

NOVO RESOURCES CORP.
(FORMERLY GALLIARD RESOURCES CORP.)
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
October 31, 2012

BACKGROUND

The following management discussion and analysis of the results of operations and financial condition (“MD&A”), prepared as of December 20, 2012, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Novo Resources Corp. (the “Company” or “Novo”), formerly known as Galliard Resources Corp., for the nine months period ended October 31, 2012, as well as the unaudited condensed interim consolidated financial statements for the nine months period ended October 31, 2011, and accompanying notes thereto. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and this discussion includes the results of the Company’s subsidiaries, Novo Resources (USA) Corp., Conglomerate Gold Exploration (B.V.I.) Ltd., Conglomerate Gold Exploration Pty Ltd., Nullagine Gold Pty Ltd., Beatons Creek Gold Pty Ltd. and Grant’s Hill Gold Pty Ltd.

During the nine months period ended October 31, 2012, the Company’s critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

As of January 1, 2011, the Company adopted IFRS and the following disclosure, and associated condensed consolidated interim financial statements, are presented in accordance with the International Accounting Standard 34, Interim Financial Reporting.

CAUTIONARY NOTE REGARDING FORWARDING LOOKING STATEMENTS

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, and U.S. dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company’s actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

DESCRIPTION OF BUSINESS

Novo Resources Corp. was incorporated on October 28, 2009 pursuant to the provision of the *Business Corporations Act* (British Columbia). The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties. The Company has entered into a farm-in and joint

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venture agreement (the "Millennium Agreement") on August 2, 2011 with Millennium Minerals Ltd. ("Millennium") that provides the Company with the exclusive right to earn a 70% interest (as to gold and minerals associated with and normally mined with gold) in the tenements comprising Mining Leases 46/9, 46/10 and 46/11 covering the Beatons Creek conglomerates located in Western Australia (the "Beatons Creek Tenements").

On June 26, 2012, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Welcome Stranger Mining Ltd. ("Welcome Stranger") for the prospecting license, mining information and title transfer of the P46/1747 tenement.

On July 16, 2012, the Company entered into four farm-in and joint venture agreements (each a "JVA") with the Creasy Group ("Creasy") of Western Australia whereby Nullagine Gold Pty Ltd. ("Nullagine Gold"), is entitled to earn a 70% interest (as to gold and minerals associated with and normally mined with gold, being "Gold Rights") in the prospecting, exploration and mining tenements and applications related to Creasy's 100% controlled Pilbara Paleo-Placer project. On September 7, 2012, the Company entered into a deed of variation agreement to recognize one addition tenement with respect to the JVAs. In total this project covers 33 tenements or applications for tenements (the "Properties") in the Nullagine embayment and Marble Bar sub-basin located in Western Australia.

The Company's common shares commenced trading on the Canadian National Stock Exchange ("CNSX") on June 14, 2010.

On June 27, 2011, the Company changed its name from Galliard Resources Corp. to Novo Resources Corp. On June 29, 2011, the Company's common shares began trading under the new symbol "NVO."

On August 14, 2012, the Company's shares commenced trading in the United States on the OTC market's prestigious tier, OTCQX International under the symbol of "NSRPF".

OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the unaudited condensed interim consolidated financial statements for the nine months period ended October 31, 2012 and the audited financial statements for the year ended January 31, 2012.

The statement of financial position as at October 31, 2012 indicates a cash and cash equivalents balance of \$535,452 (January 31, 2012 - \$5,141,201), GST and HST receivable of \$64,889 (January 31, 2012 - \$36,219) and prepaid expenses and deposits of \$27,068 (January 31, 2012 - \$19,351). Total current assets amount to \$627,409 (January 31, 2012 - \$5,196,771). The decrease in total current assets is mainly due to the purchase of marketable securities and for payments of various mineral property exploration and operating expenses during the nine months period ended. Operating expenses mainly include consulting fees related to geological, corporate communications, investor relations and management services provided by directors, officers and consultants of the Company, project investigations, legal fees related to the Company's general corporate matters, audit fees related to the Company's annual audit, advertising and promotion expenses, general office and administrative expenses and wages and salaries related to management, geological and administrative services provided to the Company.

Non-current assets at October 31, 2012 totaled \$7,732,485 (January 31, 2012 - \$3,739,477) and is comprised of marketable securities of \$4,110,164 (January 31, 2012 - \$2,795,572), equipment of \$8,571 (January 31, 2012 - \$10,083) and exploration and evaluation assets of \$3,613,750 (January 31, 2012 - \$933,822). The increase in non-current assets is mainly due to the purchase of marketable securities and increases in exploration expenditures on the Beatons Creek Tenements, Paleo-Placer Project and Grant's Hill Property.

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Current liabilities at October 31, 2012 totaled \$295,439 (January 31, 2012 - \$143,660). Shareholders' equity is comprised of share capital of \$9,135,753 (January 31, 2012 - \$8,754,431), share option and warrant reserves of \$662,637 (January 31, 2012 - \$138,012), accumulated other comprehensive loss of \$85,870 (January 31, 2012 - \$306,250), a deficit of \$1,611,442 (January 31, 2012 - \$406,105) and non-controlling interest loss of \$36,623 (January 31, 2012 - \$Nil). The decrease in shareholders' equity is mainly due to increased operating expenses incurred by the Company during the nine months period ended October 31, 2012.

Working capital, which is current assets less current liabilities, is \$331,970 at October 31, 2012 compared to \$5,053,111 at January 31, 2012. The decrease in working capital is mainly due to increased operating expenses incurred by the Company and from the purchase of marketable securities and increases in exploration expenditures during the nine months period ended October 31, 2012.

During the nine months period ended October 31, 2012, the Company reported a net loss of \$1,241,960 (October 31, 2011 - \$762,930) (\$0.04 basic and diluted loss per share) (October 31, 2011 - \$0.05 basic and diluted loss per share). Losses for the nine months period ended October 31, 2012 represent operating expenses of \$1,379,976 (October 31, 2011 - \$637,823) and non-operating item gains of \$138,016 (October 31, 2011 - losses of \$125,107). Operating expenses for the nine months period ended October 31, 2012, mainly include consulting fees of \$227,742 (October 31, 2011 - \$204,749), project investigations of \$224,884 (October 31, 2011 - \$229,472), legal fees of \$64,435 (October 31, 2011 - \$62,952), advertising and promotion of \$40,800 (October 31, 2011 - \$Nil), accounting fees of \$46,018 (October 31, 2011 - \$41,725); insurance expense of \$21,076 (October 31, 2011 - \$8,500); wages and salaries of \$63,712 (October 31, 2011 - \$2,218); rent expense of \$10,506 (October 31, 2011 - \$Nil); professional development of \$4,201 (October 31, 2011 - \$4,069); share-based payments of \$552,003 (October 31, 2011 - \$26,112); depreciation expense of \$1,512 (October 31, 2011 - \$Nil); filing fees of \$16,279 (October 31, 2011 - \$9,188); transfer agent fees of \$8,447 (October 31, 2011 - \$11,076); travel expenses of \$14,568 (October 31, 2011 - \$3,564); meals and entertainment of \$2,600 (October 31, 2011 - \$4,427); and office and miscellaneous of \$81,193 (October 31, 2011 - \$29,771). Non-operating items includes: interest income of \$23,945 (October 31, 2011 - \$12,641); foreign exchange gains of \$7,358 (October 31, 2011 - losses of \$3,111); unrealized holding gains on marketable securities (warrants) of \$106,713 (October 31, 2011 - \$Nil) and impairment of exploration and exploration and evaluation assets of \$Nil (October 31, 2011 - \$134,637).

As at October 31, 2012, the Company has no earnings and therefore finances exploration activities by the issuance of its common shares. The key determinants of the Company's operating results are the following:

- (a) the state of capital markets, which affects the ability of the Company to finance its exploration activities; and
- (b) the write-down and abandonment of mineral properties should exploration results provide further information that does not support the underlying value of such properties.

RESULTS OF OPERATIONS

Current Quarter

During the three months period ended October 31, 2012, the Company incurred a net loss of \$279,570 compared to a net loss of \$171,818 for the three months period ended October 31, 2011. The net loss in the three months period ended October 31, 2012 relates primarily to operating loss of \$471,581 (October 31, 2011 - \$173,105) and non-operating gains of \$192,011 (October 31, 2011 - \$1,287). The operating loss was mainly due to consulting fees of \$73,292 (October 31, 2011 - \$67,145) related to administration, geological, corporate communication, investor relations, computer services and management services

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provided by directors, officers and consultants of the Company; project investigation of \$24,652 (October 31, 2011 - \$59,333) related to legal services and geological activities investigating properties for future exploration potential; legal fees of \$19,018 (October 31, 2011 - \$4,417) related to corporate matters; share-based payments of \$231,339 (October 31, 2011 - \$5,007) related to the issuance of stock options; accounting fees of \$1,998 (October 31, 2011 - \$4,826) related to general audit and tax return services; advertising and promotion expenses of \$40,800 (October 31, 2011 - \$Nil) insurance expense of \$6,603 (October 31, 2011 - \$3,000) related to directors' and officers' liability insurance coverage, transfer agent fees of \$3,776 (October 31, 2011 - \$3,528) related to transfer agent services; filing fees of \$5,213 (October 31, 2011 - \$1,075) related to the CNSX's monthly listing fees; wages and salaries of \$14,132 (October 31, 2011 - \$Nil) were related to employee payroll; and other general office and administrative expenses of \$37,546 (October 31, 2011 - \$20,459) were mainly related to general and administrative expenses. The residual balance of \$13,212 (October 31, 2011 - \$4,315) is comprised of depreciation, meals and entertainment, professional development, rent and travel expenses. During the three months period ended October 31, 2012, non-operating items includes interest income of \$4,440 (October 31, 2011 - \$3,166). Other non-operating items include: foreign exchange gains of \$15,009 (October 31, 2011 - losses of \$1,879) related to the exploration expenditures and acquisition costs during the period that are denominated in Australian dollars and general operating expenditures for opening the US office that are denominated in US dollars; and an unrealized holding gain on marketable securities (warrants) of \$172,562 (October 31, 2011 - \$Nil) related to the fair value of the 7,000,000 non-transferable share purchase warrants of EurOmax Resources Ltd., 833,333 share purchase warrants of Prosperity Goldfields Corp. and 2,000,000 share purchase warrants of Evolving Gold Corp.

During the three months period ended October 31, 2012 the Company recognized an unrealized holding gain of \$100,188 (October 31, 2011 - \$Nil) in other comprehensive gain on the marketable securities (common shares) designated as available-for-sale instruments.

During the period from incorporation on October 28, 2009 to October 31, 2012, there were no operating revenues as the Company was still in the acquisition and exploration stage.

Due to the Company being in its early stage of development, management foresees further increases in the Company's expenses during the coming year resulting from its exploration activities. These expenses are contingent upon the Company's ability to fund these projects through private placements and other forms of financing. In the event that the Company does not receive the required funding, management will review all on-going expenditures and take appropriate actions to remedy the funding shortage.

Year-to-Date

During the nine months period ended October 31, 2012, the Company incurred a net loss of \$1,241,960 compared to a net loss of \$762,930 for the nine months period ended October 31, 2011. The net loss in the nine months period ended October 31, 2012 relates primarily to operating loss of \$1,379,976 (October 31, 2011 - \$637,823) and non-operating items gains of \$138,016 (October 31, 2011 - losses of \$125,107). The operating loss was mainly due to consulting fees of \$227,742 (October 31, 2011 - \$204,749) related to administration, geological, corporate communication, investor relations, computer services and management services provided by directors, officers and consultants of the Company; project investigation of \$224,884 (October 31, 2011 - \$229,472) related to legal services and geological activities investigating properties for future exploration potential; legal fees of \$64,435 (October 31, 2011 - \$62,952) related to corporate matters; share-based payments of \$552,003 (October 31, 2011 - \$26,112) related to the issuance of stock options; accounting fees of \$46,018 (October 31, 2011 - \$41,725) related to the previous year's financial statement audit and tax return services; advertising and promotion expenses of \$40,800 related to general corporate matters, insurance expense of \$21,076 (October 31, 2011 - \$8,500) related to directors' and officers' liability insurance coverage, transfer agent fees of \$8,447 (October 31, 2011 - \$11,076) related to transfer agent services; filing fees of \$16,279 (October 31, 2011 - \$9,188) related to the CNSX's monthly listing fees; wages and salaries of \$63,712 (October 31, 2011 -

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\$2,218) were related to employee payroll; and other general office and administrative expenses of \$81,193 (October 31, 2011 - \$29,771) were mainly related to general and administrative expenses. The residual balance of \$33,387 (October 31, 2011 - \$12,060) is comprised of depreciation, meals and entertainment, professional development, rent and travel expenses. During the nine months period ended October 31, 2012, non-operating items includes interest income of \$23,945 (October 31, 2011 - \$12,641). Other non-operating items include: foreign exchange gains of \$7,358 (October 31, 2011 – losses of \$3,111) related to the exploration expenditures and acquisition costs during the period that are denominated in Australian dollars and general operating expenditures for opening the US office that are denominated in US dollars; an unrealized holding gains on marketable securities (warrants) of \$106,713 (October 31, 2011 - \$Nil) related to the fair value of the 7,000,000 non-transferable share purchase warrants of EurOmax Resources Ltd., 833,333 share purchase warrants of Prosperity Goldfields Corp. and 2,000,000 share purchase warrants of Evolving Gold Corp.; and the write-off of mineral property of \$Nil (October 31, 2011 - \$134,637) related to the abandonment of the Enterprise Property.

During the nine months period ended October 31, 2012 the Company recognized an unrealized holding loss of \$392,120 (October 31, 2011 - \$Nil) in other comprehensive gain on the marketable securities (common shares) designated as available-for-sale instruments.

During the period from incorporation on October 28, 2009 to October 31, 2012, there were no operating revenues as the Company was still in the acquisition and exploration stage.

Due to the Company being in its early stage of development, management foresees further increases in the Company's expenses during the coming year resulting from its exploration activities. These expenses are contingent upon the Company's ability to fund these projects through private placements and other forms of financing. In the event that the Company does not receive the required funding, management will review all on-going expenditures and take appropriate actions to remedy the funding shortage.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight most recently quarters of operation. This information is derived from unaudited quarterly financial statements prepared by management. The financial data for the quarter ended January 31, 2011 are prepared in accordance with Canadian Generally Accepted Accounting Principles. The financial data for the quarters ended from April 30, 2011 to October 31, 2012 are prepared in accordance with IFRS.

	3rd Quarter 2013 October 31, 2012	2nd Quarter 2013 July 31, 2012	1st Quarter 2013 April 30, 2012	4th Quarter 2012 January 31, 2012	3rd Quarter 2012 October 31, 2011	2nd Quarter 2012 July 31, 2011	1st Quarter 2012 April 30, 2011	4th Quarter 2011 January 31, 2011
Net Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income Gain/(Loss)	(279,570)	(488,038)	(474,352)	775,408	(171,818)	(281,906)	(309,208)	(89,024)
Basic and Diluted Loss Per Share	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.00)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.01)

Overall, advertising and promotion, accounting fees, consulting fees, project investigation, share-based payments, legal fees, wages and salaries and general office and administrative expenses were the major components that caused variances in net loss from quarter to quarter. During the three months period ended October 31, 2012, the major expenses of the Company were the advertising and promotion

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expenses of \$40,800, consulting fees of \$73,292, project investigation of \$24,652, legal fees of \$19,018, wages and salaries of \$14,132, share-based payments of \$231,339 and general office and administrative expenses of \$37,546. During the three months period ended October 31, 2012, operating expenses were mitigated by non-operating items such as interest income of \$4,440.

MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Enterprise Property

On July 16, 2011, the Company terminated the Enterprise Property option agreement and returned the mineral claims to the Optionor. As a condition to terminate the option agreement, the Company paid \$35,274 to the Optionor. The Company wrote off the exploration and evaluation assets relating to the Enterprise Property.

Millennium Property

On August 2, 2011, the Company entered into a farm-in and joint venture agreement (the "Millennium Agreement") with Millennium Minerals Ltd. ("Millennium"). As consideration for the farm-in right to earn the 70% interest in and to the Beatons Creek Tenements, the Company issued 1,293,875 common shares to Millennium. In order to earn a 70% interest in the Beatons Creek Tenements, the Company must issue to Millennium such number of common shares of the Company having a value of AUD\$500,000, incur expenditures on the Beatons Creek Tenements of not less than AUD\$1,000,000 by the second anniversary of the effective date, including not less than AUD\$500,000 by the first anniversary of the effective date, and procuring (at its cost) a bankable feasibility study in respect of the gold rights before the fifth anniversary of the effective Date. The Company will solely fund all expenditures on the Beatons Creek Tenements required under the Mining Act 1978 (Western Australia) in relation to gold rights, and Millennium will not be required to fund any such expenditures on the Beatons Creek Tenements during the farm-in period. Millennium will bear costs associated with exploring for and recovering minerals other than gold.

As at October 31, 2012, the Company has completed the following requirements to fulfill its obligation under the Millennium Agreement:

Date	Shares	Exploration Expenditures
Upon signing of the Millennium Agreement	1,293,875 shares (Issued)	-
August 2, 2012	-	\$500,000 AUD (Completed)
August 2, 2013	-	\$500,000 AUD (Completed)
Total	1,293,875 shares (Issued)	\$1,000,000 AUD (Completed)

On December 16, 2011, the Company and Millennium entered into a tribute agreement (the "Tribute Agreement") with Gravity Gold Pty Ltd. ("Gravity Gold") by which Gravity Gold is entitled to produce gold from alluvial deposits at the Beatons Creek Tenements. Gravity Gold will pay a 10% production royalty to the Company on all gold production. The Tribute Agreement has a maximum term of three years. The Company is focused on exploring for the bedrock source of this alluvial gold mineralization, and any activities conducted by Gravity Gold during mining of alluvial deposits will not interfere with the Company's exploration efforts.

Paleo-Placer Project

On July 16, 2012, the Company entered into four farm-in and joint venture agreements (each a "JVA") with the Creasy Group ("Creasy") of Western Australia whereby Nullagine Gold Pty Ltd., is entitled to earn a 70% interest (as to gold and minerals associated with and normally mined with gold, being "Gold

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Rights”) in the prospecting, exploration and mining tenements and applications related to Creasy's 100% controlled Pilbara Paleo-Placer project. This project covers 32 tenements or applications for tenements (the "Properties") in the Nullagine embayment and Marble Bar sub-basin located in Western Australia.

Nullagine Gold is held 100% by Conglomerate Gold Exploration Pty Limited (“CGE”), an Australian subsidiary of Novo. As consideration for the farm-in right to acquire a 70% interest in all Gold Rights, the Company must spend AUD\$1 million on exploration expenditure across the Properties. Nullagine Gold will become a registered holder of a 70% legal interest in 30 of the 32 tenements. Creasy's interests under each JV will be free carried for all exploration related expenditures. Upon completion of the joint venture, Creasy will retain a 30% interest in all Gold Rights with respect to the Properties, as well as 100% of rights to all other minerals. Creasy will then hold a 30% legal interest in 30 of the 32 tenements and 100% of the remaining 2 tenements (but subject to Nullagine Gold's Gold Rights). CGE will reimburse past exploration expenditure on the Properties by Creasy, as verified by CGE, up to a maximum of AUD\$5.5 million. The reimbursement is contingent on CGE achieving a listing on a recognized stock exchange (an “IPO”) within 4 years of the execution of the JVA's. The reimbursement will be paid from net funds raised in an IPO (if completed) and subsequent funding rounds (if completed), capped at 10% of net funds from each round, until the verified expenditure is reimbursed.

If CGE has not achieved an IPO within 4 years, the Properties will be returned to 100% ownership by Creasy at no cost, unless otherwise agreed. If a mining decision is made under any of the JVA's following a bankable feasibility study but Creasy elects not to participate in mining, its interest in relation to that mining area and the underlying ground will be transferred to Nullagine Gold and converted to a 1% net smelter royalty.

CGE and Creasy have also entered into a CGE Shareholders Agreement and a CGE Share Issue Agreement. Novo initially controls 63.33% of the issued shares in CGE and Creasy controls 36.67%. CGE is entitled to spend (via Nullagine Gold and Beatons Creek Gold) up to a further AUD\$3.5 million in aggregate on the Properties and the Beatons Creek tenements to increase its shareholding in CGE to 81% (and reducing Creasy's interest to 19%), subject to a maximum included expenditure on Beatons Creek of AUD\$2 million. Creasy is obliged to use its best endeavours to negotiate a right for Nullagine Gold to participate in an existing adjacent joint venture to which Creasy is a party, including bringing certain ground within that joint venture. In return, Creasy's and one other party's interests under that joint venture with respect to exploration expenditure will be free carried by Nullagine Gold and CGE will reimburse AUD\$125,000 to Creasy. If CGE achieves an IPO it will also issue AUD\$50,000 of shares in CGE to a former tenement holder. If Creasy does not satisfy the obligation prior to an IPO of CGE (if completed) then Creasy will forfeit 23.3% of its shareholding in CGE. Prior to an IPO of CGE (if completed) that 23.3% of CGE shares shall have no voting or dividend rights. If the obligation is satisfied then the ground within that joint venture will be included within the minimum expenditure commitments and additional expenditure entitlements referred above.

Novo has entered into loan agreements with its subsidiaries to fund their obligations under the JVA's. Novo has guaranteed performance of those obligations. Novo is entitled to be reimbursed up to AUD\$500,000 for IPO related costs of CGE (if completed) and stamp duty costs of Nullagine Gold.

Grant's Hill Property

On June 26, 2012, the Company entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with Welcome Stranger Mining Ltd. (“Welcome Stranger”). As consideration for the prospecting licence, mining information and title transfer of the P46/1747 tenement, the Company paid AUD\$60,000 plus GST to Welcome Stranger.

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The exploration and evaluation assets are comprised as follows:

	Beatons Creek	Enterprise	Grant's Hill	Paleo-Placer	Total
	\$	\$	\$	\$	\$
Balance, January 31, 2012	933,822	-	-	-	933,822
Acquisition Costs	-	-	68,046	286,256	354,302
Exploration Expenditures:					
Accommodation & Messing	42,315	-	-	10,025	52,340
Administration	4,663	-	-	4,206	8,869
Analysis and surface samples	-	-	-	1,086	1,086
Computer Drafting	4,441	-	-	8,600	13,041
Courier	166	-	-	225	391
Data Processing	68,521	-	-	-	68,521
DEM's data	415	-	-	495	910
Distillate	5,554	-	-	2,085	7,639
DOW digital data	85	-	-	-	85
Drill rig access	-	-	-	5,686	5,686
Drill site access	96,155	-	-	-	96,155
Drill site preparation	9,213	-	-	-	9,213
Drill supervision	34,454	-	-	-	34,454
Drilling	924,542	-	-	-	924,542
Field Staff	150,709	-	510	47,869	199,088
Field Supplies	32,113	-	-	2,983	35,096
Freight	23,104	-	-	465	23,569
General prospecting	2,479	-	-	-	2,479
Geochemical sampling, analysis and interpretati	-	-	-	10,210	10,210
Geology	34,673	-	-	39,852	74,525
Geology compilation	5,453	-	-	4,090	9,543
Helicopter Sampling	-	-	-	30,348	30,348
Heritage Survey	35,002	-	-	14,697	49,699
IT maintenance	102	-	-	409	511
Legal	5,313	-	-	21,058	26,371
Maps	13,272	-	1,361	14,950	29,583
Plans (in house)	829	-	-	-	829
Program Planning	35,658	-	-	14,764	50,422
Reports	3,222	-	-	4,431	7,653
Project Supervision	49,665	-	-	18,618	68,283
Rock Samples/Laboratory	331,187	-	-	15,504	346,691
Stationary	425	-	-	518	943
Storage Charges	5,996	-	-	-	5,996
Telephone	2,605	-	-	863	3,468
Tenement Administration	1,273	-	510	5,973	7,756
Tenement Management	2,169	-	-	-	2,169
Tenements	3,899	-	-	20,435	24,334
Travel Local	39,447	-	-	14,918	54,365
Unleaded	68	-	-	1,122	1,190
Vehicle Hire	32,212	-	125	5,184	37,521
Vehicle maintenance	52	-	-	-	52
	2,001,451	-	2,506	321,669	2,325,626
Balance, October 31, 2012	2,935,273	-	70,552	607,925	3,613,750

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	Beatons Creek	Enterprise	Grant's Hill	Paleo-Placer	Total
	\$	\$	\$	\$	\$
Balance, February 1, 2010	-	43,063	-	-	43,063
Acquisition Costs	-	50,000	-	-	50,000
	-	50,000	-	-	50,000
Exploration Expenditures:					
Geological Services	-	2,414	-	-	2,414
Claim Renewal Fee	-	3,886	-	-	3,886
	-	6,300	-	-	6,300
Balance, January 31, 2011	-	99,363	-	-	99,363
Acquisition Costs	520,274	-	-	-	520,274
	520,274	-	-	-	520,274
Exploration Expenditures:					
Data Processing	16,959	-	-	-	16,959
Distillate	215	-	-	-	215
Drilling	241,416	-	-	-	241,416
Field Supplies	8,503	-	-	-	8,503
General Administration	5,880	-	-	-	5,880
Geological Services	52,369	-	-	-	52,369
Maps	620	-	-	-	620
Miscellaneous	956	-	-	-	956
Project Supervision	32,666	-	-	-	32,666
Rock Samples	12,124	-	-	-	12,124
Surveying	7,294	-	-	-	7,294
Tenements	9,175	-	-	-	9,175
Travel & Accomodation	25,371	-	-	-	25,371
	413,548	-	-	-	413,548
Option agreement termination payment	-	35,274	-	-	35,274
Impairment of exploration and evaluation assets	-	(134,637)	-	-	(134,637)
Balance, January 31, 2012	933,822	-	-	-	933,822

Exploration Highlights

Beatons Creek Tenements

Since beginning Phase Two drilling at Grants Hill in late August, the Company has completed 107 vertical reverse circulation drill holes totaling approximately 12,000 meters in an area roughly 800 meters northeast-southwest and 700 meters southeast-northwest. The holes range from 45-200 meters deep and target the same series of shallowly dipping, gold-bearing conglomerate reefs tested by the first 43 drill holes completed earlier this year. Reverse circulation drilling was completed on November 30, 2012. Assays from fifty-four holes from this program have been announced as of the news release dated November 15, 2012, and results from the remaining 53 holes are expected back by January, 2013. Planned core drilling schedule for December has been delayed till 2013 due to recent heavy rains in the Nullagine area.

In addition to the 107 holes drilled at Grants Hill, the Company completed nineteen holes at the Golden Crown Hill target about 500 meters northeast of Grants Hill, its first drill test of this target. Gold-bearing conglomerates at Golden Crown Hill closely resemble those at Grants Hill. Seven short holes were

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completed at yet another target called Ronkies Reef situated about 8 kilometers south of Grants Hill. This target is a recently discovered gold-bearing conglomerate sequence discovered through mapping and sampling in August, 2012. Results from drill holes at Golden Crown Hill and Ronkies Reef are expected back by January, 2013.

Results from Phase Two drilling at Grants Hill support earlier, very positive results from Phase One drilling by the Issuer. Recent holes have returned 14 meters at 3.68 grams per tonne gold, 17 meters at 1.80 grams per tonne gold, 11 meters at 2.56 grams per tonne gold, 9 meters at 8.98 grams per tonne gold and 12 meters at 6.16 grams per tonne gold. Although conglomerates dip at an angle of about 12-15 degrees along the basin edge, recent results confirm that they flatten to nearly horizontal further northwest. This indicates these rocks may underlie a much larger area at shallow depths (<100 meters). Because of these continued positive results, the Issuer is planning to undertake aggressive step-out drilling at Grants Hill in 2013.

Pilbara Paleo-Placer Project

At Marble Bar, the Issuer has followed up several stream sediment anomalies to discover outcropping conglomerates in multiple locations. Sampling of some of these conglomerates has returned anomalous gold grades up to 4 grams per tonne. In order to meet work expenditure requirements for the Marble Bar tenements, a three-hole stratigraphic drill test was completed at a location near the eastern margin of the basin in mid-November. Data from these holes provide indications of depth to the targeted reef in this area which will help guide further drilling in 2013. The Company plans to drill several targets at Marble Bar in 2013.

FINANCING ACTIVITIES

During fiscal 2012:

- (a) On November 30, 2011, the Company completed a non-brokered private placement of 14,782,500 units at a price of \$0.40 per unit for gross proceeds of \$5,913,500. Each unit consists of one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.60 per share for a period of 2 years from the closing date of the private placement. As part of the private placement, the Company incurred share issuance costs of \$1,544.

During fiscal 2013:

- (a) During the period ended October 31, 2012, a total of 86,346 IPO agent's share purchase warrants were exercised at a price of \$0.20 for gross proceeds of \$17,269. A total of \$9,916 of the reserve balance was reversed and credited to the share capital account.
- (b) During the period ended October 31, 2012, a total of 589,500 share purchase warrants issued from the January 10, 2011 private placement were exercised at a price of \$0.50 for gross proceeds of \$294,750.
- (c) During the period ended October 31, 2012, a total of 45,500 share purchase warrants issued from the November 30, 2011 private placement were exercised at a price of \$0.60 for gross proceeds of \$27,300.
- (d) During the period ended October 31, 2012, a total of 32,500 stock options issued from the February 20, 2012 grant were exercised at a price of \$0.45 for gross proceeds of \$14,625. A total of \$17,462 of the reserve balance was reversed and credited to the share capital account.

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- (e) On December 12, 2012, the Company closed its brokered private placement raising gross proceeds of \$3,767,010 by the issuance of 5,795,400 units (each a "Unit") at a price of \$0.65 per Unit. Each Unit consists of one (1) common share and one (1) common share purchase warrant (each a "Warrant").
- (f) December 18, 2012, the Company announced that it intended to undertake a brokered private placement (the "Financing") to raise gross proceeds of \$1,000,025 by the issuance of 1,538,500 subscription receipts (each a "Receipt") at a price of \$0.65 per Receipt. Each Receipt will be convertible, at no additional cost, into one unit (each a "Unit") upon the satisfaction of certain conditions. Each Unit will consist of one common share of Novo and one common share purchase warrant (each a "Warrant"). Each Warrant will entitle the holder thereof to purchase one additional common share of Novo at a price of \$0.90 per share for a period of 24 months from the date of issue. The Warrants are subject to an accelerated expiry whereby if, at any time following the expiry of the statutory hold period, the volume weighted average trading price of Novo's common shares is equal to or exceeds \$1.20 for any 20 consecutive trading days, Novo may give notice to the Warrant holders that the Warrants will expire on the 31st calendar day following the date of the notice.

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2012, the Company had cash and cash equivalents balance of \$535,452 compared to \$5,141,201 as at January 31, 2012. The Company had working capital as at October 31, 2012 of \$331,970 compared to working capital of \$5,053,111 as at January 31, 2012. The decrease in working capital is mainly due to the purchase of marketable securities and increased operating expenses incurred by the Company during the nine months period ended October 31, 2012.

Cash used in operating activities during the nine months period ended October 31, 2012, was \$786,361 (October 31, 2011 - \$598,014), the increase over the period relates mainly to increases in advertising and promotion expenses, consulting services, insurance expense, share-based payments, wages and salaries and general office and administrative expenses.

Cash used for investing activities during the nine months period ended October 31, 2012 was \$4,173,332 (October 31, 2011 - \$38,043). The Company's principal investing activity is the acquisition and exploration of its resource property. During the nine months period ended October 31, 2012, the Company incurred \$2,325,626 (October 31, 2011 - \$530,885) on its resource property. During the nine months period ended October 31, 2012, the Company acquired, from a securities purchase agreement, 1,987,527 common shares and 833,333 share purchase warrants of Prosperity Goldfields Corp., for a total investment of \$1,000,000 and acquired from participating in a non-brokered private placement, 2 million common shares and 2 million share purchase warrants of Evolving Gold Corp., for a total investment of \$600,000.

Cash provided by financing activities during the nine months period ended October 31, 2012 was \$353,944 (October 31, 2011 - \$28,179). During the nine months period ended October 31, 2012, the Company issued common shares upon the exercise of share purchase warrants for gross proceeds of \$339,319 and exercises of stock options for gross proceeds of \$14,625.

As at the date of this MD&A, the contractual obligation of the Company are the Millennium Agreement and the JVA's. Reference should be made to the section titled: Mineral Properties and Deferred Exploration Expenditures.

Going Concern

At present, the Company's operations do not generate cash flow and its financial success is dependent

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on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral property, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

OFF BALANCE SHEET TRANSACTIONS

There are currently no off balance sheet arrangements which could have a material effect on current or future results of operations, or the financial condition of the Company.

RELATED PARTY TRANSACTIONS

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Key Management Personnel Disclosures*

During the period ended October 31, 2012 and 2011, the following amounts were incurred with respect to the Chief Executive Officer, the Chief Financial Officer and directors of the Company:

	October 31, 2012	October 31, 2011
	\$	\$
Consulting services	117,250	53,932
Wages and salaries	113,386	-
Wages and salaries included in exploration and evaluation assets	71,652	-
Share-based payments	197,706	26,112
	<u>499,995</u>	<u>80,044</u>

As at October 31, 2012, \$Nil (January 31, 2012 - \$Nil) remained unpaid.

(a) *Other Related Party Disclosures*

During the period ended October 31, 2012 and 2011, the following amounts were incurred with respect to a corporation controlled by the Chief Financial Officer:

	October 31, 2012	October 31, 2011
	\$	\$
Consulting services	90,000	90,000
Share-based payments	-	-
	<u>90,000</u>	<u>90,000</u>

As at October 31, 2012, \$Nil (January 31, 2012 - \$Nil) remained unpaid.

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PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the unaudited condensed interim consolidated financial statements for the nine months period ended October 31, 2012.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (a) the provision for income taxes which is included in the consolidated statements of comprehensive income (loss) and composition and quantification of deferred income tax assets and liabilities included in the consolidated statement of financial position.
- (b) the recoverability of exploration and evaluation assets in the consolidated statements of financial position.

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development

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assets.

All capitalized exploration and evaluation assets are is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the exploration and evaluation asset is not expected to be recovered, it is charged to the results of operations.

- (c) the inputs used in accounting for share-based payment expense in the statements of comprehensive income (loss).

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

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

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

- (d) the inputs used in accounting for the fair value of agent's warrants reported as share issuance cost.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in the warrant reserve.

- (e) the inputs used to measure the fair value of marketable securities (warrants) that are not traded in an active market.

Investments in shares of companies over which the Company exercises neither control nor significant influence are designated as available-for-sale and recorded at fair value. Fair values are determined by reference to quoted market prices at the reporting date. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income. When available-for-sale investments are sold, the cumulative fair value adjustments previously recorded in other comprehensive income are recognized in the income (loss) as gain or loss on marketable

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securities.

Investments in warrants of companies over which the Company exercises neither control nor significant influence are designated as derivatives despite the fact they are generally held for long-term investment purposes. Warrants are recorded at fair value, with fair values determined by a Black-Scholes option pricing model at the statement of financial position date. Unrealized gains and losses on warrants are recognized in income (loss) as holding gain or loss on marketable securities (warrants).

The Company may purchase an investment in shares and warrants of a company as a unit. A unit typically comprises a certain number of common shares and shares purchase warrants. The Company has adopted a residual value method with respect to the measurement of common shares and share purchase warrants purchased as a unit. The fair value of the common shares is determined by the closing quoted bid price at the date of purchase. The balance, if any, is allocated to the attached share purchase warrants.

- (f) The estimated useful life and fair value of property and equipment which are included in the statements of financial position and the related depreciation included in the statements of comprehensive loss.

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Equipment is depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of 20% commencing when the related asset is available for use.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income (loss).

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company compares the carrying value of equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

- a) Fair value

The Company's financial instruments include cash and cash equivalents, marketable securities (warrants and common shares), and accounts payable and accrued liabilities. IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

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- Level 1 – applied 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 are unobservable market data.

The recorded amounts of accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature.

Cash and cash equivalents and marketable securities (common shares) are measured using Level 1 inputs. The fair values of marketable securities (common shares) are measured at the closing market price obtained from the exchange.

Marketable securities (warrants) are measured using Level 2 inputs. The fair values of marketable securities (warrants) are measured using a Black-Scholes model based on assumptions that are supported by observable current market conditions.

The fair value of financial instruments at October 31, 2012 and January 31, 2012 are summarized in the following table.

	October 31, 2012		January 31, 2012	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Fair value through profit and loss</i>				
Cash and cash equivalents	535,452	535,452	5,141,201	5,141,201
Marketable securities (warrants)	1,052,284	1,052,284	905,572	905,572
<i>Available-for-sale</i>				
Marketable securities (shares)	3,057,880	3,057,880	1,890,000	1,890,000
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	295,439	295,439	143,660	143,660

b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

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c) Foreign Exchange Rate Risk

The Company has operations in Canada and Australia subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian, Australian and the United States dollar, and the fluctuation of the Canadian dollar in relation to these other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar, US dollar, and the Australian dollar.

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

At October 31, 2012 and January 31, 2012 the Company's Australian and US dollar denominated monetary assets and monetary liabilities are as follows:

Australian Monetary assets	October 31, 2012	January 31, 2012
Cash and cash equivalents	638	938
Accounts payable	277,745	127,664
US Monetary assets	October 31, 2012	January 31, 2012
Cash and cash equivalents	30,140	151,091
Accounts payable	1,676	293

The exposure to foreign exchange rate risk is considered minimal.

d) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. All of the Company's financial liabilities are classified as current and the Company has a practice of paying their outstanding payables within 30 days.

e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in the market price of commodities.

As at October 31, 2012, the Company owns common shares and share purchase warrants included in marketable securities. By holding these marketable securities, the Company is inherently exposed to various risk factors including market price risk.

f) Interest Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

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The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at October 31, 2012.

Share capital

As at October 31, 2012, the Company had one class of share capital, being common shares without par value, of 31,953,839 were issued and outstanding.

As at the date of this MD&A, the Company has 38,388,239 issued and outstanding common shares.

Warrants

On June 10, 2010, the Company issued 160,000 Agent's warrants in accordance with the agency agreement dated April 15, 2010 (the "Agency Agreement"). The Agent's warrants were granted to the agent with an exercise price of \$0.20 and expire June 9, 2012. As at October 31, 2012 and the date of this MD&A, 159,964 Agent's warrants have been exercised and 36 Agent's warrants have expired.

On January 10, 2011, the Company issued 3,285,000 warrants in accordance with the non-brokered private placement. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.50 per share for a period of two (2) years from the closing date of the private placement. As at October 31, 2012, 589,500 warrants from the non-brokered private placement have been exercised and 2,695,500 warrants remain outstanding. As at the date of this MD&A, 1,198,500 warrants from the non-brokered private placement have been exercised and 2,086,500 warrants remain outstanding

On November 30, 2011, the Company issued 14,782,500 warrants in accordance with the non-brokered private placement. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.60 per share for a period of two (2) years from the closing date of the private placement. As at October 31, 2012, 45,500 warrants from the non-brokered private placement have been exercised and 14,737,000 warrants remain outstanding. As at the date of this MD&A, 45,500 warrants from the non-brokered private placement have been exercised and 14,737,000 warrants remain outstanding

On December 12, 2012, the Company issued 5,795,400 warrants in accordance with the brokered private placement. Each Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.90 per share for a period of twenty-four (24) months from the closing date of the private placement. As at the date of this MD&A, 5,795,400 warrants from the brokered private placement remain outstanding. In connection with this brokered private placement, Agents were paid a cash commission of \$226,020.60 and were granted common share purchase warrants (the "Agent's Warrants") to acquire 347,724 common shares of the Company at a price of \$0.65 per Agent's Warrant for a period of twenty-four (24) months from the closing date of the Financing. As at the date of this MD&A, 347,724 Agent's warrants from the brokered private placement remain outstanding.

Options

On August 6, 2010, the Company granted 500,000 stock options to directors and officers of the Company whereby the option holders can purchase common shares at \$0.20 per share. The options vest

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immediately and will expire on June 10, 2020. Each option entitles the holder to acquire one common share of the Company.

On August 13, 2010, the Company granted an additional 300,000 stock options to directors, officers, and consultants of the Company whereby the option holders can purchase common shares at \$0.20. The options vest immediately and will expire ten years from the grant date. Each option entitles the holder to acquire one common share of the Company.

On June 1, 2011, the Company granted 150,000 stock options to an investor relations consultant of the Company whereby the option holder can purchase common shares at \$0.48 per share. The options will vest 25% on the date of grant, 25% every three months thereafter and will expire one year from the grant date. Each option entitles the holder to acquire one common share of the Company.

On, February 20, 2012, the Company granted 1,310,000 stock options to certain directors, officers and consultants. The options are exercisable on or before February 20, 2017 at an exercise price of \$0.45 per share. All of the options shall vest as to one-quarter of the options at the date of grant, one-quarter of the options nine months following the date of the grant, one-quarter of the options twelve months following the date of grant, and one-quarter of the options eighteen months following the date of grant.

As at October 31, 2012, 132,500 stock options have been exercised, 300,000 stock options have expired without exercise and there were 1,827,500 options outstanding.

At the date of this MD&A, 162,500 stock options have been exercised, 300,000 stock options have expired without exercise and there are 1,797,500 options outstanding.

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has incurred the following material cost components:

	Period ended October 31, 2012	Period ended October 31, 2011
	\$	\$
Accounting Fee	46,018	41,725
Advertising and Promotion	40,800	-
Consulting Fee	227,742	204,749
Legal Fees	64,435	62,952
Office & General	81,193	29,771
Project Investigation	224,884	229,472
Share-based Payment	552,003	26,112
Wages & Salaries	63,712	2,218
Exploration and Evaluation Assets	2,325,626	530,885

During the nine months period ended October 31, 2012 \$46,018 (October 31, 2011 - \$41,725) in accounting fees was paid in relation to the previous year's financial statement audit.

During the nine months period ended October 31, 2012 \$40,800 (October 31, 2011 - \$Nil) in advertising and promotion expenses were related to general corporate matters.

During the nine months period ended October 31, 2012, consulting fees totalling \$227,742 (October 31, 2011 - \$204,749) were mainly paid to directors, officers and consultants of the Company to provide geological, corporate communication, administrative, investor relations, computer services and management services to the Company. The transactions were conducted in the normal course of

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operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

Legal fees during the nine months period ended October 31, 2012 totalling \$64,435 (October 31, 2011 - \$62,952) were related to general corporate affairs.

General office administrative expenses during the nine months period ended October 31, 2012 totaling \$81,193 (October 31, 2011 - \$29,771) were mainly related to the purchase of computer equipment for the US office in Colorado, USA and employee benefits.

During the nine months period ended October 31, 2012, \$224,884 (October 31, 2011 - \$229,472) in project investigation was paid in relation to legal services and geological activities provided for investigating properties for future exploration potential.

During the nine months period ended October 31, 2012 \$552,003 in share-based payments was expensed (October 31, 2011 - \$26,112), a non-cash charge, are the estimated fair value of the stock options vested in the period. The Company used the Black-Scholes option pricing model for all fair value calculations.

During the nine months period ended October 31, 2012 \$63,712 (October 31, 2011 - \$2,218) in wages and salaries was paid to employees for providing management, geological and administrative services to the Company.

During the nine months period ended October 31, 2012, exploration and evaluation assets totalling \$2,325,626 (October 31, 2011 - \$530,885) was related to the Millennium, Paleo-Placer and Grant's Hill property. Reference should be made to the section titled: Mineral Properties and Deferred Exploration expenditures.

The Company has capitalized the following exploration and development costs:

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MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
October 31, 2012

	Beatons Creek	Enterprise	Grant's Hill	Paleo-Placer	Total
	\$	\$	\$	\$	\$
Balance, January 31, 2012	933,822	-	-	-	933,822
Acquisition Costs	-	-	68,046	286,256	354,302
Exploration Expenditures:					
Accommodation & Messing	42,315	-	-	10,025	52,340
Administration	4,663	-	-	4,206	8,869
Analysis and surface samples	-	-	-	1,086	1,086
Computer Drafting	4,441	-	-	8,600	13,041
Courier	166	-	-	225	391
Data Processing	68,521	-	-	-	68,521
DEM's data	415	-	-	495	910
Distillate	5,554	-	-	2,085	7,639
DOW digital data	85	-	-	-	85
Drill rig access	-	-	-	5,686	5,686
Drill site access	96,155	-	-	-	96,155
Drill site preparation	9,213	-	-	-	9,213
Drill supervision	34,454	-	-	-	34,454
Drilling	924,542	-	-	-	924,542
Field Staff	150,709	-	510	47,869	199,088
Field Supplies	32,113	-	-	2,983	35,096
Freight	23,104	-	-	465	23,569
General prospecting	2,479	-	-	-	2,479
Geochemical sampling, analysis and interpretati	-	-	-	10,210	10,210
Geology	34,673	-	-	39,852	74,525
Geology compilation	5,453	-	-	4,090	9,543
Helicopter Sampling	-	-	-	30,348	30,348
Heritage Survey	35,002	-	-	14,697	49,699
IT maintenance	102	-	-	409	511
Legal	5,313	-	-	21,058	26,371
Maps	13,272	-	1,361	14,950	29,583
Plans (in house)	829	-	-	-	829
Program Planning	35,658	-	-	14,764	50,422
Reports	3,222	-	-	4,431	7,653
Project Supervision	49,665	-	-	18,618	68,283
Rock Samples/Laboratory	331,187	-	-	15,504	346,691
Stationary	425	-	-	518	943
Storage Charges	5,996	-	-	-	5,996
Telephone	2,605	-	-	863	3,468
Tenement Administration	1,273	-	510	5,973	7,756
Tenement Management	2,169	-	-	-	2,169
Tenements	3,899	-	-	20,435	24,334
Travel Local	39,447	-	-	14,918	54,365
Unleaded	68	-	-	1,122	1,190
Vehicle Hire	32,212	-	125	5,184	37,521
Vehicle maintenance	52	-	-	-	52
	2,001,451	-	2,506	321,669	2,325,626
Balance, October 31, 2012	2,935,273	-	70,552	607,925	3,613,750

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	Beatons Creek	Enterprise	Grant's Hill	Paleo-Placer	Total
	\$	\$	\$	\$	\$
Balance, February 1, 2010	-	43,063	-	-	43,063
Acquisition Costs	-	50,000	-	-	50,000
	-	50,000	-	-	50,000
Exploration Expenditures:					
Geological Services	-	2,414	-	-	2,414
Claim Renewal Fee	-	3,886	-	-	3,886
	-	6,300	-	-	6,300
Balance, January 31, 2011	-	99,363	-	-	99,363
Acquisition Costs	520,274	-	-	-	520,274
	520,274	-	-	-	520,274
Exploration Expenditures:					
Data Processing	16,959	-	-	-	16,959
Distillate	215	-	-	-	215
Drilling	241,416	-	-	-	241,416
Field Supplies	8,503	-	-	-	8,503
General Administration	5,880	-	-	-	5,880
Geological Services	52,369	-	-	-	52,369
Maps	620	-	-	-	620
Miscellaneous	956	-	-	-	956
Project Supervision	32,666	-	-	-	32,666
Rock Samples	12,124	-	-	-	12,124
Surveying	7,294	-	-	-	7,294
Tenements	9,175	-	-	-	9,175
Travel & Accomodation	25,371	-	-	-	25,371
	413,548	-	-	-	413,548
Option agreement termination payment	-	35,274	-	-	35,274
Impairment of exploration and evaluation assets	-	(134,637)	-	-	(134,637)
Balance, January 31, 2012	933,822	-	-	-	933,822

As at the nine months period ended October 31, 2012, the Company capitalized exploration and development costs of \$3,613,750 (October 31, 2011 - \$530,885).

On July 16, 2011, the Company terminated the Enterprise Property option agreement and returned the mineral claims to the Optionor. As a condition to terminate the option agreement, the Company paid \$35,274 to the Optionor. The Company wrote off the exploration and evaluation assets relating to the Enterprise Property.

RISK AND UNCERTAINTIES

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-

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capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

The Company competes with other junior mineral exploration companies, some of which have greater financial resources and technical facilities. The business of mineral exploration and extraction involves a high degree of risks and few properties that are explored are ultimately developed into production. In addition to specific risks disclosed throughout this discussion, other risks facing the Company include reliance on third parties, environmental and insurance risks, statutory and regulatory requirements, metal prices and foreign currency fluctuations, share price volatility and title risks.

ADDITIONAL INFORMATION

Additional information about the Company is available for viewing on SEDAR at www.sedar.com.