NOVO RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended January 31, 2020 and 2019

(Expressed in Canadian Dollars)

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

Report on the audit of the consolidated financial statements opinion

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

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

Basis for opinion

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

Other matter

The financial statements of Novo Resources Corp for the year ended January 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on September 30, 2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young

Chartered Accountants
Perth, Western Australia,
April 9, 2020

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

	Note	January 31, 2020 $'000	January 31, 2019 $'000
ASSETS			
Current assets			
Cash		28,703	42,832
Short-term investments	3	88	93
Receivables	4	6,657	1,160
Prepaid expenses and deposits		250	297
Total current assets		35,698	44,382
Non-current assets			
Property, plant and equipment	7	1,586	1,283
Exploration and evaluation assets	6	106,234	104,108
Gold specimens		74	159
Marketable securities	5	14,457	6,733
Total non-current assets		122,351	112,283
Total assets		158,049	156,665
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,082	4,593
Lease liabilities		187	-
Sumitomo funding liability	6	4,519	-
Sumitomo written call option	6	1,341	-
Deferred consideration for mineral property	6,11	2,518	-
Total current liabilities		9,647	4,593
Non-current liabilities			
Deferred consideration for mineral property	6,11	-	2,825
Total non-current liabilities		-	2,825
Total liabilities		9,647	7,418
SHAREHOLDERS' EQUITY			
Share capital	8	190,698	176,286
Reserves	8	24,224	22,064
Comet Well deferred consideration reserve	6	3,354	3,354
Accumulated other comprehensive loss	8	(9,774)	(4,319)
Accumulated deficit		(60,100)	(48,138)
Total shareholders' equity		148,402	149,247
Total shareholders' equity and liabilities		158,049	156,665

These consolidated financial statements are authorized for issue by the Board of Directors on April 9, 2020. They are signed on the Company's behalf by:

"Akiko Levinson" *"Michael Barrett"*

Akiko Levinson Michael Barrett

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

Novo Resources Corp.
(Expressed in Canadian Dollars)
Consolidated Statements of Profit and Loss and Other Comprehensive Loss

	Note	Year Ended January 31, 2020 $'000	Year Ended January 31, 2019 $'000
Expenses			
Accounting and audit		441	736
Consulting services	9	928	425
Insurance		266	195
Legal fees		586	600
Meal and travel expenses		503	528
Office and general		1,620	1,482
Share-based payments	8,9	2,743	8,944
Transfer agent and filing fees		228	305
Wages and salaries	9	3,013	4,168
Impairment of mineral property	6	2,585	3,218
Lease interest expense		253	-
Sumitomo liability change in fair value	6	314	-
Loss before other items		(13,480)	(20,601)
Other items			
Interest and other income		801	1,020
Foreign exchange		5	12
Deferred consideration accretion expense	6	(168)	(42)
Fair value gain on derecognition of associate	5,6	-	4,315
		638	5,305
Net loss for the period before tax		(12,842)	(15,296)
Income tax benefit	14	880	-
Net Loss for the period after tax		(11,962)	(15,296)
Other comprehensive loss			
Change in fair value of marketable securities, net of tax - not to be reclassified to profit or loss in subsequent periods	5,6	3,468	(867)
Foreign exchange on translation of subsidiaries - to be reclassified to profit or loss in subsequent periods		(8,923)	(3,429)
		(5,455)	(4,296)
Comprehensive loss for the period		(17,417)	(19,592)
Weighted average number of common shares outstanding		175,308,568	160,359,196
Basic and diluted loss per common share		(0.07)	(0.10)

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

Novo Resources Corp.
(Expressed in Canadian Dollars)
Consolidated Statements of Changes in Equity

	Note	Number of Shares (unrounded)	Share Capital Amount $'000	Option Reserve $'000	Warrant Reserve $'000	Shares to be Issued $'000	Comet Well Deferred Consideration Reserve $'000	Accumulated Other Comprehensive Loss $'000	Accumulated Deficit $'000	Shareholders' Equity $'000
Balance – January 31, 2018		153,650,768	161,786	13,742	19	1,141	3,354	(23)	(32,842)	147,177
Stock option exercise	8	615,000	1,385	(641)	-	-	-	-	-	744
Share-based payments	8,9	-	-	8,944	-	-	-	-	-	8,944
Warrant exercises	8	7,125,439	7,223	-	-	-	-	-	-	7,223
Shares issued for partial redemption of Comet Well NSR	6	138,946	588	-	-	-	-	-	-	588
Creasy share issuance	6,8	1,000,000	1,141	-	-	(1,141)	-	-	-	-
Pioneer share issuance	6	100,000	404	-	-	-	-	-	-	404
Acquisition of Farno-McMahon	6	1,252,895	3,759	-	-	-	-	-	-	3,759
Other comprehensive loss for the year		-	-	-	-	-	-	(4,296)	-	(4,296)
Loss for the year		-	-	-	-	-	-	-	(15,296)	(15,296)
Balance – January 31, 2019		163,883,048	176,286	22,045	19	-	3,354	(4,319)	(48,138)	149,247
Balance – January 31, 2019		163,883,048	176,286	22,045	19	-	3,354	(4,319)	(48,138)	149,247
Stock Option exercise	8	510,000	1,384	(583)	-	-	-	-	-	801
Share-based payments	8,9	-	-	2,743	-	-	-	-	-	2,743
Warrant exercises	8	14,477,000	13,028	-	-	-	-	-	-	13,028
Other comprehensive loss for the year	6	-	-	-	-	-	-	(5,455)	-	(5,455)
Loss for the year	6	-	-	-	-	-	-	-	(11,962)	(11,962)
Balance – January 31, 2020		178,870,048	190,698	24,205	19	-	3,354	(9,774)	(60,100)	148,402

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

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

	Year ended January 31,	
	2020	**2019**
	$'000	**$'000**
Operating activities		
Net loss for the period	(11,962)	(15,296)
Adjustments:		
Interest and other income	(800)	(1,020)
Impairment of mineral property	2,585	3,218
Depreciation - fixed assets	277	134
Depreciation - right of use assets	407	-
Foreign exchange	(668)	(81)
Share-based payment	2,743	8,944
Fair value gain on derecognition of associate	-	(4,315)
Deferred consideration accretion expense	168	42
Change in fair value of Sumitomo funding liability	314	-
Total adjustments	5,026	6,922
Changes in non-cash operating working capital:		
Accounts payable and accrued liabilities	(1,415)	1,509
Prepaid expenses and deposits	47	(7)
Receivables	559	(137)
	(809)	1,365
Net cash used in operating activities	**(7,745)**	**(7,009)**
Investing activities		
Interest and other income	800	1,020
Purchase of equipment	-	(416)
Short-term deposits	5	13,825
Purchase of marketable securities	(3,544)	(1,120)
Purchase of gold samples	-	(159)
Sale of gold samples	84	-
Expenditures on exploration and evaluation assets	(19,289)	(26,174)
Net cash used in investing activities	**(21,944)**	**(13,024)**
Financing activities		
Issuance of share capital	13,830	7,968
Lease payment	(187)	-
Sumitomo funding	2,334	-
Net cash from financing activities	**15,977**	**7,968**
Net change in cash	(13,712)	(12,065)
Effect of exchange rate changes on cash	(417)	(704)
Cash, beginning of the period	42,832	55,601
Cash, end of the period	**28,703**	**42,832**

Supplemental cash flow information (Note 10)

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

1. NATURE OF OPERATIONS

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

The Company and its subsidiaries are engaged primarily in the business of evaluating, acquiring and exploring natural resource properties with a focus on gold. The Company's head office is located at Suite 2900, 595 Burrard Street, Vancouver, British Columbia, V7X 1J5, Canada. The Company's operational office and corporate staff are located at Level 1, 680 Murray Street, West Perth, Western Australia, 6005, Australia.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

These consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. Share amounts are not rounded.

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements are disclosed below within this note.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized during the period in which the estimate is revised if the revision affects only that period or during the period of the revision and further periods if the review affects both current and future periods.

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

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries listed below. Control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquiror's returns. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

(Expressed in Canadian Dollars, unless stated otherwise)

As at January 31, 2020, the subsidiaries of the Company were as follows:

Company Name	Area of Incorporation	% of Interest
Novo Resources (USA) Corp.	Nevada, USA	100%
Conglomerate Gold Exploration (B.V.I.) Ltd.	Tortola, British Virgin Islands	100%
Karratha Gold Exploration (B.V.I.) Ltd.	Tortola, British Virgin Islands	100%
Conglomerate Gold Exploration Pty Ltd ("CGE")	Western Australia, Australia	100%
Nullagine Gold Pty Ltd ("Nullagine Gold")	Western Australia, Australia	100%
Beatons Creek Gold Pty Ltd	Western Australia, Australia	100%
Grant's Hill Gold Pty Ltd	Western Australia, Australia	100%
Karratha Gold Pty Ltd ("Karratha Gold")	Western Australia, Australia	100%
Rocklea Gold Pty Ltd	Western Australia, Australia	100%
Meentheena Gold Pty Ltd ("Meentheena")	Western Australia, Australia	100%
Farno-McMahon Pty Ltd ("Farno")	South Australia, Australia	100%

New and amended Accounting Standards and Interpretations adopted by the Company

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended January 31, 2019, except for the adoption of new and amended accounting standards and interpretations effective as of January 1, 2019. Other than the adoption of IFRS 16 *Leases* ("IFRS 16") (see below), the adoption of the new and amended accounting standards and interpretations had no impact on the Company.

The Company has not early adopted any other accounting standard, interpretation or amendment that has been issued but is not yet effective.

The Company has applied, for the first time, IFRS 16 from February 1, 2019, and has not restated comparatives as permitted under the specific transitional provisions in IFRS 16. The nature and effect of the change is disclosed below.

IFRS 16

IFRS 16 supersedes *IAS 17 Leases ("IAS 17")*, *IFRIC 4 Determining whether an Arrangement contains a Lease ("IFRIC 4")*, *SIC-15 Operating Leases-Incentives,* and *SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of February 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedients allowing a) the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The measuring of the right-of-use asset on transition is equal to the amount of the lease liability initially recognised on transition. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption of IFRS 16 is as follows:

The impact on the consolidated statement of financial position as at February 1, 2019 was an increase in property, plant and equipment of $474,000 and an increase in the lease liability of $474,000.

a) Nature of the effect of adoption of IFRS 16

The Company has lease contracts for offices, various items of plant, machinery, vehicles, and other equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease (as it held no finance leases). As an operating lease, the leased property was not capitalised and the lease payments were recognised as an expense in the consolidated statement of comprehensive loss on a straight-line basis over the lease term. Prepaid or accrued rent was recognised under prepaid expenses and deposits and accounts payable and accrued liabilities, respectively. Certain leases related to the Company's exploration and evaluation activities and, as such, lease payments were capitalised to the Company's exploration and evaluation assets in the consolidated statement of financial position on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases of which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption of IFRS 16, the Company applied IFRS 16 at the date of initial application by measuring the right-of-use assets based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company used a weighted average discount rate of 8.41% at the date of initial application of IFRS 16.

b) Summary of new accounting policies for leases

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Company as Lessee

Right of use assets - Property, plant and equipment

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery, equipment and vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase or extension option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

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

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

c) Amounts recognised in the consolidated statement of financial position and comprehensive loss on adoption of IFRS 16:

Set out below are the carrying amounts of the Company's right of use assets (included in note 7) and lease liabilities and the movements during the period:

	Property $'000	Mining Equipment $'000	Vehicles $'000	Total $'000	Lease Liability $'000
Initial adoption of IFRS 16	368	35	71	474	474
Additions	-	120	-	120	120
Disposals		-	(3)	(3)	(3)
Depreciation expense	(290)	(56)	(73)	(419)	-
Interest expense	-	-	-	-	208
Payments	-	-	-	-	(612)
As at January 31, 2020	78	99	(5)	172	187

Set out below are the amounts recognised in the consolidated statement of comprehensive loss for the year ended January 31, 2020:

	$'000
Depreciation expense on assets	419
Interest expense on lease liabilities	208
Rent expense - short-term and low value leases	(16)
Total amounts recognised in profit or loss	611

Policy applied prior to 1 February 2019 – The Company as Lessee

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Significant accounting policies

Financial Instruments

Classification

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

Financial assets at FVTOCI

Certain investments in equity instruments are classified at FVTOCI and are initially recognized at fair value plus transaction costs. The Company can elect to classify irrevocably its equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis and the Company considers these investments to be strategic in nature. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income or loss.

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Impairment of financial assets at amortized cost

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

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

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

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

Derecognition of Financial assets

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

Derecognition of Financial liabilities

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

Joint operations

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

Foreign currency translation

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

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

Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss except for monetary items that are designated as part of the hedge of the Company's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

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

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

Exploration and evaluation assets

The Company is in the exploration and evaluation 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 refunds received against the cost of the related properties.

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

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 assets.

Impairment of non-financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down accordingly. All non-financial assets are monitored for indications of impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows.

Decommissioning and rehabilitation liabilities

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

The Company did not have any significant decommissioning and restoration obligations at January 31, 2020 and 2019.

Share-based payments

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

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

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

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

Loss per share

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

Property, plant and equipment and depreciation

Recognition and measurement

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

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

Gains and losses

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

Depreciation

Depreciation is recognized in profit or loss and property and equipment is amortized over their estimated useful lives using the following methods:

Property	5 years straight-line
Office Furniture and equipment	5 years straight-line
Mining equipment	5 years straight-line
Exploration camp	5 years straight-line
Vehicles	5 years straight-line

Government grants

From time to time the Company receives government incentive programs such as investment tax credits and research and development tax refunds. Government incentives are accrued when there is reasonable assurance of realization and reflected as a reduction of the related asset or expense.

Share capital

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

Borrowing costs

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

Significant accounting judgements and estimates

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

Judgements

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Recoverability of exploration and evaluation assets

The amounts shown as exploration and evaluation assets represent net costs to date, less amounts amortized and/or written off and refunds or option payments received, and do not necessarily represent present or future values. The recoverability of these amounts and any additional amounts required to place the exploration and evaluation assets into commercial production are dependent upon certain factors. These factors include the existence of ore deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop its exploration and evaluation assets.

Accounting for contingent consideration payable on an asset acquisition

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

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Share-based payments

The value of share-based payments is determined using the Black-Scholes option pricing model, the use of which requires management to apply subjective assumptions such as the expected price volatility, expected life of the option, risk free interest rates, and forfeiture rates at grant date. Changes in these input assumptions can significantly affect the fair value estimate at grant date. Performance-based vesting conditions also require subjective assumptions with respect to vesting timeframes. Changes in these input assumptions can also significantly affect the fair value estimate on grant date.

Marketable securities

The value of the shares held in Elementum 3D Inc. ("E3D") (formerly known as Sinter Print Inc.), is determined using the last financing price used by E3D to raise funds for its operations. Changes to E3D's fair value per share can significantly affect the fair value estimate.

New and amended accounting standards and interpretations issued but not yet effective

The following are accounting standards anticipated to be effective January 1, 2020 or later:

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material are not expected to have a significant impact on the Company's consolidated financial statements.

3. SHORT-TERM INVESTMENTS

Short-term investments are fixed term deposits held at the bank with a maturity of more than three months but no more than one year and are cashable at any time or locked for a period of no more than six months.

As at January 31, 2020, the Company had two short-term investments at amortised cost totalling $88,000 of principal (January 31, 2019 – three short-term investments totalling $93,000).

$35,000 is held in a short-term investment denominated in Canadian dollars, and the remaining $53,000 is held in a short-term investment denominated in Australian dollars. The Canadian short-term investment is due on February 16, 2021 and has an annual yield of prime less 2.7% (1.25% as at January 31, 2020), while the Australian short-term investment is due on July 21, 2020. $35,000 of the Australian short-term investment has an annual yield of 1.76% and the remaining $18,000 has an annual yield of 1.35%.

Amounts which mature are re-invested in similar investments along with their interest component.

4. RECEIVABLES

	Note	January 31, 2020 $'000	January 31, 2019 $'000
Canadian GST Receivable		48	89
Australian GST Receivable		530	1,071
Sumitomo Funding Receivable	6	3,281	-
Research and Development Refund Receivable		2,798	-
Total Receivables		**6,657**	**1,160**

5. MARKETABLE SECURITIES

Calidus Resources Limited – (ASX: CAI)

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

On November 27, 2019, Calidus completed a 10:1 consolidation of its outstanding ordinary shares. The Company now holds 5,658,537 ordinary shares of Calidus.

Elementum 3D Inc. – (unlisted)

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

The Company recognized a fair value gain on derecognition of associate in the condensed interim consolidated statement of comprehensive loss with subsequent fair value changes in this investment remeasured at FVTOCI.

During the year ended January 31, 2020, E3D conducted a financing at USD $2.50 per common share. Although the Company did not participate in this financing, the Company recognized the increased price as a fair indicator of E3D's fair value and revalued its holdings. As at January 31, 2020, the Company's ownership in E3D is 12.60% (January 31, 2019 - 14.87%).

American Pacific Mining Corp. – (CSE: USGD)

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

Pioneer Resources Limited – (ASX: PIO)

On September 17, 2018 Pioneer Resources Limited ("Pioneer") issued 50,000,000 common shares to Novo at a fair value of AUD $0.02 per share for total consideration of AUD $1,000,000 ($931,000) (see note 6 for more details). The Pioneer shares have been accounted for as marketable securities, so they have initially been recognized at fair value and subsequently remeasured at FVTOCI.

Kalamazoo Resources Limited – (ASX: KZR)

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

Each Kalamazoo Unit is comprised of one Kalamazoo ordinary share and one whole unlisted option (each a "Kalamazoo Warrant"). The Company received the Kalamazoo ordinary shares upon closing of the Kalamazoo Financing on January 17, 2020. Upon closing of the Kalamazoo Financing, Novo held approximately 8.17% of Kalamazoo's issued and outstanding shares.

Each Kalamazoo Warrant will entitle the Company to purchase one additional ordinary share of Kalamazoo at a price of AUD $0.80 per share for a period of 18 months from the date of issuance of the Kalamazoo Warrants.

The issue of the Kalamazoo Warrants was subject to Kalamazoo shareholder approval via ordinary resolution requiring approval of 50%+1 of the shares voted at a general meeting, which was sought at a general meeting scheduled for February 24, 2020. Kalamazoo's board of directors unanimously recommended that its shareholders vote in favour of the resolution for the issue of the Kalamazoo Warrants. The Kalamazoo directors who hold or control voting rights in respect of Kalamazoo shares totaling 1.28% of Kalamazoo's share capital intended to vote in favour of the issuance of the Kalamazoo Warrants. Kalamazoo also received a written statement from its largest shareholder confirming its intention to vote in favour of the issuance of the Kalamazoo Warrants. The shareholder is the beneficial owner of and directly or indirectly owns, controls or represents 38.30% of Kalamazoo's share capital.

The Kalamazoo ordinary shares have been accounted for as marketable securities, so they have initially been recognized at fair value and subsequently remeasured at FVTOCI.

	As at January 31, 2020				
FVTOCI	**Number**	**Cost $'000**	**Foreign Exchange $'000**	**Accumulated Unrealised Gains / (Losses) $'000**	**Fair Value $'000**
Calidus Resources Limited Common Shares	5,658,537	2,249	(386)	(554)	1,309
American Pacific Mining Corp. Common Shares	533,332	160	-	(128)	32
Elementum 3D Inc. Common Shares	2,076,560	4,478	988	1,404	6,870
Pioneer Resources Limited Common Shares	50,000,000	931	(28)	(327)	576
Kalamazoo Resources Ltd Common Shares	10,000,000	3,544	(77)	2,203	5,670
		11,362	497	2,598	14,457

	As at January 31, 2019				
FVTOCI	**Number**	**Cost $'000**	**Foreign Exchange $'000**	**Accumulated Unrealised Gains / (Losses) $'000**	**Fair Value $'000**
Calidus Resources Limited Common Shares	56,585,366	2,249	(291)	(656)	1,302
American Pacific Mining Corp. Common Shares	266,666	101	-	(68)	33
Elementum 3D Inc. Common Shares	2,076,560	4,478	107	-	4,585
Pioneer Resources Limited Common Shares	50,000,000	931	25	(143)	813
		7,759	(159)	(867)	6,733

6. EXPLORATION AND EVALUATION ASSETS

Beatons Creek Region

Beatons Creek Property

The Company signed agreements with aboriginal groups who have title to the ground comprising the Beatons Creek property during the year ended January 31, 2018. In aggregate, the Company has paid AUD $650,000 ($576,000) and a further AUD $600,000 is due once a decision has been made to develop the Beatons Creek property for mining. In addition, a production royalty totaling 2.75% is payable on any gold and silver produced from the Beatons Creek property.

A 2.5% royalty is payable to the State of Western Australia on any gold produced by the Company on the Beatons Creek property.

Talga Projects

A 1.5% net smelter returns royalty is payable on any minerals extracted from the Talga Talga, Warrawoona, and Mosquito Creek Projects (collectively, the “Talga Projects”) in a commercial mining operation. A 2.5% royalty is also payable to the State of Western Australia on any gold produced by the Company on the Talga Projects.

Blue Spec Project

During the year ended January 31, 2020, five prospecting tenements included in the Blue Spec project expired. The Company recorded an impairment expense of AUD $2,537,000 ($2,329,000).

A 2% net smelter returns royalty over all production from tenements comprising the Blue Spec Au-Sb Project (the “Blue Spec Project”) is payable to RSI (WA Gold) Pty Ltd. under a royalty agreement entered into by Northwest Resources Limited (“Northwest”), the prior owner of the Blue Spec project.

A net smelter returns royalty over all production from certain tenements comprising the Blue Spec Project is payable to St. Barbara Limited under a royalty agreement Northwest was bound by when it owned the Blue Spec Project. The Company assumed the obligations under the 2015 purchase agreement with Northwest. The royalty is equal to 3.75% of the gross proceeds of sale of 75% of all gold, silver and other minerals produced from the Blue Spec Project.

A 2.5% royalty is payable to the State of Western Australia on any gold produced by the Company on the Blue Spec Project.

Paleo-Placer Property

On August 31, 2018, the Company announced that it had finalized the outstanding components of a transaction with Mark Gareth Creasy and entities controlled by him (collectively, the “Creasy Group”). As a result, Novo now has:

- four joint operations with the Creasy Group under which it has earned a 70% interest in the “gold rights” (gold and minerals associated with and normally mined with gold) relating to properties located in the Nullagine and Marble Bar regions of Western Australia. Nullagine Gold is entitled to become a 70% registered holder of those properties; and

- one joint operation with the Creasy Group under which it owns 70% interest in all mineral rights relating to the Callina Creek property. Nullagine Gold is a 100% registered holder of this tenement, and will transfer a 30% interest to the Creasy Group (collectively referred to as the “JO’s”).

The Creasy Group retains prospecting rights across all JO properties. The Creasy Group's interests under the JO's are free carried for all exploration-related expenditures through to the completion of any bankable feasibility study. If a mining decision is made under any of the JO's following a bankable feasibility study and the Creasy Group elects not to participate in mining, its interest in relation to that mining area and the underlying ground will be diluted and eventually transferred to Nullagine Gold and will thereby convert to a 1% net smelter returns royalty.

The transaction was completed pursuant to definitive agreements signed with the Creasy Group in July 2012 (the "2012 Agreements") and varied in January 2015 by signing further agreements (the "2015 Agreements").

Since 2012, the Creasy Group has held 100 shares (the "Conditional Shares") in CGE. From the date of issuance, the Conditional Shares have had no economic or voting rights unless released from escrow.

The 2012 Definitive Agreements and 2015 Definitive Agreements together provided Novo with the right to acquire the Conditional Shares from the Creasy Group in exchange for 2,139,534 Novo common shares upon Novo and the Creasy Group entering into additional agreements regarding certain third party owned tenements in the Nullagine region.

Entry into those additional agreements would release the Conditional Shares from escrow. The additional agreements were never executed and the parties have agreed that the proposed transaction on the third-party-owned tenements in the Nullagine region will not transpire. As a result, the Conditional Shares have been bought back by CGE for nominal consideration of AUD $1.00, pursuant to a selective share buyback in accordance with the 2012 Agreements. Novo is therefore no longer obliged to issue the 2,139,534 common shares to the Creasy Group and will not do so. Accordingly, certain agreements comprising the 2012 Agreements have been terminated.

As required by the 2015 Definitive Agreements, Novo has also entered into a new joint operation with the Creasy Group - the Callina Creek joint operation agreement. It is on materially similar terms as the existing four joint operations between Novo and the Creasy Group. The new joint operation covers a tenement adjacent to one of Novo's existing joint operations with the Creasy Group.

A discovery bonus of AUD $1,000,000 is also payable to the Creasy Group if Novo conducts commercial mining operations on a gold discovery made by the Creasy Group while exercising its prospecting rights on the JO properties. The Creasy Group would also make a similar payment to the Company if the Creasy Group mines a non-gold discovery made by the Company.

During the year ended January 31, 2019, the Company determined that one of the tenements comprising the Paleo-Placer property was not prospective, surrendered it, and subsequently recorded an impairment expense of AUD $166,000 ($161,000). During the year ended January 31, 2020, one of the tenements comprising the Paleo-Placer property expired so the Company recorded an impairment expense of AUD $149,000 ($136,000).

A 2.5% royalty is payable to the State of Western Australia on any gold produced by the Company on the JO properties.

Two Creeks Property

The Company determined that the Two Creeks property was not prospective and withdrew from the farm-in and joint operation agreement that it had signed with Mesa Minerals Limited on April 14, 2016. The Company recorded an impairment expense of AUD $517,000 ($499,000) during the year ended January 31, 2019.

Calidus Resources Limited

On September 19, 2017, the Company signed a binding term sheet with Calidus, an ASX-listed entity, granting Calidus the right to earn a 70% interest in and to certain Novo tenements surrounding Calidus' Warrawoona project in Western Australia (the "Novo Tenements"). The Novo Tenements are comprised of four exploration licences and three prospecting licences.

Calidus completed its due diligence and satisfied or waived all conditions precedent. Calidus issued to Novo 20,000,000 fully paid ordinary shares at a fair value of AUD $820,000 ($814,000) or AUD $0.041 per share.

In order to earn a 70% interest in and to the Novo Tenements, Calidus must incur exploration expenditure of AUD $2,000,000 over three years. If Calidus earns its 70% interest, Novo and Calidus will then be subject to a fund or dilute obligation whereby any interest below 10% will automatically convert into a 1% net smelter returns royalty. On May 31, 2019, Calidus provided notice to the Company that it had earned its 70% interest in and to the Novo Tenements. The Company is currently discussing joint operation plans with Calidus.

During the year ended January 31, 2020, one of the Novo Tenements reached the end of its term and expired. The Company recorded an impairment expense of AUD $131,000 ($120,000).

<u>**Karratha Region**</u>

Comet Well Property

On April 11, 2017, the Company entered into a binding terms sheet (the "Terms Sheet") with Jonathan and Zoe Campbell ("Campbell") to acquire the Campbells' interest in tenements 47/3597, 47/1845, 47/1846, 47/1847, and 47/3601 (collectively, the "Tenements") which comprise the Comet Well project in the Karratha region of Western Australia (the "Comet Well Project"). On August 3, 2017, the Company signed a sale and purchase agreement and a royalty agreement with Campbell, two farm-in and joint operation agreements with Gardner Mining Pty Ltd ("Gardner") and Bradley Adam Smith ("Smith"), and a settlement deed with Campbell, Gardner, and Smith (collectively, the "Definitive Agreements"). Upon execution of the Definitive Agreements, the Company had the right to earn an 80% interest, in aggregate, to the Tenements.

The aggregate cash portion of the purchase price pursuant to the Definitive Agreements was AUD $1,750,000, of which AUD $100,000 ($100,000) was paid to Campbell upon signing of the Terms Sheet and AUD $150,000 ($148,000) was paid to Campbell upon signing of the Definitive Agreements. The remaining AUD $1,500,000 ($1,434,000) was paid to Gardner and Smith on December 20, 2017. The shares portion of the purchase price consisted of 1,450,000 Novo common shares (the "Initial Consideration Shares") of which 450,000 Initial Consideration Shares were issued to Campbell and 1,000,000 Initial Consideration Shares were issued to Gardner and Smith. The Initial Consideration Shares were issued on January 25, 2018, at a fair value of $4,611,000 based on the closing price of the Company's common shares on the TSX-V on January 25, 2018 of $3.18.

On January 25, 2021, a further AUD $3,000,000 in aggregate is required to be paid to Gardner and Smith and AUD $3,000,000-worth of Novo's common shares (the "Subsequent Consideration Shares") is required to be issued to Gardner and Smith, with the number of Subsequent Consideration Shares to be calculated based on Novo's then prevailing 5-day trailing volume-weighted average price ("VWAP").

The Subsequent Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance.

The AUD $3,000,000 cash consideration was recognized as a long-term liability in the Company's consolidated statement of financial position. On initial recognition, the cash consideration payable was discounted to reflect its present value. The liability is carried at amortised cost and is being accreted to its face value over the period to maturity. The carrying value of the cash consideration payable recognised as a current liability at January 31, 2020 is $2,518,000 (AUD $2,842,000) (January 31, 2019 - $2,825,000 (AUD $2,955,000)).

The Subsequent Consideration Shares have been accounted for as an equity-settled share-based payment under the requirements of IFRS 2 *Share Based Payments* ("IFRS 2"). As an equity-settled share-based payment, the consideration payable was recognised directly in equity without subsequent remeasurement. The transaction was recognised and measured with reference to the fair value of the equity instruments granted at the date control of the asset was obtained, estimated to be $3,354,000 as the Company determined that it could not reliably measure the fair value of the asset obtained.

A bonus (the "Discovery Bonus") of AUD $1,000,000 payable in cash and/or Novo common shares (at Campbell's option) is required to be paid to Campbell if Novo publishes measured, indicated, or inferred gold resources of at least 250,000 ounces on the Comet Well Project (the "Comet Well Technical Report"). As at the date of these consolidated financial statements resources have not been defined on the Comet Well project.

If the Discovery Bonus is to be paid in the Company's common shares, the shares will be priced at the Company's then 5-day trailing VWAP and will be subject to a statutory hold period expiring four months from the date of issuance. The Company has not published a Comet Well Technical Report so no amount has been accrued for the Discovery Bonus.

The royalty agreement between the Company and Campbell entitles Campbell to a 1% net smelter returns royalty on gold (the "Campbell Royalty") extracted by the Company on the Tenements. On July 27, 2018, the Company purchased one-half of the Campbell Royalty by agreeing to pay $1,000,000 upon receipt of TSX-V approval (the "Approval Date") (paid on August 1, 2018), an additional $250,000 on the six-month anniversary of the Approval Date (paid on January 25, 2019), and an additional $500,000 (paid on July 26, 2019) on the 12-month anniversary of the Approval Date. The Company also issued 138,946 common shares on July 26, 2018, at a fair value of $588,000 based on the closing price of the Company's common shares on the TSX-V on July 26, 2018 of $4.23. The Company also agreed to pay Campbell a sub-royalty, in cash or satisfied by the issuance of common shares at the Company's discretion, based on either (i) resource reports being announced by the Company in compliance with either National Instrument 43-101 or the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves for the Comet Well property, demonstrating Measured Mineral Resources or Indicated Mineral Resources of gold, or a combination thereof (together, the "Announced Resources"), or (ii) if there are no Announced Resources but the Comet Well property is being mined by the Company, gold produced by the Company ("Mined Resources"), as follows:

- For Announced Resources and/or Mined Resources up to 5,000,000 ounces of gold, Novo shall make a payment of $0.50 per ounce; and
- For Announced Resources and/or Mined Resources over 5,000,000 ounces of gold, Novo shall make a payment of $1.00 per ounce.

If applicable, any sub-royalty will be paid quarterly, and the obligation to pay the sub-royalty expires on the tenth anniversary of the Approval Date. The sub-royalty is only payable once in respect of Announced Resources that may subsequently become Mined Resources. If a sub-royalty is paid in common shares issued by the Company, the issue price will be determined by reference to the VWAP of the Company's shares for the last 20 trading days of the relevant quarter.

The first farm-in and joint operation agreement (the "Novo Farm-in Agreement") signed between the Company and Gardner and Smith entitles the Company to earn an 80% interest in the Tenements once certain regulatory approvals are obtained and the Company incurs AUD $4,000,000 in expenditures within three years of the Tenements being granted by the Australian Department of Mines, Industry Regulation and Safety ("DMIRS"). Concurrently, the Company signed a farm-in and joint operation agreement (the "Gardner and Smith Farm-in Agreement") with Gardner and Smith which entitle Gardner and Smith to earn an aggregate 20% interest in the Tenement by incurring AUD $50,000 in aggregate within two years of the Tenements being granted by the DMIRS.

As such, if the Company earns into the Tenements and Gardner and Smith earn into the Tenements, the Company will hold an 80% interest in the Tenements and Gardner and Smith will hold a 20% interest in the Tenements. The Company provided Gardner and Smith with confirmation of farm-in completion on May 28, 2018.

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

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

On December 4, 2017, the Company signed a native title and heritage exploration agreement (the "Native Title Agreement") with Campbell, Gardner, Smith, and the Ngarluma Aboriginal Corporation ("NAC") which allowed heritage surveys to commence and the granting of the Tenements. The Company was subsequently entitled to commence exploration work on the Tenements in order to satisfy earn-in expenditures on the Novo Farm-in Agreement. The Company also issued 100,000 common shares to NAC as consideration for signing the Native Title Agreement on December 8, 2017 at a fair value of $503,000 based on the closing price of the Company's common shares on the TSX-V on December 8, 2017 of $5.03.

Artemis Resources Limited Joint Operation

On August 15, 2017, the Company signed definitive agreements outlining farm-in and joint operation gold rights with Artemis Resources Limited ("Artemis"). Novo had the right to farm-in to 50% of gold (and other minerals necessarily mined with gold) in conglomerate and/or paleo placer style mineralization in Artemis' tenements within 100km of the City of Karratha, including at Purdy's Reward (the "Gold Rights"). The Gold Rights do not include (i) gold disclosed in Artemis' existing JORC compliant Resources and Reserves at May 18, 2017 or (ii) gold which is not within conglomerate and/or paleo-placer style mineralization or (iii) minerals other than gold. Artemis' Mt Oscar tenement is excluded from the definitive agreements.

The farm-in commitment required Novo to spend AUD $2,000,000 on exploration within two years of satisfying conditions precedent in the definitive agreements. The Company issued 4,000,000 common shares as consideration for the Artemis transaction on August 23, 2017, at a fair value of $16,480,000 based on the closing price of the Company's common shares on the TSX-V on August 23, 2017 of $4.12.

The definitive agreements signed cover 38 tenements/tenement applications that are 100% owned by Artemis. On completion of the farm-in commitment, three 50:50 joint operations would be formed between Karratha Gold and three subsidiaries of Artemis. The joint operations would be managed as one by Karratha Gold. Artemis and Novo would contribute to further exploration and mining of the Gold Rights on a 50:50 basis.

On November 27, 2017, the Company reached its AUD $2,000,000 expenditure requirement and sent notice to such effect to Artemis. As such, effective November 27, 2017, the 50:50 unincorporated joint operation was deemed to be formed between Karratha Gold and Artemis' subsidiaries. Karratha Gold manages the joint operations and Artemis and Karratha Gold will contribute to further exploration and mining of the Gold Rights on a 50:50 basis. If Karratha Gold or Artemis elect not to contribute to the joint operation pursuant to a budget approved by the joint operation management committee, the non-contributing entity's interest in the joint operation will dilute at a ratio of 0.1% for every AUD $50,000 overspent by the contributing entity. If a non-contributing entity's interest in the joint operation is reduced to below 5%, the non-contributing entity will be deemed to have withdrawn from the joint operation and its interest will convert to a 0.5% net smelter returns royalty payable on any gold subject to the Gold Rights which is capable of being sold or otherwise disposed of.

During the year ended January 31, 2020, Artemis contributed AUD $512,000 ($454,000) to the joint operation.

Welcome Exploration Pty Ltd

On August 11, 2017, Novo and Karratha Gold entered into an option agreement (the "Agreement") with Welcome Exploration Pty Ltd, a private Australian company (the "Optionor") for the option to acquire the Optionor's interest in certain tenements (the "Option") in the Karratha region of Western Australia (the "Pipeline Project"). The Pipeline Project consists of seven prospecting licences, five exploration licences, six prospecting licence applications, three exploration licence applications and a miscellaneous licence application.

An option fee payment of 500,000 Novo common shares was made on August 16, 2017 at a fair value of $2,500,000 based on the closing price of the Company's common shares on the TSX-V on August 16, 2017 of $5.00.

At any time within 12 months of signing of the Agreement, the Company had the right to exercise its Option and purchase the Pipeline Project outright, subject to the Optionor retaining certain rights described below, by issuing 2,500,000 Novo common shares (the "Option Exercise Shares") to the Optionor. The Option Exercise Shares were subject to a statutory hold period expiring four months from the date of issuance. Transfer to Novo of the tenements comprising the Pipeline Project were subject to the requisite approvals of certain Australian government authorities.

The Company determined that the Pipeline Project was not prospective and let the Options lapse. The Company recorded an impairment expense of AUD$2,650,000 ($2,558,000) during the year ended January 31, 2019.

100%-Owned Karratha Tenements

The Company pegged approximately 8,000 square kilometres of tenements in and around the Karratha region of Western Australia under its wholly-owned subsidiaries, Meentheena, Grant's Hill Gold Pty Ltd, and Rocklea Gold Pty Ltd during fiscal years 2018, 2019, and 2020. The Company continued pegging tenements in the Pilbara region of Western Australia during the year ended January 31, 2020.

Egina Region

Farno-McMahon transaction

On March 29, 2018, the Company signed an option agreement with Farno for the right to explore Farno's tenements in and around the Karratha region of Western Australia for a 12-month period. The Company paid AUD $300,000 ($297,000) in cash for the right, of which AUD $278,000 ($275,000) was accounted for as a property acquisition cost and AUD $22,000 ($22,000) was attributed to 400 grams of gold nuggets delivered by Farno to the Company.

On October 1, 2018, the Company entered into a share purchase agreement whereby the Company acquired 100% of the issued and outstanding shares of Farno, an Australian proprietary limited exploration company (the "Farno Transaction"). Farno holds a 100% interest in four key tenements in the Egina region of Western Australia, including two mining leases.

The Company paid AUD $150,000 ($139,000) in cash to Farno upon execution of an initial agreement. Upon satisfaction and waiver of certain outstanding conditions which occurred on October 1, 2018, the Company paid a further AUD $2,350,000 ($2,173,000) in cash and issued 1,252,895 common shares at a fair value of $3 per share to the shareholders of Farno. All Novo common shares issued pursuant to the Farno Transaction were subject to a statutory hold period expiring on February 1, 2019.

Memorandum of Agreement with Pioneer Resources Limited

On September 17, 2018 the Company entered into a binding Memorandum of Agreement with Pioneer. The Company is entitled to earn, via farm-in arrangements, a 70% interest in precious metal rights on four exploration tenements in the Egina region of Western Australia which comprise the Kangan gold project. The aggregate purchase price was AUD $640,000 ($601,000), satisfied through the issuance of 100,000 Novo common shares with a fair value of $4.04 per share to Pioneer as well as AUD $200,000 ($188,000) in cash.

Sumitomo Farm-In and Joint Operation

Egina Farmin Arrangement ("EFA")

On June 7, 2019, the Company entered into the Egina Farmin Agreement ("EFA") to advance its Egina project (the "Project") located near Port Hedland in WA.

Under the EFA, Sumitomo Corporation and its wholly owned Australian subsidiary (together, "Sumitomo") will contribute up to USD $29.66 million funding to the Project over a 3-year earning period, subject to specific milestones and activity taking place. As at January 31, 2020, Sumitomo has funded AUD $6,271,000 ($5,615,000) to advance the Project of which AUD $3,703,000 ($3,281,000) was recognized as a receivable and was received subsequent to January 31, 2020.

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

- acquire up to 40% participating interest in the Farmin Assets if Sumitomo makes an election to establish a joint arrangement with the Company (the "Farmin Option"); or
- exercise their Reimbursement Option, resulting in Novo reimbursing Sumitomo's funding contribution in either cash ("Cash Payment Option") or a variable number of shares ("Share Payment Option").

Exercising the Farmin Option extinguishes the obligation of the Company to repay Sumitomo any funding contributions previously provided.

The Reimbursement Option is calculated with reference to the Reimbursement Payment Amount, which includes adjustments for any notional share of Product that Sumitomo has earned over the earning period and, in the case of the Cash Payment Option, accrued interest on the principal outstanding calculated with reference to the London Interbank Offered Rate ("LIBOR") from the date the funding was obtained.

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

The prescribed issue price is the higher of:

1. The Company's closing share price of $2 as at June 7, 2019 (the date of the EFA); or
2. The discounted VWAP of the Company at the time of conversion (determined with reference to the EFA requirements and TSX-V listing policies).

The Company has a financial liability with respect to the Reimbursement Option as it has an unavoidable contractual obligation to reimburse Sumitomo the full Reimbursement Payment Amount in either cash or a variable number of shares and the Reimbursement Option is at Sumitomo's discretion at all times.

As a result of the unique features and characteristics of the EFA, the Company has elected to designate the financial liability and related embedded derivatives in their entirety at FVTPL. In these circumstances, changes in the fair value of the entire hybrid financial instrument are recognised through profit or loss, except to the extent that the change in fair value is attributable to changes in credit risk of that liability (in which case it is presented in other comprehensive income).

In addition to the financial liability, the EFA has also resulted in a written call Option, under which the Company has an obligation to sell a portion of its interest in the Farmin Assets if the counterparty exercises the option. The written call option is a contract to sell a non-financial item, being the physical delivery of a participating interest in the Farmin Assets and is therefore outside the scope of IFRS 9.

The written call option was initially measured at cost, determined as the residual amount of the consideration received after deducting the fair value of the financial liability (including embedded derivatives).

De Grey Mining Ltd. Letter of Intent

On June 28, 2019, the Company entered into a binding letter of intent (the "LOI") with De Grey Mining Ltd. ("De Grey"), an ASX-listed entity, in order to significantly broaden its exposure to the gold-bearing lag gravel deposits adjacent and believed to be synonymous with the Company's Egina gold project.

Novo has secured the right to explore De Grey's tenements for gold-bearing lag gravel deposits for an initial three-year period (the "Initial Period") by paying AUD $1 million, of which AUD $300,000 will be held in escrow by Novo until De Grey acquires Indee Gold Pty Ltd ("Indee Gold") (as at January 31, 2020, the Company has paid AUD $1,000,000 ($907,000) to De Grey under the LOI).

Prior to the expiry of the Initial Period, Novo can elect to extend its exploration rights for an additional two years (the "Second Period") by paying an additional AUD $1 million (the "Second Payment"), AUD $300,000 of which will also be kept in escrow by Novo until De Grey acquires Indee Gold. Novo can elect to continue to extend its exploration rights beyond the Second Period in two year increments by paying an additional AUD $1 million per extension period, subject to the successful submission of a mining lease application or De Grey's waiver of this condition.

De Grey acquired Indee Gold on August 23, 2019.

If a mining lease is granted to Novo on the De Grey tenements, Novo will be deemed to have acquired an 80% interest in the relevant tenements (or portions thereof) which comprise the mining lease area (the "Joint Arrangement") by giving notice to De Grey and making a one-time payment of AUD $2 million. If the Joint Arrangement is established during the Initial Period, Novo will also be required to pay the Second Payment.

De Grey remains the primary tenement holder and will have precedence at all stages of exploration and mining for bedrock mineralisation while Novo holds rights for exploration and mining for gold-bearing lag gravel deposits. Certain tenements held by De Grey are excluded, including granted mining and miscellaneous leases, existing De Grey resources with a 300 metre buffer, any future mining leases granted over the existing De Grey resources, De Grey's conglomerate gold excursion areas, and minor areas of existing gravel rights on De Grey's tenure which are currently retained by third parties.

New Frontier Resources Pty Ltd Purchase

On May 25, 2019, the Company purchased a 60% interest in tenement E47/3812 from New Frontier Resources Pty Ltd ("New Frontier") for AUD $2,000,000 ($1,809,000). A joint operation was formed whereby New Frontier will be free-carried to a decision to mine.

<u>Nevada, USA Region</u>

Tuscarora Property

On November 6, 2017, the Company signed an option agreement with APM whereby APM has the option to acquire the Company's interest in the Tuscarora property in Nevada, USA.

APM listed on the Canadian Securities Exchange on March 8, 2018 (the "Listing Date"). Pursuant to the option agreement, APM will pay to Novo $375,000 in three equal annual instalments by January 31 of each year. APM will also issue $200,000 worth of APM common shares in three equal annual instalments on the anniversary of the Listing Date. Beginning on the first anniversary of the Listing Date, APM will also be required to incur annual expenditures of USD $100,000 on the Tuscarora Project. APM will grant to Novo a 0.5% net smelter returns royalty (the "Tuscarora NSR") which APM can repurchase for USD $500,000 at any time. APM will also assume all of Novo's royalty obligations under its original option agreement underlying the Tuscarora Project between Novo and Nevada Select Royalty, Inc. On January 24, 2018, APM paid $125,000 to Novo. On March 8, 2018, APM issued 266,666 common shares to Novo at a fair value of $0.38 per share for total consideration of $102,000. On January 29, 2019, APM paid $125,000 to Novo. On March 8, 2019, APM issued 266,666 common shares to Novo at a fair value of $0.22 per share for total consideration of $59,000.

On December 18, 2019, the Company signed an amending and acknowledgement agreement with APM (the "Amending APM Agreement") whereby the third and final cash payment of $125,000 was increased to $150,000 and delayed until January 31, 2021. The Amending APM Agreement also ratified an expanded area over which the Tuscarora NSR applies and confirmed APM's obligation to cover annual Tuscarora claim maintenance fees.

The exploration and evaluation assets are comprised of the following:

	Beatons	US Region	Karratha and Egina Region					
	Creek Region $'000	Tuscarora $'000	Comet Well $'000	Artemis $'000	Pioneer $'000	Farno-McMahon (Egina) $'000	Granted Tenements $'000	Total $'000
Balance, January 31, 2019	47,063	84	25,939	19,321	641	7,365	3,695	104,108
Acquisition Costs	-	-	(248)	-	-	3,134	-	2,886
Exploration Expenditure:								
Drilling	130	-	13	-	-	345	-	488
Field Work	176	-	79	38	5	1,859	1,223	3,380
Fuel	26	-	17	-	-	286	1	330
Geology	3,287	-	30	38	-	905	98	4,358
Legal	146	-	31	10	15	51	12	265
Meals & Travel	387	-	54	(16)	-	919	411	1,755
Office and General	174	-	15	1	-	305	62	557
Reports, Data and Analysis	391	-	95	-	12	68	(54)	512
Rock Samples	1,036	-	451	28	-	393	244	2,152
Native Title	206	-	-	-	10	69	14	299
Tenement Administration	467	-	-	37	4	88	523	1,119
Foreign Exchange Difference	(4,487)	1	(2,239)	(1,414)	(58)	(1,357)	(527)	(10,081)
Option Payments Received	-	(58)		-	-	-	-	(58)
Artemis contribution	-	-	-	(512)	-	-	-	(512)
Research and Development Refund	-	-	(2,774)	-	-	-	-	(2,774)
Impairment	(2,550)	-	-	-	-	-	-	(2,550)
	(611)	(57)	(4,228)	(1,790)	(12)	3,931	2,007	(760)
Balance, January 31, 2020	**46,452**	**27**	**21,463**	**17,531**	**629**	**14,430**	**5,702**	**106,234**

	Beatons Creek Region	US Region	Karratha and Egina Region						
		Tuscarora	Comet Well	Artemis	Welcome Exploration	Pioneer	Farno McMahon	Granted Tenements	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance, January 31, 2018	39,361	304	13,876	21,091	2,625	-	-	617	77,874
Acquisition Costs	-	-	2,537	-	-	630	6,777	-	9,944
Exploration Expenditure:									
Drilling	1,239	-	1,239	944	-	-	-	-	3,422
Feasibility study	14	-	-	-	-	-	-	-	14
Fieldwork	330	-	912	73	-	-	14	1,272	2,601
Fuel	95	-	250	-	-	-	23	-	368
Geology	3,135	-	733	-	-	-	270	272	4,410
Legal	73	-	52	13	-	11	-	24	173
Meals, Travel and Vehicle/Equipment Hire	839	-	2,131	2	-	-	168	736	3,876
Office and General	274	-	210	-	-	-	90	(569)	5
Reports, Data and Analysis	493	-	720	95	-	-	-	165	1,473
Rock Samples	2,637	-	3,632	386	-	-	-	1,051	7,706
Native Title	191	-	-	-	-	-	-	-	191
Tenement Administration	333	(14)	250	4	-	-	23	151	747
Foreign Exchange	(1,342)	21	(603)	(782)	(60)	-	-	(24)	(2,790)
Option Payments Received	-	(227)	-	-	-	-	-	-	(227)
Artemis 50% JV contribution	-	-	-	(2,505)	-	-	-	-	(2,505)
Impairment	(609)	-	-	-	(2,565)	-	-	-	(3,174)
	7,702	(220)	9,526	(1,770)	(2,625)	11	588	3,078	16,290
Balance, January 31, 2019	**47,063**	**84**	**25,939**	**19,321**	**-**	**641**	**7,365**	**3,695**	**104,108**

Recoverability of exploration and evaluation assets

The amounts shown as exploration and evaluation assets represent net costs to date, less amounts amortized and/or written off and refunds or option payments received, and do not necessarily represent present or future values. The recoverability of these amounts from future exploration and any additional amounts required to place the exploration and evaluation assets into commercial production are dependent upon certain factors. These factors include the existence of mineral deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop its exploration and evaluation assets.

(Expressed in Canadian Dollars, unless stated otherwise)

7. PROPERTY, PLANT, AND EQUIPMENT

Cost	Property	Office Furniture and Equipment	Mining Equipment	Exploration camp	Vehicles	Total
Balance as at January 31, 2018	-	10	509	402	163	1,084
Additions	-	-	405	-	26	431
Foreign Exchange differences	-	-	47	(10)	(4)	33
Disposals	-	-	(39)	-	-	(39)
Balance as at January 31, 2019	-	10	922	392	185	1,509
Additions	477	58	393	235	71	1,234
Foreign Exchange differences	13	2	26	17	3	61
Disposals	18	-	(373)	-	(83)	(438)
Balance as at January 31, 2020	508	70	968	644	176	2,366

Accumulated Depreciation	Property	Office Furniture and Equipment	Mining Equipment	Exploration camp	Vehicles	Total
Balance as at January 31, 2018	-	10	20	56	5	91
Foreign Exchange differences	-	-	-	(1)	-	(1)
Depreciation	-	-	30	69	34	133
Disposals	-	-	3	-	-	3
Balance as at January 31, 2019	-	10	53	124	39	226
Foreign Exchange differences	(30)	(1)	(19)	(33)	(14)	(97)
Depreciation	257	4	198	174	86	719
Disposals	17	-	(85)	-	-	(68)
Balance as at January 31, 2020	244	13	147	265	111	780

Carrying Value	Property	Office Furniture and Equipment	Mining Equipment	Exploration camp	Vehicles	Total
Balance as at January 31, 2019	-	-	869	268	146	1,283
Balance as at January 31, 2020	264	57	821	379	65	1,586

8. CAPITAL AND RESERVES

Authorized

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

(Expressed in Canadian Dollars, unless stated otherwise)

Shares issued

During the year ended January 31, 2019, the Company issued 1,000,000 common shares in order to satisfy consulting services received by the Company between May 1 and August 3, 2017. The consulting services were measured using the Company's average share price during the consulting period and were recognized in the consolidated statements of loss and comprehensive loss during the aforementioned period.

Warrants

The continuity of warrants is as follows:

	January 31, 2020		January 31, 2019	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of year	28,477,000	$ 3.41	35,602,439	$ 2.93
Granted	-	-	-	-
Cancelled/Expired	-	-	-	-
Exercised	(14,477,000)	$ (0.90)	(7,125,439)	$ (1.01)
Balance, end of year	14,000,000	$ 6.00	28,477,000	$ 3.41

Full share equivalent warrants outstanding and exercisable as of January 31, 2020:

Expiry Date	Price Per Share	Warrants Outstanding
September 6, 2020	$6.00	14,000,000
		14,000,000

Full share equivalent warrants outstanding and exercisable as of January 31, 2019:

Expiry Date	Price Per Share	Warrants Outstanding
May 4, 2019	$0.90	14,477,000
September 6, 2020	$6.00	14,000,000
		28,477,000

Share option plan

Pursuant to the Plan, the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the TSX-V.

(Expressed in Canadian Dollars, unless stated otherwise)

The continuity of stock options is as follows:

	January 31, 2020		**January 31, 2019**	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of the period	12,415,000	$3.21	12,550,000	$0.94
Granted	6,165,000	$3.57	630,000	$4.60
Exercised	(510,000)	($1.57)	(615,000)	($1.21)
Expired/Cancelled	(2,245,000)	($3.40)	(150,000)	($3.35)
Balance, end of the period	**15,825,000**	**$3.37**	**12,415,000**	**$3.21**

The options outstanding and exercisable at January 31, 2020 are as follows:

Outstanding Options			**Exercisable Options**	
Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Exercise Price
150,000	$0.20	0.36	150,000	$0.20
1,750,000	$0.94	1.54	1,050,000	$0.94
1,750,000	$0.95	1.35	250,000	$0.95
2,125,000	$1.57	1.46	1,450,000	$1.57
2,125,000	$7.70	2.72	1,700,000	$7.70
400,000	$7.94	2.77	400,000	$7.94
950,000	$3.47	3.00	-	$3.47
410,000	$4.60	3.35	-	$4.60
6,165,000	$3.57	4.99	-	$3.57
15,825,000	**$3.37**	**3.17**	**5,000,000**	**$3.96**

The options outstanding and exercisable at January 31, 2019 were as follows:

Outstanding Options			**Exercisable Options**	
Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Exercise Price
150,000	$0.20	1.36	150,000	$0.20
2,400,000	$0.94	2.54	2,225,000	$0.94
1,750,000	$0.95	2.35	250,000	$0.95
3,210,000	$1.57	2.46	2,325,000	$1.57
2,675,000	$7.70	3.72	2,200,000	$7.70
400,000	$7.94	3.77	400,000	$7.94
1,200,000	$3.47	4.00	-	-
630,000	$4.60	4.35	-	-
12,415,000	**$3.21**	**3.00**	**7,550,000**	**$3.46**

For the period ended January 31, 2020, the total share-based payment expense was $2,743,000 (January 31, 2019 - $8,944,000).

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

	For the period ended January 31, 2020	**For the period ended January 31, 2019**
Average Share price	$2.74	$3.28
Risk-free interest rate	1.29% - 2.11%	1.78% - 2.11%
Dividend yield	0.00%	0.00%
Expected volatility	74.43% - 101.65%	95.08% - 102.92%
Expected option life	3.57 – 5 years	4 - 5 years

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

The option reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

The warrant reserve is used to recognize the value of equity-settled call options provided as compensation to financing underwriters.

The Comet Well Deferred Consideration reserve is used to recognize the value of the Subsequent Consideration Shares. See note 6 for further details.

A reconciliation of the Company's annual movement in accumulated other comprehensive loss is as follows:

	Movement in FVTOCI $'000	**Foreign exchange on translation of subsidiaries $'000**	**Total $'000**
Balance as at January 31, 2018	**(210)**	**187**	**(23)**
APM shares	(68)	-	(68)
Calidus shares	(763)	-	(763)
E3D shares	107	-	107
Pioneer shares	(143)	-	(143)
Foreign exchange on translation of subsidiaries	-	(3,429)	(3,429)
Total	(867)	(3,429)	(4,296)
Balance as at January 31, 2019	**(1,077)**	**(3,242)**	**(4,319)**
APM shares	(60)	-	(60)
Calidus shares	104	-	104
E3D shares	1,404	-	1,404
Pioneer shares	(183)	-	(183)
Kalamazoo shares	2,203	-	2,203
Foreign exchange on translation of subsidiaries	-	(8,923)	(8,923)
Total	3,468	(8,923)	(5,455)
Balance as at January 31, 2020	**2,391**	**(12,165)**	**(9,774)**

9. RELATED PARTY DISCLOSURES

Key Management Personnel Disclosures

During the years ended January 31, 2020 and 2019, the following amounts were incurred with respect to the key management and directors of the Company:

	For the year ended January 31, 2020 $'000	For the year ended January 31, 2019 $'000
Consulting services – short term employee benefits	180	180
Wages and salaries – short term employee benefits	1,119	1,163
Share-based payments	873	7,103
	2,172	8,446

10. SUPPLEMENTAL CASH FLOW INFORMATION

During the years ended January 31, 2020 and 2019, non-cash activities conducted by the Company related to the movement of mineral property expenditures in accounts payable:

	January 31, 2020 $'000	January 31, 2019 $'000
Operating activities		
Increase / (decrease) in accounts payable and accrued liabilities	(1,723)	1,317
Investing activities		
Issuance of shares for mineral property	-	4,750
(Deductions to) / additions in exploration and evaluation assets	1,723	(1,317)
Financing activities		
Increase / (decrease) in Sumitomo funding liability	(3,281)	-

11. FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, marketable securities, accounts payable and accrued liabilities, the Sumitomo funding liability, and the cash component of the deferred consideration for mineral property. The fair value hierarchy for financial instruments 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 and accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature. The cash component of the deferred consideration was initially recognized at fair value and is subsequently measured at amortized cost. The Sumitomo funding liability and its related embedded derivatives are measured in their entirety as at FVTPL, except to the extent that the change in fair value is attributable to changes in credit risk of the Sumitomo funding liability in which case it is presented in other comprehensive income.

Financial Instruments carried at fair value:

- The marketable securities balance for listed securities is measured using Level 1 inputs. The fair value of marketable securities is measured at the closing market price obtained from the Canadian Securities Exchange and the Australian Securities Exchange.

- 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 last financing price used by E3D to raise funds for its operations. Changes to E3D's fair value per share can significantly affect the fair value estimate.

- The Sumitomo funding liability balance is measured using Level 3 inputs. The fair value of the liability was determined using a Binomial Option Pricing Model and a Monte Carlo simulation including the Company's share price and accompanying volatility as at each valuation date, various interest rates (including risk-free rates and six-month LIBOR), and the Company's credit rating. Changes to the aforementioned inputs can significantly affect the fair value estimate of the Sumitomo funding liability.

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

b) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, short-term investments, and, the Sumitomo funding liability to the extent of any changes in credit risk associated with the Company. The Company limits its exposure to credit loss by placing its cash and short-term investments with high credit quality financial institutions.

c) Foreign exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk, primarily the Australian dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Company subsidiary. The Company considers this risk to be immaterial considering it does not conduct significant transactions or hold significant cash in currencies which do not match the functional currency of each of the Company's subsidiaries.

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

d) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. Other than the cash component of the deferred consideration for mineral property, all of the Company's financial liabilities are classified as current and the Company has a practice of paying its outstanding payables within 30 days. The deferred consideration for mineral property is due on January 25, 2021. The Sumitomo funding liability and represent the approximate value that the Company would repay if Sumitomo were to exercise their Reimbursement Option (see note 6 Exploration and Evaluation Assets for further details).

e) Price Risk

The Company is exposed to price risk with respect to commodity prices and its marketable securities. The Company's ability to raise capital is subject to risks associated with fluctuations in the market, including commodity prices. The Company's ability to recognize gains on liquidation of its marketable securities is subject to risks associated with fluctuations in the market prices of its marketable securities. Refer to the note 15 Subsequent Events describing the impact of the novel coronavirus ("COVID – 19") on the Company.

f) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at bank and term deposits carried at floating interest rates with reference to the market. The Company also has some exposure to interest rate risk with respect to the fair value of the Sumitomo funding liability. However, 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.

The exposure to interest rates for the Company is considered minimal.

12. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company defines capital that it manages as share capital and cash and short-term investments.

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

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

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

The Company is not subject to external capital restrictions nor were there any changes in the Company's capital management policies during the period.

13. SEGMENT INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. The Company's non-current assets are located in the following countries:

	As at January 31, 2020			
	Australia	**USA**	**Canada**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Property, plant and equipment	1,583	1	2	1,586
Exploration and evaluation assets	106,207	27	-	106,234
Gold specimens	74	-	-	74
Marketable securities	7,555	-	6,902	14,457
	115,419	**28**	**6,904**	**122,351**

	As at January 31, 2019			
	Australia	**USA**	**Canada**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Property, plant and equipment	1,283	-	-	1,283
Exploration and evaluation assets	104,024	84	-	104,108
Gold specimens	159	-	-	159
Marketable securities	2,114	-	4,619	6,733
	107,580	**84**	**4,619**	**112,283**

14. INCOME TAXES

The difference between tax expense or recovery for the year and the expected income taxes based on the statutory tax rate arises as follows:

	2020	**2019**
	$'000	**$'000**
Deferred income tax related to items charged or credited directly to equity	(880)	-
Reconciliation between tax expense and accounting loss before income tax		
Loss before income taxes	(12,842)	(15,296)
Tax recovery based on statutory rate of 27.00% (PY: 27.00%)	(3,467)	(4,130)
Difference in tax rates due to other jurisdictions	(237)	19
Non-deductible expenses	508	2,350
Change in unrecognized deferred tax assets	2,316	1,761
Deferred income tax recovery	(880)	-

The Canadian Federal corporate tax rate is 15.00%, and the British Columbia provincial tax rate is 12.00%.

The tax rate of 21.00% represents the statutory rate applicable for the 2019 taxation year for the USA, and 27.00% for Australia, and nil for the British Virgin Islands.

Deferred Tax Assets and Liabilities

The significant components of the Company's net deferred tax assets and liabilities as of January 31, 2020 and 2019 are as follows:

Deferred Tax Assets:	**2020 $'000**	**2019 $'000**
Non-capital losses	28,655	25,308
Capital losses	569	291
Exploration and evaluation assets	474	415
Capital and other assets	139	255
Deferred tax assets	29,837	26,369
Deferred Tax Liabilities:		
Exploration and evaluation assets		-
Marketable securities	(880)	(900)
Off-set with deferred tax assets	880	900
Deferred tax liabilities	-	-
Unrecognized deferred tax assets	(28,957)	(25,469)
Net deferred tax assets	-	-

As at January 31, 2020, the Company has estimated non-capital losses for Canadian tax purposes of $8,800,000, non-capital losses for Australian tax purposes of $73,700,000, and net operating losses for US tax purposes of $3,700,000, which may be carried forward to reduce taxable income derived in future years.

15. SUBSEQUENT EVENTS

a) On February 24, 2020, shareholders of Kalamazoo approved, among other things, the issuance of the Kalamazoo Warrants. The Kalamazoo Warrants were issued to the Company on February 25, 2020.

b) On March 4, 2020, per the option agreement signed with APM and as disclosed in note 6, APM issued the final tranche of 266,667 common shares to Novo at a fair value of $0.045 per share for total consideration of $12,000.

c) On March 2, 2020, the Company subscribed for 15,000,000 common shares (the "New Found Shares") of New Found Gold Corp. ("New Found"), a Canadian private exploration company, valued at $1 per New Found Share, in exchange for 6,944,444 common shares of the Company (the "Novo Shares") based on the closing price of the Company's common shares on the TSX-V on February 28, 2020 (the "New Found Transaction"). The issuance of the Novo Shares in return for the New Found Shares was subject to TSX-V approval which was provided on March 6, 2020.

   As such, the Novo Shares were issued on March 6, 2020, at a fair value of $2.41 per share. Immediately subsequent to the receipt of the New Found Shares, the Company owned approximately 15.97% of the issued and outstanding shares of New Found.

d) On March 23, 2020, the Company dissolved the 50:50 joint operation with Artemis and acquired a 100% interest in exploration licenses E47/1745 ("Purdy's Reward") and E47/3443 ("47K"). As consideration for the transaction, the Company issued 1,640,000 common shares at a fair value of $1.61 per share based on the Company's closing price on the TSX-V on March 23, 2020, and paid AUD $820,000 to Artemis. The Company also issued 360,000 common shares at a fair value of $1.61 per share, paid AUD $180,000, and granted a 1% net smelter returns royalty to Sorrento Resources Pty Ltd, one of Artemis' joint venture partners on the 47K project.

   A finder's fee comprised of 100,000 common shares of the Company, issued at a fair value of $1.61 per share, and a cash payment of AUD $50,000 were paid to Battle Mountain Pty Ltd in respect of the transaction.

e) On March 30, 2020, subscribed for 9,090,909 units (each a "GBM Unit") of ASX-listed GBM Resources Limited (ASX: GBZ) ("GBM") and has been granted an option and an additional earn-in right to acquire up to an aggregate 60% interest in GBM's Malmsbury gold project (the "Malmsbury Project") located in the Bendigo zone of Australia's Victorian goldfields (collectively, the "Transaction"), with the possibility of the interest being increased to 75% interest, as described below. The Transaction was subject to approval of the TSX Venture Exchange and other customary regulatory approvals for transactions of this nature, all of which were received by April 6, 2020.

   The GBM Units were paid for by the issuance of 197,907 common shares of Novo with a fair value of $366,000 based on the closing price of the Company's common shares on the TSX-V on April 6, 2020 of $1.85. Each GBM Unit is comprised of one ordinary share of GBM and one-half-of-one ordinary share purchase warrant (each a "GBM Warrant"). Each whole GBM Warrant is exercisable to purchase one ordinary share of GBM at AUD $0.11 and expires on April 6, 2023. Immediately subsequent to the issuance of the GBM Units, Novo owned approximately 4.13% of the issued and outstanding ordinary shares of GBM.

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

   If Novo exercises the Option, it will have the right to earn an additional 10% interest in the Malmsbury Project and form a joint venture with GBM by incurring AUD $5 million in exploration expenditure (the "Earn-In Amount") over a four-year period (the "Earn-In Period"), as to a minimum of AUD $1 million during the first year, and AUD $1.25 million in each subsequent year, of the Earn-In Period. Any expenditure incurred during any year of the Earn-In Period which surpasses the minimum required amount will be credited against the subsequent year's commitment. If Novo does not satisfy the Earn-In Amount during the Earn-In Period, Novo's interest in the Malmsbury Project will decrease to 49%.

   However, following satisfaction by Novo of the Earn-In Amount during the Earn-In Period, and delivery to GBM of written notice of its election to increase its interest in the Malmsbury Project to an aggregate 60% interest and initiate a joint venture with GBM (the "Joint Venture Date"), GBM will be required to elect to (i) retain its 40% interest in the Malmsbury Project by contributing to 40% of exploration and development expenditure incurred subsequent to the Joint Venture Date, or (ii) dilute its interest in the Malmsbury Project to 25% upon delivery by Novo of a preliminary economic assessment (the "PEA") disclosing at least a 1 million ounce gold resource, of which at least 60% must be in the Indicated classification, within 3 years from the Joint Venture Date. In such case, Novo will pay all development expenditure incurred commencing from the Joint Venture Date, but if a decision to mine is made, GBM will reimburse Novo as to 25% of any such development expenditure from a maximum of 80% of Malmsbury Project cash flows.

Novo and GBM will negotiate a royalty arrangement whereby, subsequent to a decision to mine, GBM will be entitled to receive a maximum 2.5% net smelter returns royalty (the “Maximum Royalty”). The Malmsbury Project is encumbered by certain pre-existing royalties; where such an encumbrance is present, GBM will only be entitled to an adjusted royalty, being the Maximum Royalty less any pre-existing royalty amount.

f) Subsequent to January 31, 2020, 150,000 stock options were exercised for gross proceeds of $141,000.

g) The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

Although the Company has not experienced a significant impact on its business to date, management have assessed the risks of continuing its exploration operations and have determined it would be in the best interest and safety of the Company’s staff, contractors, and consultants if exploration activities were suspended. The outbreak and the response of governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. The scale and duration of these developments remain uncertain as at the date of this report, but they may have an impact on the Company’s future cash flows.

It is not possible to estimate the impact of the outbreak’s near-term and longer-term effects or governments’ varying efforts to combat the outbreak and support businesses. The Company notes that the value of certain assets, in particular the fair value of marketable securities recorded in the statement of financial position determined by reference to fair or market values at January 31, 2020 may have materially changed by the date of these financial statements.

These financial statements have been prepared based upon conditions existing at January 31, 2020 and provide evidence of conditions that existed as at January 31, 2020. As the widespread outbreak of COVID-19 occurred after January 31, 2020, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at January 31, 2020 for the impacts of COVID-19.