



NOVO RESOURCES CORP.

(TSX: NVO; ASX: NVO; OTCQX: NSRPF)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") of the results of operations and financial condition of Novo Resources Corp. (the "**Company**" or "**Novo**"), dated as of November 8, 2023, should be read in conjunction with the condensed interim consolidated financial statements of Novo for the nine months ended September 30, 2023 (the "**Q3 Financial Statements**") and accompanying notes thereto. The Q3 Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting ("**IAS**") as issued by the International Accounting Standards Board ("**IASB**"). This MD&A includes the results of the Company's subsidiaries, Novo Resources (USA) Corp., Conglomerate Gold Exploration (B.V.I.) Ltd., Karratha Gold Exploration (B.V.I.) Ltd., Conglomerate Gold Exploration Pty. Ltd., Nullagine Gold Pty. Ltd., Beatons Creek Gold Pty. Ltd., Grant's Hill Gold Pty. Ltd., Karratha Gold Pty. Ltd., Rocklea Gold Pty. Ltd., Meentheena Gold Pty. Ltd., Farno-McMahon Pty. Ltd., and Millennium Minerals Pty. Ltd. ("**Millennium**").

In this MD&A:

"**Q3 2023**" means the three-month period ended September 30, 2023.

"**Q2 2023**" means the three-month period ended June 30, 2023.

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

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

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

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

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

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

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

¹ Refer to Non-IFRS Measures on page 23.

Mrs. Karen (Kas) DE Luca (MAIG.) is the qualified person, as defined under National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”), and the Competent Person as described by the JORC Code 2012. She is responsible for, and has reviewed and approved, the technical information contained in this MD&A in the form and context in which it is included unless indicated otherwise. Mrs De Luca is Novo’s General Manager Exploration.

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FINANCIAL AND OPERATING HIGHLIGHTS

Q3 2023 Summary

- No lost time injuries were recorded across the Company's Australian projects through Q3 2023.
- The Company focused its exploration efforts on field programs in the Pilbara and Victoria with drilling programs in the Becher Area² and at Nunyerry North³.
- Cash and cash equivalents totalled \$16,500,000 as at September 30, 2023, down from \$65,300,00 as at September 30, 2022 and down from \$48,100,000 as at December 31, 2022.
- On September 11, 2023, the Company was admitted to the Australian Securities Exchange ("**ASX**") and issued 37,500,000 common shares, settled on the ASX in the form of CHES Depositary Interests ("**CDIs**") at AUD \$0.20 (\$0.18) per CDI. Raising gross proceeds of AUD \$7,500,000 (\$6,554,000). (Refer to *Significant Business Developments & Outlook – ASX Dual Listing*)⁴.
- On June 21, 2023, De Grey Mining Limited ("**De Grey**") invested AUD \$10,000,00 (\$8,900,000) in a private placement of 35,223,670 common shares of Novo at a price of \$0.255 per share (refer to Note 13 of the Q3 Financial Statements)⁵.
- The acquisition of the remaining 50% interests in the Queens and Malmsbury projects was closed on April 24, 2023 (refer to Significant Business Developments & Outlook – *Consolidation of Belltopper Gold Project, Victoria, Australia*)⁶.
- Non-current marketable securities totalled \$25,100,000 as at September 30, 2023, up from a balance of \$20,600,000 as at September 30, 2022. The increase was mainly as a result of the increase in the value of the Company's investment in San Cristobal Mining Inc. (formerly 1342980 BC Ltd.) ("**SCM**") (refer to Note 5 of the Q3 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 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". CDIs are traded on the ASX under the symbol "NVO".

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 9,000 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.

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

³ Refer to the Company's news release dated [September 12, 2023](#)

⁴ Refer to the Company's news release dated [September 11, 2023](#)

⁵ Refer to the Company's news release dated [June 28, 2023](#)

⁶ Refer to the Company's news release dated [March 9, 2023](#) and [April 24, 2023](#).

SIGNIFICANT BUSINESS DEVELOPMENTS & OUTLOOK

ASX Dual Listing

On September 11, 2023, the Company was admitted to the ASX and issued 37,500,000 common shares (settled on the ASX in the form of CDIs) at AUD \$0.20 per common share/CDI (\$0.18 at an exchange rate of 0.8739) raising gross proceeds of AUD \$7,500,000 (\$6,554,000)⁴.

Exploration Program Update Q3 2023

Field exploration programs continued in both the Pilbara and Victorian Projects during Q3 2023. Reverse circulation (“RC”) drilling commenced in the southern Egina Gold Camp at the Nunyerry North³ prospect; and at the Becher Project², aircore (“AC”) drilling also commenced in the newly formed Egina farm-in and joint operation agreement with De Grey (“Egina JO”). Reconnaissance field work has been conducted across Novo’s emerging Balla Balla Gold Project in readiness for AC drilling in Q4 2023. No field work was undertaken in the East Pilbara during the quarter. In Victoria, drill targeting at the Belltopper Gold Project has been completed using Novo’s integrated 3D geological and mineralisation model, in preparation for diamond drilling to commence in Q4 2023.

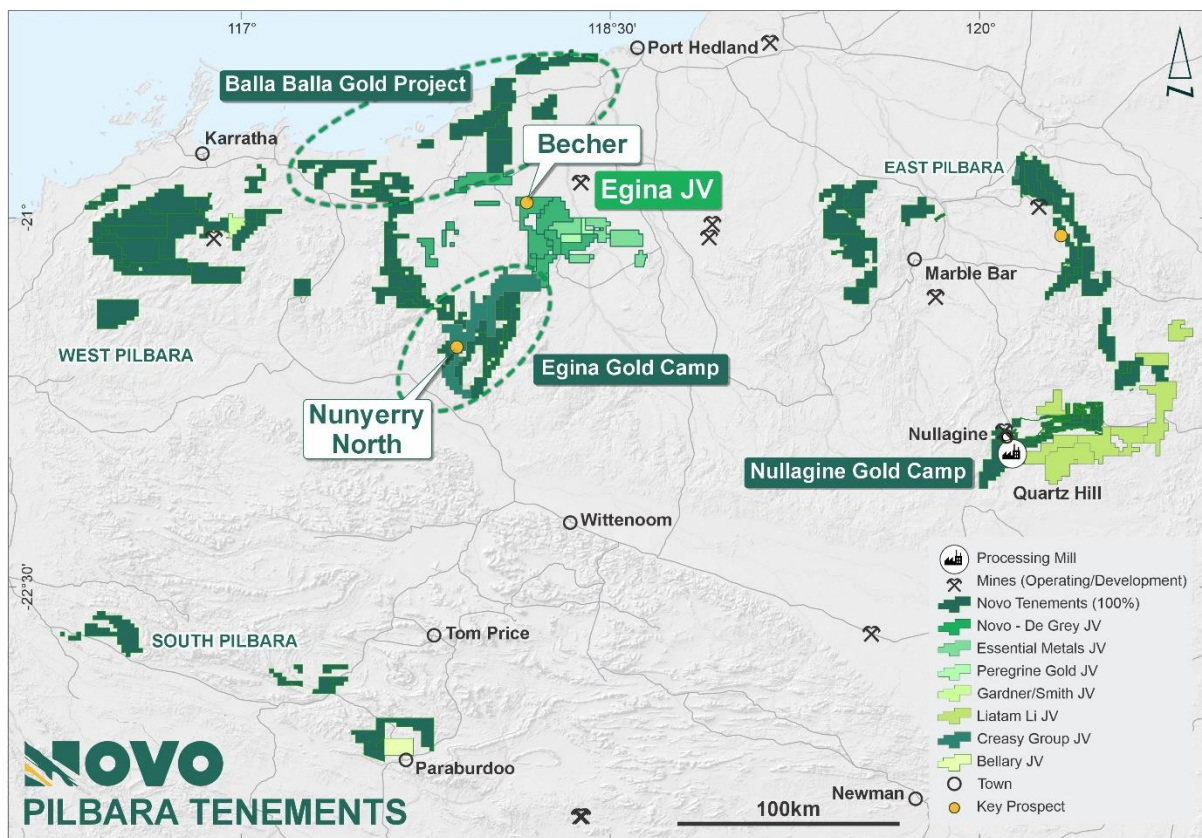


Figure 1 Novo's Pilbara Landholding, Project areas and priority prospects Sep-2023

The Egina Gold Camp is an 80km long contiguous tenement package, which hosts Novo’s most prospective targets. The tenure is targeted on a series of structurally complex, gold-fertile corridors and hosted by rocks of the Mallina Basin in the north and mafic / ultramafic sequences further south. These corridors trend towards De Grey’s Pilbara Gold Project to the north and northeast.

This tenure has been one of the focus areas for Novo's exploration programs over the past eighteen months, culminating in the Egina JO with De Grey (which provides for the potential spend of up to AUD \$25,000,000 by De Grey on the project within four years to earn a 50% interest), and delineation of the orogenic gold target at Nunyerry North. Exploration programs are progressing other structurally controlled gold targets along the major fault corridors extending towards the Becher area, to the northwest of Nunyerry North (Figure 2). Mineralisation defined along these fertile structures, includes shale-hosted gold and quartz vein related gold in sandstone, shale and gabbro.

The Nunyerry North prospect lies within Exploration License E47/2973, in the southern Egina Gold Camp, located 150km from Port Hedland. The tenement is subject to a Joint Operation agreement, with Novo holding a 70% interest and the remaining 30% held by Rockford Metals Pty Ltd, an entity of Mark Gareth Creasy.

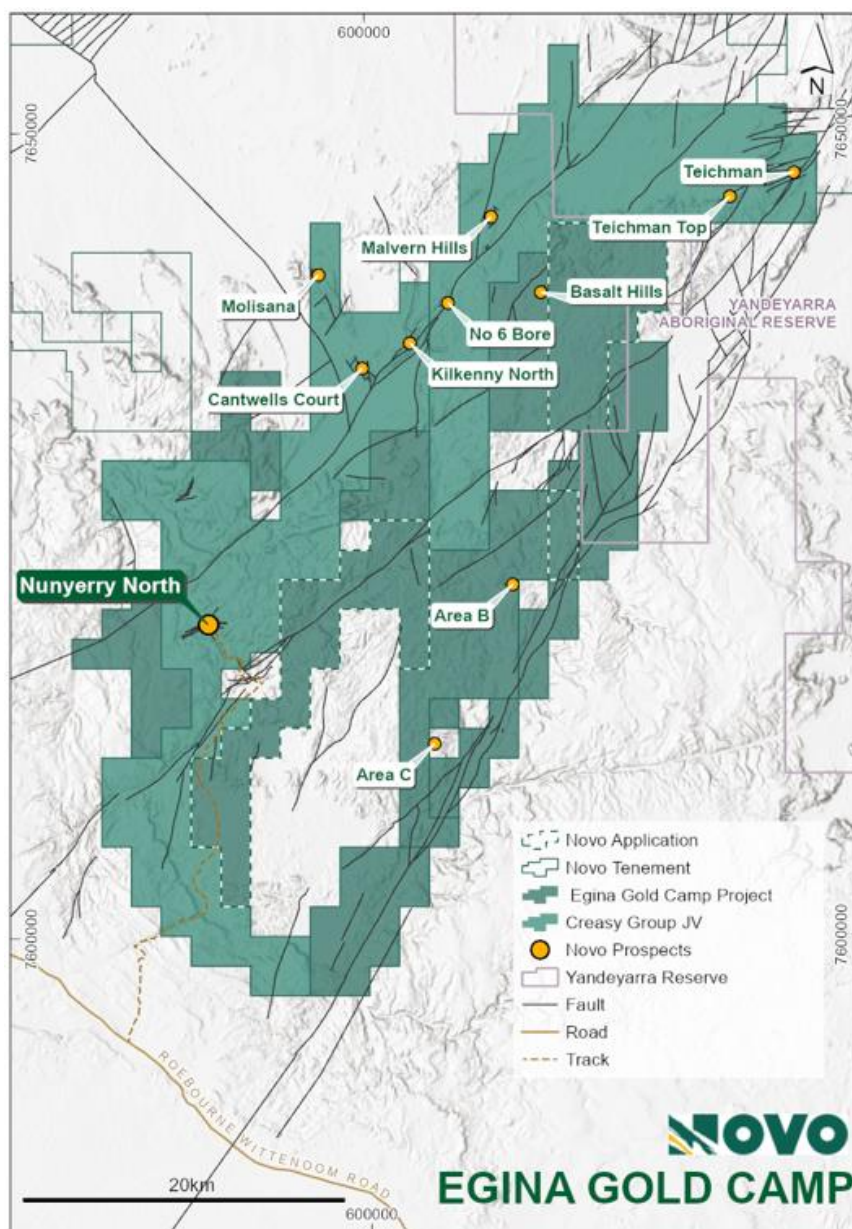


Figure 2 Southern Egina Gold Camp tenure showing significant Au prospects, location of Nunyerry North, and joint operation interests.

Novo commenced its maiden drill program at Nunyerry North on September 10, 2023 with a planned approximately 2,000m of RC drilling to focus on investigating structurally controlled gold targets and extensive gold in soil anomalies. A total of 17 RC holes (NC001-NC017) for 1,406 m were completed to September 30, 2023, across 5 sections, covering a strike length of approximately 200m. The initial drilling plan covers an area of some 500m strike over the main soil anomaly and peak rock chip results, where mapped vein densities are also optimal. Hole spacing over the main target area varies from a 20 x 40 to 60m spaced grid, with lower priority areas more broadly spaced. The average depth of drilling is 95m with a maximum depth of 120m planned in the first pass program. A north seeking gyro is to be used for down hole survey and samples dispatched initially for Au by PhotonAssay™ for rapid turnaround, with pXRF analysis of multielements conducted at site.

The primary focus of this current drill program is to target significant mineralised zones defined by surface exploration along the sizeable known strike extent. First pass drilling has initially targeted the western part of the main high-grade gold-in-soil anomaly (Figure 3) and is aimed at testing vein densities and grade, potential controls on mineralisation and establishing the dips of major shear zones such as the Skadi and Freyda Shears and the crosscutting Aurora Fault.

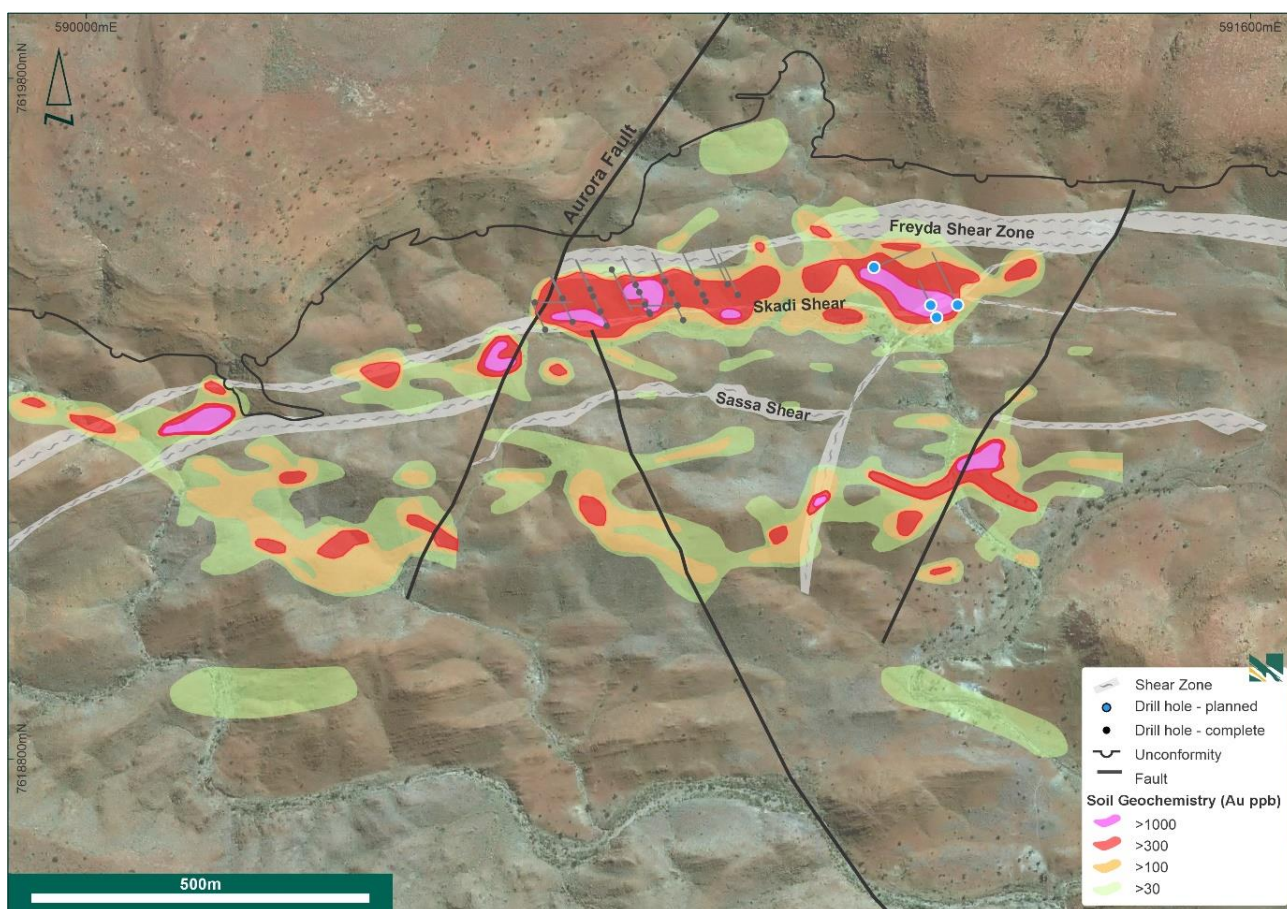
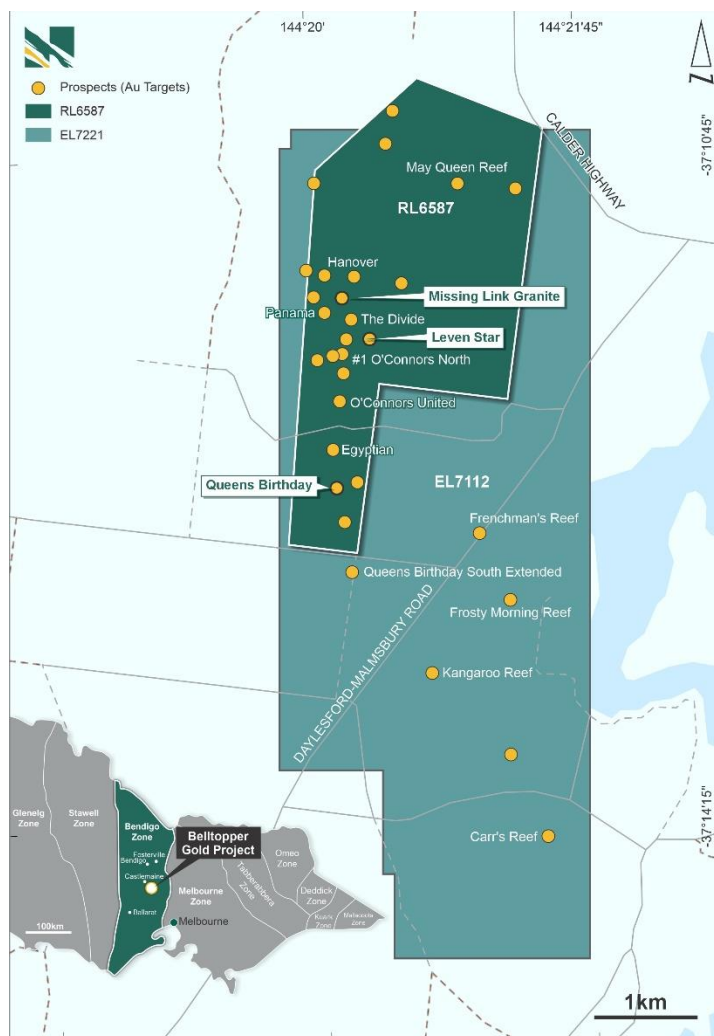


Figure 3: The broader Nunyerry North Project area highlighting contoured gold results from soil sampling at Nunyerry North and current drilling area.

De Grey took management control of the Egina JO in the northern Egina Gold Camp from July 1, 2023 and is planning a substantial drilling program of approximately 39,000m with a focus initially on the Becher Project. De Grey commenced AC drilling on October 1, 2023.

In Victoria, diamond drilling of multiple high-grade targets at the Belltopper Gold project in Victoria is scheduled to start in November 2023. Approximately 2,200m of drilling will test structural and intrusion hosted/related gold targets, including high tenor induced polarization (“IP”) geophysical anomalies.



Second and Final Completion with Creasy Group

⁷ Refer to the Company's news release dated [January 20, 2023](#).

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

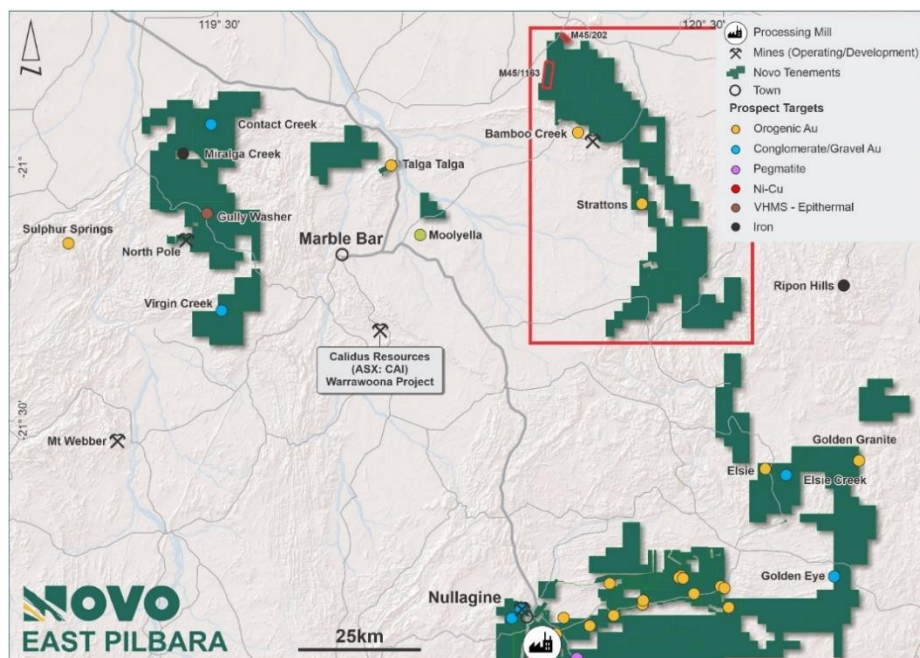


Figure 4 Mining leases in relation to Novo's Marble Bar tenure.

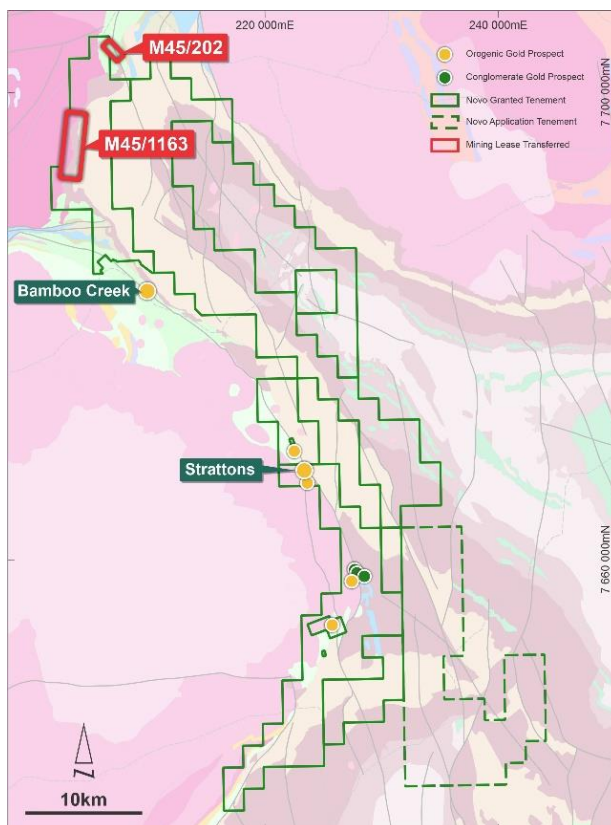


Figure 5 Bamboo Creek and Strattons Project targets.

Consolidation of Belltopper Gold Project, Victoria, Australia

On April 24, 2023⁶, the Company completed the acquisition of residual 50% interests in the Queens Project from Kalamazoo Resources Limited (ASX:KZR) (“**Kalamazoo**”) and the Malmsbury Project from GBM Resources Limited (ASX:GBZ) (“**GBM**”). The Company now holds a 100% interest in the Malmsbury and Queens Projects, referred to as the Belltopper Gold Project.

Malmsbury Project

Novo paid AUD \$1,000,000 (\$1,104,000) and issued 4,037,872 common shares and 2,018,936 transferable common share purchase warrants (collectively, the “**GBM Securities**”) to GBM for its residual 50% interest in the Malmsbury Project, with each warrant entitling GBM to purchase one additional common share of the Company at a price of \$0.60 until April 24, 2025. All of the GBM Securities, and any common shares of the Company issued upon exercise of such warrants, remain subject to a contractual hold period expiring on April 24, 2024.

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

Queens Project

Novo paid AUD \$750,000 (\$827,000) and issued 2,088,554 common shares (the “**Kalamazoo Securities**”) to Kalamazoo for its 50% interest in the Queens Project on an encumbrance-free basis. The royalty previously held by Kalamazoo has been terminated in conjunction with this acquisition. All of the Kalamazoo Securities remain subject to a contractual hold period expiring on April 24, 2024.

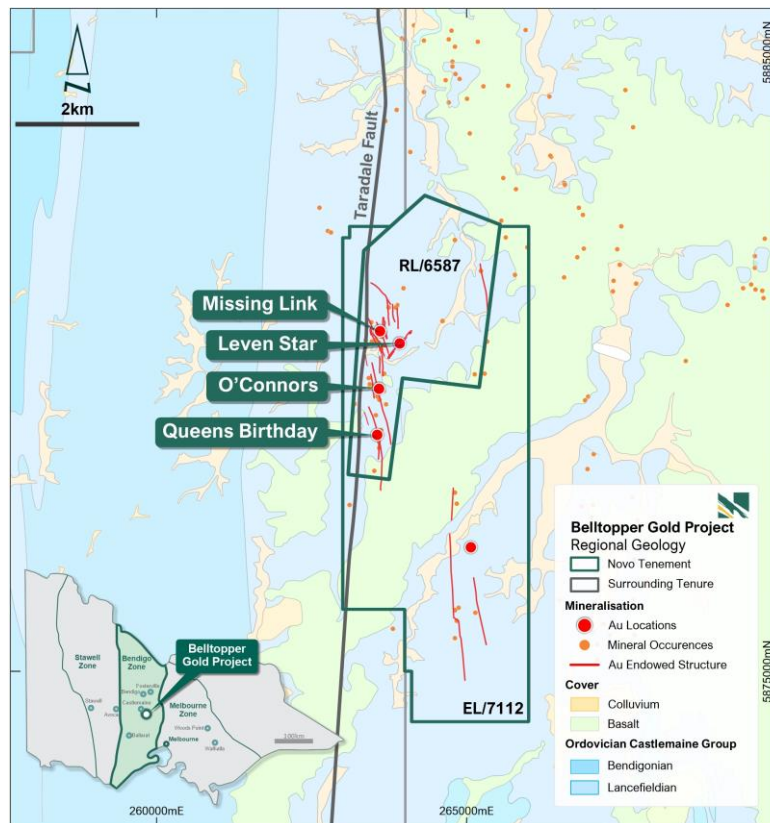


Figure 6 Geology and tenements of the Belltopper Gold Project.

SUSTAINABILITY

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 18. The Company continues to enhance its health and safety protocols, including its focus on implementing critical risk controls, behaviours, and culture, for its care and maintenance operations at the Beatons Creek Project and its Pilbara-wide and Victoria exploration efforts.

Environment

The Company works closely with the West Australian regulatory bodies, particularly the Department of Mines, Industry Regulation and Safety ("**DMIRS**"), the Department of Water and Environmental Regulation ("**DWER**"), and the Environmental Protection Authority, in order to ensure compliance with requisite regulations. Subsequent to the acquisition of Millennium⁸, the Company expended significant efforts interfacing with DMIRS and DWER to re-establish lasting and constructive relationships with these departments. The Company recognizes the importance of environmental stewardship, particularly given its vast landholdings in the Pilbara and its rehabilitation liabilities, and prioritizes environmental endeavours, including water stewardship.

Community

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

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

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

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

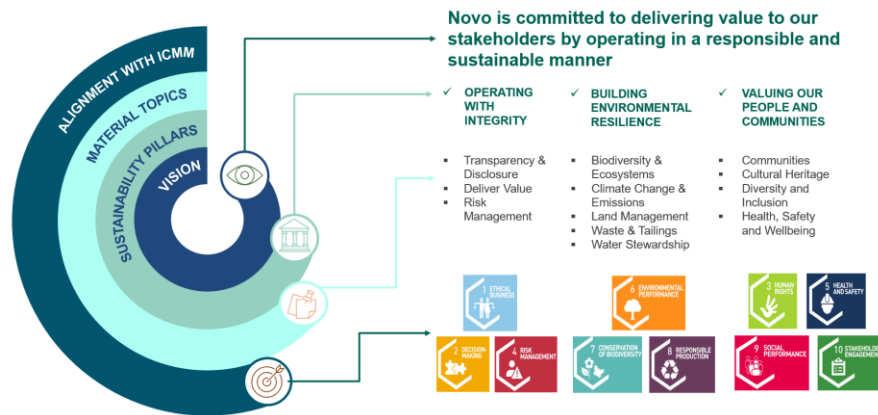


Figure 7 Novo sustainability strategy

FINANCIAL RESULTS

The following table contains quarterly information derived from the Q3 Financial Statements.

		For the three months ended		For the nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Total revenue	\$	-	27,987	-	89,547
Cost of goods sold	\$	-	(32,261)	-	(112,161)
General and exploration expenditure	\$	(7,262)	(11,378)	(23,747)	(34,319)
Impairment of non-current assets	\$	-	(48,255)	-	(48,255)
Care and maintenance costs	\$	(2,309)	-	(12,348)	-
Other (expenses) / income, net	\$	121	4,067	(333)	23,021
Finance items	\$	(240)	(873)	(529)	(8,093)
Income tax expense	\$	137	1,602	31	(596)
Net loss for the period after tax	\$	(9,553)	(59,111)	(36,926)	(90,856)
Basic and diluted loss per common share	\$/share	(0.04)	(0.24)	(0.13)	(0.37)

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

Net loss after tax was \$9,553,000 (Q3 2022 – \$59,111,000), incurred as a result of care and maintenance activities, exploration expenditure and general administration expenditure. The Company was no longer producing during Q3 2023. In Q3 2022 the loss was impacted by a loss from operations, additional exploration, administration expenditure and a non-cash impairment of non-current assets.

The Beatons Creek Project was transitioned into care and maintenance in Q4 2022, therefore no revenue or costs of sales were recognized in Q3 2023.

Gold and Sales Revenue

The Company did not generate any revenue in Q3 2023. The Company generated \$27,987,000 of revenue in Q3 2022.

Cost of Sales

The Company did not incur any cost of sales in Q3 2023. The Company incurred \$32,261,000 in cost of sales in Q3 2022.

Cost of sales in Q3 2022 included production costs, depreciation, depletion, royalties, and changes in inventories, reflecting the difference between produced and sold ounces. Depletion from the Beatons Creek Project was recognized on the remaining ounces in the Beatons Creek Project Oxide production profile and did not include any expense related to recoverable ounces from the Fresh production profile.

The Company didn't pay any royalties in Q3 2023 (Q3 2022 - \$1,901,000).

Other Expenses

General administration costs in Q3 2023 were \$2,094,000 as compared to \$3,205,000 in Q3 2022. The decrease was primarily due to a reduction in operation and the capitalisation of share issue costs as part of the ASX listing as well as a decrease in share-based payments. Share based payments were higher in Q3 2022 due to the expense associated with certain incentive stock options granted to employees and non-employees with production milestone-based vesting conditions.

Exploration expenditure in Q3 2023 totalled \$5,168,000 (Q3 2022 - \$8,173,000) and care and maintenance costs in Q3 2023 totalled \$2,309,000 (Q3 2022 – nil).

A non-cash impairment of non-current assets were recognised in Q3 2022, which comprise the Beatons Creek project CGU totalling \$48,255,000. No additional impairment was recognised in Q3 2023.

Other Income / expenses

Other income recognized during Q3 2023 totalled \$121,000 (Q3 2022 –\$4,067,000) and relates to a non-cash \$44,000 foreign exchange loss (Q3 2022 – gain \$123,000) offset by other income of \$165,000 (Q3 2022 - \$172,000). The warrants held in GBM expired in April 2023 (Q3 2022 – loss of \$5,000). Other income recognized during Q3 2022 included \$3,767,000 relating to a gain on a derivative asset held at fair value through profit and loss recognized in relation to the divestment of the Company's investment in New Found Gold Corp.

Finance Items

The Company incurred interest and finance costs of \$391,000 during Q3 2023 (Q3 2022 - \$1,155,000), including a net non-cash \$384,000 accretion expense (Q3 2022 – \$317,000) relating to the Company's rehabilitation provision.

Interest and finance costs included non-cash interest expenses of \$7,000 (Q3 2022 - \$207,000) 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 Q3 Financial Statements.

During Q3 2022, interest and finance costs included \$648,000 of cash and accreted interest expenses relating to the credit facility with Sprott Resource Lending Corp. and Sprott Private Resources Lending II (Collector), LP (the "**Credit Facility**") which was fully repaid in 2022, offset by a non-cash gain on the fair value of the derivative liability embedded within the Credit Facility of \$17,000.

Interest and finance costs were offset by interest earned of \$151,000 during Q3 2023 (Q3 2022 - \$282,000).

Other Comprehensive Loss

During Q3 2023, non-cash gain of \$305,000 (Q3 2022 – loss \$351,000) represented movement in the fair value of the Company's marketable securities. The Company's portfolio consists of holdings in listed and unlisted entities, including GBM, Kalamazoo, Elementum 3D, Inc. ("**E3D**"), and SCM.

During Q3 2023, the Company also recognized non-cash losses of \$2,569,000 (Q3 2022 – gain \$530,000) pertaining to the foreign exchange impact of the translation of subsidiary financial information. The Company's Australian subsidiaries, which incur most of the Company's expenditure, have an Australian dollar functional currency. Gains or losses are recognized upon translation of income and expenses and assets and liabilities denominated by the Company's Australian subsidiaries in Australian dollars into the Company's Canadian dollar presentation currency. The average foreign exchange rate was AUD \$0.8779 to CAD \$1.00 during Q3 2023 (Q3 2022 – AUD \$0.89241 to CAD \$1.00).

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Net loss after tax for the nine months ended September 30, 2023 was \$36,926,000 (September 30, 2022 - \$90,856,000) caused by a gross loss from operations and additional exploration and general administration expenditures.

Gold and Sales Revenue

For the nine months ended September 30, 2023, the Company generated no revenue (September 30, 2022 - \$89,547,000) due to the Beatons Creek project that transitioned to care and maintenance.

For the nine months ended September 30, 2023, the Company didn't produce or sell any gold. For the nine months ended September 30, 2022, the Company sold 38,168 ounces of gold at an average realized price of \$2,347 (AUD\$2,588 / USD\$1,823) per ounce generating \$89,547,000 in revenue. from contracts with customers. The average gold price over the nine months ended September 30, 2022, according to the World Gold Council was \$2,357 (AUD\$2,610 / USD\$1,810) per ounce.

During the nine months ended September 30, 2023, the Company didn't produce or sell any silver (September 30, 2022 – 4,962 ounces generating \$131,000 in additional revenue).

Cost of Sales

Total cost of sales for the nine months ended September 30, 2023 was nil compared to \$112,161,000 for the nine months ended September 30, 2022 as a result of the Beatons Creek project being transitioned to care and maintenance.

Royalties for the nine months ended September 30, 2023 were nil (September 30, 2022 of \$6,360,000). The reduction in royalty expense resulted from the Beatons Creek Project being transitioned to care and maintenance.

All production costs were incurred in Australian dollars. The average foreign exchange rate was AUD\$0.9000 to CAD\$1.00 during the nine months ended September 30, 2023 (September 30, 2022 – AUD\$0.9071 to CAD\$1.00).

Other Expenses

General administration costs for the nine months ended September 30, 2023 were \$9,626,000 as compared to \$10,757,000 for the nine months ended September 30, 2022. The decrease was primarily due to a decrease in wages and salaries as a result of the Beatons Creek Project being transitioned to care and maintenance and a decrease in share-based payments. Refer to *Financial Results - Three months ended September 30, 2023, compared to three months ended September 30, 2022 – Other Expenses*.

Exploration expenditures and care and maintenance costs for the nine months ended September 30, 2023 totalled \$14,121,000 (September 30, 2022 - \$23,562,000) and \$12,348,000 (September 30, 2022 – nil) respectively. The decrease in exploration expenditure is consistent with cost management as no income is generated by production following the Beatons Creek Project transitioning to care and maintenance.

Other Income / loss

Other net loss recognized during the nine months ended September 30, 2023 totalled \$333,000 (September 30, 2022 – other income of \$23,021,000) and relates to a non-cash \$925,000 foreign exchange loss (September 30, 2022 - \$309,000) and a non-cash \$8,000 loss from the decrease in the value of the warrants held in GBM (September 30, 2022 - \$215,000), offset by other income of \$600,000 (September 30, 2022 - \$1,270,000) Other income recognized for the nine months ended September 30, 2022 included \$22,275,000 relating to a gain on a derivative asset held at fair value through profit and loss recognized in relation to the divestment of the Company's investment in New Found Gold Corp. Refer to Note 5 of the Q3 Financial Statements.

Finance Items

The Company incurred interest and finance costs of \$1,134,000 during the nine months ended September 30, 2023 (September 30, 2022 - \$8,568,000), including \$1,106,000 of non-cash expense (September 30, 2022 – \$680,000) relating to rehabilitation provision accretion expense. Interest and finance costs included non-cash interest expenses of \$28,000 (September 30, 2022 - \$1,215,000) related to leases recognized pursuant to IFRS 16 Leases ("**IFRS 16**").

Interest and finance costs for the nine months ended September 30, 2022 included finance costs cash interest and accreted interest related to the Credit Facility of \$9,993,000 and a change in fair value of the derivative liability embedded within the Credit Facility of \$378,000. Refer to *Financial Results - Three months ended September 30, 2023 Compared to Three Months Ended September 30, 2022 – Finance Items* for recognition of the Credit Facility.

During the nine months ended September 30, 2022 , the Company recognised a gain of \$2,942,000 on the change in fair value of the Sumitomo Corporation liability and subsequent settlement⁹.

⁹ Refer to the Company's news release dated [April 21, 2022](#)

Other Comprehensive Loss

During the nine months ended September 30, 2023, non-cash income of \$3,773,000 (September 30, 2022 – \$29,244,000) represent movement in the fair value of the Company's marketable securities. The Q3 income is mostly driven by a revaluation of the Company's SCM holdings from USD \$0.25 per SCM share to USD \$2.40 per SCM share pursuant to SCM's equity financing which closed during Q1 2023. Refer to Note 5 of the Q3 Financial Statements.

During the nine months ended September 30, 2023, the Company also recognized non-cash losses of \$7,900,000 (September 30, 2022 – \$5,492,000) pertaining to the foreign exchange impact of the translation of subsidiary financial information. The Company's Australian subsidiaries, which incur most of the Company's operational expenditure, have an Australian dollar functional currency. Gains or losses are recognized upon translation of income and expenses denominated by the Company's Australian subsidiaries in Australian dollars into the Company's Canadian dollar presentation currency. Refer to *Cost of Sales* above for foreign exchange rate movement across the relevant periods.

LIQUIDITY AND CAPITAL RESOURCES

	September 30, 2023	December 31, 2022	December 31, 2021	11-month period ended December 31, 2020
	\$'000	\$'000	\$'000	\$'000
Cash	16,400	47,925	32,345	40,494
Short-term investments	144	152	108	195
Working capital ¹	13,496	33,695	3,925	14,071
Marketable securities	25,114	20,701	156,209	18,770
Available liquidity ¹	18,725	53,146	102,868	59,623
Total assets	209,692	256,161	462,682	456,408
Current liabilities excluding current portion of financial liabilities	4,095	12,365	19,805	12,083
Non-current liabilities excluding non-current portion of financial liabilities	38,360	41,935	36,342	28,615
Financial liabilities (current and non-current)	3,759	13,893	75,608	86,271
Total liabilities	46,214	68,193	148,420	126,969
Shareholders' equity	163,478	187,968	314,262	329,439

Available liquidity¹ totalled \$18,725,000 as at September 30, 2023 (December 31, 2022 - \$53,146,000) and represented the value of the Company's realizable assets. Refer to *Non-IFRS Measures* below.

The Company's available liquidity¹ has decreased since December 31, 2022 due to ongoing ordinary course of business expenditure including the stamp duty payment on the Millenium acquisition, a decrease in the value of certain marketable securities, and the payment of Canadian capital gains tax of \$6,160,000 on the divestment of the Company's investment in New Found Gold Corp (Refer to Note 5 of the Q3 Financial Statements).

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

In the recent Prospectus¹⁰, the Company included a use of funds statement covering the twelve month period following admission to ASX. That use of funds statement estimated a residual cash balance of AUD \$100,000 (\$87,000) at that time. The Company has now prepared a cash flow forecast that looks beyond this period, and through to the end of November 2024. That extended cash flow forecast takes into account working capital and operating cost assumptions, exploration costs, and capital expenditures, along with foreign exchange rates, and the ability to further realize marketable securities.

¹⁰ Refer to the Company's ASX IPO Prospectus dated [2 August 2023](#) at section 6.3.

Based on this, management has concluded that this could indicate a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Refer to Note 2 in the condensed interim consolidated financial statements.

Based on this management concluded that this could indicate a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Refer to Note 2 in the condensed interim consolidated financial statements.

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$'000	\$'000	\$'000	\$'000
Cash flow information				
Cash used in operations	(15,215)	(10,301)	(41,087)	(28,156)
Net cash (used in) / generated from investing activities	(5)	56,928	(1,512)	122,734
Net cash generated from / (used in) financing activities	4,778	(56,211)	11,093	(61,550)
Change in cash	(10,442)	(9,584)	(31,506)	33,028

Operating cash outflows totalled \$15,215,000 in Q3 2023 (Q3 2022 – \$10,301,000). The increase in cash outflows relates primarily to the stamp duty payment on the acquisition of Millenium.

Investing cash outflows totalled \$5,000 in Q3 2023 (Q3 2022 - inflow of \$56,928,000). This Q3 outflow relates to the Bellary Dome option extension (refer to Note 6 in the Q3 Financial statements). During Q3 2022, the Company received proceeds of \$57,038,000 from the sale of its investment in New Found Gold Corp., offset by the aggregate capital expenditure incurred of \$110,000.

During Q3 2023, the Company recognized \$4,778,000 (Q3 2022– outflows \$56,211,000) in financing cash inflows related to the dual listing on the ASX where 37,500,000 common shares/CDI's at AUD \$0.20 (\$0.18) were issued raising gross proceeds of \$6,554,000 (AUD \$7,500,000). This was offset by \$1,119,000 of share issue costs and \$659,000 relating to the principal portion of lease liabilities incurred pursuant to IFRS 16 (Q3 2022 - \$5,101,000). The remaining investing outflows for Q3 2022 totaling \$51,110,000 relates to the repayment of the Credit Facility.

Operating cash outflows totalled \$41,087,000 for the nine months ended September 2023 (September 30, 2022 – \$28,156,000). The increase in cash outflows relates primarily to the payment of the capital gains tax generated by the sale of the Company's investment in New Found Gold Corp and the stamp duty payment on the acquisition of Millenium.

During the nine months ended September 30, 2023, the Company incurred \$1,512,000 in investing activities (September 30, 2022 – inflow of \$122,734,000). This included capital expenditures for the period of \$7,000 (September 30, 2022 - \$2,388,000) and nil (September 30, 2022 - \$759,000) for development of the Beatons Creek Project. The cash outflows of \$1,547,000 (September 30, 2022 - \$44,000) pertained mainly to the acquisition of the remaining interest in Kalamazoo and GBM. In September 30, 2022, \$125,925,000 was received from the sale of the Company's investment in New Found Gold Corp.

During nine months ended September 30, 2023, the Company received \$11,093,000 (September 30, 2022 – outflow \$61,550,000) in financing cash inflows, relating to the private placement in which De Grey acquired 35,223,670 common shares in the Company and proceeds from the dual listing on the ASX of \$6,554,000. These proceeds were offset by share issue costs of \$1,750,000 and \$2,683,000 relating to the principal portion of lease liabilities incurred pursuant to IFRS 16 (September 30, 2022 - \$10,782,000). The remaining investing outflows for the nine months ended September 30, 2022 totaling \$51,110,000 relates to the repayment of the Credit Facility.

SELECTED FINANCIAL INFORMATION

Management is responsible for the Q3 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 Q3 Financial Statements and MD&A and makes recommendations to the Board, the Board has final approval of the Q3 Financial Statements and MD&A.

SUMMARY OF QUARTERLY RESULTS

The following information is derived from and should be read in conjunction with the Q3 Financial Statements and the consolidated financial statements for each of the past eight quarters which have been prepared in accordance with IFRS applicable to interim financial reporting, including IAS 34.

	3rd Quarter 2023 September 30, 2023	2nd Quarter 2023 June 30, 2023	1st Quarter 2023 March 31, 2023	4th Quarter 2022 December 31, 2022	3rd Quarter 2022 September 30, 2022	2nd Quarter 2022 June 30, 2022	1st Quarter 2022 March 31, 2022	4th Quarter 2021 December 31, 2021	3rd Quarter 2021 September 30, 2021
Revenue	\$'000	-	-	-	2,496	27,987	29,685	31,875	42,564
Net Profit / (Loss)	\$'000	(9,553)	(11,187)	(16,186)	(14,562)	(60,713)	(19,617)	(12,933)	84,334
Basic and Diluted Income (Loss)	\$/share	(0.04)	(0.04)	(0.06)	(0.42)	(0.24)	(0.08)	(0.05)	0.31

CASH RESOURCES AND GOING CONCERN

The Q3 Financial Statements have been prepared on a going concern basis, which contemplates continuity of business activities and the realization of assets and settlement of liabilities in the normal course of business.

For the nine months ended September 30, 2023, the Company reported operating cash outflows of \$41,086,000 (September 30, 2022: \$28,156,000) and investing cash outflows of \$1,512,000 (September 30, 2022: inflows of \$122,734,000). The Company had cash on hand and short-term investments of \$13,270,000 at November 8, 2023 and \$16,400,000 at September 30, 2023.

Based on the cash flow forecast, operating cost assumptions, exploration costs, and capital expenditures, along with foreign exchange rates, and the ability to further realize marketable securities, the Company's directors are satisfied that the going concern basis of preparation is appropriate.

Critical elements to managing the Company's cash flows and achieving the forecast cash flows and positive cash balance include managing forecast capital expenditure, determining forecast discretionary exploration expenditure, and realising additional liquidity from the potential to dispose of certain of the Company's assets at favourable prices, in acceptable timeframes, if required.

The directors will continue to manage the Company's activities including the ability to scale back planned projects if required to preserve cash, with due regard to current and future funding requirements. The directors may choose to secure additional funding by raising capital from equity markets or other sources should market conditions present favourable terms.

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

CONTRACTUAL OBLIGATIONS

As at September 30, 2023, the following contractual obligations were outstanding:

As at September 30, 2023	Within 1 year \$'000	Within 1-2 years \$'000	Within 2-3 years \$'000	Within 3+ years \$'000	Total \$'000
Trade and other payables	4,095	-	-	-	4,095
Leases	1,789	66	-	-	1,855

OFF-BALANCE SHEET TRANSACTIONS

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

CONTINGENCIES

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

RELATED PARTY TRANSACTIONS

During Q3 2023 and the three months ended September 30, 2023, 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 nine months ended	
		September 30, 2023 \$'000	September 30, 2022 \$'000	September 30, 2023 \$'000	September 30, 2022 \$'000
Non Executive Co-Chairman & Director	Director fees	33	29	103	88
Executive Co-Chairman & Director	Salary	110	111	338	340
Former CEO & Director	Salary	-	-	-	212
CFO & Corporate Secretary	Salary	152	62	317	217
Former VP, Corporate Communications	Consulting Fees	45	45	135	135
Independent Directors	Director Fees	60	60	189	180
Share Based Payments	Stock Options	210	458	622	1,822
Total		610	765	1,704	2,994

Details of these compensation arrangements are outlined in the Company's most recently filed Form 51-102F5 *Information Circular* (available under the Company's profile on SEDAR+ at www.sedarplus.ca with a filing date of October 13, 2023).

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

The Company's methodology for calculating the fair value of share-based payments is outlined in Note 2 of the Q3 Financial Statements. Share-based payments relating to these key management personnel and directors totalled \$210,000 during Q3 2023 (Q3 2022 - \$458,000) and \$622,000 for the nine months ended September 30, 2023 (September 30, 2022 - \$1,822,000).

CRITICAL ACCOUNTING ESTIMATES

The accounting policies and methods of application applied by the Company are outlined in the Q3 Financial Statements (refer to Note 2).

FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, other receivables, marketable securities, accounts payable, lease liabilities and accrued liabilities. The fair value hierarchy reflects the significance of inputs in making fair value measurements as follows:

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

The recorded amounts of cash, short-term investments, other receivables, accounts payable, accrued liabilities and lease liabilities approximate their respective fair values due to their short-term nature.

Financial Instruments carried at fair value:

- The marketable securities for listed shares are measured using Level 1 inputs. The fair value of marketable securities are measured at the closing market price obtained from the Australian Securities Exchange.
- The marketable securities balance for the GBM Warrants is measured using Level 2 inputs. The fair values of the GBM Warrants have been determined using a Black-Scholes option pricing model.

- The marketable securities balance held in E3D is measured using Level 3 inputs. The value of the shares held in E3D was determined using the fair value of USD \$6.27 which represents the price at which E3D raised funds during the year ended December 31, 2022 after deducting the value of a warrant which was included in E3D's financing. Refer to Note 5 of the Q3 Financial Statements.
- The marketable securities balance held in SCM is measured using Level 3 inputs. The value of the shares held in SCM was determined using the fair value of USD \$2.40 which represents the most recent price at which SCM raised equity funds. Refer to Note 5 of the Q3 Financial Statements.

	Fair Value Hierarchy			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
As at September 30, 2023				
Financial assets at Fair Value				
Marketable securities	1,022	-	24,092	25,114
Total September 30, 2023	1,022	-	24,092	25,114
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

	September 30, 2023 \$'000	December 31, 2022 \$'000
Reconciliation of the fair value measurement of Level 3 unlisted investments		
Opening balance	18,312	16,507
Additions / transfers	-	397
Remeasurement recognised through other comprehensive income	5,780	1,408
Remeasurement recognised through profit and loss	-	-
Closing balance	24,092	18,312

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management formally assessed the effectiveness of the Company's internal control over financial reporting as at September 30, 2023, and continues to do so on an on-going basis. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (also known as “**COSO 2013**”).

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

There have been no significant changes in the Company's internal controls during the period ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTSTANDING SHARE DATA

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

As of November 8, 2023, the following Common Shares, CDI's, Common Share purchase warrants ("Warrants"), and stock options were issued and outstanding:

	Number of shares	Exercise Price (C\$)	Expiry date
Common Shares *	341,945,455	-	-
Stock Options	2,945,000	3.57	January 6, 2025
Stock Options	3,000,000	1.89	November 6, 2026
Warrants	5,176,500	3.00	May 4, 2024
Warrants	3,205,128	0.60	December 22, 2024
Warrants	641,025	0.60	December 22, 2025
Warrants	2,018,936	0.60	April 24, 2025
Fully Diluted	358,932,044		

* Common shares include 37,874,120 CDIs listed on the ASX.

NON-IFRS MEASURES

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

Available liquidity

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

Available liquidity includes cash, short-term investments, and assets which are readily saleable within the next 12 months, including gold in circuit and stockpiles (in previous periods), receivables, marketable securities (to the extent that an established market exists for such marketable securities, they are free of any long-term trading restrictions, and sufficient historical volume exists to liquidate holdings within 12 months), and gold specimens. Refer to Notes 3, 4 and 5 of the Q3 Financial Statements.

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q3 Financial Statements.

	September 30, 2023	December 31, 2022	December 31, 2021	11-month period ended December 31, 2020
	\$'000	\$'000	\$'000	\$'000
Cash	16,400	47,925	32,345	40,494
Short-term investments	144	152	108	195
Gold in circuit	-	-	788	3
Stockpiles	-	-	4,732	565
Receivables	1,066	2,587	6,127	1,806
Marketable securities	1,021	2,381	58,691	16,477
Gold specimens	94	101	77	83
Available liquidity	18,725	53,146	102,868	59,623

Kalamazoo Resources Limited Ordinary Shares
GBM Resources Ltd Ordinary Shares

September 30, 2023				Adjusted value
# of shares	Share price	Foreign exchange		\$'000
10,000,000	\$0.10	0.872		872
11,363,637	\$0.02	0.872		149
				1,021

Kalamazoo Resources Limited Ordinary Shares
GBM Resources Ltd Ordinary Shares

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

Working capital

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

The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the Q3 Financial Statements.

	September 30, 2023	December 31, 2022
	\$'000	\$'000
Current assets	19,309	56,427
Current liabilities	5,813	22,732
Working capital	13,496	33,695

CAUTION ON FORWARD-LOOKING INFORMATION

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

Such factors include: the fluctuating price of gold; reliance on third parties to provide technical services and information, particularly with respect to assay turnaround timeframes; success of exploration, development; 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; 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 and Australia. 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.