



NOVO RESOURCES CORP.

(TSX: NVO; OTCQX: NSRPF)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") of the results of operations and financial condition of Novo Resources Corp. (the "**Company**" or "**Novo**"), dated as of March 28, 2023, should be read in conjunction with the audited consolidated financial statements of Novo for the year ended December 31, 2022 (the "**Annual Financial Statements**") and accompanying notes thereto. The Annual 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 2022**" means the fiscal year ending December 31, 2022.

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

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

"**Q2 2022**" means the three-month period ended June 30, 2022.

"**Q3 2022**" means the three-month period ended September 30, 2022.

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

"**Q2 2021**" means the three-month period ended June 30, 2021.

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

"**Q4 2021**" means the three-month period ended December 31, 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, 2022, is available under the Company's profile on SEDAR at www.sedar.com.

Certain non-IFRS financial performance measures¹ are included in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide readers with an improved ability to evaluate the Company's underlying performance and compare its results to other companies. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers. The non-IFRS financial performance measures included in this MD&A are average realized price, total cash costs, all-in

¹ Refer to non-IFRS measures on page 33.

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 unless indicated otherwise. Dr. Hennigh is the non-executive co-chairman and a director of Novo.

In this MD&A, the terms ‘Mineral Resource’, ‘Indicated Mineral Resource’, ‘Inferred Mineral Resource’ and ‘Feasibility Study’ have the meanings given in the 2014 Canadian Institute of Mining, Metallurgy and Petroleum CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by CIM Council (the “**2014 CIM Definition Standards**”).

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FINANCIAL AND OPERATING HIGHLIGHTS

Q4 2022 & Fiscal 2022 Summary

- No lost time injuries were recorded at the Beatons Creek gold project in the Nullagine region of Western Australia (the “**Beatons Creek Project**”) or across the Company’s exploration properties through Q4 2022 and Fiscal 2022.
- The Company focused its exploration efforts at its prospective Egina Gold Camp through Q4 2022, with encouraging aircore drilling results from the Becher Area target², results from diamond drilling undertaken at the Belltopper project in Victoria³, and copper, nickel, and gold results from the West Pilbara⁴.
- Gold production from the oxide Mineral Resource was completed at the Beatons Creek Project and the Golden Eagle processing facility (“**Golden Eagle Plant**”), with mining of the Oxide Mineral Resource completed in August 2022 followed by a phased wind-down of operational activities completed by the end of October 2022⁵.
- A non-cash impairment charge of \$48.06 million was recognised following the updated Mineral Resource estimate on the Beatons Creek Project, the current inflated cost environment in the mining industry, a tight Western Australian labour market and the current uncertainty regarding the timing of the receipt of the requisite approvals for the Fresh component of the Beatons Creek Project mineral resource.
- Cash and cash equivalents totaled \$48.1 million as at December 31, 2022, up from \$32.5 million as at December 31, 2021 and down from \$65.3 million as at September 30, 2022
- Sale of the second and final tranche of shares of New Found Gold Corp. (TSXV: NFG) (“**New Found**”) held by the Company (refer to Note 5 of the Annual Financial Statements) and repayment of the credit facility with Sprott Resource Lending Corp. and Sprott Private Resources Lending II (Collector), LP (the “**Credit Facility**”) resulted in the Company being debt free at December 31, 2022.
- Closing of a \$5 million private placement with Liatam Mining Pty Ltd (“**Liatam**”) (refer to *Significant Business Developments & Outlook – Liatam Financing*).
- Aggregate current and non-current marketable securities totaled \$20.7 million as at December 31, 2022, with no significant difference from \$20.6 million as at September 30, 2022 subsequent to the sale of the second tranche of the Company’s New Found shares in Q3 2022 (refer to Note 5 of the Annual Financial Statements).

OVERVIEW OF NOVO

The Company was incorporated on October 28, 2009 pursuant to the *Business Corporations Act* (British Columbia) as Galliard Resources Corp. On June 27, 2011, the Company changed its name from Galliard Resources Corp. to Novo Resources Corp. The Company also registered as a foreign company with the Australian Securities & Investments Commission on January 13, 2023. The Company’s common shares trade on the Toronto Stock Exchange (the “**TSX**”) under the ticker symbol “**NVO**” and in the United States on the OTC Market Group’s OTCQX International Exchange under the symbol “**NSRPF**”.

² Refer to the Company’s news releases dated [October 27, 2022](#) and [November 30, 2022](#).

³ Refer to the Company’s news release dated [November 18, 2022](#).

⁴ Refer to the Company’s news release dated [December 9, 2022](#).

⁵ Refer to the Company’s news release dated [July 6, 2022](#).

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

SIGNIFICANT BUSINESS DEVELOPMENTS & OUTLOOK

Beatons Creek Project

During Q4 2022, the Company produced 495 ounces of gold from the Beatons Creek Project, most of which was derived from stripping of carbon and cleaning of the Golden Eagle Plant subsequent to its transition to care and maintenance. Q3 and Q4 2022 represented the final quarters of operations of the Oxide component of the Beatons Creek Project, as announced in June 2022.

On November 2, 2022⁶, the Company announced an updated Mineral Resource estimate (the “**2022 MRE**”) for the Beatons Creek Project. The 2022 MRE incorporates extensive reverse circulation (“**RC**”) drilling completed between January 2020 and May 2022. The effective date of the 2022 MRE is June 30, 2022. The technical report for the 2022 MRE, entitled “NI 43-101 Technical Report: Mineral Resource Update, Beatons Creek Gold Project, Nullagine, Western Australia” (the “**Technical Report**”), with an effective date of June 30, 2022 and an issue date of December 16, 2022, was prepared for Novo by Dr. Simon Dominy (FAusIMM(CP) FAIG(RPGeo) FGS(CGEO)), Ms. Janice Graham (MAIG), Mr. Jeremy Ison (FAusIMM), and Mr. Royce McAuslane (FAusIMM) (collectively, the “**QP’s**”). The QP’s are qualified persons as defined under NI 43-101. The Technical Report is available under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) website at www.sedar.com (filing date: December 16, 2022) and on the Company’s website at www.novoresources.com.

Key Points

- The 2022 MRE for the Beatons Creek Project reports an Indicated Mineral Resource of 3.05 million tonnes at 2.4 g/t Au for 234,000 oz Au, and an Inferred Mineral Resource of 0.83 million tonnes at 1.6 g/t Au for 42,000 oz Au, reported above a 0.5 g/t Au cut-off within an optimized open pit shell, which complies with the principles of Reasonable Prospects of Eventual Economic Extraction (“**RPEEE**”).
- The 2022 MRE (illustrated by mineralization area in Figure 5) reports decreases in both open pit tonnes and ounces, driven by revised mineralization wireframes which are based on a recent close-spaced (10 m by 10 m and 20 m by 20 m) RC drilling program, along with mining depletion, compared to the 2019 Mineral Resource estimate⁷ (the “**2019 MRE**”).
- Mineralization remains open to the north-west, with additional resource development drilling underway.
- The Beatons Creek Project is being transitioned into care and maintenance due to current uncertain economic and regulatory conditions, and the Feasibility Study planned to assess further future mining operations of the Fresh Mineral resource has been deferred as a result.

⁶ Refer to the Company’s news release dated [November 2, 2022](#).

⁷ Refer to the Company’s news release dated [April 30, 2021](#) and the report titled “Preliminary Economic Assessment on the Beatons Creek Gold Project, Western Australia” with an effective date of February 5, 2021 and an issue date of April 30, 2021 (the “**PEA**”). **Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.**



Figure 1: Beatons Creek Grant's Hill area

2022 Mineral Resource Estimate

The 2022 MRE for the Beatons Creek Project (with an effective date of June 30, 2022 and which supersedes the PEA) has delivered an Indicated Mineral Resource of 3.05 million tonnes at 2.4 g/t Au for 234,000 oz Au, and an additional Inferred Mineral Resource of 0.83 million tonnes at 1.6 g/t Au for 42,000 oz Au as follows (Tables 1-3; Figures 5 and 6):

Table 1. Total Mineral Resources: optimized open pit oxide and fresh

Classification	Cut-off Grade (g/t Au)	Tonnes (t)	Grade (g/t Au)	Troy Ounces Au
Indicated	0.5	3,050,000	2.4	234,000
Inferred	0.5	830,000	1.6	42,000

Table 2. Optimized open pit oxide Mineral Resources

Classification	Cut-off Grade (g/t Au)	Tonnes (t)	Grade (g/t Au)	Troy Ounces Au
Indicated	0.5	815,000	1.3	33,000
Inferred	0.5	445,000	1.3	18,000

Table 3. Optimized open pit fresh Mineral Resources

Classification	Cut-off Grade (g/t Au)	Tonnes (t)	Grade (g/t Au)	Troy Ounces Au
Indicated	0.5	2,240,000	2.8	201,000
Inferred	0.5	385,000	1.9	24,000

Notes:

- Open pit Mineral Resources contain oxide and fresh mineralization within a Whittle optimized shell and constrained within a mineralized wireframe. A cut-off grade of 0.5 g/t Au was applied.
- The pit shell was generated with the following parameters:
 - A\$2,600 / troy ounce (US\$1,690 / troy ounce) of gold;
 - Nominal process rate of 1.6 Mtpa for fresh mineralization with a recovery of 91%; and process rate of 1.8 Mtpa for oxide mineralization with a recovery of 93%;
 - Bulk densities applied: oxide mineralization 2.50 t/m³ (oxide waste 2.50 t/m³) and fresh mineralization 2.80 t/m³ (fresh waste 2.75 t/m³);
 - A\$5.15 / tonne (US\$3.35 / tonne) mining cost for oxide and A\$5.45 / tonne (US\$3.54 / tonne) for fresh;
 - A\$37.47 / tonne (US\$24.36 / tonne) oxide and A\$38.37 / tonne (US\$24.94 / tonne) fresh processing cost (incl. G&A);
 - 25% dilution and 5% mineralization loss;
 - Royalties of 5.25%;
 - Discount factor of 6%; and
 - A\$ to US\$ foreign exchange rate of 0.65:1.

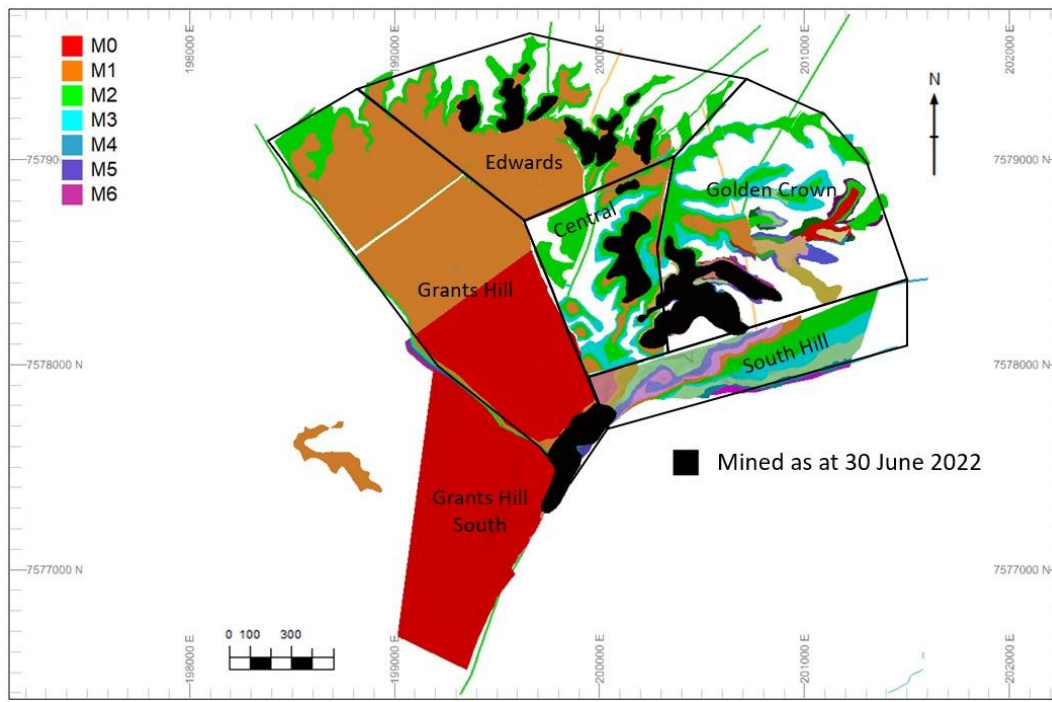


Figure 2: Beatons Creek 2022 MRE plan showing extents of mineralization and mined areas to June 2022

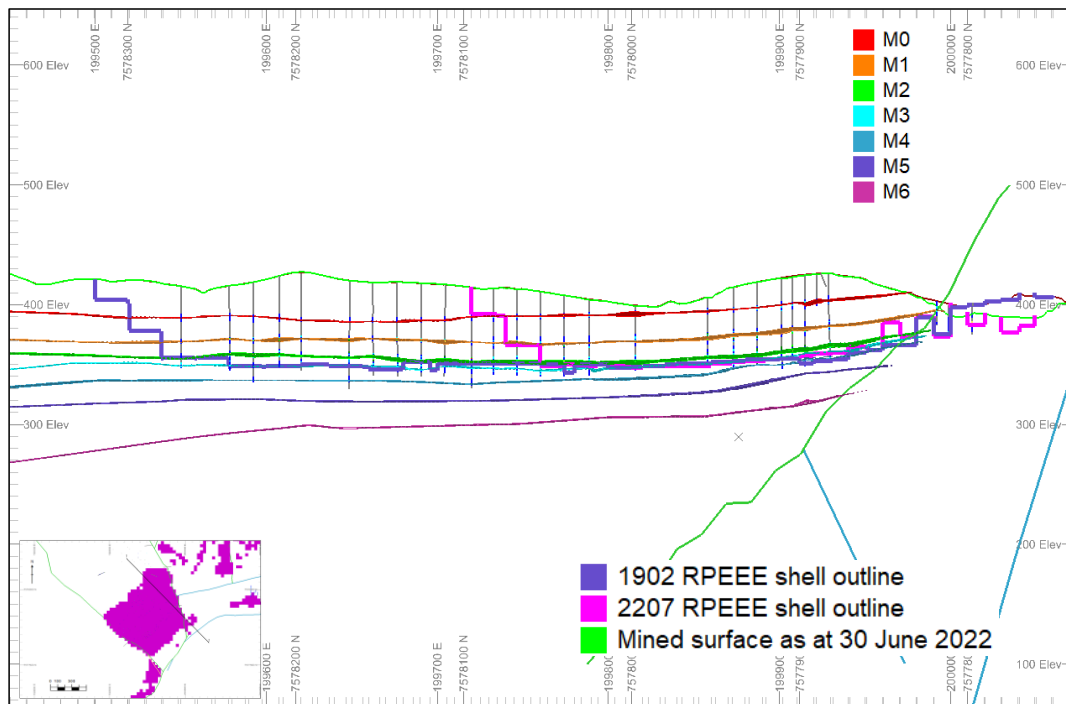


Figure 3: Cross-section through the Grant's Hill pit (pink = 2022 RPEEE shell; blue = 2019 RPEEE shell). Inset shows the Grant's Hill 2022 RPEEE shell and location of the cross-section

- The 2022 MRE was reported within a Whittle optimized pit shell to satisfy the requirement for RPEEE criteria described in the 2014 CIM Definition Standards. The RPEEE test is important to demonstrate the robustness of a Mineral Resource estimate. The input parameters for the Whittle optimization are disclosed above in note 2 to Tables 1-3

Mining costs are based on a conventional open pit truck/excavator mining fleet and actual contract rates scaled to planned future production, including the backfill requirement to cover any exposed fresh

material to meet expected environmental obligations imposed as part of the approvals process. Mining dilution and loss factors are derived based on the style of mineralization and mining methods. Processing and G&A costs are based on real processing costs at the Company's Golden Eagle Plant averaged over a 12-month historical period. The oxide and fresh mineralization metallurgical recoveries are based on actual Golden Eagle Plant performance, and plant trials and test work, respectively. Royalties payable include, but are not limited to, the Western Australia State gross gold royalty of 2.5% and gross Native Title royalties totalling 2.75%.

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability; it is uncertain if applying economic modifying factors will convert Indicated Mineral Resources to Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues; however, no such issues are known at this time.

The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated or Measured Mineral Resources.

As a result of numerous regulatory and economic factors including, but not limited to, the current inflated cost environment in the mining industry, a tight Western Australian labour market, and COVID-19 related supply challenges, Novo decided to defer completion of its Feasibility Study while it continues to review additional data from the Beatons Creek Project and optimize the project.

As a result of the above factors, including the 2022 MRE, the Company transitioned the Beatons Creek Project into care and maintenance.

An appeal of the Western Australian Environmental Protection Authority's ("EPA") decision to not assess the Company's proposed Phase Two Fresh operations at the Beatons Creek Project was withdrawn in December 2022⁸. The proposal to mine Beatons Creek Project Fresh material will be assessed and managed by the Western Australian Department of Mines, Industry Regulation and Safety ("DMIRS") in consultation with other regulatory authorities.

Qualified Person Disclosure

Ms. Janice Graham, MAIG, undertook the 2022 MRE for the Beatons Creek Project; she is independent of the Company for the purposes of NI 43-101. Ms. Graham is a Qualified Person as defined by NI 43-101.

Dr. Simon Dominy, FAusIMM(CP) FAIG(RPGeo) FGS(CGeol), oversaw the 2022 MRE for the Beatons Creek Project; he is not independent of the Company for the purposes of NI 43-101. Dr. Dominy is a Qualified Person as defined by NI 43-101.

Mr. Jeremy Ison, FAusIMM, contributed to the 2022 MRE for the Beatons Creek Project; he is independent of the Company for the purposes of NI 43-101. Mr. Ison is a Qualified Person as defined by NI 43-101.

⁸ Refer to the Company's news release dated [December 23, 2022](#).

Mr. Royce McAuslane, FAusIMM, contributed to the 2022 MRE for the Beatons Creek Project; he is independent of the Company for the purposes of NI 43-101. Mr. McAuslane is a Qualified Person as defined by NI 43-101.

The 2022 MRE was peer reviewed by Mr. Ian Glacken, FAusIMM(CP) FAIG, an Executive Consultant at Snowden Optiro. Mr. Glacken has endorsed the estimation approach and classification. In addition, the 2022 MRE was audited by Mr. Danny Kentwell, FAusIMM, a Principal Consultant of SRK Consulting. Mr. Kentwell has endorsed the estimation approach and classification. Both Mr. Glacken and Mr. Kentwell are independent of the Company for the purposes of NI 43-101.

Cautionary Note to U.S. Readers Regarding Estimates of Inferred, Indicated and Measured Resources

This MD&A uses the terms "Indicated" Mineral Resources and "Inferred" Mineral Resources. The Company advises U.S. investors that while these terms are recognized and required by Canadian securities administrators, they are not recognized by the U.S. Securities and Exchange Commission (the "SEC"). The estimation of "Indicated" Mineral Resources involves greater uncertainty as to their existence and economic feasibility than the estimation of Proven and Probable Mineral Reserves. The estimation of "Inferred" Resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of Mineral Resources. It cannot be assumed that all or any part of an "Inferred" or "Indicated" Mineral Resource will ever be upgraded to a higher category.

Under Canadian rules, estimates of "Inferred Mineral Resources" may not form the basis of Feasibility Studies, Pre-feasibility Studies or other economic studies, except in prescribed cases, such as in a Preliminary Economic Assessment under certain circumstances. The SEC normally only permits issuers to report mineralization that does not constitute "Mineral Reserves" as in-place tonnage and grade without reference to unit measures. Under U.S. standards, mineralization may not be classified as a "Mineral Reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that any part or all of an "Indicated" or "Inferred" Mineral Resource exists or is economically or legally mineable. Information concerning descriptions of mineralization and resources contained herein may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

Impairment of the Beatons Creek Project

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

The following indicators of impairment were identified during the year ended December 31, 2022:

- (i) the Company's market capitalisation has decreased below the Company's consolidated net asset value,
- (ii) the November 2022 updated mineral resource estimate, the current inflated cost environment in the mining industry, and a tight Western Australian labour market, all of which suggest that the economic performance of the Fresh component of the Beatons Creek Project may be worse than previously expected, and
- (iii) the current uncertainty regarding the timing of the receipt of the requisite approvals for the Fresh component of the Beatons Creek Project mineral resource.

Based on certain factors mentioned above, the Company has placed the Beatons Creek Project into care and maintenance until economic conditions become more favourable. Considering these conditions arose during the year ended December 31, 2022, the Company has determined that the Beatons Creek Project should be assessed for impairment.

Due to the current status of the Beatons Creek Project the recoverable amount of the non current assets within the CGU was determined on a stand alone basis using the estimated fair value less costs of disposal ("FVLCD").

The following impairment charge was recognized during the year ended December 31, 2022 to record the assets in the CGU at their estimated recoverable amounts:

Details	Carrying value \$'000	Impairment loss \$'000	Foreign exchange \$'000	Recoverable amount \$'000
Mine development asset ¹	4,305	-	-	4,305
Property, plant and equipment ²	59,785	(48,065)	1,072	12,792
Inventory ³	4,642	-	-	4,642
Total	68,732	-	1,072	21,739

1 - The recoverable amount of the mine development asset was determined using a mineral resource multiple of AUD\$34 per ounce provided by an independent party

2 - The FVLCD for property, plant and equipment was determined by an independent valuer during the year ended December 31, 2022 on a fair market basis using the depreciated replacement cost less the estimated costs of dismantling and relocating the asset with an appropriate risk weighting applied.

3 - Inventory is carried at the lower of cost and net realisable value.

The fair values methodologies adopted for the mine development asset and property, plant and equipment are considered to be level 3 fair value measurements in the fair value hierarchy.

Exploration Program Update Q4 2022⁹

Reverse circulation (“RC”) and aircore (“AC”) drilling programs were conducted at Novo’s Pilbara projects in Q4 2022 focussing on the Becher Area in the Egina Gold Camp, and Purdy’s North and environs in the West Pilbara. In the East Pilbara exploration programs were completed in the Marble Bar area with the focus moving to the Mosquito Creek Basin at Nullagine (Figure 4). In Victoria planned geophysical programs have all been completed, and the focus on historical data search is providing important new information on past mining and mineralised trends.

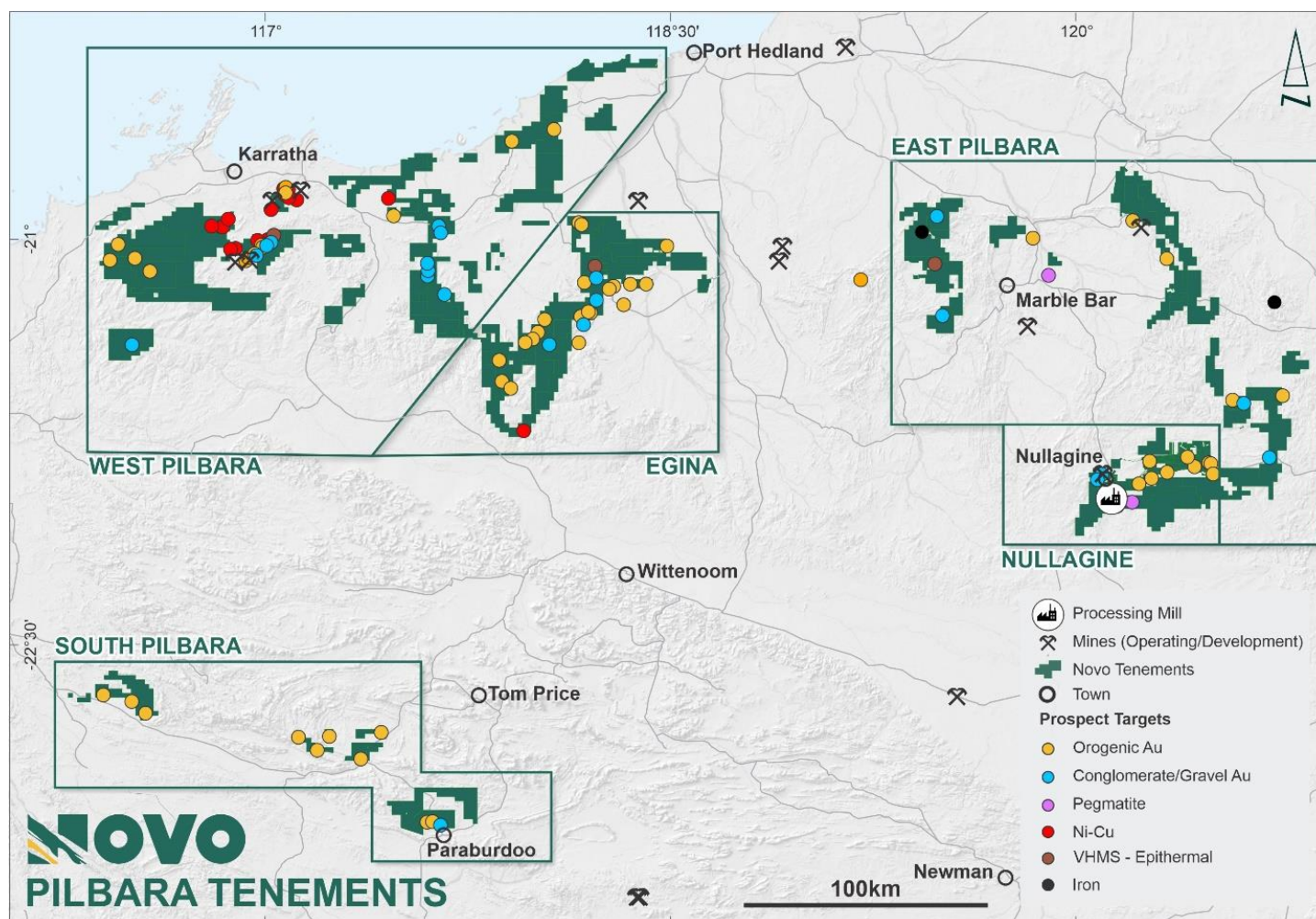


Figure 4: Novo's Pilbara landholding, project areas and priority prospects

RC drilling continued in the West Pilbara during Q4 2022, with several targets tested including Southcourt, NRV06, Sullam, 47K, 48K and Morto Lago (Figure 5). A total of 32 holes were drilled for 4,673 m, with most results awaited. Best assay from Morto Lago to date is **4 m @ 6.74 g/t Au from 8 m**. Several encouraging base metal intercepts have been received from the Milburn target including best of **5 m @ 0.65% Cu, 0.40% Ni, 0.02% Co and 3.3 g/t Ag from 12 m**.

⁹ Refer to the Company's public disclosure record for further details.

A multipurpose RC/diamond rig was deployed at the NRV06 prospect to complete deeper diamond tails in early December 2022, targeting historical VTEM targets supported by Novo field assessment. 3 holes were completed for 756 m with 556.2 m total diamond content. The diamond drilling at NRV06 successfully intersected zones over several metres of disseminated to stringer style Ni and Cu sulphide (pentlandite and chalcopyrite) in the Andover Intrusion (assays pending), with spot assaying using a pXRF of up to 0.95% Ni and 0.25% Cu.

DHEM surveys were completed in December, including 10 loops covering a total of 19 holes at Southcourt, Milburn, Bushmill and Sullam prospects.

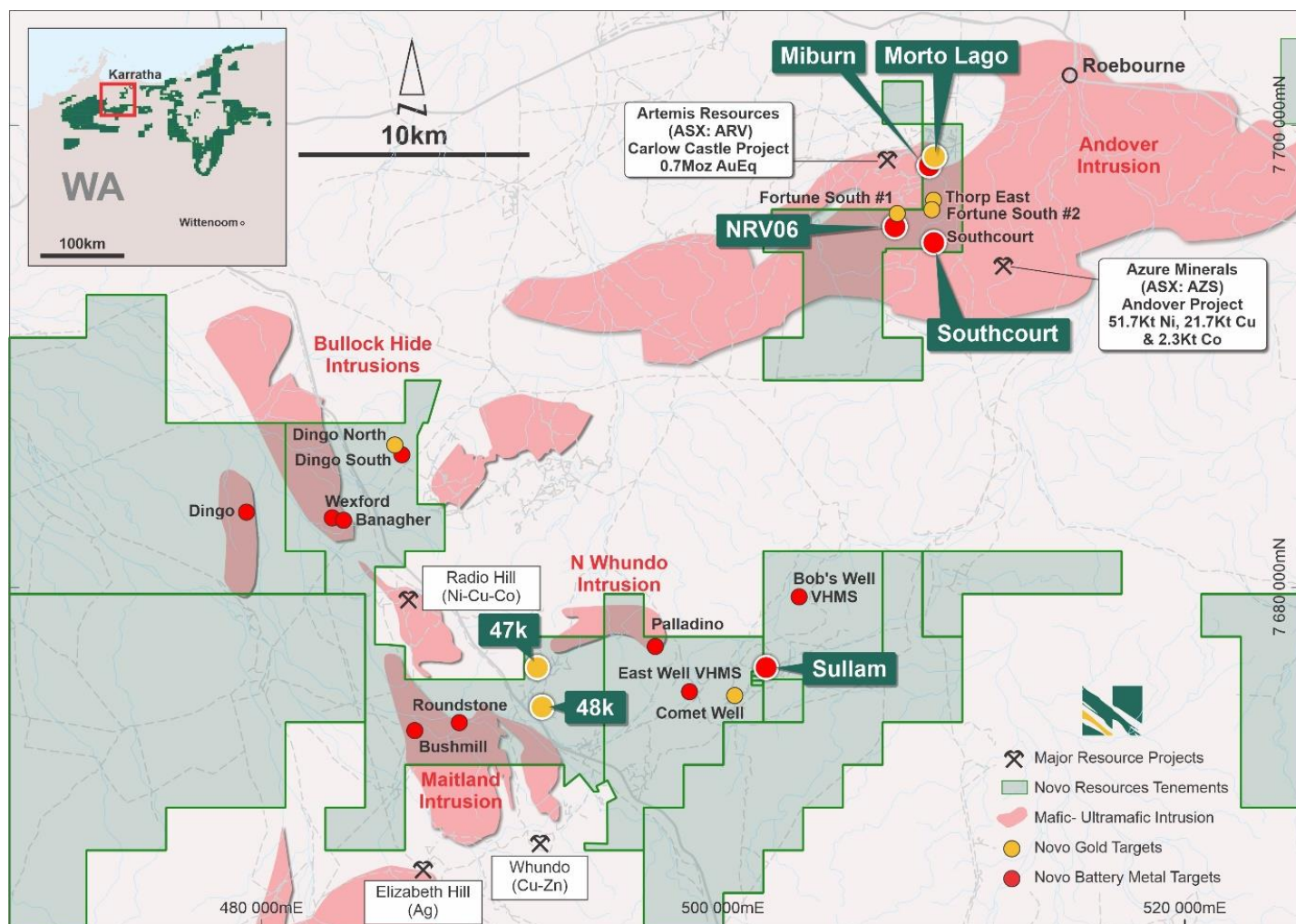


Figure 5: Novo West Pilbara tenure, showing priority prospects and geological interpretation.

The AC drilling program at Becher was completed during Q4 2022 with a final total of 31,716 m in 1,413 holes and an average depth of 22.5 m. The drill program is systematically testing multiple structural and intrusive targets along a series of interpreted significant shear corridors, including the ENE trending Irvine and Bonatti Shears and the EW trending Whillans and Heckmair Shears. Broad spaced (approx. 640 m) drill lines have been completed in the first instance to enable rapid coverage of these targets (Figure 6).

A developing area of interest some 3 km x 2 km has been identified where the Heckmair and Irvine Shear Corridors intersect; supported by aircore results, geology, surface geochemistry and historical data. The best intercept reported on the Irvine Shear to date includes 20 m @ 0.67 g/t Au from surface.

Drilling across Heckmair has defined a large (km scale) 'gabbroic' intrusion at an average depth of 8 m under cover, containing quartz veins and minor sulphides. Relatively altered sandstones bound the intrusion in the north and south. The large gabbroic intrusion may be zoned and also may be prospective for Ni-Cu and PGE styles of mineralization. Several intense zones of alteration and sulphide veining were intersected along the Whillans Shear and similarly at the Lowe prospect.

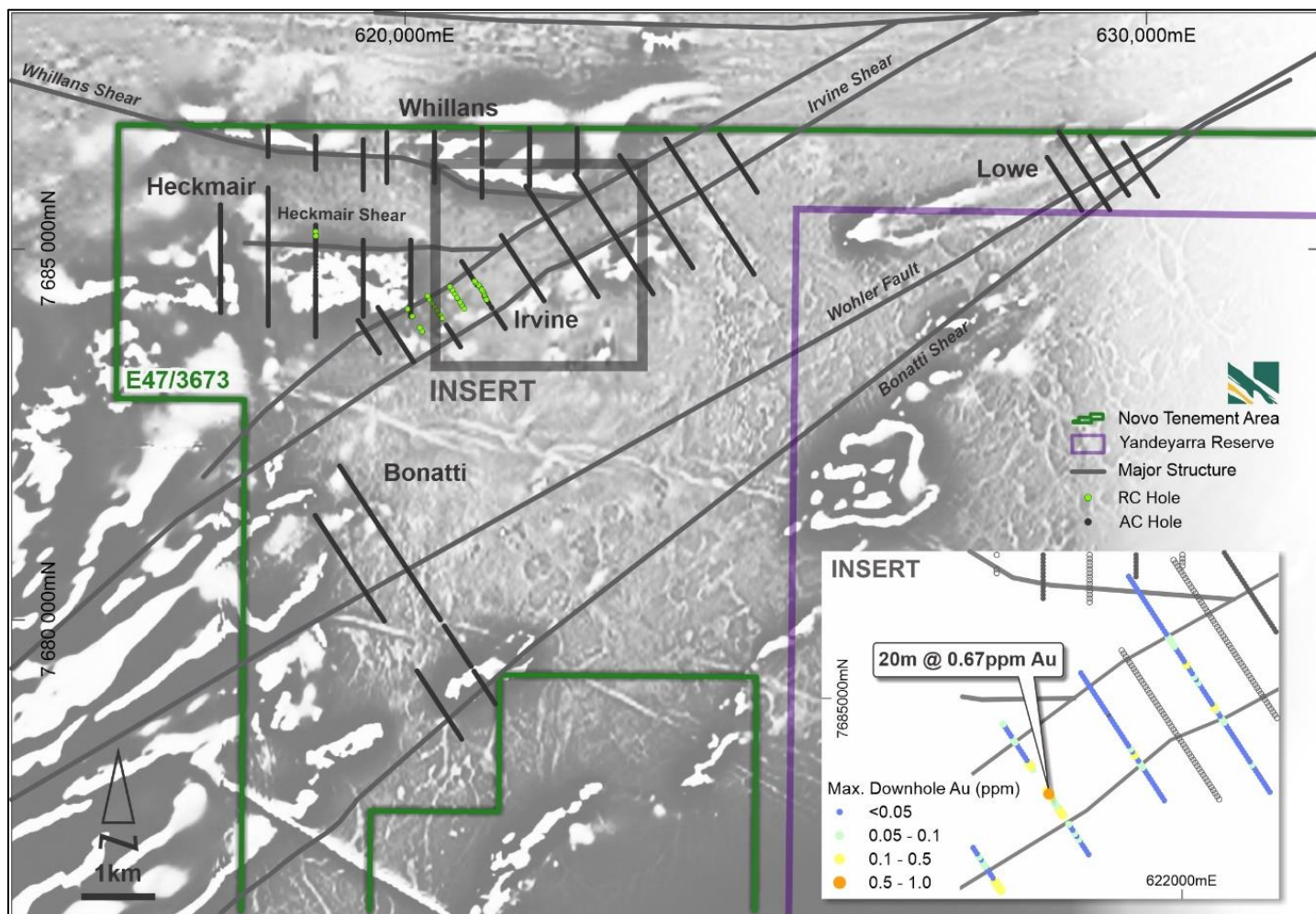


Figure 6: Completed AC and RC drill holes across Becher from 2022.



Also at Egina an RC drill program of 32 holes for a total of 3,541 m was completed at the Irvine prospect, targeting historical data in addition to early stage AC results from the current Novo program, with results awaited.

Figure 7: AC drilling and sampling on the Irvine Shear at the Becher Area E47/3673

At Nullagine, the detailed ground gravity survey was completed during October 2022, and all geophysical imagery across the Pilbara Projects for both detailed gravity and high resolution aeromagnetic / radiometric surveys has been received and integrated into the Novo GIS system. Preparation for a targeting program in the Nullagine Gold Project (utilising the newly acquired geophysical and other regional data sets) is planned to recommence early January.

Reconnaissance programs in the Marble Bar District (Bamboo/Strattons) wound down, with focus on the northern Mosquito Creek Basin at the Sayshell Trend. Several new targets are being developed in the East Pilbara as results from Q3 2022 are finally received.

Encouraging results were also returned from Finucane soil sampling where a coherent 5 km strike length soil anomaly > 50ppb Au has been identified, potentially extending the Middle Creek mineralised trend. AC drill planning (2023) for programs testing trends and concepts under cover continues.

In Victoria the planned geophysical programs were completed in December 2022 across the Malmsbury and Queens Projects (induced polarisation, ground gravity and ground magnetics). Mapping and sampling commenced on the Kalamazoo Queens license and relogging of historic Malmsbury diamond drill hole MD12, located at the Victorian State core yard facility in Werribee, has identified several highly prospective zones of alteration, sulphide occurrence and quartz veining not previously sampled. Work also continues on integration of the historical data into a 3D geological model to be used during targeting in 2023 across both Malmsbury and Queens Projects.

Quartz Hill Battery Metals JV with Liatam

In December 2022¹⁰, the Company executed a series of definitive agreements with Liatam, pursuant to which Liatam was granted the right to earn an 80% interest in battery mineral rights at Quartz Hill.

¹⁰ Refer to the Company's news releases dated [December 15, 2022](#) and [December 22, 2022](#).

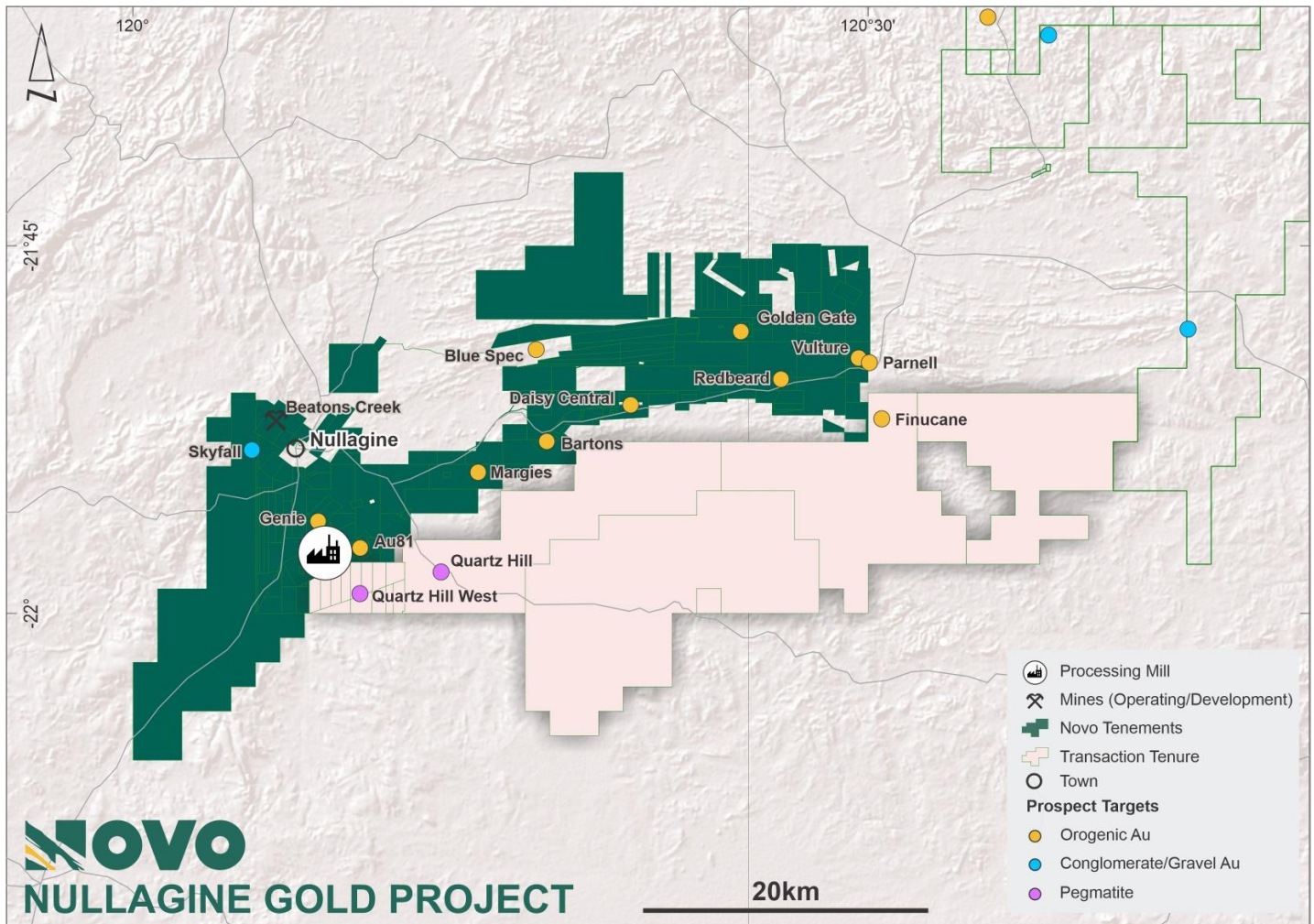


Figure 8: Map of Quartz Hill and the NGP

Liatam is required to spend AUD \$1.5 million over 24 months in order to complete the earn-in. Novo will be free-carried to the earlier of the completion of a bankable feasibility study or Liatam having sole funded AUD \$20 million (including the initial A\$1.5 million earn-in amount) (the **“Contribution Date”**). On or around the Contribution Date, Novo will have the right to elect to contribute its pro-rata share of expenditure or convert to a royalty equal to 1% of gross lithium sale proceeds or an amount equal to 20% of any royalty owing to the State of Western Australia on gross battery mineral sale proceeds (other than lithium).

Novo has also granted Liatam a one-time right exercisable prior to June 30, 2023, pursuant to which Liatam can add lithium rights over Novo’s Pilbara tenements of Liatam’s choosing (subject to certain exclusions and tenements which are already subject to arrangements with third parties) to the arrangement and earn-in at an agreed rate.

The earn-in is otherwise subject to industry-standard earn-in and joint venture conditions, including coordination of exploration and development activities amongst the parties. Throughout the earn-in, Liatam’s exploration activities will be prioritized. Liatam also has the right to terminate the earn-in after spending AUD \$0.75 million.

In February 2023, Liatam announced that it plans to allocate AUD \$4 million to exploration at Quartz Hill in 2023. Liatam's exploration activities will be coordinated from Novo's Golden Eagle exploration office which is located approximately 30 kms from the centre of the Quartz Hill area and serviced by several access tracks. Liatam have engaged an experienced soil sampling contractor to commence orientation and first pass reconnaissance soil sampling commencing late March 2023, conditional to access becoming available post cyclone season. Detailed geological mapping and rock chip sampling is scheduled to run concurrently with soil sampling and is designed to map pegmatite outcrop distribution, geometry, mineralogy, and zonation patterns. Soil sampling and mapping will be supported with the use of a portable XRF instrument allowing for rapid field data collection. Heritage and ethnographic surveys are expected to occur in mid-2023 and drilling is expected to commence in Q4 2023 to test high-priority targets identified through soil and geological mapping results generated by the work undertaken in the first half of 2023.

Liatam Financing

In December 2022¹⁰, Novo also closed a financing with Liatam, raising gross proceeds of \$5 million (the "**Liatam Financing**") through the issue of 12,820,512 units at a price of C\$0.39 per unit (each, a "**Unit**"). The Liatam Financing was conducted at a 26% premium to Novo's closing price on December 14, 2022 and Novo's 30-day trailing volume-weighted average price through the same date.

Each Unit consists of one common share of Novo and one-quarter of one common share purchase warrant (each a "**Liatam Warrant**"). Each whole Liatam Warrant entitles Liatam to purchase one additional common share of the Company at a price of C\$0.60 per share until December 22, 2024.

Argonaut PCF Limited ("**Argonaut**") of Perth, Western Australia received a cash finder's fee of \$0.25 million, along with 641,025 finder's warrants (the "**Finder's Warrants**"). Apart from being non-transferable and expiring on December 22, 2025, the Finder's Warrants are subject to similar terms as the Liatam Warrants.

All of the securities issued and issuable in the Liatam Financing are subject to a statutory hold period expiring on April 23, 2023, along with an additional contractual hold period expiring on June 30, 2023.

Second and Final Completion with Creasy Group

On January 20, 2023, the Company issued 8,431 common shares to the Creasy Group in exchange for a 100% interest in mining lease 45/202 and a 70% interest in mining lease 45/1163. The shares are subject to a statutory hold period expiring on May 20, 2023.

Consolidation of Belltopper Gold Project, Victoria, Australia

On March 9, 2023, the Company announced the acquisition of residual 50% joint venture interests in the Queens Project from Kalamazoo Resources Limited ("**Kalamazoo**") and the Malmsbury Project from GBM Resources Limited ("**GBM**"). The acquisition of the residual interests is subject to receipt of approval from the TSX and receipt of written consents and approval from the Victorian Department of Jobs, Precincts and Regions.

Malmsbury Project

Novo has agreed to pay A\$1 million and issue 4,037,872 common shares and 2,018,936 transferable warrants (collectively, the “**GBM Securities**”) to GBM for its residual 50% interest in the Malmsbury Project, with each warrant entitling GBM to purchase one additional common share of the Company at a price of C\$0.60 for a period of 24 months from the date of issuance. All of the GBM Securities will be subject to a statutory hold period expiring four months and one day following their date of issuance, along with an additional contractual hold period expiring 12 months from their date of issuance.

In addition, the Maximum Royalty has been retained by GBM. Malmsbury is potentially encumbered by certain pre-existing royalties for which GBM has indemnified Novo.

Queens Project

Novo has agreed to pay A\$0.75 million and issue 2,088,554 common shares (the “**Kalamazoo Securities**”) to Kalamazoo for its 50% interest in the Queens Project on an encumbrance-free basis. The royalty previously held by Kalamazoo has been terminated in conjunction with this acquisition. All of the Kalamazoo Securities will be subject to a statutory hold period expiring four months and one day following their date of issuance, along with an additional contractual hold period expiring 12 months from their date of issuance.

SUSTAINABILITY

The Company released its inaugural sustainability statement for the 12-month period ended June 30, 2022 in November 2022¹¹.

Health and Safety

The health and safety of the Company's employees, contractors, and communities in which Novo operates is paramount. The Company's 12-month trailing TRIFR was 16.5 as the Company continues to enhance its health and safety protocols, its focus on implementing critical risk controls, behaviours, and culture, particularly during the operational wind-down at the Beatons Creek Project and transition to focus on exploration.

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 completed a mental health survey for its employees and contractors and is in the process of analyzing its results.

Mandatory COVID-19 isolation requirements were eased by the Australian government effective October 14, 2022. Best efforts have been made to mitigate the impacts of the pandemic through the adoption of sound risk management processes but the Company remains cautious that such impacts may affect all aspects of the Company's business, including exploration activities.

¹¹ Refer to the Company's news release dated [November 16, 2022](#).

Environment

The Company works closely with the West Australian regulatory bodies, particularly the DMIRS, the Department of Water and Environmental Regulation (“**DWER**”), and the EPA, in order to ensure compliance with requisite regulations. Subsequent to the acquisition of Millennium¹², the Company expended significant efforts interfacing with DMIRS and DWER to re-establish lasting and constructive relationships with these departments. The Company recognizes the importance of environmental stewardship, particularly given its vast landholdings in the Pilbara and Millennium’s historical rehabilitation liabilities, and prioritizes environmental endeavours, including water stewardship.

Community

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

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

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

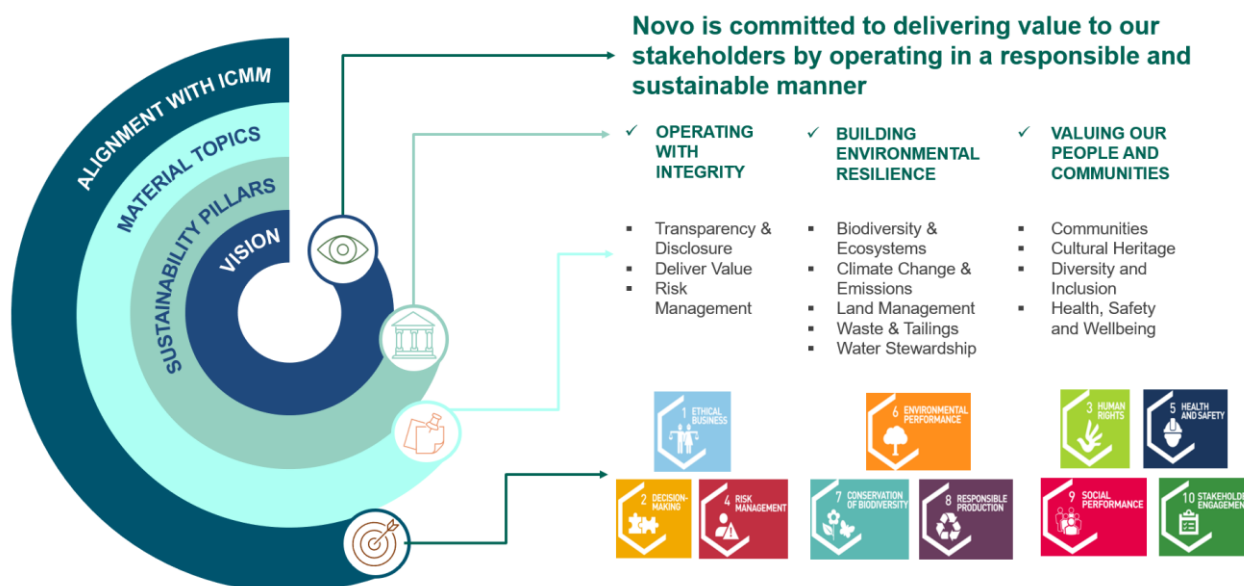


Figure 9: Novo sustainability strategy

¹² Refer to the Company’s news releases dated [August 4, 2020](#), and [September 8, 2020](#).

OPERATING RESULTS

		For the three months ended December 31, 2022	For the three months ended December 31, 2021	For the year ended December 31, 2022	For the year ended December 31, 2021
Mineralized Material Milled	t	-	395,310	1,198,283	1,362,534
Grade	g/t Au	-	1.16	1.07	1.25
Recovery	%	-	91.50	91.98%	93.00%
Gold Produced	Oz Au	495	12,833	39,620	49,364

Mining and Processing

No mining took place at the Beatons Creek Project during Q4 2022 as operations were transitioned into care and maintenance. A total of 434,133 tonnes of mineralized material was mined in Q4 2021.

Final Beatons Creek Project oxide material was processed in September and a total of 1,198,283 tonnes of mineralized material, equivalent to a throughput rate of approximately 4,403 tonnes per day, was processed during Fiscal 2022. This represents a decrease from Fiscal 2021 during which 1,362,534 tonnes of mineralized material were processed, due to the transition into care and maintenance in Q4 2022. 395,310 tonnes of mineralized material were processed during Q4 2021 and no further tonnes of oxide material were processed in Q4 2022 with the wind down of operations.

Mill feed grade averaged 1.07 g/t Au during Fiscal 2022, compared to 1.25 g/t Au during Fiscal 2021. Gold recovery for Fiscal 2022 averaged 91.98% compared to 93.00% for Fiscal 2021.

Gold and Silver Production

During Q4 2022, the Beatons Creek Project produced 495 ounces of gold and 196 ounces of silver compared to 12,833 ounces of gold and 1,758 ounces of silver during Q4 2021 and 13,137 ounces of gold and 1,681 ounces of silver during Q3 2022. Q4 2022 production was generated from cleaning the Golden Eagle Plant and stripping of carbon.

FINANCIAL RESULTS

The following table contains quarterly and annual information derived from the Annual Financial Statements. The Company notes that Q4 2022 metrics do not represent results from an operating quarter considering the Company was transitioning the Beatons Creek Project into care and maintenance and should therefore not be reviewed in such context.

In thousands of CAD, except where noted		For the three months ended		For the year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Gold sold	Oz Au	1,205	13,023	39,375	49,232
Average realized price ¹	\$/oz	2,063	2,294	2,339	2,281
Average realized price ¹	AUD\$/oz	2,313	2,498	2,589	2,421
Average realized price ¹	USD\$/oz	1,520	1,821	1,798	1,819
Total revenue	\$	2,496	29,857	92,043	112,243
Cost of goods sold	\$	(3,518)	(37,769)	(115,679)	(110,767)
General and exploration expenditure	\$	(13,551)	(9,875)	(47,870)	(22,740)
Care and maintenance costs	\$	(2,632)	-	(2,632)	-
Impairment of non-current assets	\$	-	(46,905)	(48,064)	(46,905)
Other income, net	\$	836	2,253	23,665	90,947
Finance items	\$	(1)	2,396	(8,093)	(16,337)
Income tax expense	\$	593	739	(3)	(7,145)
Net loss for the period after tax	\$	(15,777)	(59,304)	(106,633)	(704)
Basic and diluted loss per common share	\$/share	(0.06)	0.24	(0.43)	(0.00)
EBITDA ¹	\$	(14,051)	(49,839)	(72,704)	41,508
Adjusted EBITDA ¹	\$	(14,886)	(5,187)	(48,305)	(2,534)
Adjusted earnings ¹	\$	(16,019)	(16,116)	(82,231)	(52,073)
Adjusted earnings per common share ¹	\$/share	(0.06)	(0.07)	(0.33)	(0.22)
Total cash costs ¹	\$/oz	1,967	2,296	2,278	1,865
Total cash costs ¹	AUD\$/oz	2,206	2,501	2,521	1,980
Total cash costs ¹	USD\$/oz	1,449	1,822	1,751	1,488
AISC ¹	\$/oz	6,363	3,143	3,062	2,637
AISC ¹	AUD\$/oz	7,136	3,423	3,389	2,799
AISC ¹	USD\$/oz	4,687	2,494	2,354	2,104

Q4 2022 Compared to Q4 2021

Q4 2022 net loss after tax was \$15,777,000 (Q4 2021 – \$59,304,000) caused by a loss from operations which were transitioning into care and maintenance, exploration expenditure, and general administration expenditure. The Company was producing during Q4 2021 and the gross loss was caused by a loss from operations and a non-cash impairment charge recognized due to operational performance of the Beatons Creek Project.

Gold and Sales Revenue

The Company generated revenue of \$2,496,000 in Q4 2022 which represented a decrease of \$27,361,000 as compared to Q4 2021 revenue of \$29,857,000. The decrease was due to the Beatons Creek Project transitioning to care and maintenance in Q4 2022.

The Company sold 1,205 ounces of gold in Q4 2022 (Q4 2021 – 13,023 ounces) at an average realized price¹ of \$2,063 (AUD \$2,313 / USD \$1,520) per ounce generating \$2,492,000 in revenue from contracts with customers. The Company sold 13,023 ounces of gold in Q4 2021 at an average realized price¹ of \$2,294 (AUD \$2,498 / USD \$1,821) per ounce generating \$29,805,000 in revenue from contracts with customers.

The average gold price during Q4 2022 according to the World Gold Council was \$2,458 per ounce (AUD \$2,675/ USD \$1,814) (Q4 2021 – \$2,464 (AUD \$2,264 / USD \$1,795)).

The Company sold 196 ounces of silver during Q4 2022 (Q4 2021 – 1,758 ounces) generating \$4,000 in additional revenue (Q4 2021 - \$52,000).

Cost of Sales

Total cost of sales in Q4 2022 was \$3,518,000 compared to \$37,769,000 in Q4 2021.

Cost of sales in Q4 2022 included production costs, depreciation, depletion, royalties, and changes in inventories, reflecting the difference between produced and sold ounces. Depletion from the Beatons Creek Project was recognized on the remaining ounces in the Beatons Creek Project Oxide production profile and does not include any expense related to recoverable ounces from the Fresh production profile.

Cost of sales in Q4 2021 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 Company declared that the Beatons Creek Project had achieved commercial production.

Royalties in Q4 2022 were \$180,000, representing a 91% decrease over royalties in Q4 2021 of \$2,015,000. 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 \$0.8922 to CAD \$1.00 during Q4 2022 (Q4 2021 – AUD \$0.9183 to CAD \$1.00).

Other Expenses

General administration costs in Q4 2022 were \$4,010,000 as compared to \$5,117,000 in Q4 2021. The decrease was primarily due to a decrease in share-based payments and general non-operational cash costs including wages and salaries and insurance expenses. Share based payments were higher in Q4 2021 due to the expense associated with certain incentive stock options granted to employees and non-employees with production milestone-based vesting conditions which vested during the quarter.

Exploration expenditure in Q4 2022 totalled \$9,541,000 (Q4 2021 - \$4,258,000) and was recognized in line with the accounting policy to expense exploration expenditure. While the Beatons Creek Project Fresh feasibility study has been deferred, drilling at the Beatons Creek Project continued during Q4 2022 and included in the above amount is \$2,041,000 (Q4 2021 - \$nil) which represents such drilling and associated costs incurred through Q4 2022.

Care and maintenance costs in Q4 2022 totalled \$2,632,000 which were attributable to costs incurred at the Beatons Creek Project subsequent to the wind-down of the operational activities and transition to care and maintenance.

Other Income / expenses

Other income recognized during Q4 2022 totalled \$836,000 and relates primarily to a \$598,000 non-cash gain on the modification of the on-site laboratory and sample preparation services lease with Intertek (refer to Note 8 of the Annual Financial Statements). Other income also includes a non-cash \$178,000 foreign exchange gain and a non-cash \$73,000 loss from the decrease in the value of the warrants held in GBM Resources Ltd. (“**GBM**”) and San Cristobal Mining Inc. (formerly known as 1342980 B.C. Ltd) (“**SCM**”).

Other income for Q4 2021 totalled \$2,253,000 and relates primarily to a \$1,912,000 non-cash gain recognized on the modification of the mining contractor lease (refer to Note 8 of the Annual Financial Statements).

Finance Items

The Company incurred interest and finance costs of \$491,000 during Q4 2022 (Q4 2021 - \$2,423,000), including a net \$350,000 non-cash expense (Q4 2021 – \$183,000) relating to rehabilitation provision accretion expense.

Interest and finance costs included non-cash interest expenses of \$141,000 (Q4 2021 - \$677,000) related to leases recognized pursuant to IFRS 16 Leases (“**IFRS 16**”). The Company recognizes lease liabilities and corresponding right-of-use assets pursuant to IFRS 16 where the Company has the right to use assets underlying certain arrangements. Refer to Notes 8 and 11 of the Annual Financial Statements.

Interest and finance costs were offset by interest earned of \$492,000 during Q4 2022 (Q4 2021 - \$131,000)

During Q4 2021, interest and finance costs further included \$320,000 change in fair value of the derivative liability embedded within the Credit Facility and \$1,927,000 of interest and accreted interest related to the Credit Facility.

Other Comprehensive Loss

During Q4 2022, non-cash gains of \$535,000 (Q4 2021 – non-cash income of \$27,637,000) represented movement in the fair value of the Company’s marketable securities. The Company’s portfolio consists of holdings in a number of listed and unlisted entities, including GBM, Kalamazoo, Elementum 3D, Inc. (“**E3D**”), and SCM. Refer to Note 5 of the Annual Financial Statements.

During Q4 2022, the Company also recognized non-cash gains of \$3,873,000 (Q4 2021 – losses of \$3,904,000) 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 and assets and liabilities 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.

Fiscal 2022 Compared to Fiscal 2021

Net loss after tax for Fiscal 2022 was \$105,418,000 (Fiscal 2021 – net loss of \$704,000) caused by a loss from operations, exploration expenditure, general administration expenditure, and a non-cash impairment charge recognized on the Beatons Creek Project. Refer to *Significant Business Developments & Outlooks – Impairment of the Beatons Creek Project*.

Gold and Sales Revenue

The Company generated revenue of \$92,043,000 in Fiscal 2022 (Fiscal 2021 - \$112,243,000) which represented a decrease in revenue of \$20,200,000 as a result of decreased gold production and sales as the Beatons Creek Project as it was transitioned into care and maintenance.

The Company sold 39,375 ounces of gold at an average realized price¹ of \$2,339 (AUD \$2,589 / USD \$1,798) per ounce generating \$91,897,000 in revenue from contracts with customers in Fiscal 2022. The Company sold 49,232 ounces of gold at an average realized price¹ of \$2,281 (AUD \$2,421 / USD \$1,819) per ounce generating \$112,028,000 in revenue from contracts with customers in Fiscal 2021. The average gold price¹ during Fiscal 2022 according to the World Gold Council was \$2,369 (AUD \$2,579 / USD \$1,809) per ounce (Fiscal 2021 – \$2,255 (AUD \$2,395 / USD \$1,798)).

The Company sold 5,159 ounces of silver in Fiscal 2022 (Fiscal 2021 – 6,826 ounces) generating \$146,000 in additional revenue (Fiscal 2021 - \$215,000).

Cost of Sales

Total cost of sales in Fiscal 2022 was \$115,679,000 compared to \$110,767,000 in Fiscal 2021. Cost of sales in Fiscal 2022 included production costs, depreciation, depletion, royalties, and changes in inventories, reflecting the difference between produced and sold ounces.

Cost of sales in Fiscal 2021 included expenditures incurred during the development phase of the Beatons Creek Project relating to both commissioning the mine and the production of inventory. In determining the costs to be allocated to inventory sold during the period, consideration was given to the estimated mining and processing costs per tonne expected to be achieved when the Beatons Creek Project was operating in a manner as intended by management. Cost of sales included production costs, royalties and selling costs, and changes in inventories, reflecting the difference between produced and sold ounces. Depreciation and depletion of the Beatons Creek Project was not charged as the Beatons Creek Project had not yet achieved commercial production. The Company declared that the Beatons Creek Project had achieved commercial production on October 1, 2021.

Royalties in Fiscal 2022 were \$6,540,000, representing a 20% decrease over royalties in Fiscal 2021 of \$7,852,000. The decrease in royalty expenses 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 \$0.9035 to CAD \$1.00 during Fiscal 2022 (Fiscal 2021 – AUD \$0.9420 to CAD \$1.00).

Other Expenses

General administration costs in Fiscal 2022 were \$14,766,000 as compared to \$25,094,000 in Fiscal 2021. The decrease was primarily due to a decrease in non-cash share-based payment expenses, insurance expenses, and general non-operational cash costs. Share-based payments were higher in Fiscal 2021 due to the acceleration of the expense associated with certain incentive stock options granted to employees and non-employees with production milestone-based vesting conditions. A number of the Company's outstanding incentive stock options vested fully once the Company produced 10,000 ounces of gold from any project which occurred during Q2 2021 and resulted in an accelerated expenses recognition profile. An additional batch of incentive stock options vested fully during Q1 2022 as the Company achieved aggregate production of 60,000 ounces of gold.

Exploration expenditure in Fiscal 2022 totalled \$33,104,000 (Fiscal 2021 - \$12,118,000) and was recognized in line with the accounting policy to expense exploration expenditure. While the Beatons Creek Project Fresh feasibility study has been deferred, drilling at the Beatons Creek Project continued during Fiscal 2022 and included in the above amount is \$8,314,000 (Fiscal 2021 - \$nil). Impairment of non-current assets in Fiscal 2022 totalled \$48,064,000 (Fiscal 2021 – \$46,905,000). Refer to “*Significant Business Developments & Outlook – Impairment of the Beatons Creek Project*” above.

Other Income

Other income recognized during Fiscal 2022 totalled \$23,665,000 and relates primarily to a \$22,275,000 non-cash gain on the derivative asset held at fair value through profit and loss which was recognized in relation to the sale of the Company’s New Found shares (the “**New Found Transaction**”) (refer to Note 5 of the Annual Financial Statements). Other income relates to a non-cash \$322,000 foreign exchange loss, a non-cash \$290,000 loss from the decrease in the value of the warrants held in GBM and SCM, and a non-cash gain of \$598,000 on the modification of the on-site laboratory and sample preparation services lease with Intertek.

Other income recognized during Fiscal 2021 was \$90,947,000 which included a non-cash gain of \$85,636,000 related to the discontinuation of equity accounting of the Company’s investment in New Found and a non-cash loss of \$1,403,000 pertaining to movement in the fair value of the share purchase warrants held in GBM and Kalamazoo. A non-cash gain of \$2,349,000 was also recognized on the modification of the mining lease as well as the disposal of minor other assets, and a share of New Found’s profit of \$3,951,000 was recognized pertaining to the Company’s investment in New Found and associated accounting treatment.

Finance Items

The Company incurred interest and finance costs of \$9,060,000 during Fiscal 2022 (Fiscal 2021 - \$16,428,000), including \$1,030,000 of non-cash expenses (Fiscal 2021 – \$473,000) relating to rehabilitation provision accretion expense and a non-cash gain of \$378,000 (Fiscal 2021 - \$710,000) relating to the change in fair value of the derivative liability embedded within the Credit Facility.

Interest and finance costs also included cash interest and non-cash accreted interest of \$9,993,000 (Fiscal 2021 - \$7,272,000) related to the Credit Facility during Fiscal 2022. On August 12, 2022, the Company completed repayment of the Credit Facility¹³. Refer to note 12 of the Annual Financial Statements.

The Company further recognized a non-cash gain of \$2,942,000 (Fiscal 2021 – \$88,000) on the change in fair value of the Sumitomo Corporation (“**Sumitomo**”) liability and subsequent settlement. On April 21, 2022, Sumitomo made a final contribution of \$335,000 and subsequently exercised its reimbursement option (the “**Reimbursement Option**”) under the Egina Farmin Agreement (“**EFA**”). In response, Novo exercised its right to settle the liability via the issuance of common shares and issued 3,382,550 common shares to Sumitomo with a fair value of \$0.94 per share for gross consideration of \$3,180,000. All of the common shares issued to Sumitomo are subject to orderly sale restrictions and a 12-month contractual hold period expiring on April 21, 2023. As a result of Sumitomo’s exercise of its reimbursement option and Novo’s exercise of its right to settle via the issuance of common shares, the EFA was completed and Sumitomo’s rights thereunder were extinguished.

¹³ Refer to the Company’s news release dated [August 12, 2022](#).

The Company recognized a gain through profit and loss of the difference between the fair value of the share payment option and the remaining financial liability. Refer to Note 14 of the Annual Financial Statements.

Interest and finance costs during Fiscal 2021 also included one-time finance costs of \$6,386,000 related to the brokered financing of special warrants for gross proceeds of \$26.4 million¹⁴ (the “Offering”). The special warrants issued pursuant to the Offering 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 and includes the Offering 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.

Other Comprehensive Loss

During Fiscal 2022, non-cash losses of \$28,709,000 (Fiscal 2021 – non-cash gains of \$34,341,000) represent movement in the fair value of the Company’s marketable securities. Refer to *Financial Results – Q4 2022 Compared to Q4 2021 – Other Comprehensive Loss* and Note 5 of the Annual Financial Statements.

During Fiscal 2022, the Company also recognized non-cash losses of \$1,619,000 (Fiscal 2021 – non-cash losses of \$14,696,000) 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 and assets and liabilities 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.

LIQUIDITY AND CAPITAL RESOURCES

In thousands of CAD, except where noted	December 31, 2022 \$'000	December 31, 2021 \$'000	11-month period ended December 31, 2020 \$'000
Cash	47,925	32,345	40,494
Short-term investments	152	108	195
Working capital ¹	33,695	3,925	14,071
Marketable securities	20,701	156,209	18,770
Available liquidity ¹	53,146	102,868	59,623
Total assets	256,161	462,682	456,408
Current liabilities excluding current portion of financial liabilities	12,365	19,805	12,083
Non-current liabilities excluding non-current portion of financial liabilities	41,935	36,342	28,615
Financial liabilities (current and non-current)	13,836	75,608	86,271
Total liabilities	68,136	148,420	126,969
Shareholders' equity	188,025	314,262	329,439

Available liquidity¹ totalled \$53,146,000 as at December 31, 2022 (December 31, 2021 - \$102,868,000) and represented the value of the Company’s realizable assets.

The Company’s available liquidity¹ has decreased since December 31, 2021 due to the completion of the New Found Transaction and associated cash inflows, ongoing ordinary course of business

¹⁴ Refer to the Company’s news release dated [May 4, 2021](#).

expenditure, a general decrease in the value of certain marketable securities, and repayment of the Credit Facility.

The Company's rehabilitation provision totalled \$41,935,000 as at December 31, 2022 (December 31, 2021 - \$36,342,000) and increased as a result of an increase in diesel prices and inflation rates throughout Fiscal 2022, as well as an increase in disturbance areas across the Nullagine Gold Project. The Company has also recognised a tax payable amount of \$6,053,000 (December 31, 2021 - \$nil) relating to Canadian capital gains tax payable on the New Found divestment. Refer to *Financial and Operating Highlights – Q4 2022 & Fiscal 2022 Summary*.

The Company's working capital position increased significantly since December 31, 2021 as a result of the completion of the New Found Transaction, repayment of the Credit Facility, settlement of the Sumitomo liability pursuant to the EFA, and the Liatam Financing. Refer to *Significant Business Developments & Outlook*.

	For the three months ended		For the year ended	
	December 31, 2022 \$'000	December 31, 2021 \$'000	December 31, 2022 \$'000	December 31, 2021 \$'000
Cash flow information				
Cash (used in) / generated from operations	(18,031)	(10,974)	(46,186)	(19,656)
Cash (used in) / generated from investing activities	(456)	252	119,693	(7,757)
Cash (used in) / generated from financing activities	3,685	576	(57,865)	19,626
Change in cash	(14,802)	(10,146)	15,642	(7,787)
Free cash flow ¹	(18,031)	(10,722)	(51,918)	(45,091)

The Company used \$18,031,000 (Q4 2021 – \$10,974,000) from operating cash flows in Q4 2022. The increase in cash outflows relates primarily to a net loss generated during the period from the transition of operations at the Beatons Creek Project into care and maintenance.

The Company used \$46,186,000 (Fiscal 2021 - \$19,656,000) from operating cash flows during Fiscal 2022. The increase in cash outflows relates primarily to the treatment of cost of sales prior to the declaration of commercial production and certain non-cash adjustments such as share based payments, depreciation, and finance costs. Refer to *Financial Results - Fiscal 2022 Compared to Fiscal 2021 – Cost of Sales* regarding recognition and classification of cost of sales prior to the declaration of commercial production.

During Q4 2022, the Company used \$456,000 in investing activities which relates to the acquisition of exploration assets. During Q4 2021, the Company generated \$252,000 from its assets, including cash proceeds of \$8,121,000 received from the sale of marketable securities which were offset by payments of \$1,196,000 for the acquisition of exploration assets and capital expenditures of \$6,673,000 related to the Beatons Creek Project.

During Fiscal 2022 the Company generated \$119,693,000 from investing activities (Fiscal 2021 – outflows of \$7,757,000). This included capital expenditures for the year of \$4,978,000 (Fiscal 2021 - \$16,756,000) and \$754,000 (Fiscal 2021 - \$8,670,000) for development of the Beatons Creek Project. These cash outflows were offset by cash proceeds of \$125,925,000 received from the New Found Transaction.

During Fiscal 2021, cash outflows were offset by cash proceeds of \$9,232,000 received from the sale of a part of the Company's Blue Spec Project to Calidus Resources Limited and \$10,358,000 received

from the sale of marketable securities. The Company invested \$500,000 (Fiscal 2021 - \$1,912,000) in exploration and evaluation assets during Fiscal 2022.

During Q4 2022, the Company recognized \$3,685,000 (Q4 2021 – outflows \$576,000) in financing cash inflows, \$1,050,000 (Q4 2021 - \$576,000) relating to the principal portion of lease liabilities incurred pursuant to IFRS 16. The remaining investing outflows for Q4 2022 totaling \$5,000,000 relates to the Liatam Financing and \$264,000 of associated share issue costs. Refer to Note 15 of the Annual Financial Statements.

During Fiscal 2022 and Fiscal 2021, the Company experienced outflows of \$57,865,000 and inflows \$19,626,000 in financing cashflows, respectively. \$11,832,000 (Fiscal 2021 - \$11,889,000) related to the principal portion of lease liabilities incurred pursuant to IFRS 16. The remaining investing outflows during Fiscal 2022 totalled \$51,110,000 related to the repayment of the Credit Facility and the \$342,000 final contribution from Sumitomo pursuant to the EFA. The remaining investing inflows for Fiscal 2021 totalled \$34,655,000 and were primarily due to funds received from the Offering and the Credit Facility amendment in April 2021¹⁵. The investing inflows for Fiscal 2021 were partially offset by a one-time payment of the Comet Well deferred consideration totaling \$2,946,000 (AUD \$3,000,000)¹⁶.

Free cash flow¹ for Q4 2022 was an outflow of \$20,629,000 (Q4 2021 – \$10,722,000). Free cash flow¹ for Fiscal 2022 was an outflow of \$51,918,000 (Fiscal 2021 – outflows of \$45,091,000). In addition to operating at a loss, the Company reallocated its investing cash flows to capital projects and exploration activities.

SELECTED FINANCIAL INFORMATION

Management is responsible for the Annual 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 Annual Financial Statements and MD&A and makes recommendations to the Board, the Board has final approval of the Annual Financial Statements and MD&A.

SUMMARY OF ANNUAL RESULTS

<i>In thousands of CAD, except where noted</i>	December 31, 2022 \$'000	December 31, 2021 \$'000	11-month period ended December 31, 2020 \$'000
Revenue	92,043	112,243	-
Gross (loss) / profit from mine operations	(23,636)	1,476	-
Net loss for the period after tax	(105,418)	(704)	(17,424)
Comprehensive (loss) / profit for the year	(137,018)	18,941	3,935
Basic and diluted (loss) /profit per common share (\$ per share)	(0.42)	(0.00)	(0.09)
Total assets	256,161	462,682	456,408
Non current liabilities	45,461	102,960	94,064
Cash dividends	-	-	-
Cash and cash equivalents	48,077	32,453	40,689

The Company's historical operating and financial results are primarily driven by gold production and revenue, the average realized price¹ of gold, foreign exchange rates, and non-operating expenses, including exploration expenditure, factors influencing the value of the Company's assets, and other

¹⁵ Refer to the Company's news release dated [April 9, 2021](#).

¹⁶ Refer to the Company's news release dated [February 4, 2021](#).

income. Significant changes in any of these factors directly impact the Company's revenue and earnings.

The Company's financial results for the year ended December 31, 2022 were impacted by the Beatons Creek Project transitioning into care and maintenance, exploration expenditure and the non-cash impairment charge recognized. The cash and cash equivalents and non current liabilities balances were impacted by the sale of New Found Transaction and the repayment of the Credit Facility. Refer to *Financial and Operating Highlights – Q4 2022 & Fiscal 2022 Summary*.

The Company's financial results for the year ended December 31, 2021 were impacted 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.

The Company's financial results for the 11 month period ended December 31, 2020, cash and cash equivalents and non current liabilities were impacted by the acquisition of Millennium funded via brokered and non-brokered private placements totalling \$56 million and a US\$60 million four-year Credit Facility.

SUMMARY OF QUARTERLY RESULTS

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

		4 th Quarter 2022 December 31, 2022	3 rd Quarter 2022 September 30, 2022	2 nd Quarter 2022 June 30, 2022	1 st Quarter 2022 March 31, 2022	4 th Quarter 2021 December 31, 2021	3 rd Quarter 2021 September 30, 2021	2 nd Quarter 2021 June 30, 2021	1 st Quarter 2021 March 31, 2021
Revenue	\$'000	2,496	27,987	29,685	31,875	112,243	42,964	31,704	7,718
Net Profit / (Loss)	\$'000	(15,777)	(60,713)	(19,617)	(12,933)	3,076	84,334	(16,520)	1,723
Basic and Diluted Income (Loss)	\$/share	(0.43)	(0.24)	(0.08)	(0.05)	(0.02)	0.31	(0.07)	0.05

The Company's historical operating and financial results are primarily driven by gold production and revenue, the average realized price¹ of gold, foreign exchange rates, and non-operating expenses, including exploration expenditure, factors influencing the value of the Company's assets, and other income. Significant changes in any of these factors directly impact the Company's revenue and earnings.

CASH RESOURCES AND GOING CONCERN

The Annual Financial Statements have been prepared on a going concern basis, which contemplates continuity of ongoing business activities, including ongoing exploration commitments and Beatons Creek Project commitments, and the realization of assets and settlement of liabilities in the normal course of business.

For the year ended December 31, 2022, the Company reported operating cash outflows of \$46,186,000 (December 31, 2021: \$19,656,000) and investing cash inflows of \$119,693,000 (December 31, 2021: outflows of \$7,757,000). The Company had cash on hand and short-term investments of \$38,776,000 at March 28, 2023 and \$48,077,000 at December 31, 2022.

The Company has prepared a cash flow forecast demonstrating that the Company will have access to sufficient cash flows to meet its commitments and working capital requirements for the 12-month period from the date of signing these Annual Financial Statements.

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

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

CONTRACTUAL OBLIGATIONS

As at December 31 2022, the following contractual obligations were outstanding:

As at December 31, 2022	Within 1 year \$'000	Within 1-2 years \$'000	Within 2-3 years \$'000	Within 3+ years \$'000	Total \$'000
Trade and other payables	6,252	-	-	-	6,252
Leases	4,765	2,190	207	-	7,162

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 2022 and 2021, the following amounts were incurred with related parties in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties:

Name	Nature of Compensation	For the three months ended		For the year ended	
		December 31, 2022 \$'000	December 31, 2021 \$'000	December 31, 2022 \$'000	December 31, 2021 \$'000
Non Executive Co-Chairman & Director	Salary / Director fees	27	36	115	276
Executive Co-Chairman & Director	Salary	112	118	452	205
Former CEO & Director	Salary	-	527	212	848
CFO & Corporate Secretary	Salary	119	177	336	436
VP, Corporate Communications	Consulting	45	45	180	180
Independent Directors	Director Fees	54	60	234	303
Total		357	963	1,529	2,248

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

From time to time, Novo's board of directors (the "**Board**") incentivizes the Company's management, employees, and consultants by issuing incentive stock options. Amounts outlined in the table above

represent such portion of the Company's share-based payment expenses which relate to incentive stock options granted to the Company's management and Board, namely the non-executive co-chairman/director, the executive co-chairman/director, an independent director, 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 Annual Financial Statements. Share-based payments relating to these key management personnel and directors totaled \$2,143,000 during Fiscal 2022 (Fiscal 2021 - \$4,335,000).

CRITICAL ACCOUNTING ESTIMATES

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

FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, other receivables, marketable securities, accounts payable, lease liabilities, and accrued liabilities. Prior to September 30, 2022, the Company's financial instruments also included, the Sumitomo funding liability, the Credit Facility, and the derivative liability. The fair value hierarchy reflects the significance of inputs in making fair value measurements as follows:

- Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there is unobservable market data.

The recorded amounts of cash, short-term investments, other receivables, and accounts payable, lease liabilities and accrued liabilities approximate their respective fair values due to their short-term nature. The Sumitomo funding liability and its related embedded derivatives was measured in their entirety as at fair value through profit or loss ("FVTPL"), except to the extent that the change in fair value was attributable to changes in credit risk of the Sumitomo funding liability in which case it was presented in other comprehensive income ("OCI"). The Credit Facility was initially recognized at fair value and was subsequently measured at amortized cost using the effective interest rate method. The Credit Facility was repaid in full on August 11, 2022 (refer to note 12 of the Annual Financial Statements). The derivative liability was initially recognized at fair value and was subsequently measured in its entirety at FVTPL.

Financial Instruments carried at fair value include:

- The marketable securities for listed shares are measured using Level 1 inputs. The fair values of marketable securities are measured at the closing market price obtained from the Australian Securities Exchange.
- The marketable securities balance for the GBM Warrants is measured using Level 2 inputs. The fair values of the GBM Warrants have been determined using a Black-Scholes option pricing model.
- The marketable securities balance held in E3D is measured using Level 3 inputs. The value of the shares held in E3D was determined using the fair value of USD \$6.27 which represents the price at which E3D raised funds during the year. Refer to note 5 of the Annual Financial Statements.
- The marketable securities balance held in SCM is measured using Level 3 inputs. The value of the shares held in SCM was determined using the fair value of USD \$0.25 which represents the price at which SCM raised funds. Refer to note 5 of the Annual Financial Statements.
- The Sumitomo funding liability balance was measured using Level 3 inputs. The fair value of the liability at December 31, 2021 represented the contractual value that the Company would repay if Sumitomo were to exercise their Reimbursement Option.
- The embedded derivative associated with the Credit Facility was measured using Level 3 inputs. The fair value of the derivative was determined by using a Black 76 model including accretion due to the passage of time, agreed repayment schedules, required interest payments, changes in the applicable interest rate (US three-month LIBOR or 1%), and changes in the Company's credit spread.

	Fair Value Hierarchy			Total
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	\$'000
As at December 31, 2022				
Financial assets at Fair Value				
Marketable securities	2,380	9	18,312	20,701
Total December 31, 2022	2,380	9	18,312	20,701
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

	December 31, 2022 \$'000	December 31, 2021 \$'000
Reconciliation of the fair value measurement of Level 3 unlisted investments		
Opening balance	16,507	6,610
Additions	397	-
Remeasurement recognised through other comprehensive income	1,408	9,897
Remeasurement recognised through profit and loss	-	-
Closing balance	18,312	16,507
Reconciliation of the fair value measurement of Level 3 financial liabilities		
Opening balance	6,158	7,055
Purchases	-	-
Settlement	(3,180)	-
Remeasurement recognised through profit and loss	(3,320)	(710)
Foreign currency translation adjustment	342	(187)
Closing balance	-	6,158

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management formally assessed the effectiveness of the Company's internal control over financial reporting as at December 31, 2022, and continues to do so on an on-going basis. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (also known as “**COSO 2013**”).

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

There have been no significant changes in the Company's internal controls during the period ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTSTANDING SHARE DATA

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

As of March 28, 2023 the following Common Shares, Common Share purchase warrants (“**Warrants**”), and stock options were issued and outstanding:

	Number of shares	Exercise Price (C\$)	Expiry date
Common Shares	263,095,359	-	-
Stock Options	1,500,000	0.95	April 14, 2023
Stock Options	150,000	1.57	April 14, 2023
Stock Options	300,000	7.70	April 14, 2023
Stock Options	285,000	4.60	June 5, 2023
Stock Options	4,265,000	3.57	January 6, 2025
Stock Options	3,000,000	1.89	November 6, 2026
Warrants	8,596,184	4.40	August 27, 2023
Warrants	8,853,427	4.40	September 7, 2023
Warrants	726,812	4.40	September 9, 2023
Warrants	1,328,295	4.40	September 14, 2023
Warrants	5,176,500	3.00	May 4, 2024
Warrants	3,205,128	0.60	December 22, 2024
Warrants	641,025	0.60	December 22, 2025
Fully Diluted	301,122,730		

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 Q4 2022 are not indicative of ongoing performance considering the Company transitioned the Beatons Creek Project into care and maintenance during this quarter. Subsequent to this MD&A, the Company no longer intends to disclose non-IFRS measures pertaining to mining operations or gold production unless it re-commences mining operations.

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 Annual Financial Statements.

In thousands of CAD, except where noted		For the three months ended		For the year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenue from contracts with customers	\$	2,496	29,857	92,043	112,243
Treatment and refining charges	\$	5	72	191	255
Less: Silver revenue (Note 16)	\$	(15)	(52)	(146)	(215)
Gold revenue	\$	2,486	29,877	92,088	112,283
Gold sold	oz	1,205	13,023	39,375	49,232
Average realized price	\$/oz	2,063	2,294	2,339	2,281
Foreign exchange rate	CAD:AUD	1.1215	1.0890	1.1068	1.0616
Average realized price	AUD\$/oz	2,313	2,498	2,589	2,421
Foreign exchange rate	CAD:USD	0.7366	0.7936	0.7686	0.7978
Average realized price	USD\$/oz	1,520	1,821	1,798	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.

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

In thousands of CAD, except where noted		For the three months ended		For the year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Gold sold	Oz Au	1,205	13,023	39,375	49,232
Total cash cost reconciliation					
Cost of sales	\$	3,518	37,768	115,679	110,767
Less: Depreciation and depletion*	\$	(1,133)	(7,809)	(25,839)	(18,730)
Less: Silver Revenue (Note 17)	\$	(15)	(52)	(146)	(215)
Less: Site share-based compensation	\$	-	-	-	-
Total cash costs	\$	2,370	29,907	89,694	91,822
Cash costs per oz of gold sold	\$/oz	1,967	2,296	2,278	1,865
Foreign exchange rate	CAD:AUD	1.1215	1.0890	1.1068	1.0616
Cash costs per oz of gold sold	AUD\$/oz	2,206	2,501	2,521	1,980
Foreign exchange rate	CAD:USD	0.7366	0.7936	0.7686	0.7978
Cash costs per oz of gold sold	USD\$/oz	1,449	1,822	1,751	1,488

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

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

In thousands of CAD, except where noted		For the three months ended		For the year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Gold sold	Oz Au	1,205	13,023	39,375	49,232
All-in sustaining cost reconciliation					
Total cash costs	\$	2,370	29,907	89,694	91,822
Sustaining capital expenditures	\$	-	5,448	3,620	5,448
Accretion on rehabilitation provision (Note 23)	\$	350	138	1,030	473
Treatment and refinery charges	\$	5	72	191	255
Payments on lease obligations (Note 12)	\$	1,050	576	11,832	11,889
Less: non-operating payments on lease obligations*	\$	(116)	(113)	(347)	(1,155)
Site share-based compensation	\$	-	-	-	-
Corporate administrative costs (Note 19)	\$	4,009	5,115	14,766	25,094
Less: exploration share-based payments**	\$	-	(211)	(213)	(4,005)
Total all-in sustaining costs	\$	7,668	40,932	120,573	129,821
AISC per oz of gold sold	\$/oz	6,363	3,143	3,062	2,637
Foreign exchange rate	CAD:AUD	1.1215	1.0890	1.1068	1.0616
AISC per oz of gold sold	AUD\$/oz	7,136	3,423	3,389	2,799
Foreign exchange rate	CAD:USD	0.7366	0.7936	0.7686	0.7978
AISC per oz of gold sold	USD\$/oz	4,687	2,494	2,354	2,104

*The non-operating payments on lease obligations adjustment includes lease amounts which are not directly related to the Company's now discontinued operations at the Beatons Creek Project. This figure is not separately disclosed in the Annual 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 Annual Financial Statements and is a subset of the share-based payments expense outlined in Note 18 of the Annual 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.

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

In thousands of CAD, except where noted	For the three months ended		For the year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	\$'000	\$'000	\$'000	\$'000
Net (loss) / profit for the period	(14,562)	(59,304)	(105,418)	(704)
Interest and finance expense	492	2,422	9,060	16,428
Interest and finance income	(492)	(27)	(967)	(91)
Current income tax expense / (income)	1,808	(739)	1,212	7,145
Deferred income tax expense	-	-	-	-
Depreciation and depletion	1,133	7,809	25,839	18,730
EBITDA	(11,621)	(49,839)	(70,274)	41,508
Other (income) / expenses (Note 22)	(644)	(2,253)	(23,665)	(90,947)
Impairment of non current assets (Note 20)	(191)	46,905	48,064	46,905
Adjusted EBITDA	(12,456)	(5,187)	(45,875)	(2,534)

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

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

In thousands of CAD, except where noted	For the three months ended		For the year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	\$'000	\$'000	\$'000	\$'000
Cash used in operations	(18,031)	(10,974)	(46,186)	(19,656)
Cash used in investing activities	(456)	252	119,693	(7,757)
Less: proceeds from sale of marketable securities	-	-	125,925	10,358
Less: proceeds from sale of exploration assets	-	-	-	9,232
Add: acquisition of exploration and evaluation assets	(456)	-	(500)	(1,912)
Adjusted cash used in investing activities	-	252	(5,732)	(25,435)
Free cash flow	(18,031)	(10,722)	(51,918)	(45,091)

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 (gains) losses, (gains) losses 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.

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

In thousands of CAD, except where noted		For the three months ended		For the year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Basic weighted average shares outstanding		250,658,353	245,939,504	248,630,209	239,822,300
Adjusted earning and adjusted basic earnings per shares reconciliation					
Net earnings / (loss) for the period	\$	(14,562)	(59,304)	(105,418)	(704)
<i>Adjusted for:</i>					
Other (income) / expenses (Note 22)	\$	(644)	(2,253)	(23,665)	(90,947)
Impairment of non current assets (Note 20)	\$	(191)	46,905	48,064	46,905
Profit on disposal of exploration asset	\$	-	(725)	-	(14,472)
Income tax expense / (benefit)	\$	1,808	(739)	(1,212)	7,145
Adjusted earnings	\$	(13,589)	(16,116)	(82,231)	(52,073)
Adjusted basic earnings per share	\$	(0.05)	(0.07)	(0.33)	(0.22)

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 3, 4 and 5 of the Annual Financial Statements.

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

	December 31, 2022	December 31, 2021	December 31, 2020	January 31, 2020
	\$'000	\$'000	\$'000	\$'000
Cash	47,925	32,345	40,494	28,703
Short-term investments	152	108	195	88
Gold in circuit	-	788	3	-
Stockpiles	-	4,732	565	-
Receivables	2,587	6,127	1,806	6,657
Marketable securities	2,381	58,691	16,477	6,979
Gold specimens	101	77	83	74
Available liquidity	53,146	102,868	59,623	42,501

Kalamazoo Resources Limited Ordinary Shares
GBM Resources Ltd Ordinary Shares

December 31, 2022			
# of shares	Share price	Foreign exchange	Adjusted value \$'000
10,000,000	\$0.21	0.920	1,932
11,363,637	\$0.04	0.920	448
			2,381

Kalamazoo Resources Limited Ordinary Shares
GBM Resources Ltd Ordinary Shares
New Found Gold Corp Common Shares *

December 31, 2021			
# of shares	Share price	Foreign exchange	Adjusted value \$'000
10,000,000	\$0.38	0.942	3,579
11,363,637	\$0.12	0.942	1,232
6,000,000	\$8.98	1	53,880
			58,691

* The December 31, 2021 figure represents the number of free-trading New Found common shares held by the Company at the time.

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 Annual Financial Statements.

	December 31, 2022 \$'000	December 31, 2021 \$'000
Current assets	56,427	49,385
Current liabilities	22,732	45,460
Working capital	33,695	3,925

CAUTION ON FORWARD-LOOKING INFORMATION

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

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

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

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