NOVO RESOURCES CORP.

(TSX: NVO; OTCQX: NSRPF)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR
ENDED DECEMBER 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") of the results of operations and financial condition of Novo Resources Corp. (the "**Company**" or "**Novo**"), prepared as of March 31, 2022, should be read in conjunction with the audited consolidated financial statements of Novo for the years ended December 31, 2021 and 2020 (the "**Audited Financial Statements**") and accompanying notes thereto. The Audited Financial Statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). This MD&A includes the results of the Company's subsidiaries, Novo Resources (USA) Corp., Conglomerate Gold Exploration (B.V.I.) Ltd., Karratha Gold Exploration (B.V.I.) Ltd., Conglomerate Gold Exploration Pty. Ltd., Nullagine Gold Pty. Ltd., Beatons Creek Gold Pty. Ltd., Grant's Hill Gold Pty. Ltd., Karratha Gold Pty. Ltd., Rocklea Gold Pty. Ltd., Meentheena Gold Pty. Ltd., Farno-McMahon Pty. Ltd., and Millennium Minerals Pty. Ltd. ("**Millennium**").

In this MD&A:

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

"**Transitional Fiscal 2020**" means the 11-month fiscal year ended December 31, 2020.

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

"**Q3 2021**" means the three-month period ended September 30, 2021.

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

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

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

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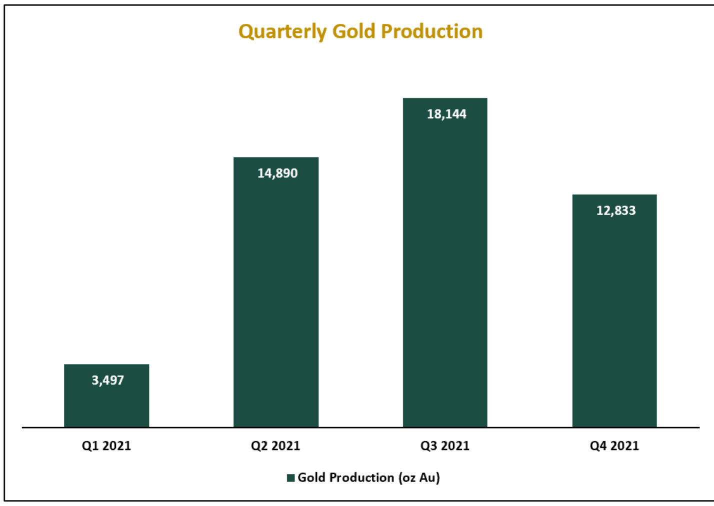
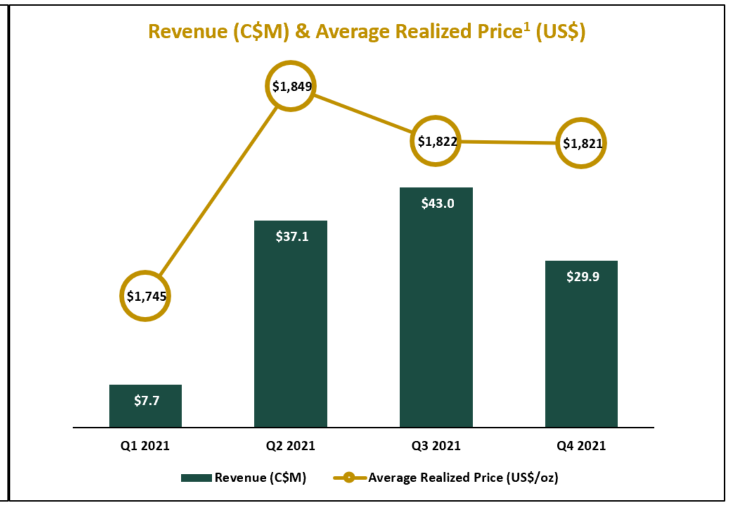
FINANCIAL AND OPERATING HIGHLIGHTS





Fourth Quarter 2021 Summary

- One lost time injury was recorded at the Beatons Creek conglomerate gold project in the Nullagine region of Western Australia (the "**Beatons Creek Project**") through Q4 2021.
- The impact of COVID-19 in Western Australia increased, which affected the Company's workforce and operations. Mandatory isolation for COVID-positive personnel and close contacts is now affecting staffing levels for the Company and its contractors, and supply chain issues are causing costs of production to increase, particularly with respect to fuel and other consumables.
- Near-mine exploration efforts continued through Q4 2021, with drilling ongoing at the Parnell-Vulture targets and mapping and sampling ongoing at the near-mine Genie target.
- Regional exploration focussed on Ni-Cu targets across the Andover Intrusive Complex at Purdy's North, along with identification of orogenic quartz vein and intrusion related drill targets for 2022.
- 395,310 tonnes of mineralized material were processed through the Company's Golden Eagle processing facility (the "**Golden Eagle Plant**"), which represented a 12% decrease from 451,343 tonnes in Q3 2021.
- Average head grade was 1.16g/t Au, which represented a 13% decrease from 1.34g/t Au in Q3 2021.
- Gold recoveries averaged 91.5%, which represented a 2% decrease from 93.78% in Q3 2021.
- 12,833 ounces were produced, which represented a 29% decrease in gold production from 18,144 ounces in Q3 2021.
- Revenue of $29.9 million was generated from the sale of 13,023 ounces of gold at an average realized price of $2,294 / A$2,498 / US$1,821[1], which represented a 30% decrease from revenue of $43.0 million in Q3 2021.
- The Company recognized a non-cash impairment charge of $46.9 million due to current uncertainty regarding the timing of receipt of Fresh mining approvals and operational performance of the Beatons Creek Oxide mineral resource deposit to December 31, 2021 against forecast. Refer to *Significant Business Developments & Outlook – Impairment of the Beatons Creek Project* below.
- EBITDA[1] was $(56.2) million.

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1 Refer to Non-IFRS Measures below.

- Adjusted EBITDA[1] was $(11.6) million, which represented a 261% decrease from $7.2 million in Q3 2021.
- Adjusted earnings[1] (losses) of $(21.7) million or $(0.09) per share compared to adjusted earnings[1] of $1.7 million or $0.01 per share in Q3 2021.
- Total cash costs[1] of $2,296 / A$2,501 / US$1,822 per ounce of gold compared to $1,558 / A$1,683 / US$1,236 in Q3 2021.
- AISC[1] of $3,143 / A$3,423 / US$2,494 per ounce of gold compared to $2,034 / A$2,198 / US$1,615 in Q3 2021.
- Cash and cash equivalents totaled $32.5 million as at December 31, 2021, down from $44.1 million as at September 30, 2021 as the Company continued to invest in its Pilbara-wide exploration strategy and capital projects to support the Beatons Creek Project.
- Marketable securities totaled $156.2 million as at December 31, 2021, up from $127.1 million as at September 30, 2021 as a result of an increase in value of the Company's investments, including the Company's investment in Elementum 3D, Inc. ("**E3D**") which was revalued from $6.6 million to $16.5 million in Q4 2021.

Full Year 2021 Summary

- The 12-month rolling total recordable injury frequency rate ("**TRIFR**") per 1,000,000 personnel hours was 17.9.
- Exploration efforts were successful throughout Fiscal 2021, with numerous targets identified across the Pilbara and Victoria for further testing in 2022.
- 1,362,534 tonnes of mineralized material was processed through the Golden Eagle Plant, which represented an annualized run rate of approximately 1.6 million tonnes per annum.
- Average head grade was 1.25 g/t Au.
- Gold recoveries averaged 93.0%.
- 49,364 ounces were produced, including the Company's inaugural gold pour on February 16, 2021[2].
- Revenue of $112.2 million was earned from the sale of 49,232 ounces of gold at an average realized price of $2,281 / A$2,421 / US$1,819 per ounce.
- The Company recognized a non-cash impairment charge of $46.9 million due to current uncertainty regarding the timing of receipt of Fresh mining approvals and operational performance of the Beatons Creek Oxide mineral resource deposit to December 31, 2021 against forecast. Refer to *Significant Business Developments & Outlook – Impairment of the Beatons Creek Project* below.
- EBITDA[1] was $35.3 million.
- Adjusted EBITDA[1] was $(8.7) million.
- Adjusted earnings[1] were $(57.4) million or $(0.24) per share.
- Total cash costs[1] were $1,865 / A$1,980 / US$1,488 per ounce of gold.
- AISC[1] was $2,637 / A$2,799 / US$2,104 per ounce of gold.
- Cash and cash equivalents totaled $32.3 million as at December 31, 2021, down from $40.5 million as at December 31, 2020.
- Marketable securities of $156.2 million as at December 31, 2021, up from $18.7 million as at December 31, 2020, primarily as a result of a change in accounting treatment of the Company's investment in New Found Gold Corp. (refer to "*Investment in New Found Gold Corp.*" below).

2 Refer to the Company's news release dated February 16, 2021.

OVERVIEW OF NOVO

The Company was incorporated on October 28, 2009 pursuant to the *Business Corporations Act* (British Columbia) as Galliard Resources Corp. On June 27, 2011, the Company changed its name from Galliard Resources Corp. to Novo Resources Corp. The Company's shares trade on the Toronto Stock Exchange (the "**TSX**") under the ticker symbol "NVO" and in the United States on the OTC market's OTCQX International Exchange under the symbol "NSRPF".

The Company is engaged primarily in the business of evaluating, acquiring, exploring, developing, and mining natural resource properties with a focus on gold and battery metals. The Company holds approximately 12,500 km^2 of land in the Pilbara region of Western Australia and has an extensive exploration program designed to aggressively advance its targets, including the development of mechanical sorting technology. In early 2021, the Company commenced gold production from its Beatons Creek Project. The Company has exploration joint venture interests in Victoria, Australia, and also holds equity investments in a number of companies including a 9.1% stake in New Found Gold Corp. (TSXV: NFG). The Company's head office is located at Suite 880, 580 Hornby Street, Vancouver, British Columbia, V6C 3B6, Canada. The Company's operational office and corporate staff are located at Level 1, 46 Ventnor Avenue, West Perth, Western Australia, 6005, Australia.

SIGNIFICANT BUSINESS DEVELOPMENTS & OUTLOOK

Beatons Creek Project

During Q4 2021, the Company produced 12,833 ounces of gold. Both head grade and processing rates decreased from Q3 2021, with 395,310 tonnes of mineralized material processed in Q4 2021 at a grade of 1.16 g/t Au[3].

During Fiscal 2021, the Company produced 49,364 ounces of gold. Head grade averaged 1.25 g/t Au and recoveries averaged 93.0% in Fiscal 2021.

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

In May 2021, the Company successfully partnered with Intertek Testing Services (Australia) Pty Ltd ("**Intertek**")[4] and commissioned an on-site lab at the Beatons Creek Project. Novo has secured the use of two Chrysos PhotonAssay units at Intertek's facility in Perth, Western Australia, which has enabled expedited assay turnaround times. As a result, Novo has been able to move from previous wide-spaced grade control drilling to 10 m x 10 m drilling relatively efficiently. The much closer-spaced drilling and rapid assays allowed greater certainty in grade forecasting for mine planning and the Company continues to progress its Beatons Creek Project grade control drilling program at a spacing of 10 m x 10 m. Analysis confirms that this level of grade control drilling provides improved reconciliation between the resource model grade and the actual grade mined.

3 Refer to the Company's news release dated January 14, 2021.
4 Refer to the Company's news release dated May 18, 2021.

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

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

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

Open Pit Mineral Resources (oxide and fresh mineralization)

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

Open Pit Mineral Resources (oxide mineralization)

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

Open Pit Mineral Resources (fresh mineralization)

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

Underground Mineral Resources (fresh mineralization)

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

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

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

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

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

In July 2021, a test package of approximately 43 kt of Beatons Creek Project fresh mineralization was processed at an average head grade of 1.83 g/t Au[5]. This data will be used to optimize fresh mining in the future. The Beatons Creek Resource includes a fresh component comprising approximately 65% of the global estimate[6].

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 considered several factors (the "**Commercial Production Factors**") in determining that the Beatons Creek Project had reached levels of intended operating capacity, including:

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5 Refer to the Company's news release dated October 12, 2021.
*6 Refer to the technical report prepared pursuant to NI 43-101. The independent technical report, entitled "Preliminary Economic Assessment on the Beatons Creek Gold Project, Western Australia" (the "**2021 Technical Report**"), with an effective date of February 5, 2021 and an issue date of April 30, 2021, was prepared for Novo by Jason Froud (BSc Hons, Grad Dip (Fin Mkts), MAIG), Andrew Grubb (BE (Mining), FAusIMM), and Ian Glacken (BSc Hons, MSc (Mining Geology), MSc (Geostatistics) PGCert (comp), DIC, FAusIMM(CP), FAIG, CEng, MIMMM) of Optiro Pty Ltd of Perth, Australia, and William George Gosling (BE (Extractive Metallurgy), FAusIMM) of GR Engineering Services, also of Perth, Australia (collectively, the "**QPs**"). The QP's are qualified persons as defined under NI 43-101. The 2021 Technical Report is available under the Company's profile on the SEDAR website at www.sedar.com (filing date: April 30, 2021) and on the Company's website at www.novoresources.com.*

(a) the Beatons Creek Project was substantially complete and ready for its intended use;
(b) the Beatons Creek Project had the ability to sustain ongoing production at a steady or increasing level;
(c) the Beatons Creek Project had reached a level of pre-determined percentage of design capacity;
(d) mineral recoveries were at or near the expected production level; and
(e) a reasonable period of testing of the Beatons Creek Project and plant and equipment had been completed.

Based on the Commercial Production Factors, the Beatons Creek Project was declared in commercial production effective October 1, 2021[5]. The Company cautions that the declaration of commercial production only indicates that the Beatons Creek Project is operating at pre-established minimum physical levels and it does not indicate that economic results will be realized. The decision by Novo to produce at the Beatons Creek Project was not based on a feasibility study to define mineral reserves demonstrating economic and technical viability and, as a result, there is an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on Novo's cash flow and future profitability.

Mining rates stabilized throughout Q3 2021, with a strip ratio of approximately 1.7:1 achieved, indicating that the Beatons Creek Project was substantially complete and ready for its intended use. Additionally and importantly, for the first time since the Company acquired the Golden Eagle Plant, the Golden Eagle Plant achieved a run rate of at least 80% of its historically established capacity for three consecutive months throughout Q3 2021. Considering the Golden Eagle Plant had approximately 10 years of operating history prior to the Company's acquisition and refurbishment, the Company determined that the achievement of the Commercial Production Factors was required for three consecutive months before commercial production could be declared in order to provide a sufficient testing timeframe. It is customary in the mining industry that the declaration of commercial production be made on the first day following the period during which the Commercial Production Factors were achieved. As such, the Company declared commercial production effective October 1, 2021[5].

As expenditures incurred during the development phase and prior to the achievement of commercial production relate to both commissioning the mine and the production of inventory, there is significant judgement involved in allocating expenditures between mine development expenditures and the cost of inventory. In determining the costs to be allocated to inventory sold during the period, consideration is 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.

Subsequent to the declaration of commercial production, the capitalization of certain mine development and construction costs ceases. Costs are either regarded as forming part of the cost of inventory, expensed or, if any costs relate to mining asset additions or improvements, assessed to determine whether capitalization is appropriate. Depreciation and depletion are also charged subsequent to the declaration of commercial production. Commercial production at the Beatons Creek Project was declared effective October 1, 2021[5].

Beatons Creek Project Outlook

The Company's production forecast for the first half of 2022 of 27 koz – 33 koz Au[7] remains influenced by close-spaced drilling and mine-to-mill reconciliation efforts, assumes receipt of requisite approvals, and is significantly dependent on minimal impact to operations from COVID.

Impairment of the Beatons Creek Project

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

The following indicators of potential impairment were identified in Q4 2021:

(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 Project 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. Refer to note 2 of the Audited Financial Statements.

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

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

Exploration Program Update

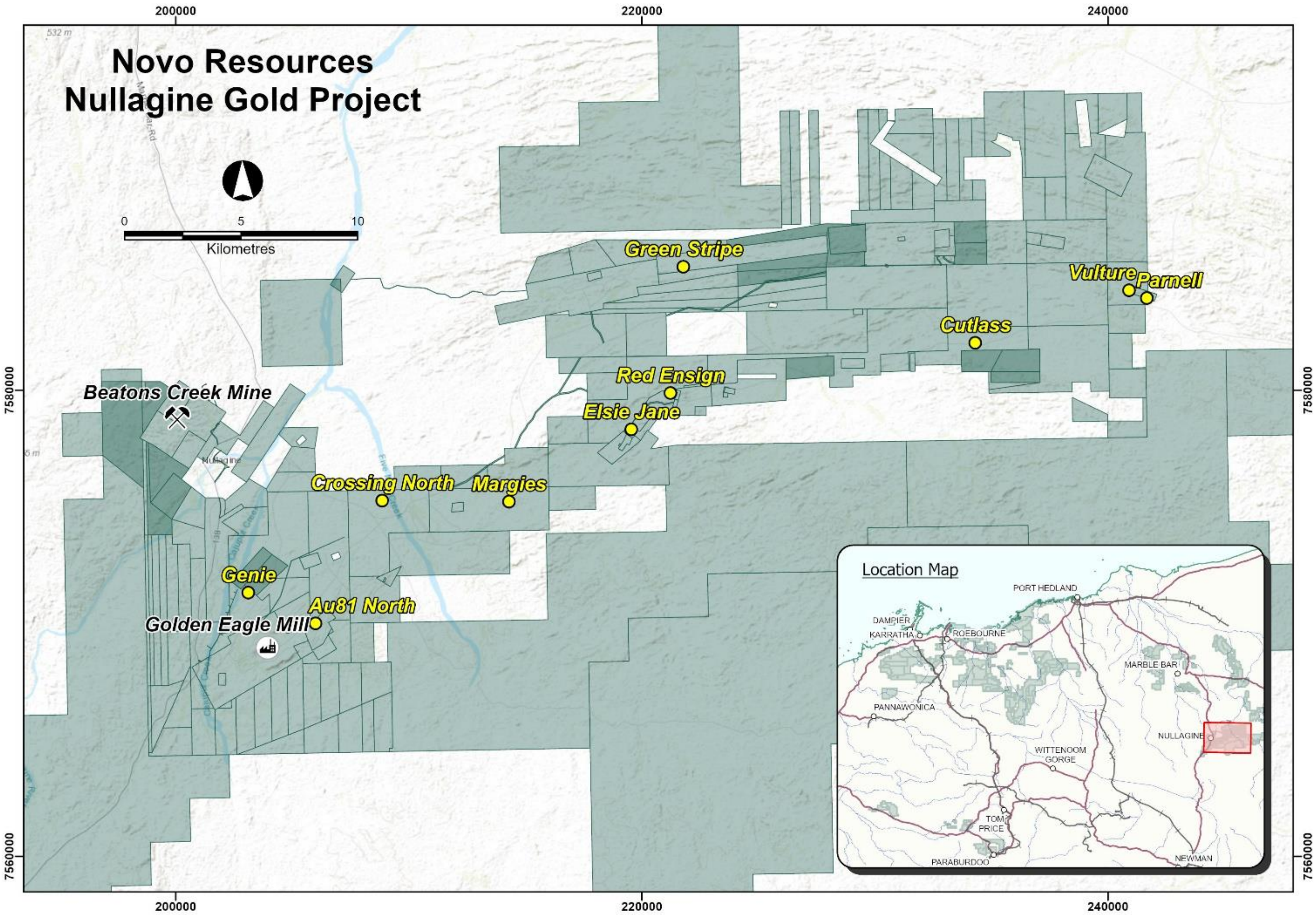
Novo's exploration program continued throughout Q4 2021, focussing on brownfields with reverse circulation ("**RC**") drilling for oxide gold near the Beatons Creek Project. Regional greenfields programs targeting battery-metals and gold continued to define additional targets for testing in 2022 across both Pilbara land holdings and further afield via its Victorian joint operation partners.

RC drilling accelerated throughout Q4 2021 on high priority oxide programs at the broader Nullagine gold project ("**NGP**"). New programs were completed during the quarter at the Parnell-Vulture Trend, Crossing and Linq, with follow up drilling at Genie. Results from Genie, Parnell and Vulture have been highly encouraging, with several holes intercepting high-grade gold from near-surface[8]. Both projects are open along strike and down dip at this stage.

In addition, detailed mapping programs across quartz-veined dolerite outcrop in the area immediately west of Genie, returned high grade assays from rock chip sampling of up to 26.8 g/t Au and 14.2 g/t Au[8]. These samples were taken from similar quartz veined dolerite dykes as encountered at Genie.

8 Refer to the Company's news release dated January 28, 2022.

The grade tenor in these dykes appears the same or higher than encountered elsewhere on the prospect, confirming prospectivity in this area.



Regional exploration programs in the West Pilbara during Q4 2021 focussed on Ni-Cu targets across the Andover Intrusive Complex at Purdy's North, including further detailed mapping, pXRF soil sampling and rock chip sampling. Significant Ni and Cu results were returned during the quarter at the Milburn, Southcourt and NRV06 anomalies[8]. Exploration planned for Purdy's North prospect in 2022 includes ground fixed loop transient electromagnetic ("**EM**") surveys to better define EM conductors, possible induced polarization lines across the identified target zones pending results of EM and drilling into the main target areas. Follow up mapping and rock chip sampling along the East Well and Bobs Well VHMS trend has also continued.

In the northern Egina Project, several high priority orogenic quartz vein and intrusion related targets have been identified for drill testing in 2022. Key targets include a series of interpreted sanukitoid intrusions, epithermal-like vein systems at the Becher prospect and lode gold targets at Becher Southeast and Irvine prospects. Mapping and 3D modelling continues, in order to better target drilling proposed for the high-grade quartz-vein related gold mineralization at Station Peak in 2022.

At Catia in the southern Pilbara at Bellary Dome, mapping and rock chip sampling programs have defined a structurally complex shoot-style gold-rich quartz vein target bound by a major structure. Peak rock chip results are 166.7 g/t Au and 41.2 g/t Au[8]. Drilling is scheduled in 2022.

Diamond drilling commenced late in the quarter at the Malmsbury Project via the Company's joint venture with ASX-listed GBM Resources Ltd. (ASX: GBZ). An initial five holes are planned to test the Leven Star Lode.

Results are not necessarily representative of mineralization throughout the Pilbara and Victoria.

Investment in New Found Gold Corp.

The Company holds 15,000,000 common shares of New Found Gold Corp. (TSX-V: NFG) ("**New Found**") which represented a 9.13% undiluted interest in New Found as at December 31, 2021. The fair value of Novo's investment in New Found was $114,750,000 as at March 30, 2022. Between June 17, 2020 and September 17, 2021, the investment in New Found was accounted for using the equity method, meaning it was carried at cost and adjusted to recognize changes in the Company's shares of net assets of New Found, including elimination of reciprocal interests and recognition of treasury shares. On September 17, 2021, immediately subsequent to New Found's most recent annual general meeting, the Company determined that it ceased to exercise significant influence over New Found pursuant to IAS 28 *Investment in Associates and Joint Ventures.* The Company discontinued equity accounting and recognized the retained interest in New Found as a marketable security at fair value, resulting in an one-time gain through profit or loss of $85,636,000 based on the difference between New Found's fair value using its prevailing share price on the date of derecognition of $7.15 and the carrying value of the investment using the equity accounting method, adjusted for the elimination of reciprocal interests and treasury shares. Refer to notes 5 and 11 of the Audited Financial Statements.

A reconciliation of the fair value of the Company's investment in New Found since its acquisition on March 6, 2020 is included below. Refer to notes 5 and 11 of the Audited Financial Statements.

New Found fair value reconciliation from acquisition date - March 6, 2020 (*Note 5*)	
Initial fair value on acquisition date - March 6, 2020 (*Note 5*)	16,736
FVTOCI movement through June 17, 2020 (*Note 5*)	2,764
Fair value of interest in New Found at date of significant influence and adoption of equity accounting - June 17, 2020 (*Note 5*)	19,500
Net share of profit from operations of New Found from June 17, 2020 to September 17, 2021 (*Note 11*)	2,113
New Found carrying amount at September 17, 2021 prior to treasury share adjustment (*Note 11*)	21,613
Adjustment for net movement in treasury share value from June 17, 2020 to September 17, 2021 (*Note 11*)	(2,480)
Derecognition of New Found investment at net carrying value on September 17, 2021 (*Note 11*)	(19,133)
Fair value of 15 million New Found shares at $7.15 per share on date of derecognition - September 17, 2021	107,250
Gain on discontinuation of equity accounting of New Found - September 17, 2021 (*Note 20*)	**85,637**
Fair value of 15 million New Found shares at $7.15 per share on date of derecognition - September 17, 2021	107,250
FVTOCI movement September 17, 2021 to December 31, 2021 (*Note 5*)	27,450
Fair value of New Found marketable security - December 31, 2021 (*Note 5*)	**134,700**

HEALTH AND SAFETY, ENVIRONMENT, AND COMMUNITY

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

Health and Safety

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

The Company is experiencing an increased impact of COVID-19, particularly with respect to the Company's workforce and operations. Mandatory isolation for COVID-positive personnel and close contacts is affecting staffing levels for the Company and its contractors, and supply chain issues are causing costs of production to increase, particularly with respect to fuel and other consumables. The Western Australian government has also mandated that all site-based mine workers must receive their first dose of a COVID-19 vaccine by December 1, 2021, be fully vaccinated against COVID-19 by January 1, 2022, and must arrange for booster vaccinations within four months of their second vaccine. The Company is working with its employees, contractors, and stakeholders to ensure orderly uptake of requisite vaccines. It is not possible at this time to predict the impact, if any, that current and future policies and mandates may have on the Company's operations. Refer to *Risks Related to the Company – COVID-19* and *Labour and Employment Matters*.

Environment

The Company works closely with the West Australian regulatory bodies, particularly the Department of Mines, Industry Regulation and Safety ("**DMIRS**"), the Department of Water and Environmental Regulation ("**DWER**"), and the Environmental Protection Authority ("**EPA**"), in order to promote compliance with requisite regulations. Subsequent to the acquisition of Millennium[9], the Company expended significant efforts interfacing with DMIRS and DWER to re-establish lasting and constructive relationships with these departments. The Company recognizes the importance of environmental stewardship, particularly given the Beatons Creek Project's proximity to the township of Nullagine and Millennium's historical rehabilitation liabilities, and prioritizes environmental endeavours as it continues to develop the Beatons Creek Project. The Company has also been engaging with the EPA regarding approvals to mine the Fresh component of the Beatons Creek Resource.

Community

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

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

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

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

OPERATING RESULTS

		For the three months ended December 31, 2021	For the three months ended December 31, 2020	For the year ended December 31, 2021	For the period ended December 31, 2020
Mineralized Material Milled	**t**	395,310	-	1,362,534	-
Grade	**g/t Au**	1.16	-	1.25	-
Recovery	**%**	91.50%	-	93.00%	-
Gold Produced	**Oz Au**	12,833	-	49,364	-

The Company began developing its Beatons Creek Project subsequent to the acquisition of Millennium in September 2020[9] and was not producing during Transitional Fiscal 2020. As a result, the comparable 2020 periods are not referenced throughout this section. Where relevant, results are compared to Q3 2021.

Mining and Processing

Mining during Q4 2021 focused on the Edwards, Golden Crown, and Grant's Hill areas of the Beatons Creek Project. A total of 434,133 tonnes of mineralized material was mined, slightly less than the 477,616 tonnes of mineralized material mined during Q3 2021. A total of 25,812 m of grade control drilling was also completed, targeting the Golden Crown, Edwards, and South Hill areas of the Beatons Creek Project which are planned to be mined during early 2022, as well as certain components of Fresh mineralization. Q1 2022 should also see the completion of mining in the initial stage of the Grant's Hill area.

Fiscal 2021 represents the completion of the inaugural year of mining the Beatons Creek Project. 1,563,109 tonnes of mineralized material were mined in Fiscal 2021 for total material movement of 6,728,575 tonnes.

During Q4 2021, 395,310 tonnes of mineralized material, equivalent to a throughput rate of approximately 4,297 tonnes per day, were processed This equates to a 13% decrease over Q3 2021 during which 451,343 tonnes of mineralized material, equivalent to a throughput rate of 4,960 tonnes per day, were processed.

Subsequent to the Company's inaugural gold pour[2], 1,362,534 tonnes of mineralized material, equivalent to a throughput rate of approximately 4,116 tonnes per day from February 3, 2021, were processed in Fiscal 2021.

The decrease in mineralized material milled between Q4 and Q3 2021 was due to a number of unscheduled short-term mill shuts, including a longer shut in early November[10] which accompanied significant crusher maintenance. However, the Golden Eagle Plant resumed operation by November 5, 2021, with 155,000 tonnes processed in December 2021, which is in line with the Company's forecast to process at an annualized rate of approximately 1.8 million tonnes per annum.

Mill feed grade averaged 1.16 g/t Au during Q4 2021 compared to 1.34 g/t Au during Q3 2021. Mill feed grade averaged 1.25 g/t Au during Fiscal 2021. The receipt of critical assay information pursuant to a PhotonAssay arrangement with Intertek[4] has resulted in sample backlog being reduced significantly, providing higher resolution of data assisting the interpretation process and the Company's ability to selectively mine higher grade sections of the Beatons Creek Project, as evidenced by December 2021 mined grade of 1.33 g/t Au.

10 Refer to the Company's news releases dated November 1, 2021 and November 5, 2021.

Gold recovery for Q4 2021 averaged 91.50% compared to 93.78% for Q3 2021. Gold recovery for Fiscal 2021 averaged 93.00%. Gold recovery decreased in Q4 2021 due to temporary issues experienced with the carbon regeneration kiln which have since been rectified.

Gold and Silver Production

During Q4 2021, the Beatons Creek Project produced 12,833 ounces of gold and 1,758 ounces of silver as compared to 18,144 ounces of gold and 2,398 ounces of silver during Q3 2021. During Fiscal 2021, the Beatons Creek Project produced 49,364 ounces of gold and 6,829 ounces of silver. The decrease in production between Q3 and Q4 2021 was due to lower head grade and a decrease in tonnes processed as the Company's Golden Eagle Plant experienced some unscheduled short-term mill shuts, including a longer shut in early November[10] which accompanied significant crusher maintenance.

FINANCIAL RESULTS

The following table contains quarterly and annual information derived from the Audited Financial Statements. The Company began developing its Beatons Creek Project subsequent to the acquisition of Millennium in September 2020[9] and was not producing during Transitional Fiscal 2020. As a result, the comparable 2020 periods are not always referenced throughout this section.

In thousands of CAD, except where noted		For the three months ended December 31, 2021	For the three months ended December 31, 2020	For the year ended December 31, 2021	For the 11-month period ended December 31, 2020
Gold sold	*Oz Au*	**13,023**	-	**49,232**	-
Average realized price[3]	*$/oz*	**2,294**	-	**2,281**	-
Average realized price[3]	*AUD$/oz*	**2,498**	-	**2,421**	-
Average realized price[3]	*USD$/oz*	**1,821**	-	**1,819**	-
Total revenue	*$*	**29,857**	-	**112,243**	-
Cost of goods sold	*$*	**(37,769)**	-	**(110,767)**	-
Net loss from operations	*$*	**(5,084)**	(10,640)	**(22,740)**	(26,804)
Impairment of non current assets	*$*	**(46,905)**	-	**(46,905)**	-
Other income, net	*$*	**2,253**	574	**90,947**	398
Finance items	*$*	**(2,395)**	(503)	**(16,337)**	(2,173)
Income tax expense (benefit)	*$*	**739**	-	**(7,145)**	778
Net loss for the period after tax	*$*	**(59,304)**	(10,569)	**(704)**	(27,801)
Basic and diluted loss per common share	*$/share*	**(0.24)**	(0.05)	**(0.00)**	(0.14)
EBITDA[3]	*$*	**(49,839)**	(8,598)	**41,508**	(24,209)
Adjusted EBITDA[3]	*$*	**(5,187)**	(9,172)	**(2,534)**	(24,607)
Adjusted earnings[3]	*$*	**(16,116)**	(11,143)	**(52,073)**	(28,199)
Adjusted earnings per common share[3]	*$/share*	**(0.07)**	(0.05)	**(0.22)**	(0.14)
Total cash costs[3]	*$/oz*	**2,296**	-	**1,865**	-
Total cash costs[3]	*AUD$/oz*	**2,501**	-	**1,980**	-
Total cash costs[3]	*USD$/oz*	**1,822**	-	**1,488**	-
AISC[3]	*$/oz*	**3,143**	-	**2,637**	-
AISC[3]	*AUD$/oz*	**3,423**	-	**2,799**	-
AISC[3]	*USD$/oz*	**2,494**	-	**2,104**	-

Three Months Ended December 31, 2021 Compared to Three Months Ended December 31, 2020

Net loss after tax for the three months ended December 31, 2021 was $59,304,000 (December 31, 2020 – loss of $10,569,000), caused by a gross loss from operations and a non-cash impairment charge recognized due to operational performance of the Beatons Creek Oxide to December 31, 2021 and current uncertainty regarding the timing of receipt of Fresh mining approvals. Refer to *Other Expenses.* The Company was not in production during the three months ended December 31, 2020 and did not generate any revenue as a result.

Gold and Sales Revenue

For the three months ended December 31, 2021, the Company generated revenue of $29,857,000 (December 31, 2020 - $nil) which represented a decrease from revenue of $42,964,000 for the three months ended September 30, 2021 (September 30, 2020 - $nil). The quarter-over-quarter decline was primarily due to changes in the mining schedule and reduction in recovery due to technical issues with the carbon regeneration kiln, which resulted in lower production than in Q3 2021.

For the three months ended December 31, 2021, the Company sold 13,023 ounces of gold (December 31, 2020 – nil) at an average realized price[1] of $2,294 (AUD $2,498 / USD $1,821) per ounce generating $29,805,000 in revenue from contracts with customers (December 31, 2020 - $nil). For the three months ended September 30, 2021, the Company sold 18,753 ounces of gold at an average realized price[1] of $2,295 (AUD $2,480 / USD $1,822) per ounce generating $42,964,000 in revenue from contracts with customers. The average gold price over the three months ended December 31, 2021 according to the World Gold Council was $2,464 per ounce (AUD $2,264 / USD $1,795) (December 31, 2020 – $2,442 (AUD $2,563 / USD $1,874)).

During the three months ended December 31, 2021, the Company sold 1,758 ounces of silver (December 31, 2020 – nil) generating $52,000 in additional revenue (December 31, 2020 - $nil). The Company sold 2,396 ounces of silver (September 30, 2020 - nil) generating $74,000 in additional revenue for the three months ended September 30, 2021 (September 30, 2020 - $nil).

Cost of Sales

Total cost of sales for the three months ended December 31, 2021 was $37,769,000 (December 31, 2020 - $nil) compared to $33,577,000 for the three months ended September 30, 2021 (September 30, 2020 - $nil).

Cost of sales includes production costs, depreciation, depletion, royalties, and changes in inventories, reflecting the difference between produced and sold ounces. Depreciation and depletion were recognized from October 1, 2021 onwards when the Commercial Production Factors were deemed to have been satisfied. Depletion from the Beatons Creek Project is currently recognized on the remaining ounces in the Oxide production profile and does not include any expense related to recoverable ounces from the Fresh production profile considering the Company is still awaiting approvals to mine the Fresh mineral resource.

Royalties for the three months ended December 31, 2021 were $2,015,000 (December 31, 2020 - $nil), representing a 62% decrease over royalties for the three months ended September 30, 2021 of $3,270,000. The decrease in royalty expense resulted from a decrease in revenues from the Beatons Creek Project.

All production costs were incurred in Australian dollars. The average foreign exchange rate was AUD $0.9183 to CAD $1.00 during the three months ended December 31, 2021 (December 31, 2020 – AUD $0.95424 to CAD $1.00).

Other Expenses

General administration costs for the three months ended December 31, 2021 were $5,117,000 (December 31, 2020 - $1,456,000) and $4,926,000 for the three months ended September 30, 2021 (September 30, 2020 - $8,611,000). The increase compared to the comparable period in 2020 was primarily due to an increase in general cash costs as the Company transitioned to production at the Beatons Creek Project, including, consulting services, legal fees, and salaries and wages.

Exploration expenditure for the three months ended December 31, 2021 totalled $4,258,000 (December 31, 2020 - $3,558,000) and was recognized in line with the change in accounting policy which resulted in amounts previously capitalized to exploration and evaluation assets being retrospectively expensed. The Company adopted a voluntary change in its accounting policy for exploration and evaluation asset expenditures during Fiscal 2021 and applied the change retrospectively. As a result, balances of comparative periods have been restated. Under the new accounting policy, the Company recognizes these expenditures as exploration and evaluation asset costs in the consolidated statement of profit or loss and other comprehensive income or loss 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 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 more consistent with its peer group in the mineral resources sector.

Non-cash impairment on non-current assets for the three months ended December 31, 2021 totalled $46,905,000 (December 31, 2020 – nil). Refer to "*Significant Business Developments & Outlook – Impairment of Beatons Creek Project*" above.

Other Income

Other income recognized during the three months ended December 31, 2021 totalled $2,253,000 (December 31, 2020 – income of $574,000) and relates primarily to a $1,912,000 non-cash gain (December 31, 2020 - $nil) recognized on the modification of the mining lease. Refer to note 8 and 16 of the Audited Financial Statements.

Finance Items

The Company incurred interest and finance costs of $2,423,000 during the three months ended December 31, 2021 (December 31, 2020 - $504,000), including $183,000 income of non-cash charges relating to rehabilitation provision accretion expense and the change in fair value of the derivative liability embedded within the credit facility with Sprott Resource Lending Corp. and Sprott Private Resources Lending II (Collector), LP (the "**Credit Facility**"). Interest and finance costs also included $1,927,000 (December 31, 2020 - $1,050,000) of interest and accreted interest related to the Credit Facility during the three months ended December 31, 2021.

Interest and finance costs also included non-cash interest expenses of $677,000 (December 31, 2020 - $53,000) related to leases recognized pursuant to IFRS 16. The Company recognizes lease liabilities and corresponding right-of-use assets pursuant to IFRS 16 where the Company has the right to use assets underlying certain arrangements, including the Company's open pit mining contract, PhotonAssay arrangement with Intertek, and various office space and other property leases in Western

Australia to support exploration and operations. Refer to notes 8 and 13 of the Audited Financial Statements.

Other Comprehensive Income/Loss

During the three months ended December 31, 2021, non-cash gains of $27,637,000 (December 31, 2020 – loss of $11,393,000) represent movement in the fair value of the Company's marketable securities. Refer to note 5 of the Audited Financial Statements.

During the three months ended December 31, 2021, the Company also recognized non-cash losses of $3,904,000 (December 31, 2020 – $15,856,000) pertaining to the foreign exchange impact of the translation of subsidiary financial information. The Company's Australian subsidiaries, which incur most of the Company's operational expenditure, have an Australian dollar functional currency. Gains or losses are recognized upon translation of income and expenses denominated by the Company's Australian subsidiaries in Australian dollars into the Company's Canadian dollar presentation currency. Refer to *Cost of Sales* above for foreign exchange rate movement across the relevant periods.

Year Ended December 31, 2021 Compared to Period Ended December 31, 2020

Net loss after tax for the year ended December 31, 2021 was $704,000 (December 31, 2020 restated - $27,801,000), mostly caused by an operational margin which was offset by the change in accounting policy for exploration expenditure, impairment of non-current assets, and discontinuation of equity accounting for the Company's investment in New Found. Refer to *Other Expenses* below for further details. The Company was not in production during Transitional Fiscal December 31, 2020 and did not generate any revenue as a result.

Gold and Sales Revenue

For the year ended December 31, 2021, the Company generated revenue of $112,243,000 (December 31, 2020 - $nil).

For the year ended December 31, 2021, the Company sold 49,232 ounces of gold at an average realized price[1] of $ 2,281 (AUD $2,421 / USD $1,819) per ounce generating $112,028,000 in revenue from contracts with customers (December 30, 2020 - $nil). The average gold price over the year ended December 31, 2021 according to the World Gold Council was $2,255 (AUD $2,395 / USD $1,798) per ounce (December 31, 2020 – $2,371 (AUD $2,561 / USD $1,770)).

During the year ended December 31, 2021, the Company sold 6,826 ounces of silver generating $215,000 in additional revenue (December 31, 2020 - $nil).

Cost of Sales

Total cost of sales for the year ended December 31, 2021, was $110,767,000 (December 31, 2020 - $nil). Refer to *Financial Results - Three Months Ended December 31, 2021 Compared to Three Months Ended December 31, 2020 – Cost of Sales* regarding recognition and classification of cost of sales prior and subsequent to the declaration of commercial production.

Royalties for the year ended December 31, 2021 were $7,852,000 (December 31, 2020 - $nil).

All production costs were incurred in Australian dollars. The average foreign exchange rate was AUD $0.9420 to CAD $1.00 during the year ended December 31, 2021 (December 31, 2020 – AUD $0.9274 to CAD $1.00).

Other Expenses

General administration costs for the year ended December 31, 2021 were $25,094,000 (December 31, 2020 - $17,062,000). The increase over the comparable period in 2020 was primarily due to non-cash share based payment expenses of $10,015,000 (December 31, 2020 - $7,062,000) and insurance costs of $2,185,000 (December 31, 2020 - $260,000) which increased due to the Company's requirement to obtain operational insurance coverage subsequent to the acquisition of Millennium[9] and commencement of mining operations. Share based payments expenses are associated with a batch of stock options which will vest once the Company produces 60,000 ounces of gold, and a batch of stock options issued in late Fiscal 2021 which vest over time. Wages and salaries expenses also increased to $6,901,000 (December 31, 2020 - $3,724,000) due to the Company's ramp up in operations at the Beatons Creek Project and the need for requisite corporate support.

Exploration expenditure of for the year ended December 31,2021 were $12,118,000 (December 31, 2020 - $12,259,000). The increase relates to additional exploration activities throughout 2021. Refer to *Financial Results - Three Months Ended December 31, 2021 Compared to Three Months Ended December 31, 2020 – Other Expenses* regarding the change in accounting policy.

Impairment of non-current assets for the year ended December 31, 2021 were $46,905,000 (December 31, 2020 – nil). Refer to *Financial Results - Three Months Ended December 31, 2021 Compared to Three Months Ended December 31, 2020 – Other Expenses* regarding details of the impairment.

Profit on disposal of exploration assets was $14,472,000 for the year ended December 31, 2021 (December 31, 2020 - $nil) which pertained to the Company's sale of its Blue Spec project to Calidus Resources Limited. Refer to note 6 of the Audited Financial Statements.

Other Income

Other income recognized during the year ended December 31, 2021 is $90,947,000 (December 31, 2020 - $2,517,000), which includes a non-cash gain of $86,048,000 (December 31, 2020 - $nil) related to the discontinuation of equity accounting of the Company's investment in New Found, a non-cash loss of $1,403,000 (December 31, 2020 – gain of $1,542,000) pertaining to movement in the fair value of the share purchase warrants held in GBM Resources Ltd. and Kalamazoo Resources Limited, a non-cash gain recognized on the modification of the mining lease as well as the disposal of minor other assets, of $2,349,000 (December 31, 2020 - $nil) and a share of New Found's profit of $3,951,000 (December 31, 2020 – loss of $1,837,000) pertaining to the Company's investment in New Found and associated accounting treatment. Refer to *Significant Business Developments & Outlook – Investment in New Found Gold Corp.* and notes 5 and 11 of the Audited Financial Statements.

Finance Items

The Company incurred interest and finance costs of $16,428,000 during the year ended December 31, 2021 (December 31, 2020 - $2,311,000) including $2,856,000 of non-cash charges relating to IFRS 16, the derivative liability associated with the Credit Facility, and rehabilitation provision accretion expense.

Interest and finance costs also included $7,272,000 (December 31, 2020 - $2,126,000) of interest and non-cash accreted interest related to the Credit Facility.

The Credit Facility was executed, and the initial draw-down thereunder occurred, in September 2020, concurrently with the acquisition of Millennium[9]. The Credit Facility was amended in April 2021[11], which led to an increased monthly interest expense because the Company drew down an additional USD $5,000,000 as part of the April 2021 amendment[11]. Interest is paid monthly at a rate of 8% per annum plus the greater of (i) US three month London Inter-Bank Offered Rate ("**LIBOR**"), or (ii) 1%. Since execution of the Credit Facility, the Company has been paying cash interest at a rate of 9% per annum on a monthly basis. Refer to note 14 of the Audited Financial Statements.

Interest and finance costs also included one-time finance costs of $6,386,000 (September 30, 2020 - $nil) related to the brokered private placement (the "**Offering**") of special warrants ("**Special Warrants**") in May 2021 to raise net proceeds of approximately $26,400,000 by the issuance of 10,353,000 Special Warrants at a price of $2.55 per Special Warrant[12]. The Special Warrants were initially recognized as financial liabilities at fair value through profit and loss pursuant to IAS 32 *Financial Instruments*, and associated transaction costs were also expensed through profit and loss pursuant to IFRS 9 *Financial Instruments*. $1,759,000 represents cash transaction costs incurred for the year ended December 31, 2021, including the lead agent's 6% financing fee, and the remaining $4,627,000 represents the non-cash movement in fair value of the Special Warrants between the date of issuance on May 4, 2021 and the date of conversion into units of the Company on May 31, 2021.

Interest and finance costs also included a non-cash gain of $86,000 (December 31, 2020 – loss of $211,000) on the change in fair value of the Sumitomo liability. Refer to note 16 of the Audited Financial Statements.

Other Comprehensive Income/Loss

During the year ended December 31, 2021, non-cash gains of $34,341,000 (December 31, 2020 – gain of $4,079,000) represent the movement in the fair value of the Company's marketable securities. Refer to note 5 of the Audited Financial Statements.

During the year ended December 31, 2021, the Company also recognized non-cash losses of $14,696,000 (December 31, 2020 gain – $8,400,000) pertaining to the foreign exchange impact of the translation of subsidiary financial information. Refer to *Financial Results - Three Months Ended December 31, 2021 Compared to Three Months Ended December 31, 2020 – Other Comprehensive Income/Loss* for further details and *Cost of Sales* for foreign exchange rate movement across the relevant periods.

11 Refer to the Company's news release dated April 9, 2021.
12 Refer to the Company's news releases dated April 14, 2021 and May 4, 2021.

LIQUIDITY AND CAPITAL RESOURCES

In thousands of CAD, except where noted	December 31, 2021 $'000	December 31, 2020 $'000	January 31, 2020 $'000	January 31, 2019 $'000
Cash	**32,345**	40,494	28,703	42,832
Short-term investments	**108**	195	88	93
Working capital[1]	**3,925**	14,071	26,051	39,789
Credit Facility adjusted working capital (USD)[1]	**18,332**	25,089	-	-
Marketable securities	**156,209**	18,770	14,457	
Available liquidity[1]	**102,868**	59,623	42,501	45,580
Total assets	**462,682**	456,408	158,049	156,665
Current liabilities excluding current portion of financial liabilities	**19,805**	12,083	1,082	4,593
Non-current liabilities excluding non-current portion of financial liabilities	**36,342**	28,615	-	-
Financial liabilities (current and non-current)	**75,608**	86,271	8,565	2,825
Total liabilities	**148,420**	126,969	9,647	7,418
Shareholders' equity	**314,262**	329,439	148,402	149,247

Available liquidity[1] totalled $102,868,000 as at December 31, 2021 (December 31, 2020 - $59,623,000) and represented the value of the Company's realizable assets. The Company's available liquidity[1] has increased significantly since 2020 due to the increased market value of the Company's holdings in New Found. Refer to *Significant Business Developments & Outlook – Investment in New Found Gold Corp.* and notes 5 and 11 of the Audited Financial Statements.

The Company amended the Credit Facility and drew down an additional USD $5 million in early April 2021[11]. Refer to Note 14 of the Audited Financial Statements for further details. An additional US$10 million remained available under the Credit Facility until September 30, 2021, subject to the satisfaction of certain conditions precedent. This amount was not drawn by the Company and expired on September 30, 2021. An amount of $6,339,000 relating to the Credit Facility has been classified as current relating to the first principal repayment to be made in December 2022. The Company also closed the Offering in May 2021[12] to raise net proceeds of $26.4 million by the issuance of 10,353,000 Special Warrants at a price of $2.55 per Special Warrant.

Although the Company intended to use funds from the Offering and the additional USD $5 million Credit Facility drawdown to continue operating the Beatons Creek Project while initiating Pilbara-wide exploration programs throughout 2021, the actual allocation or expenditure of these funds may vary depending on several factors including market conditions, future developments and operating results or unforeseen events. Refer to *Risks Related to the Company – Dependence on Future Financing*.

Pursuant to the terms of the Credit Facility and covenants therein, the Company must maintain minimum working capital and unrestricted cash balances. As at December 31, 2021 and the date of this MD&A, the Company was in compliance with these covenants, as amended or waived.

The Company generated revenue of $112,243,000 (December 31, 2020 - $nil) in Fiscal 2021. Accompanying this revenue were cash inflows of $10,358,000 (December 31, 2020 - $nil) from the sale of marketable securities and $1,967,000 (December 31, 2020 - $61,043,000) from the issuance of common shares without par value ("**Common Shares**") in Fiscal 2021. Once offset by operating and capital expenditures, the Company's cash balance decreased from $40,494,000 as at December 31, 2020 to $32,345,000 as at December 31, 2021. Nevertheless, the Company remains in a strong financial position through Fiscal 2021.

The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. Cash flow forecasting is performed regularly. The Company monitors forecasts of liquidity in the form of cash and cash equivalents in an effort to ensure it has sufficient cash to meet operational needs.

Factors that can impact the Company's liquidity are monitored regularly and include gold market prices, foreign exchange rates, production levels, operating costs, and capital costs. In addition, any suspension of production as a result of the COVID-19 pandemic or otherwise will impact the Company's liquidity. The Company prepares annual expenditure budgets that are approved by its board of directors (the "**Board**").

In thousands of CAD, except where noted	**For the three months ended December 31, 2021 $'000**	**For the three months ended December 31, 2020 $'000**	**For the year ended December 31, 2021 $'000**	**For the period ended December 31, 2020 $'000**
Cash flow information				
Cash used in operations	**(10,974)**	(3,990)	**(19,656)**	(10,733)
Cash generated by / (used in) investing activities	**252**	(12,839)	**(7,757)**	(77,834)
Cash (used in) / generated by financing activities	**576**	802	**19,626**	100,410
Change in cash	**(10,146)**	(16,027)	**(7,787)**	11,843
Free cash flow[1]	**(10,722)**	(16,829)	**(37,771)**	(88,567)

The Company used $10,974,000 and $19,656,000 in operating cash flows during Q4 2021 and Fiscal 2021, respectively, as compared to using operating cash flows of $3,990,000 and $10,733,000 for the respective comparable periods in Transitional Fiscal 2020. The decrease in cash flows relates primarily to revenue generated from the Beatons Creek Project which was offset by costs of sales.

Free cash flow[1] for Q4 2021 comprised outflows of $10,722,000 (December 31, 2020 – outflows of $16,829,000). The Company reallocated all operating cash flow generated during Q4 2021 to capital projects and exploration activities, thus minimizing free cash flow[1].

Free cash flow[1] for Fiscal 2021 comprised outflows of $37,771,000 (December 31, 2020 – outflows of $88,567,000). The Company has declared commercial production[5] and invests significant amounts into capital projects and mine development in order to develop its Beatons Creek Project while advancing its exploration strategy.

During Q4 2021, the Company generated $252,000 (December 31, 2020 – outflows: $47,812,000) from its assets, including cash proceeds of $8,121,000 (December 31, 2020 - $3,502,000) received from the sale of marketable securities. Refer to note 5 of the Audited Financial Statements. Investing cash inflows were offset by payments of $1,196,000 (December 31, 2020 - $1,185,000) for the acquisition of exploration assets and capital expenditures of $6,673,000 (December 31, 2020 - $45,495,000) related to the Beatons Creek Project. Refer to note 6 and 7 of the Audited Financial Statements.

During Fiscal 2021, the Company invested $7,757,000 (December 31, 2020 - $77,834,000) in its assets, including $1,912,000 on exploration acquisitions (December 31, 2020 - $1,735,000), $16,765,000 on capital expenditure (December 31, 2020 - $8,563,000) and $8,670,000 on mine development expenditure (December 31, 2020 - $6,725,000) for its Beatons Creek Project which the Company has been operating since early Fiscal 2021. Investing cash outflows were offset by cash proceeds of $10,358,000 (December 31, 2020 - $160,000) from the sale of some of the Company's marketable securities, as well as $9,232,000 (December 31, 2020 - $nil) received from the sale of a part of the Company's Blue Spec Project to Calidus Resources Limited. Refer to notes 5 and 6, respectively, of the Audited Financial Statements.

During the three months ended December 31, 2021, the Company experienced $576,000 in financing cash outflows (December 31, 2020 – outflows of $802,000), relating to the principal portion of lease liabilities pursuant to IFRS 16. Refer to *Financial Results - Three Months Ended December 31, 2021 Compared to Three Months Ended December 31, 2020* for further details regarding charges related to IFRS 16.

During Fiscal 2021, the Company generated $19,626,000 in financing cash inflows (December 31, 2020 - $100,410,000). The decrease in financing cash inflows was primarily due to funds received from the Offering[12] and the Credit Facility, which were partially offset by a one-time payment of the Comet Well deferred consideration totaling $2,946,000 (AUD $3,000,000), as compared to aggregate cash inflows of $39,932,000 from the Credit Facility[13] and an additional $5,168,000 from an associated equity financing[14], $55,875,000 from the Offering[12], and $4,292,000 from Sumitomo during Transitional Fiscal 2020. Refer to note 16 of the Audited Financial Statements for disclosure relating to the Sumitomo funding.

SELECTED FINANCIAL INFORMATION

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

SUMMARY OF QUARTERLY RESULTS

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

		4th Quarter 2021 December 31, 2021	3rd Quarter 2021 September 30, 2021	2nd Quarter 2021 June 30, 2021	1st Quarter 2021 March 31, 2021	4th Quarter 2020 December 31, 2020	3rd Quarter 2020 October 31, 2020	2nd Quarter 2020 July 31, 2020	1st Quarter 2020 April 30, 2020	4th Quarter 2020 January 31, 2020
Revenue	*$'000*	**112,243**	42,964	31,704	7,718	-	-	-	-	-
Net Profit / (Loss)	*$'000*	**6,441**	87,836	(15,582)	1,723	(1,514)	(8,159)	(3,826)	(3,927)	(5,952)
Basic and Diluted Income (Loss)	*$/share*	**(0.00)**	0.33	(0.07)	0.05	(0.09)	(0.04)	(0.02)	(0.02)	(0.03)

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

13 Refer to the Company's news release dated September 8, 2020.
14 Refer to the Company's news release dated September 9, 2020.

CASH RESOURCES AND GOING CONCERN

The Audited Financial Statements have been prepared on a going concern basis, which contemplates continuity of normal 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 advance its exploration efforts across the Pilbara and Victoria. The Company has prepared a cash flow forecast demonstrating that the Company will have access to sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing the Audited 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[1] of $102,868,000 at December 31, 2021.

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.

CONTRACTUAL OBLIGATIONS

As at December 31, 2021, the Company had the following contractual obligations outstanding:

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**

OFF-BALANCE SHEET TRANSACTIONS

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

CONTINGENCIES

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

RELATED PARTY TRANSACTIONS

During Fiscal 2021 and Transitional Fiscal 2020, the following amounts were incurred in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties:

Name	Nature of Compensation	For the year ended December 31, 2021 $'000	For the period ended December 31, 2020 $'000
Non Executive Co-Chairman, President & Director	Salary / Director fees	**276**	-
Executive Co-Chairman	Salary	**205**	395
CEO & Director	Salary	**848**	264
CFO & Corporate Secretary	Salary	**436**	256
VP, Corporate Communications	Consulting	**180**	165
Independent Directors	Director Fees	**303**	121
Total		**2,248**	**1,201**

Details of these compensation arrangements are outlined in the Company's most recently filed Form 51-102F5 Information Circular (filed on SEDAR on May 31, 2021). Dr. Quinton Hennigh, the Company's former chairman and president, transitioned to the role of non-executive co-chairman and director during Q4 2021 concurrently with the appointment of Mr. Michael Spreadborough as the Company's executive co-chairman. Dr. Hennigh and Mr. Spreadborough are both directors of Novo.

From time to time, the Board incentivizes the Company's management, employees, and consultants by issuing incentive stock options. Amounts outlined in the table above represent such portion of the Company's share-based payment expenses which relate to incentive stock options granted to the Company's management and Board, namely the former chairman/president/director, an independent director, the chief executive officer/director, the chief financial officer/corporate secretary, and the vice president, corporate communications. The Company's methodology for calculating the fair value of share-based payments is outlined in note 2 of the Audited Financial Statements. Share-based payments relating to these key management personnel and directors totaled $4,335,000 during Fiscal 2021 (December 31, 2020 - $2,185,000).

CRITICAL ACCOUNTING ESTIMATES

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

Accounting policies adopted during the period for new transactions and events

Change in accounting policy – exploration and evaluation assets

The Company adopted a voluntary change in its accounting policy for exploration and evaluation expenditures during Fiscal 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 $'000
Exploration expenditure	(1,884)	(10,375)	(12,259)
Net loss for the period before tax	(18,202)	(10,375)	(28,577)
Net loss for the period after tax	(17,426)	(10,375)	(27,801)
Other comprehensive income / (loss) - foreign exchange on translation of subsidiaries	17,722	(7,480)	10,242
Comprehensive profit / (loss for the period)	3,933	(17,855)	(13,922)
Basic and diluted loss per common share ($ 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 profit / (loss 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)

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.

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.

Significant accounting judgements and estimates

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are consistent with those described in the Annual Financial Statements for the period ended December 31, 2020, except as noted below.

Judgements

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

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.

Refer to *Significant Business Developments & Outlook – Beatons Creek Project*.

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 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 of the Audited Financial Statements 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.

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 fair value through profit or loss ("**FVTPL**"), except to the extent that the change in fair value is attributable to changes in credit risk of the Sumitomo funding liability in which case it is presented in other comprehensive income. The Credit Facility was initially recognized at fair value and is subsequently measured at amortized cost using the effective interest method. The derivative liability was initially recognized at fair value and is subsequently measured in its entirety at FVTPL.

Financial Instruments carried at fair value:

- The marketable securities for listed shares are measured using Level 1 inputs. The fair value of marketable securities are measured at the closing market price obtained from the TSX-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 of the Audited Financial Statements.

- 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 of the Audited Financial Statements). 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	43,723	2,772
Derivative liability at fair value	378	24
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 of the Audited Financial Statements).

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management formally assessed the effectiveness of the Company's internal control over financial reporting as at December 31, 2021, and continues to do so on an on-going basis. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (also known as "COSO 2013").

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

There have been no significant changes in the Company's internal controls during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of Common Shares. All issued Common Shares are fully paid and non-assessable. As of March 31, 2022 the following Common Shares, Common Share purchase warrants (the "**Warrants**"), and stock options were issued and outstanding:

	Number of Shares	Exercise Price (C$)	Expiry Date
Common Shares	245,939,504	-	-
Stock Options	1,750,000	0.95	June 5, 2022
Stock Options	1,775,000	1.57	July 18, 2022
Stock Options	1,750,000	7.70	October 20, 2022
Stock Options	800,000	3.47	January 30, 2023
Stock Options	285,000	4.60	June 5, 2023
Stock Options	5,170,000	3.57	January 6, 2025
Stock Options	3,000,000	1.89	November 22, 2026
Warrants	8,596,184	4.40	August 27, 2023
Warrants	8,853,427	4.40	September 7, 2023
Warrants	726,812	4.40	September 9, 2023
Warrants	1,328,295	4.40	September 14, 2023
Warrants	5,176,500	3.00	May 4, 2024
Fully Diluted	**285,150,722**		

NON-IFRS MEASURES

Certain non-IFRS measures have been included in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide readers with an improved ability to evaluate its underlying performance and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers. Refer to *Significant Business Developments & Outlook* for the treatment of depreciation and depletion costs prior and subsequent to the declaration of commercial production.

Non-IFRS measures for Fiscal 2021 are not necessarily indicative of ongoing performance considering the Company was still ramping up operations through to September 30, 2021 and did not declare that the Beatons Creek Project had satisfied the Commercial Production Factors until October 1, 2021[5].

Average realized price

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

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

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

In thousands of CAD, except where noted		For the three months ended December 31, 2021	For the three months ended December 31, 2020	For the year ended December 31, 2021	For the period ended December 31, 2020
Revenue from contracts with customers	$	29,857	-	112,243	-
Treatment and refining charges	$	72	-	255	-
Less: Silver revenue *(Note 18)*	$	(52)	-	(215)	-
Gold revenue	$	29,877	-	112,283	-
Gold sold	oz	13,023	-	49,232	-
Average realized price	$/oz	2,294	-	2,281	-
Foreign exchange rate	CAD:AUD	1.0890	-	1.0616	-
Average realized price	AUD$/oz	2,498	-	2,421	-
Foreign exchange rate	CAD:USD	0.7936	-	0.7978	-
Average realized price	USD$/oz	1,821	-	1,819	-

Total cash costs

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

Total cash costs include cost of sales such as mining, processing, mine general and administrative costs, royalties, selling costs, and changes in inventories less non-cash depreciation and depletion, write-down of inventories and site share-based payments where applicable, and silver revenue divided by gold ounces sold to arrive at total cash costs per ounce of gold sold. Refer to *Significant Business Developments & Outlook* for the treatment of depreciation and depletion costs prior and subsequent to the declaration of commercial production.

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

In thousands of CAD, except where noted		For the three months ended December 31, 2021	For the three months ended December 31, 2020	For the year ended December 31, 2021	For the period ended December 31, 2020
Gold sold	Oz Au	13,023	-	49,232	-
Total cash cost reconciliation					
Cost of sales	$	37,768	-	110,767	-
Less: Depreciation and depletion*	$	(7,809)	-	(18,730)	-
Less: Silver Revenue *(Note 18)*	$	(52)	-	(215)	-
Less: Site share-based compensation	$	-	-	-	-
Total cash costs	$	29,907	-	91,822	-
Cash costs per oz of gold sold	$/oz	2,296	-	1,865	-
Foreign exchange rate	CAD:AUD	1.0890	-	1.0616	-
Cash costs per oz of gold sold	AUD$/oz	2,501	-	1,980	-
Foreign exchange rate	CAD:USD	0.7936	-	0.7978	-
Cash costs per oz of gold sold	USD$/oz	1,822	-	1,488	-

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

All-in sustaining costs

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

Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus expansion capital. Refer to *Significant Business Developments & Outlook* for the treatment of depreciation and depletion costs prior and subsequent to the declaration of commercial production.

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

In thousands of CAD, except where noted		For the three months ended December 31, 2021	For the three months ended December 31, 2020	For the year ended December 31, 2021	For the period ended December 31, 2020
Gold sold	*Oz Au*	13,023	-	49,232	-
All-in sustaining cost reconciliation					
Total cash costs	*$*	29,907	-	91,822	-
Sustaining capital expenditures	*$*	5,448	-	5,448	-
Accretion on rehabilitation provision *(Note 24)*	*$*	138	-	473	-
Treatment and refinery charges	*$*	72	-	255	-
Payments on lease obligations *(Note 13)*	*$*	576	-	11,889	-
Less: non-operating payments on lease obligations*	*$*	(113)		(1,155)	
Site share-based compensation	*$*	-	-	-	-
Corporate administrative costs *(Note 20)*	*$*	5,115	-	25,094	-
Less: exploration share-based payments**	*$*	(211)		(4,005)	
Total all-in sustaining costs	*$*	40,932	-	129,821	-
AISC per oz of gold sold	*$/oz*	3,143	-	2,637	-
Foreign exchange rate	*CAD:AUD*	1.0890	-	1.0616	-
AISC per oz of gold sold	*AUD$/oz*	3,423	-	2,799	-
Foreign exchange rate	*CAD:USD*	0.7936	-	0.7978	-
AISC per oz of gold sold	*USD$/oz*	2,494	-	2,104	-

**The non-operating payments on lease obligations adjustment includes lease amounts which are not directly related to the Company's operations at the Beatons Creek Project. This figure is not separately disclosed in the Audited Financial Statements.*
***Share-based payment expenses directly attributable to the Company's exploration staff are excluded from the calculation of AISC. This figure is not separately disclosed in the Audited Financial Statements and is a subset of the share-based payments expense outlined in Note 20 of the Audited Financial Statements.*

EBITDA

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

EBITDA is defined as net earnings before interest and finance expense, interest and finance income, current income tax expense, deferred income tax expense, depreciation and depletion. EBITDA is also adjusted for non-recurring transactions such as the change in fair value of derivative instruments, foreign exchanges gains and losses, gains and losses on the disposal of assets, impairment, and other income. Refer to *Significant Business Developments & Outlook* for the treatment of depreciation and depletion costs prior and subsequent to the declaration of commercial production.

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

In thousands of CAD, except where noted	For the three months ended December 31, 2021 $'000	For the three months ended December 31, 2020 $'000	For the year ended December 31, 2021 $'000	For the period ended December 31, 2020 $'000
Net loss for the period	**(59,304)**	(10,569)	**(704)**	(27,801)
Interest and finance expense	**2,422**	483	**16,428**	2,311
Interest and finance income	**(27)**	(21)	**(91)**	(138)
Current income tax expense / (income)	**(739)**	-	**7,145**	(778)
Deferred income tax expense	**-**	-	**-**	-
Depreciation and depletion	**7,809**	1,509	**18,730**	2,197
EBITDA	**(49,839)**	(8,598)	**41,508**	(24,209)
Other (income) / expenses *(Note 23)*	**(2,253)**	(574)	**(90,947)**	(398)
Impairment of non current assets *(Note 22)*	**46,905**	-	**46,905**	-
Adjusted EBITDA	**(5,187)**	(9,172)	**(2,534)**	(24,607)

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

Free cash flow

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

Free cash flow is calculated as cash generated from operating activities less cash used in investing activities. Free cash flow is also adjusted for non-operating transactions including the sale of marketable securities. Refer to *Significant Business Developments & Outlook* for the treatment of depreciation and depletion costs prior and subsequent to the declaration of commercial production.

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

In thousands of CAD, except where noted	For the three months ended December 31, 2021 $'000	For the three months ended December 31, 2020 $'000	For the year ended December 31, 2021 $'000	For the period ended December 31, 2020 $'000
Cash used in operations	**(10,974)**	(3,990)	**(19,656)**	(10,733)
Cash used in investing activities	252	(12,839)	(7,757)	(77,834)
Less: proceeds from sale of marketable securities	-	-	10,358	-
Adjusted cash used in investing activities	**252**	**(12,839)**	**(18,115)**	**(77,834)**
Free cash flow	**(10,722)**	(16,829)	**(37,771)**	(88,567)

Adjusted earnings and adjusted basic and diluted earnings per share

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

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

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

In thousands of CAD, except where noted		For the three months ended December 31, 2021	For the three months ended December 31, 2020	For the year ended December 31, 2021	For the period ended December 31, 2020
Basic weighted average shares outstanding		**245,939,504**	**230,353,507**	**239,822,300**	**198,880,088**
Adjusted earning and adjusted basic earnings per shares reconciliation					
Net earnings / (loss) for the period	*$*	**(59,304)**	(10,569)	**(704)**	(27,801)
Adjusted for:					
Other (income) / expenses *(Note 23)*	*$*	**(2,253)**	(574)	**(90,947)**	(398)
(Loss) / Profit on disposal of exploration asset *(Note 6)*	*$*	**(725)**	-	**(14,472)**	2,517
Impairment of mine development asset *(Note 22)*	*$*	**46,905**	-	**46,905**	-
Income tax expense / (benefit)		**(739)**	-	**7,145**	(778)
Adjusted earnings	*$*	**(16,116)**	(11,143)	**(52,073)**	(28,199)
Adjusted basic earnings per share	*$*	**(0.07)**	(0.05)	**(0.22)**	(0.14)

Available liquidity

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

Available liquidity includes cash, short-term investments, and assets which are readily saleable within the next 12 months, including gold in circuit and stockpiles, receivables, marketable securities (to the extent that an established market exists for such marketable securities, they are free of any long-term trading restrictions, and sufficient historical volume exists to liquidate holdings within 12 months), and gold specimens. The market value of certain marketable securities has been used in the calculation of available liquidity which may not reconcile to the accounting treatment of such marketable securities. Refer to Notes 5 and 11 of the Audited Financial Statements.

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

	December 31, 2021 $'000	December 31, 2020 $'000	January 31, 2020 $'000	January 31, 2019 $'000
Cash	**32,345**	40,494	28,703	42,832
Short-term investments	**108**	195	88	93
Gold in circuit	**788**	3	-	-
Stockpiles	**4,732**	565	-	-
Receivables	**6,127**	1,806	6,657	1,160
Marketable securities	**58,691**	16,477	6,979	1,336
Gold specimens	**77**	83	74	159
Available liquidity	**102,868**	**59,623**	**42,501**	**45,580**

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

**Some of the Company's New Found shares remain subject to escrow restrictions pursuant to National Instrument 46-201 Escrow for Initial Public Offerings. As at December 31, 2021, 6,000,000 of the Company's 15,000,000 New Found shares had been released from escrow. The Company's remaining 9,000,000 New Found shares will be released from escrow semi-annually, with 2,250,000 New Found Shares being released in February and August of each year.*

	December 31, 2020			
	# of shares	Share price	Foreign exchange	Adjusted value $'000
Calidus Resources Limited Ordinary Shares	5,138,537	$0.51	0.9835	**2,552**
American Pacific Mining Corp. Common Shares	266,666	$0.18	1	**47**
Essential Metals Limited Ordinary shares	4,450,000	$0.08	0.9835	**358**
Kalamazoo Resources Limited Ordinary Shares	10,000,000	$0.60	0.9835	**5,852**
GBM Resources Ltd Ordinary Shares	11,363,637	$0.14	0.9835	**1,564**
New Found Gold Corp Common Shares *	1,500,000	$4.07	1	**6,105**
				16,477

**As at December 31, 2020, 1,500,000 of the Company's 15,000,000 New Found shares had been released from escrow. Refer to the preceding table for further details.*

	January 31, 2020			
	# of shares	Share price	Foreign exchange	Adjusted value $'000
Calidus Resources Limited Ordinary Shares	5,658,537	$0.26	0.8860	**1,309**
Kalamazoo Resources Limited Ordinary Shares	10,000,000	$0.64	0.8860	**5,670**
American Pacific Mining Corp. Common Shares	533,332	$0.06	1	**32**
Essential Metals Limited Ordinary shares	50,000,000	$0.01	0.8860	**576**
				6,979

	January 31, 2019			
	# of shares	Share price	Foreign exchange	Adjusted value $'000
Calidus Resources Limited Ordinary Shares	56,585,366	$0.02	0.9561	**1,302**
American Pacific Mining Corp. Common Shares	266,666	$0.13	1	**33**
Essential Metals Limited Ordinary shares	50,000,000	$0.02	0.9561	**813**
				1,336

Working capital

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

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

	December 31, 2021 $'000	December 31, 2020 $'000
Current assets	**49,385**	46,976
Current liabilities	**45,460**	32,905
Working capital	**3,925**	14,071

Credit Facility adjusted working capital

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

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

In thousands of CAD, except where noted		December 31, 2021 $'000	December 31, 2020 $'000
Working capital	$	**3,925**	14,071
Credit Facility (current)	$	**6,339**	-
Lease liabilities (current)	$	**12,453**	10,645
Sumitomo funding liability	$	**5,780**	6,071
Sumitomo written call option	$	**1,083**	1,157
Sprott Facility working capital	**$**	**29,580**	**31,944**
Foreign exchange rate	***CAD:USD***	**0.7888**	0.7854
Sprott Facility working capital	***USD$***	**23,332**	**25,089**

CAUTION ON FORWARD-LOOKING INFORMATION

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

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

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

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

RISKS RELATED TO THE COMPANY

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

Construction, Development, and Operation of Mines

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

The requirements for the production and processing of materials may be affected by, among other things, technological changes, equipment failure, the accuracy of assumptions regarding ground conditions, physical and metallurgical characteristics of mineralized materials, the accuracy of the estimated costs and rates of mining and processing, and capacity of the Company's tailings storage facility. Mining, processing and development activities depend on adequate infrastructure. Reliable roads, bridges and power and water supply are important determinants that affect capital, processing and operating costs. The processing plant which comprises part of the production infrastructure held by Millennium was operational before being placed on care and maintenance in December 2019. The Company completed the refurbishment of the Millennium infrastructure and restarted the processing plant in early 2021, however there can be no assurance that nameplate capacity and treatment rates will be as anticipated or that overall gold recovery will be as expected despite the declaration of commercial production effective October 1, 2021[5]. Ongoing operational success will also depend, among other things, on sufficient electricity and water supply, sufficient tailings storage facilities, compliance with existing permits, success in obtaining and complying with further additional environmental and other permitting requirements and on the timing of access to future planned mining areas at the Beatons Creek Project, none of which can be assured. Any of the foregoing risks may materially delay operations, or cause operations to be suspended, and adversely impact the Company's financial condition and results of operations.

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

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

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

No Prefeasibility or Feasibility Study for the Beatons Creek Project

The Board ratified management's recommendation to mine the Beatons Creek Project. The decision by the Company to produce at the Beatons Creek Project was not based on a pre-feasibility or feasibility study and no mineral reserves demonstrating economic and technical viability has been defined for the project. As a result, there is an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on the Company's cash flow and future profitability. Commercial production was declared by the Company to have occurred on October 1, 2021[5]. However, the Company cautions that the declaration of commercial production only indicates that the Beatons Creek Project is operating at anticipated and sustainable physical levels and it does not indicate that economic results will be realized.

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

Permitting and License Risks

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

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

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

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

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

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

Native Title and Aboriginal Heritage

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

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

Water Supply, Management and Availability Challenges

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

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

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

Dependence on Future Financing

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

Dependence on Key Management Personnel

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

COVID-19

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

The outbreak and the response of various governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and financial markets worldwide, including the Company's operations and the operations of the companies in which the Company has invested. Restrictions on travel and the limited ability to have meetings with personnel, vendors and service providers have had, and may continue to have, an adverse effect on the Company's operations. The scale and duration of these developments remain uncertain as at the date of this MD&A, but they may have an impact on the Company's future cash flows. The Company notes that the value of certain assets, in particular the fair value of marketable securities recorded in the statement of financial position in the Company's Audited Financial Statements, determined by reference to fair or market values at December 31, 2021, may have materially changed by the date of this MD&A.

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

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

Labour and Employment Matters

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

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

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

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

Risks Related to the amended Credit Facility and Indebtedness

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

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

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

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

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

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

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

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

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

Obligations as a Public Company

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

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

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

Acquisitions and Integration

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

Market Price of Securities

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

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

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

Community Relations

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

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

The Speculative Nature of the Exploration of Natural Resource Properties

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

Reclamation Costs

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

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

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

Nature and Climatic Conditions

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

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

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

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

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

Information Technology

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

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

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

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

Insurance and Uninsured Risks

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

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

Dependence on Principal Exploration Stage Projects

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

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

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

Negative Operating Cash Flow

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

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

Uncertainty in Global Markets and Economic Conditions

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

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

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

Price of Gold

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

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

Joint Ventures

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

Danger of Exploration and Development Activities

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

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

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

Exploration and Mining Tenements May be Subject to Forfeiture

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

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

Uncertainty in the Estimation of Mineral Resources and Mineral Reserves

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

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

Government Regulation

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

Competition

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

Currency Fluctuations

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

Litigation

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

Enforcement of Civil Liabilities

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

No Cash Dividends on Common Shares

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

Conflicts of Interest

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

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

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

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

Tax Matters

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

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

Foreign Mining Tax Regimes

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

Disclosure and Internal Controls

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