553**
Sumitomo funding liability	5,780	-	-	-	**5,780**
Credit facility	10,966	28,532	19,843	-	**59,341**

As at December 31, 2020	Within 1 year $'000	Within 1-2 years $'000	Within 2-3 years $'000	Within 3+ years $'000	Total $'000
Trade and other payables	12,083	-	-	-	**12,083**
Leases	13,382	12,876	12,876	6,865	**45,999**
Deferred consideration for mineral property	2,949	-	-	-	**2,949**
Sumitomo funding liability	6,071	-	-	-	**6,071**
Credit facility	4,066	9,637	25,072	17,436	**56,211**

e) Price Risk

The Company is exposed to price risk with respect to its marketable securities. The Company's ability to raise capital is subject to risks associated with fluctuations in the market, including commodity prices. The Company's ability to recognize gains on liquidation of its marketable securities is subject to risks associated with fluctuations in the market prices of its marketable securities. At December 31, 2021, a 5% movement in the market value of marketable securities would have resulted in a movement of $7,795,000 (December 31, 2020: $849,000). For the year ended December 31, 2021, the Company did not enter or hold any commodity derivatives (period ended December 31, 2020: $nil).

f) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at bank and term deposits carried at floating interest rates with reference to the market. The Company also has some exposure to interest rate risk with respect to the Credit Facility and associated derivative liability. The Company's operating cash flows are generally unaffected by changes in market interest rates unless the US 3-month LIBOR increases above 1%. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

The Company is exposed to cash flow interest rate risk due to the floating rate interest on the Credit Facility. For the period ended December 31, 2021, US 3-month LIBOR rate would need to increase by approximately 81 basis points before any additional interest would become payable on the Credit Facility. The Company's Credit Facility (note 14) accrues interest at a floating rate equal to a base rate of 8% plus the greater of i) US 3-month LIBOR, and ii) 1% per annum, and has not yet transitioned to alternative benchmark rates at the end of the current reporting period. The Credit Facility includes mechanisms which enable the replacement of US LIBOR with an alternative, appropriate rate.

29. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its business objectives. A flexible capital structure which optimizes the costs of capital at an acceptable risk is maintained by the Company. The Company defines capital that it manages as share capital, and the Credit Facility net of cash and short-term investments.

The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company also manages its capital structure to maintain compliance with covenants under the Credit Facility. To maintain or adjust the capital structure, the Company may attempt to issue new shares and acquire or dispose of assets.

The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditure from continuing operations.

The Credit Facility includes an asset disposition threshold and provides Sprott with security over certain Company assets. Other than this threshold, the security offered under the Credit Facility, and additional debt which would require Sprott's approval, the Company is not subject to external capital restrictions nor were there any changes in the Company's capital management policies during the period.

30. SEGMENT INFORMATION

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 year ended December 31, 2021 and the period ended December 31, 2020 is based on the information provided to the Chief Executive Officer. The December 31, 2020 comparative information has been amended to align with the information disclosed for December 31, 2021.

The change in disclosure is due to the fact that the business is evolving, and the information is assessed in the below segments.

December 31, 2021	Mining operations $'000	Exploration operations $'000	Unallocated $'000	Total $'000
Revenue	112,243	-	-	112,243
Results				
Provision for closure and reclamation	(473)	-	-	(473)
Depreciation	-	(933)	-	(933)
Other income	-	14,472	-	14,472
Lease interest expense	(2,983)	(110)	-	(3,093)
Impairment of mine development asset, property, plant & equipment and right of use asset	(46,905)	-	-	(46,905)
Exploration expenditure	-	(12,118)	-	(12,118)
Unallocated corporate expenses	-	-	(18,850)	(18,850)
Other income	-	-	85,636	85,636
Interest revenue	-	-	91	91
Finance expense	-	-	(12,862)	(12,862)
Segment result - net loss for the period before tax	(48,885)	1,311	54,015	6,441
Total assets	208,533	71,357	182,792	462,682
Additions to non current assets	16,323	264	178	16,765
Total liabilities	82,778	10,998	54,644	148,420

By location

	Australia $'000	North America $'000	Total $'000
Non current assets by location	257,221	-	257,221
Revenue to external customer - gold and silver sales	112,243	-	112,243

December 31, 2020	Mining operations $'000	Exploration operations $'000	Unallocated $'000	Total $'000
Revenue	-	-	-	-
Results				
Provision for closure and reclamation	127	-	-	127
Lease interest expense	-	45	-	45
Depreciation	-	(1,038)	-	(1,038)
Exploration expenditure	-	(12,259)	-	(12,259)
Unallocated corporate expenses	-	-	(17,207)	(17,207)
Interest revenue	-	-	138	138
Finance expense	-	-	2,393	2,393
Segment result - net loss for the period before tax	127	(13,252)	(14,676)	(27,801)
Total assets	236,527	62,463	72,453	371,443
Additions to non current assets	84,913	861	-	85,775
Total liabilities	73,219	17,615	36,135	126,969

By location

	Australia $'000	North America $'000	Total $'000
Non current assets	294,813	15,110	309,923
Revenue to external customer - gold and silver sales	-	-	-

31. SUBSEQUENT EVENTS

On March 31, 2022, the Company extended the Egina Farmin Arrangement with Sumitomo to April 30, 2022. Refer to note 16.