# NOVO RESOURCES CORP.

## AMENDED AND RESTATED CONSOLIDATED FINANCIAL STATEMENTS

### For the years ended January 31, 2018 and 2017

(Expressed in Canadian Dollars)

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To the shareholders of Novo Resources Corp.

We have audited the accompanying amended and restated consolidated financial statements of Novo Resources Corp., which comprise the amended and restated consolidated statements of financial position as at January 31, 2018 and January 31, 2017 and the amended and restated consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended January 31, 2018 and January 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Amended and Restated Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these amended and restated consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of amended and restated consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these amended and restated consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the amended and restated consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the amended and restated consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the amended and restated consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the amended and restated consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the amended and restated consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Restated Information
We draw attention to Notes 6 and 16 to the amended and restated consolidated financial statements, which explains that the consolidated financial statements for the year ended January 31, 2018 and 2017 have been restated from those on which we originally reported on May 29, 2018. Our opinion is not modified in respect of this matter.

Opinion
In our opinion, the amended and restated consolidated financial statements present fairly, in all material respects, the amended and restated financial position of Novo Resources Corp. as at January 31, 2018 and January 31, 2017 and its financial performance and its cash flows for the years ended January 31, 2018 and January 31, 2017 in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants,
Vancouver, British Columbia
September 30, 2019

**Novo Resources Corp.**
(Expressed in Canadian Dollars)
**Amended and Restated Consolidated Statements of Financial Position**

| | Note | as at January 31, 2018 $'000 Restated - Note 16 | as at January 31, 2017 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets | | | |
| Cash | | 55,601 | 1,810 |
| Short-term investments | 3 | 13,918 | 134 |
| Receivables | 4 | 1,024 | 496 |
| Prepaid expenses and deposits | | 290 | 319 |
| **Total current assets** | | 70,833 | 2,759 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 993 | 487 |
| Exploration and evaluation assets | 6 | 77,874 | 35,222 |
| Marketable securities | 5 | 2,135 | - |
| **Total non-current assets** | | 81,002 | 35,709 |
| **Total assets** | | 151,835 | 38,468 |
| **LIABILITIES** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 1,767 | 509 |
| **Total current liabilities** | | 1,767 | 509 |
| Non-current liabilities | | | |
| Deferred consideration for mineral property | 6,11 | 2,891 | - |
| **Total non-current liabilities** | | 2,891 | - |
| **Total liabilities** | | 4,658 | 509 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 8 | 161,786 | 50,365 |
| Reserves | 8 | 13,761 | 3,138 |
| Shares to be issued | 8 | 1,141 | - |
| Comet Well deferred consideration reserve | 6 | 3,354 | - |
| Accumulated other comprehensive loss | | (23) | (348) |
| Accumulated deficit | | (32,842) | (15,196) |
| **Total shareholders' equity** | | 147,177 | 37,959 |
| **Total shareholders' equity and liabilities** | | 151,835 | 38,468 |

These amended and restated consolidated financial statements are authorized for issue by the Board of Directors on September 30, 2019. They are signed on the Company’s behalf by:

*“Akiko Levinson”*
Akiko Levinson

*“Michael Barrett”*
Michael Barrett

**Novo Resources Corp.**
(Expressed in Canadian Dollars)
**Amended and Restated Consolidated Statements of Comprehensive Loss**

| | Note | Year Ended January 31, 2018 $'000 Restated - Note 16 | 2017 $'000 |
|---|---|---|---|
| **Expenses** | | | |
| Accounting and audit | | 435 | 365 |
| Consulting services | 9 | 1,831 | 375 |
| Insurance | | 105 | 78 |
| Legal fees | | 194 | 110 |
| Meal and travel expenses | | 184 | 51 |
| Office and general | | 1,026 | 276 |
| Share-based payments | 8,9 | 11,699 | 2,463 |
| Transfer agent and filing fees | | 339 | 143 |
| Wages and salaries | 9 | 1,599 | 443 |
| Impairment of mineral property | 6 | 434 | - |
| **Loss before other items** | | (17,846) | (4,304) |
| **Other items** | | | |
| Interest and other income | | 216 | 390 |
| Accreted interest expense | | - | (327) |
| Foreign exchange | | (16) | (30) |
| Share of loss in associate | | - | (5) |
| Cumulative gain on marketable securities recycled through net loss | | - | 130 |
| Gain on sale of marketable securities | | - | 2 |
| | | 200 | 160 |
| **Net loss for the period** | | (17,646) | (4,144) |
| **Other comprehensive (loss) / income** | | | |
| Change in fair value of marketable securities - not to be reclassified to profit or loss in subsequent periods | 5,6 | (169) | 43 |
| Cumulative loss on marketable securities recycled through net loss | | - | (130) |
| Foreign exchange on translation of subsidiaries - to be reclassified to profit or loss in subsequent periods | | 494 | (346) |
| | | 325 | (433) |
| **Comprehensive loss for the period** | | (17,321) | (4,577) |
| **Weighted average number of common shares outstanding** | | 124,270,351 | 85,554,554 |
| **Basic and diluted loss per common share** | | (0.14) | (0.05) |



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

## Novo Resources Corp.
(Expressed in Canadian Dollars)
**Amended and Restated Consolidated Statements of Changes in Equity**

| | Note | Number of Shares (unrounded) | Amount $'000 | Option Reserve $'000 | Warrant Reserve $'000 | Gold Right Convertible Debenture $'000 | Shares to be Issued $'000 | Comet Well Deferred Consideration Reserve $'000 | Accumulated Other Comprehensive Income/(Loss) $'000 | Accumulated Deficit $'000 | Shareholders' Equity $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance - January 31, 2016** | | 77,148,428 | 37,487 | 613 | 21 | - | - | - | 85 | (11,052) | 27,154 |
| Non-brokered private placement | 8 | 3,927,884 | 2,357 | - | - | - | - | - | - | - | 2,357 |
| Share issuance costs | 8 | - | (55) | - | - | - | - | - | - | - | (55) |
| Issuance of gold right convertible debenture | 14 | - | - | - | - | 316 | - | - | - | - | 316 |
| Non-brokered private placement | 8 | 6,563,694 | 5,579 | - | - | - | - | - | - | - | 5,579 |
| Share issuance costs | 8 | - | (176) | - | 47 | - | - | - | - | - | (129) |
| Warrant exercises | 8 | 836,567 | 672 | - | (1) | - | - | - | - | - | 671 |
| Stock option exercises | 8 | 10,000 | 10 | (5) | - | - | - | - | - | - | 5 |
| Issuance of stock options | 8,11 | - | - | 2,463 | - | - | - | - | - | - | 2,463 |
| Issuance of shares for mineral properties | 6 | 1,451,754 | 2,104 | - | - | - | - | - | - | - | 2,104 |
| Exercise of gold right convertible debentures | 14 | 3,091,493 | 2,387 | - | - | (316) | - | - | - | - | 2,071 |
| Other comprehensive loss for the period | | - | - | - | - | - | - | - | (433) | - | (433) |
| Loss for the year | | - | - | - | - | - | - | - | - | (4,144) | (4,144) |
| **Balance - January 31, 2017** | | 93,029,820 | 50,365 | 3,071 | 67 | - | - | - | (348) | (15,196) | 37,959 |
| Stock option exercises | 8 | 2,025,000 | 2,407 | (1,028) | - | - | - | - | - | - | 1,379 |
| Share-Based payments | 8 | - | - | 11,699 | - | - | - | - | - | - | 11,699 |
| Brokered private placement | 8 | 22,727,350 | 15,000 | - | - | - | - | - | - | - | 15,000 |
| Share issuance costs | 8 | - | (1,543) | - | 477 | - | - | - | - | - | (1,066) |
| Warrant exercises | 8 | 15,818,598 | 15,470 | - | (525) | - | - | - | - | - | 14,945 |
| Non-brokered private placement | 8 | 14,000,000 | 56,000 | - | - | - | - | - | - | - | 56,000 |
| Share issuance costs | 8 | - | (7) | - | - | - | - | - | - | - | (7) |
| Shares to be issued for consulting fee | 8,11 | - | - | - | - | - | 1,141 | - | - | - | 1,141 |
| Issuance of shares for Artemis Joint Venture | 6 | 4,000,000 | 16,480 | - | - | - | - | - | - | - | 16,480 |
| Issuance of shares for Welcome Exploration property | 6 | 500,000 | 2,500 | - | - | - | - | - | - | - | 2,500 |
| Issuance of shares for Comet Well mineral properties | 6 | 1,550,000 | 5,114 | - | - | - | - | - | - | - | 5,114 |
| Comet Well deferred consideration restatement | 6 | - | - | - | - | - | - | 3,354 | - | - | 3,354 |
| Other comprehensive gain for the period - restated | | - | - | - | - | - | - | - | 325 | - | 325 |
| Loss for the period - restated | | - | - | - | - | - | - | - | - | (17,646) | (17,646) |
| **Balance - January 31, 2018 (Restated - Note 16)** | | 153,650,768 | 161,786 | 13,742 | 19 | - | 1,141 | 3,354 | (23) | (32,842) | 147,177 |



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

**Novo Resources Corp.**
(Expressed in Canadian Dollars)
**Amended and Restated Consolidated Statements of Cash Flows**

| | Year ended January 31, | |
|---|---|---|
| | 2018<br>$'000<br>Restated - Note 16 | 2017<br>$'000 |
| **Operating activities** | | |
| Net loss for the period | (17,646) | (4,144) |
| Adjustments: | | |
| Interest and other income | (216) | (14) |
| Accreted interest expense | - | 328 |
| Depreciation | 56 | 22 |
| Foreign exchange | 493 | (166) |
| Share of loss in associate | - | 5 |
| Share-based payment | 11,699 | 2,463 |
| Impairment of mineral property | 434 | - |
| Realized gain on sale of marketable securities | - | (2) |
| Cumulative gain on marketable securities recycled through net loss | - | (130) |
| Shares to be issued for consulting fee | 1,141 | - |
| Total adjustments | 13,607 | 2,506 |
| Changes in non-cash operating working capital: | | |
| Accounts payable and accrued liabilities | 2,453 | 630 |
| Prepaid expenses and deposits | 29 | (146) |
| Receivables | (528) | (114) |
| | 1,954 | 370 |
| **Net cash used in operating activities** | **(2,085)** | **(1,268)** |
| **Investing activities** | | |
| Interest and other income | 216 | 14 |
| Proceeds from selling marketable securities | - | 122 |
| Purchase of equipment | (562) | (92) |
| Short-term deposits | (13,783) | (134) |
| Purchase of marketable securities | (1,477) | - |
| Expenditures on exploration and evaluation assets | (14,768) | (8,694) |
| **Net cash used in investing activities** | **(30,374)** | **(8,784)** |
| **Financing activities** | | |
| Issuance of share capital | 87,323 | 8,610 |
| Share issuance cost | (1,073) | (185) |
| Issuance of gold right convertible debenture | - | 2,071 |
| Gold right convertible debenture issuance costs | - | (12) |
| **Net cash from financing activities** | **86,250** | **10,484** |
| | | |
| **Net change in cash** | 53,791 | 432 |
| **Effect of exchange rate changes on cash** | - | - |
| **Cash, beginning of the period** | 1,810 | 1,378 |
| **Cash, end of the period** | **55,601** | **1,810** |

**Supplemental cash flow information (Note 10)**

## 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 is 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 c/o Suite 2900, 595 Burrard Street, Vancouver, BC, V7X 1J5, Canada.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

These amended and restated 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 amended and restated consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as at fair value through profit or loss ("FVTPL"), and available-for-sale that have been measured at fair value. These amended and restated consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated and share amounts are not rounded.

The preparation of amended and restated consolidated financial statements in conformity with IFRS 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 judgment or complexity or where assumptions and estimates are significant to the financial statements are disclosed 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.

These amended and restated consolidated financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Australian dollars will be referred to as "AUD" in these amended and restated consolidated financial statements, and U.S. dollars will be referred to as "USD" in these financial statements.

### Basis of consolidation

These amended and restated consolidated financial statements include the accounts of the Company and its subsidiaries listed below. Under the guidance of IFRS 10 *Consolidated Financial Statements*, 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.

As at January 31, 2018, the subsidiaries of the Company are 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. | 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. | Western Australia, Australia | 100% |
| Rocklea Gold Pty. Ltd. | Western Australia, Australia | 100% |
| Meentheena Gold Pty. Ltd. | Western Australia, Australia | 100% |

**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 amended and restated 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 income statements 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 recorded at a rate of exchange approximating the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate in effect at that date. Realized and unrealized exchange gains and losses are recognized through comprehensive loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**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 proceeds received against the cost of the related properties. At such time as commercial production commences, these costs will be charged to comprehensive loss on a unit-of-production basis.

The aggregate costs related to abandoned mineral properties are charged to comprehensive loss at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognizes in comprehensive loss any costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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

**Impairment of non-financial assets**

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

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 that are largely independent of the cash inflows from other assets.

**Decommissioning and rehabilitation liabilities**

The Company recognizes the fair value of a decommissioning and restoration liability in the year in which the obligation is incurred. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

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, 2018 and 2017.

**Share-based compensation**

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

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

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

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, 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 is 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:

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

**Investment in associates**

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognized in the amended and restated consolidated statement of financial position at cost. The Company's share of post-acquisition profits and losses is recognized in the amended and restated consolidated statement of profit or loss and other comprehensive income or loss, except that losses in excess of the Company’s investment in the associate are not recognized unless there is an obligation to fund those losses.

Profits and losses arising on transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Company's share of the identifiable assets and liabilities acquired is capitalized and included in the carrying amount of the associate. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in the associate arising from changes in the associate's other comprehensive income or loss. Such adjustments to the carrying amount are charged to comprehensive loss as a gain or loss on dilution in the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

***Financial instruments***

**Financial assets**

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

**Loans and receivables**

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Cash, short-term investments, and interest receivable are classified as loans and receivables.

**Available-for-sale investments**

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive income or loss. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive income or loss, is recognized in profit or loss.

On sale or impairment, the cumulative amount recognized in other comprehensive income or loss is reclassified from accumulated other comprehensive income or loss to profit or loss.

Marketable securities (common shares) are classified as available for sale.

**Impairment on financial assets**

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

**Financial liabilities**

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables, accrued liabilities, and the debt host liability relating to the gold right convertible debenture. The debt host liability was initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

**Derivative financial instruments**

Derivatives are initially measured at fair value. Any directly attributable transactions costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes are recognized in profit or loss.

**Government grants**

From time to time the Company receives government incentive programs such as investment tax credits. 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.

**Significant accounting judgments and estimates**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments 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.

**Judgments**

Information about critical judgments 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 amended and restated 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 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.

*Title to mineral property interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**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 values of share-based payments are 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. Changes in these input assumptions can significantly affect the fair value estimate. 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.

*Convertible debentures and derivative liabilities*

The convertible debentures and derivative liabilities are measured at their respective fair values at the issue date. The derivative liability is subsequently re-measured and the change in fair value is recognized in profit or loss in the reporting period. In determining the fair value for both convertible debentures and derivative liabilities, the Company estimates interest rates for similarly obtained debt and estimates the probability of a milestone event happening and applies that to the fair value. Changes to these estimates could result in the fair value of the convertible debentures and derivative liabilities being less than or greater than the amount recorded.

**New standards, interpretations and amendments**

The following are accounting standards anticipated to be effective January 1, 2018 or later:

IFRS 9 – *Financial Instruments*

The final version of IFRS 9 *Financial Instruments* was issued in July 2014 to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. In addition, this new standard amends some of the requirements of IFRS 7 *Financial Instruments: Disclosures*, including added disclosures about investments in equity instruments measured at fair value in OCI and guidance on financial liabilities and derecognition of financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018. Retrospective application is required, but there is no requirement to restate comparative periods disclosed. The Company's marketable securities and financial liabilities will be affected by IFRS 9 but the impact on the Company's amended and restated consolidated financial statements is immaterial.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. Currently, no impact on the Company's amended and restated consolidated financial statements is expected considering the Company does not currently have any contracts with customers or revenues.

IFRS 16 *Leases*

IFRS 16 will replace IAS 17 *Leases*. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Application of the standard is mandatory for annual periods beginning on or after January 1, 2019, with early application permitted. The Company does not expect this new standard to have significant financial reporting implications, as currently any lease agreements entered into within the scope of IFRS 16 are immaterial. Mineral property leases are not within the scope of IFRS 16.

## 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, 2018, the Company had six short-term investments totalling $13,918,000 of principal.

$6,357,000 is held in two short-term investments denominated in Canadian funds, and the remaining $7,561, 000 is held in four short-term investments denominated in Australian funds. The Canadian short-term investments have annual yields of 0.9%, and are due on February 23 and March 10, 2018, respectively. The Australian short-term investments have annual yields of 2.35%, 2.24%, 2.20%, and 1.90% and are due on June 8, July 21, and July 28, 2018.

## 4. RECEIVABLES

| | January 31, 2018 $'000 | January 31, 2017 $'000 |
|---|---|---|
| Canadian GST receivable | 96 | 53 |
| Australian GST receivable | 928 | 443 |
| **Total receivable** | **1,024** | **496** |

## 5. MARKETABLE SECURITIES

January 31, 2018

On October 30, 2017, the Company participated in Calidus Resources Limited's ("Calidus") private placement by purchasing 36,585,366 shares at AUD $0.041 per share for gross consideration of AUD $1,500,000 ($1,477,000). 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 ($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 terms sheet between Novo and Calidus (see section 6 – *Exploration and Evaluation Assets* for more details).

| | January 31, 2018 | | | | |
|---|---|---|---|---|---|
| | Number | Cost $'000 | Accumulated Unrealized Losses $'000 | Cumulative Impairment $'000 | Fair Value $'000 |
| **Available-for-sale securities** | | | | | |
| Calidus Resources Limited Common Shares | 56,585,366 | 2,304 | (169) | - | 2,135 |
| | | **2,304** | **(169)** | **-** | **2,135** |

## 6. EXPLORATION AND EVALUATION ASSETS

**Nullagine 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 $450,000 ($447,000) and a further AUD $600,000 is due once a decision has been made to develop the property for mining. In addition, a production royalty is payable, totaling 2.75% 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 Tenements.

**Talga Project**

On September 16, 2016, the Company issued 765,115 common shares of the Company at a deemed value of $0.9673 (AUD $0.9802) per share for total consideration of AUD $750,000 ($740,000) in order to exercise its option and purchase the Talga Talga, Warrawoona, and Mosquito Creek Projects (collectively, the "Talga Projects"). The fair value of the common shares issued was $1,370,000 based on the closing price of the Company's common shares on the TSX-V on September 16, 2016 of $1.79.

A 1.5% net smelter returns royalty is payable on any minerals extracted from 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**

A 2% net smelter return 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") when it owned the tenements.

A net smelter return 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 tenements comprising 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 tenements.

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**

The Creasy Group still holds the conditional right to receive the issuance of the remaining 100 Creasy CGE Shares in exchange for 2,139,534 Novo common shares upon Novo and the Creasy Group entering into a binding agreement regarding other tenements in the Nullagine region. No value has been ascribed to these shares considering their issuance is contingent upon entering into the binding agreements. The 100 Creasy CGE Shares hold no voting rights and no dividend rights.

If a mining decision is made under any of the four farm-in and joint venture agreements with the Creasy Group (the "JVAs") following a bankable feasibility study but the Creasy Group elects not to participate in mining, its interest in relation to that mining area will be transferred to Nullagine Gold and converted to a 1% net smelter royalty.

A discovery bonus of AUD $1 million 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 JVA 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.

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

**Two Creeks Property**

On April 14, 2016, the Company entered into a licence and farm-in option agreement with Mesa Minerals Limited ("Mesa"), an Australian Stock Exchange listed company, for the right to explore its Two Creeks project (the "Two Creeks Project"). The Two Creeks Project covers an area of approximately 251 sq km in an area approximately 13 km east of the Company's Blue Spec project.

A payment of AUD $10,000 ($10,000) was made to Mesa Minerals for an initial exploration licence period set to expire on July 5, 2016. On August 11, 2016, the Company exercised its right to enter into a farm-in and joint venture agreement by issuing 491,274 common shares to Mesa (the "Consideration Shares") at a deemed price of $0.9037 per share (AUD $0.9171) for total consideration of AUD $500,000 ($442,000). The fair value of the common shares issued was $442,000 based on the closing price of the Company's common shares on the TSX-V on August 11, 2016 of $0.90. These Consideration Shares were subject to a statutory hold period that expired in February of 2017. The Company has the right to earn a 70% interest by incurring AUD $500,000 in exploration expenditures, which it has not incurred as at January 31, 2018.

If a joint venture is formed with Mesa, Mesa will have the right to dilute its joint venture interest by not contributing to the joint venture. Mesa will earn a 0.75% net smelter returns royalty per 10% of joint venture interest diluted.

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

**Mt. Hayes Property**

On April 14, 2016, the Company entered into an option agreement with Red Dog Prospecting Pty Ltd ("Red Dog Prospecting"), a private Australian company, for the right to explore its Mt. Hayes project (the "Mt. Hayes Project"). The Mt. Hayes Project covers an area of approximately 76 sq km immediately east and adjoining the Two Creeks Project and hosts approximately 11 km of strike along the Blue Spec shear zone.

On October 7, 2016, the Company issued 195,365 common shares to Red Dog at a deemed price of $1.4889 (AUD $1.4844) per share for total consideration of AUD $290,000 ($291,000). The fair value of the common shares issued was $293,000 based on the closing price of the Company's common shares on the TSX-V on October 7, 2016 of $1.50. The Company also made a cash payment of AUD $50,000 ($50,000) in order to extend the period of exercise of the option for another two years from the date of the option agreement to April 14, 2018. The Company determined that the Mt. Hayes Project was not prospective and let the option lapse. The Company recorded an impairment expense of AUD $437,000 ($435,000) during the year ended January 31, 2018.

**Calidus Resources Limited**

On September 19, 2017, the Company signed a binding term sheet with Calidus Resources Limited ("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 and advised that the preparation of formal earn-in and joint venture agreements is underway. 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 ($0.041) per share.

In order to earn a 70% interest in and to the Novo Tenements, Calidus must incur exploration expenditures 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.

**Nimble Resources Pty Ltd**

On November 10, 2017, the Company sold tenement E46/1035 to Nimble Resources Pty Ltd ("Nimble") for a tiered royalty on any future minerals produced from the tenement. The Company will receive a royalty of 2% on all minerals derived from ore with an average grade of at least 0.5 grams of gold per loose cubic metre of earth, and 1% on all minerals derived from ore with an average grade of less than 0.5 grams of gold per loose cubic metre of earth.

**Karratha Region**

**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 their 100% interest in tenements 47/3597, 47/1845, 47/1846, and 47/1847 and their 25% interest in tenement 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 (the "Campbell Royalty") with Campbell, two farm-in and joint venture 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 is AUD $1.75 million, 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 $1.5 million will be paid to Gardner and Smith. The shares portion of the purchase price consists of 1.45 million Novo common shares (the "Initial Consideration Shares") of which 450,000 Initial Consideration Shares will be issued to Campbell and 1.0 million Initial Consideration Shares will be issued to Gardner and Smith. The Initial Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance. 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.

Three years after the signing of the Definitive Agreements, a further AUD $3.0 million in aggregate is required to be paid to Gardner and Smith and AUD $3.0 million-worth of Novo's common shares (the "Subsequent Consideration Shares") 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 also be subject to a statutory hold period expiring four months from the date of issuance.

The AUD $3,000,000 cash consideration has been recognized as a long-term liability in the Company's amended and restated consolidated statements of financial position. The cash consideration has been discounted to reflect its present value with the remainder of the cash liability being recognized in accretion expense over the period to maturity. The carrying value of the cash consideration payable as at January 31, 2018 is $2,891,000 (AUD $2,780,000) (January 31, 2017 - $nil).

The Subsequent Consideration Shares were initially recognised as a long-term liability, measured at fair value through profit or loss. Subsequent to the approval of the consolidated financial statements for the year ended January 31, 2019, the Company re-assessed this accounting treatment and determined that the Subsequent Consideration Shares should have been accounted for as an equity-settled share-based payment under the requirements of IFRS 2 *Share-based Payment* ("IFRS 2"). As an equity-settled share-based payment the consideration payable should have been recognised directly in equity without subsequent remeasurement.

The Company has therefore restated the relevant figures and comparatives in the consolidated statements of financial position, consolidated statements of comprehensive loss and consolidated statements of changes in equity, refer to note 16 for the detailed impact. The transaction has been 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 acquired. The previously recorded gains and losses on changes in fair value of the long-term liability have been reversed as the instruments are now equity instruments that are not measured at fair value through profit or loss.

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"). 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 extracted by the Company on the Tenements.

The first farm-in and joint venture 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 $4.0 million in expenditures within three years of the Tenements being granted by the Australian Department of Mines, Industry Regulation and Safety (the "DMIRS"). Concurrently, the Company signed a farm-in and joint venture 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 in to the Tenements and Gardner and Smith earn in to the Tenements, the Company will hold an 80% interest in the Tenements and Gardner and Smith will hold a 20% interest in the Tenements.

Pursuant to the Novo Farm-in Agreement, the Company will free carry Gardner and Smith with respect to joint venture expenditures until a decision to mine is made, at which point any non-contributing entity's interest in the joint venture will dilute at a pre-determined ratio. If Gardner's and Smith's interests in the joint venture are reduced to below 5%, Gardner and Smith will be deemed to have withdrawn from the joint venture 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 venture is reduced to below 5%, the Company will be deemed to have withdrawn from the joint venture 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 venture expenditures until a decision to mine is made, at which point any non-contributing entity's interest in the joint venture will dilute at a pre-determined ratio. If Gardner's and Smith's interests in the joint venture are reduced to below 5%, Gardner and Smith will be deemed to have withdrawn from the joint venture 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 venture is reduced to below 5%, the Company will be deemed to have withdrawn from the joint venture 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 has allowed heritage surveys to commence and will allow the granting of the Tenements. Once granted, the Company will be 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**

On August 15, 2017, the Company signed definitive agreements outlining farm-in and joint venture gold rights with Artemis Resources Limited ("Artemis"). Novo will 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 expend AUD $2.0 million 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 CAD $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 ventures will be formed between Novo's subsidiary, Karratha Gold Pty Ltd ("Karratha Gold") and three subsidiaries of Artemis. The joint ventures will be managed as one by Karratha Gold. Artemis and Novo will 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 joint venture was deemed to be formed between Karratha Gold and Artemis' subsidiaries. Karratha Gold manages the joint ventures 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 venture pursuant to a budget approved by the joint venture management committee, the non-contributing entity's interest in the joint venture 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 venture is reduced to below 5%, the non-contributing entity will be deemed to have withdrawn from the joint venture 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.

**Welcome Exploration Pty Ltd**

On August 11, 2017, Novo and one of its Australian subsidiaries, Karratha Gold Pty Ltd., 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 (the "Initial 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 has 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 will be subject to a statutory hold period expiring four months from the date of issuance. Transfer to Novo of the tenements comprising the Pipeline Project will be subject to the requisite approvals of certain Australian government authorities.

The Optionor will retain non-gold rights to the Pipeline Project and will retain a 1% gross royalty on production from the Pipeline Project if the Company exercises the Option.

**100%-Owned Karratha Tenements**

The Company staked approximately 8,000 square kilometres of tenements in and around the Karratha region of Western Australia under its wholly-owned subsidiaries, Meentheena Gold Pty Ltd and Rocklea Gold Pty Ltd.

**Nevada, USA Region**

**Tuscarora Property**

On November 7, 2014, Novo USA signed an Exploration Lease and Option to Purchase Agreement (the "Tuscarora Agreement") with Nevada Eagle LLC ("Nevada West") and Platoro West Incorporated ("Platoro") to acquire an undivided 100% interest in and to the Tuscarora Property (the "Tuscarora Property"), subject to a net smelter return on gold ranging from 2-4% based on the average daily price per troy ounce of gold from the New York Commodity Exchange during the period of production, and 2.5% on all other minerals. The Tuscarora Property, located in Elko County, Nevada, USA, is comprised of 23 unpatented lode claims.

On October 4, 2016, the Company paid the final option payment and acquired a 100% interest in and to the Tuscarora Property.

On November 6, 2017, the Company signed an option agreement with American Pacific Mining ("APM") whereby APM has the option to acquire the Company's interest in the Tuscarora Property.

Upon the earlier to occur of the listing of APM's common shares on the Canadian Securities Exchange and January 31, 2018, APM will pay to Novo $375,000. APM will also issue $200,000 worth of APM common shares in three equal annual instalments once it lists on the Canadian Securities Exchange. Beginning on the first anniversary of APM's 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 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. During the year ended January 31, 2018, APM paid $125,000 to Novo.

The exploration and evaluation assets are comprised of the following:

| | Beatons Creek Region | US Region | Karratha Region | | | | |
|---|---|---|---|---|---|---|---|
| | | Tuscarora | Comet Well | Artemis | Welcome Exploration | Granted tenements | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance, January 31, 2017** | 34,782 | 440 | - | - | - | - | 35,222 |
| Acquisition Costs | 41 | - | 13,203 | 16,495 | 2,600 | - | 32,339 |
| Exploration Expenditure: | | | | | | | |
| Drilling | 686 | - | - | 942 | - | - | 1,628 |
| Feasibility study | 172 | - | - | - | - | - | 172 |
| Fieldwork | 279 | - | 43 | 678 | - | - | 1,000 |
| Fuel | 72 | - | 166 | 72 | - | - | 310 |
| Geology | 2,204 | 2 | 44 | 349 | - | - | 2,599 |
| Legal | 155 | 4 | 128 | 124 | 7 | - | 418 |
| Meals, Travel and Vehicle/Equipment Hire | 515 | 1 | 225 | 1,286 | - | - | 2,027 |
| Office and General | 265 | - | 30 | 57 | - | - | 352 |
| Reports, Data and Analysis | 419 | - | - | 453 | 17 | 433 | 1,322 |
| Rock Samples | 857 | 1 | 18 | 554 | - | - | 1,430 |
| Native Title | 447 | - | - | - | - | - | 447 |
| Tenement Administration | 759 | 6 | 19 | 81 | 2 | 184 | 1,051 |
| Foreign Exchange | 147 | (25) | - | - | - | - | 122 |
| Option Payments Received | (814) | (125) | - | - | - | - | (939) |
| R&D Refund | (1,192) | - | - | - | - | - | (1,192) |
| Impairment | (434) | - | - | - | - | - | (434) |
| | 4,537 | (136) | 673 | 4,596 | 26 | 617 | 10,313 |
| **Balance, January 31, 2018** | **39,360** | **304** | **13,876** | **21,091** | **2,626** | **617** | **77,874** |

| | Beatons Creek<br>$'000 | Grant's Hill<br>$'000 | Paleo-Placer<br>$'000 | Tuscarora<br>$'000 | Blue Spec<br>$'000 | Talga<br>$'000 | Two Creeks<br>$'000 | Mt. Hayes<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance, January 31, 2016 | 13,096 | 1,258 | 9,739 | 123 | 928 | 325 | - | - | 25,469 |
| Acquisition Costs | 12 | - | - | 98 | - | 1,377 | 466 | 347 | 2,300 |
| Exploration Expenditures: | | | | | | | | | |
| Drilling | 1,236 | - | - | 124 | 24 | - | - | 5 | 1,389 |
| Feasibility Study | 274 | 13 | - | - | - | - | - | - | 287 |
| Field Work | 1,044 | 1 | 6 | 1 | 79 | - | - | 1 | 1,132 |
| Fuel | 307 | - | 1 | - | 2 | - | - | 1 | 311 |
| Geology | 1,822 | 11 | 61 | 52 | 33 | - | 11 | 37 | 2,027 |
| Legal | 75 | 5 | 25 | - | - | 4 | 24 | 1 | 134 |
| Meals and Travel | 1,424 | 35 | 1 | 8 | 42 | 1 | - | 12 | 1,523 |
| Office and General | 232 | - | 4 | - | 1 | - | - | - | 237 |
| Reports, Data and Analysis | 305 | - | - | 2 | 76 | 1 | 3 | 23 | 410 |
| Rock Samples | 237 | - | - | 35 | 255 | 1 | - | - | 528 |
| Tenement Administration | 134 | 11 | 269 | 7 | 53 | 32 | - | - | 506 |
| R&D Refund | (737) | (115) | - | - | - | - | - | - | (852) |
| Foreign Exchange | (100) | (10) | (77) | (9) | 15 | 1 | 1 | - | (179) |
| | 6,253 | (49) | 293 | 220 | 580 | 40 | 39 | 80 | 7,453 |
| **Balance, January 31, 2017** | **19,361** | **1,209** | **10,031** | **441** | **1,508** | **1,742** | **505** | **427** | **35,222** |

## 7. PROPERTY, PLANT, AND EQUIPMENT

| | Office Furniture $'000 | Mining Equipment $'000 | Camp $'000 | Vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Balance at January 31, 2016 | 10 | 417 | - | - | 427 |
| Additions | - | 92 | - | - | 92 |
| Balance at January 31, 2017 | **10** | **509** | **-** | **-** | **519** |
| Balance at January 31, 2017 | 10 | 509 | - | - | 519 |
| Additions | - | - | 402 | 226 | 628 |
| Disposals | - | - | - | (63) | (63) |
| Balance at January 31, 2018 | **10** | **509** | **402** | **163** | **1,084** |

| **Accumulated Depreciation** | Office Furniture and Equipment $'000 | Mining Equipment $'000 | Camp $'000 | Vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|
| Balance at January 31, 2016 | 7 | - | - | - | 7 |
| Foreign exchange differences | - | 3 | - | - | 3 |
| Depreciation | 3 | 19 | - | - | 22 |
| Balance at January 31, 2017 | **10** | **22** | **-** | **-** | **32** |
| Balance at January 31, 2017 | 10 | 22 | - | - | 32 |
| Foreign exchange differences | - | (2) | 3 | 2 | 3 |
| Depreciation | - | - | 53 | 3 | 56 |
| Balance at January 31, 2018 | **10** | **20** | **56** | **5** | **91** |

| **Carrying Value:** | Office Furniture and Equipment $'000 | Mining Equipment $'000 | Camp $'000 | Vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|
| Balance at January 31, 2016 | **3** | **417** | | **-** | **420** |
| Balance at January 31, 2017 | **-** | **487** | **-** | **-** | **487** |
| Balance at January 31, 2018 | **-** | **489** | **346** | **158** | **993** |

## 8. CAPITAL AND RESERVES

### Authorized

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

### Shares issued

During the years ended January 31, 2018 and 2017, shares were issued pursuant to non-brokered private placements and the exercise of options and warrants.

a) On September 6, 2017, the Company closed a non-brokered equity private placement (the "KL Financing") with Kirkland Lake Gold Ltd. ("KL") as a new strategic investor. The KL Financing raised gross proceeds of $56,000,000 by the issuance of 14,000,000 units (each a "KL Unit") at a price of $4.00 per KL Unit. All of the KL Units were subscribed for by KL. Each KL Unit consisted of one common share and one share purchase warrant (each a "KL Warrant"), and each KL Warrant entitles KL to purchase one additional common share of the Company at a price of $6.00 per share for a period of 36 months from the closing date. The KL Warrants are subject to an accelerated expiry whereby, starting one year from the close of the KL Financing, if the daily high trading price of Novo's common shares exceeds $12.00 for a period of 20 consecutive trading days, Novo may provide notice of early expiry and the KL Warrants will expire 30 days thereafter. As part of the KL Financing, the Company incurred share issuance costs of $7,000.

   KL will retain an anti-dilution right (the "Anti-Dilution Right") which grants KL the right (but not the obligation) to participate, on a pro rata basis, in any future financing undertaken by Novo to the extent required to allow KL to maintain the same equity ownership interest in Novo that it possessed immediately prior to announcement of a financing such that KL does not suffer any equity dilution. The Anti-Dilution Right does not apply to currently existing convertible securities, securities issued pursuant to currently existing contractual obligations, securities issued pursuant to the acquisition of mineral projects, and securities issued pursuant to direct or indirect arm's length corporate acquisitions, and it will expire if KL's ownership in Novo drops below 5%.

b) On May 4, 2017, the Company closed a brokered private placement, raising gross proceeds of $15,000,000 (the "Offering"). Pursuant to the Offering, the Company issued 22,727,350 units (the "Offering Units") at a price of $0.66 per Offering Unit. Each Offering Unit was comprised of one common share of the Company and one transferable common share purchase warrant (an "Offering Warrant"), each Offering Warrant entitling the holder thereof to acquire one common share at a price of $0.90 until May 4, 2019. 1,329,546 broker's warrants were also issued pursuant to the Offering with a fair value of $477,000. The fair value of each broker's warrant was $0.36 per share whereas the exercise price of each broker's warrant is $0.66. The fair value was calculated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.68%, a dividend yield of $nil, an expected volatility of 94.22% and an average expected life of 2 years. As part of the Offering, in addition to the broker's warrants, the Company incurred share issuance costs of $1,066,000. As January 31, 2018, the broker's warrants had a remaining contractual life of 1.25 years.

c) On August 12, 2016, the Company closed the second tranche of a non-brokered private placement (the "August 2016 Financing") of 4,921,223 units (each an "August 2016 Unit") at a price of $0.85 per August 2016 Unit for gross proceeds of $4,183,000. Each August 2016 Unit consisted of one common share and one common share purchase warrant (each "August 2016 Warrant"). Each August 2016 Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $1.25 per share (the "August 2016 Warrant Terms") for a period of 24 months from the closing date of the August 2016 Financing. 34,993 finder's warrants were also issued pursuant to the August 2016 Financing with a fair value of $30,000. The fair value of each finder's warrant was $0.87 per share whereas the exercise price of each Finder's Warrant is $1.25. The fair value was calculated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.51%, a dividend yield of $nil, an expected volatility of 100.66% and an average expected life of 2 years.

The August 2016 Warrants are subject to an accelerated expiry whereby, starting one year from the date of issue of the August 2016 Warrants, if the daily high trading price of Novo's common shares exceeds $1.65 for a period of 20 consecutive trading days, Novo may provide notice of early expiry and the August 2016 Warrants will expire 30 days thereafter. As part of the August 2016 Financing, the Company incurred share issuance costs of $105,000. As of January 31, 2018, the finder's warrants had a remaining contractual life of 0.53 years.

d) On July 26, 2016, the Company closed the first tranche of a non-brokered private placement (the "July 2016 Financing") of 1,642,471 units (each a "July 2016 Unit") at a price of $0.85 per July 2016 Unit for gross proceeds of $1,396,000. Each July 2016 Unit consisted of one common share and one common share purchase warrant (each a "July 2016 Warrant"). Each July 2016 Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $1.25 per share (the "July 2016 Warrant Terms") for a period of 24 months from the closing date of the July 2016 Financing. 20,000 finder's warrants were also issued pursuant to the July 2016 Financing with a fair value of $16,000. The fair value of each finder's warrant was $0.82 per share whereas the exercise price is $1.25. The fair value was calculated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.58%, a dividend yield of $nil, an expected volatility of 100.66% and an average expected life of 2 years. The July 2016 Warrants are subject to an accelerated expiry whereby, starting one year from the date of issue of the July 2016 Warrants, if the daily high trading price of Novo's common shares exceeds $1.65 for a period of 20 consecutive trading days, Novo may provide notice of early expiry and the July 2016 Warrants will expire 30 days thereafter. As part of the July 2016 Financing, the Company incurred share issuance costs of $24,000. As of January 31, 2018, the finder's warrants had a remaining contractual life of 0.48 years.

e) On March 8, 2016, the Company closed a non-brokered private placement (the "March 2016 Financing") of 3,927,884 units (each a "March 2016 Unit") at a price of $0.60 per March 2016 Unit for gross proceeds of $2,357,000. Each March 2016 Unit consisted of one common share and one common share purchase warrant (each a "March 2016 Warrant"). Each March 2016 Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $0.85 per share (the "March 2016 Warrant Terms") for a period of 24 months from the closing date of the March 2016 Financing. The March 2016 Warrants are subject to an accelerated expiry whereby, starting one year from the date of issue of the March 2016 Warrants, if the daily high trading price of Novo's common shares exceeds $1.25 for a period of 20 consecutive trading days, Novo may provide notice of early expiry and the March 2016 Warrants will expire 30 days thereafter. As part of the March 2016 Financing, the Company incurred share issuance costs of $55,000.

**Shares to be issued**

The Company opted to issue 1,000,000 common shares in order to satisfy consulting services received by the Company between May 1 and August 3, 2017. As the number of shares to be issued as payment for the consulting services is fixed, it does not breach the fixed-for-fixed criteria and has been recognized within equity. The consulting services were measured using the Company's average share price during the consulting period and have been recognized in the statement of loss and comprehensive loss. The shares have not been issued as at January 31, 2018, or subsequently, so the equity component of the obligation has been recorded as shares to be issued.

(Expressed in Canadian Dollars, unless stated otherwise)

**Warrants**

The continuity of warrants is as follows:

| | January 31, 2018 | | January 31, 2017 | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price | Number | Weighted Average Exercise Price |
| Balance, beginning of the period | 13,544,141 | 1.03 | 3,834,137 | 0.80 |
| Granted | 38,056,896 | 2.77 | 10,546,571 | 1.10 |
| Cancelled/Expired | (180,000) | (0.80) | - | - |
| Exercised | (15,818,598) | (0.94) | (836,567) | (0.80) |
| **Balance, end of the period** | **35,602,439** | **2.93** | **13,544,141** | **1.03** |

Full share equivalent warrants outstanding and exercisable at of January 31, 2018:

| Expiry Date | Price Per Share | Warrants Outstanding |
|---|---|---|
| March 8, 2018 | $0.85 | 2,236,217 |
| July 26, 2018 | $1.25 | 1,206,471 |
| August 12, 2018 | $1.25 | 1,427,210 |
| May 4, 2019 | $0.90 | 16,732,541 |
| September 6, 2020 | $6.00 | 14,000,000 |
| | | 35,602,439 |

**Share option plan**

The Company has adopted a rolling stock option plan (the "Plan"), in which 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.

The continuity of stock options is as follows:

| | January 31, 2018 | | January 31, 2017 | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price | Number | Weighted Average Exercise Price |
| Balance, beginning of the period | 5,025,000 | 0.94 | 1,260,000 | 0.39 |
| Granted | 9,800,000 | 3.72 | 3,975,000 | 0.94 |
| Exercised | (2,025,000) | (0.68) | (10,000) | (0.45) |
| Expired/Cancelled | (250,000) | (2.29) | (200,000) | (0.94) |
| **Balance, end of the period** | **12,550,000** | **3.07** | **5,025,000** | **0.94** |

(Expressed in Canadian Dollars, unless stated otherwise)

The options outstanding and exercisable at January 31, 2018 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 | 2.36 | 150,000 | 0.20 |
| 2,750,000 | 0.94 | 3.54 | 2,225,000 | 0.94 |
| 1,750,000 | 0.95 | 3.35 | 166,667 | 0.95 |
| 3,475,000 | 1.57 | 3.46 | 775,000 | 1.57 |
| 2,750,000 | 7.70 | 4.72 | 733,333 | 7.70 |
| 400,000 | 7.94 | 4.77 | 133,333 | 7.94 |
| 1,275,000 | 3.47 | 5.00 | - | - |
| **12,550,000** | **3.07** | **3.92** | **4,183,333** | **2.44** |

The options outstanding and exercisable at January 31, 2017 were as follows:

| Outstanding Options | | | Exercisable Options | |
|---|---|---|---|---|
| Number Outstanding | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Number Exercisable | Weighted Average Exercise Price |
| 250,000 | 0.20 | 3.36 | 250,000 | 0.20 |
| 100,000 | 0.20 | 3.53 | 100,000 | 0.20 |
| 900,000 | 0.45 | 0.05 | 900,000 | 0.45 |
| 3,775,000 | 0.94 | 4.54 | 741,667 | 0.94 |
| **5,025,000** | **0.94** | **3.69** | **1,991,667** | **0.81** |

For the year ended January 31, 2018, the total share-based payment expense was $11,699,000 (January 31, 2017 - $2,463,000).

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:

| | January 31, 2018 | January 31, 2017 |
|---|---|---|
| Risk-free interest rate | 0.63% - 2.08% | 0.63% - 1.11% |
| Dividend yield | 0.00% | 0.00% |
| Expected volatility | 95.08% - 219.12% | 96.36% - 100.66% |
| Expected option life | 4 - 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.

## 9. RELATED PARTY DISCLOSURES

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the year, and amounts incurred were expensed as consulting fees. Relationships with these entities were terminated during the year ended January 31, 2018.

(a) *Key Management Personnel Disclosures*

During the years ended January 31, 2018 and 2017, the following amounts were incurred with respect to the key management and directors of the Company:

| | January 31 2018<br>$'000 | January 31, 2017<br>$'000 |
|---|---|---|
| Consulting services | 226 | 185 |
| Wages and salaries | 588 | 166 |
| Wages and salaries included in exploration and evaluation assets | 497 | 340 |
| Share-based payments | 7,487 | 1,170 |
| | 8,798 | 1,861 |

(b) *Other Related Party Disclosures*

During the years ended January 31, 2018 and 2017, the following amounts were incurred with respect to consulting services provided by a corporation which employed the former Chief Financial Officer:

| | January 31, 2018<br>$'000 | January 31, 2017<br>$'000 |
|---|---|---|
| Consulting services | 90 | 120 |
| | 90 | 120 |

## 10. SUPPLEMENTAL CASH FLOW INFORMATION

During the years ended January 31, 2018 and 2017, non-cash activities conducted by the Company related to the movement of mineral property expenditures in accounts payable and the gold-right convertible debenture and are as follows:

| | January 31, 2018<br>$'000<br>Restated – Note 16 | January 31, 2017<br>$'000 |
|---|---|---|
| *Operating activities* | | |
| Decrease in accounts payable and accrued liabilities | (1,193) | (869) |
| *Investing activities* | | |
| Issuance of shares for mineral property | 24,094 | 2,105 |
| Comet Well deferred share consideration | 3,354 | - |
| Issuance of share for gold-right convertible debentures | - | 2,387 |
| Additions in exploration and evaluation assets | 1,193 | 869 |

## 11. FINANCIAL INSTRUMENTS

### Fair value

The Company's financial instruments include cash, short-term investments, interest receivable, marketable securities, accounts payable and accrued liabilities, the cash component of the deferred consideration, and the gold right convertible debenture. IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7") establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- 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 are unobservable market data.

The recorded amounts of cash, short-term investments, interest receivable and accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature. The cash portion of deferred consideration is initially measured at amortized cost to reflect its present value.

Marketable securities are measured using Level 1 inputs. The fair value of marketable securities is measured at the closing market price obtained from the exchange.

The Company's gold right convertible debenture was classified as a level 2 financial instrument, and the derivative liability component of the gold right convertible debenture was classified as a level 3 financial instrument. There were no transfers between levels during the period.

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.

**a) Credit risk**

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

**b) Foreign exchange rate risk**

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

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

At January 31, 2018 and 2017, the Company's Australian and US dollar denominated monetary assets and monetary liabilities are as follows:

| **Australian Net Monetary assets ($'000 AUD)** | **January 31, 2018** | **January 31, 2017** |
|---|---|---|
| Cash and short-term investments | 18,311 | 949 |
| Accounts payable and accrued liabilities | 1,675 | 432 |

| **US Net Monetary assets ($'000 USD)** | **January 31, 2018** | **January 31, 2017** |
|---|---|---|
| Cash | 48 | 120 |
| Accounts payable and accrued liabilities | 43 | 7 |

The exposure to foreign exchange rate risk is as follows:

| Australian Net Monetary assets $'000 | AUD | 10% Fluctuation Impact (AUD) | CAD |
|---|---|---|---|
| Cash and short-term investments | 18,311 | 1,831 | 1,818 |
| Accounts payable and accrued liabilities | 1,675 | 167 | 166 |

| US Net Monetary assets $'000 | USD | 10% Fluctuation Impact (USD) | CAD |
|---|---|---|---|
| Cash | 48 | 5 | 6 |
| Accounts payable and accrued liabilities | 43 | 4 | 5 |

**c) Liquidity Risk**

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. Other than 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.

**d) Price Risk**

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

**e) Interest Risk**

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

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 makes adjustments to 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, 2018 | | |
|---|---|---|---|
| | **Australia** | **USA** | **Total** |
| | **$'000** | **$'000** | **$'000** |
| Equipment | 993 | - | 993 |
| Exploration and evaluation assets | 77,570 | 304 | 77,874 |
| Marketable securities | 2,135 | - | 2,135 |
| | **80,698** | **304** | **81,002** |

| | As at January 31, 2017 | | |
|---|---|---|---|
| | **Australia** | **USA** | **Total** |
| | **$** | **$** | **$** |
| Equipment | 487 | - | 487 |
| Exploration and evaluation assets | 34,782 | 440 | 35,222 |
| | **35,269** | **440** | **35,709** |

## 14. GOLD RIGHT CONVERTIBLE DEBENTURE

The Company closed a gold right convertible debenture financing (collectively the "Debentures" and each a "Debenture") on March 10, 2016, raising gross proceeds of $2,071,000. The proceeds from the debentures was to be used for a trial mining operation at the Company's Beatons Creek project in Western Australia.

Each Debenture issued had a principal amount of $1,100. The Debentures did not bear interest and matured on January 12, 2017. The Company could repay, in whole or in part, the Debentures at any time prior to the maturity date. Each Debenture was convertible into common shares of the Company, at any time at the option of the holder, at $0.67 per share (the "Equity Conversion Right").

The Company designated the debt host component and closely related prepayment option as a financial liability which was initially recognized at fair value and subsequently carried on an amortized cost basis. Transaction costs of $12,000 were incurred and have been amortized over the life of the debt host liability as part of the effective interest. For the year ended January 31, 2017, a financing expense from the accretion of the debt was recorded of $327,000).

The residual value from the consideration received by the Company was $316,000 and was designated as an equity component, representing the fair value attributed to the conversion feature.

For subsequent measurement, the fair value of the embedded derivative was determined using the same method by considering a management estimate of the probability of the production threshold being met and applying it to the present value of the difference between the futures price and the redemption right. During the year ended January 31, 2017, all outstanding convertible debentures were converted into common shares of the Company. As a result, the Company recorded a charge to share capital of $2,387,000 and recognized an accretion expense of $327,000 (January 31, 2017 - $nil).

## 15. 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:

| | **2018 $'000 Restated – Note 16** | **2017 $'000** |
|---|---|---|
| Loss before income taxes | (17,646) | (4,144) |
| | | |
| Tax recovery based on statutory rate of 27.00% (PY: 26.00%) | (4,764) | (1,078) |
| Difference in tax rates due to other jurisdictions | (58) | (37) |
| Non-deductible expenses | 3,161 | 641 |
| Other | (85) | (192) |
| Change in unrecognized deferred tax assets | 1,746 | 665 |
| Deferred income tax expense / (recovery) | - | - |

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 2018 taxation year for the USA, and 30.00% 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 are as follows:

| Deferred Tax Assets: | **2018 $'000** | **2017 $'000** |
|---|---|---|
| Non-capital losses | 3,534 | 2,163 |
| Capital losses | 291 | 281 |
| Un-deducted financing costs | 269 | 49 |
| Capital assets | 19 | 3 |
| Foreign exchange | 50 | 48 |
| Deferred tax assets | 4,163 | 2,544 |
| | | |
| Deferred Tax Liabilities: | | |
| Exploration and evaluation assets | (383) | (510) |
| Off-set with deferred tax assets | 383 | 510 |
| Deferred tax liabilities | - | - |
| | | |
| Unrecognized deferred tax assets | (3,780) | (2,034) |
| Net deferred tax assets | - | - |

As at January 31, 2018, the Company has estimated non-capital losses for Canadian tax purposes of $6,697,000, non-capital losses for Australian tax purposes of $4,018,000, and net operating losses for US tax purposes of $2,487,000, which may be carried forward to reduce taxable income derived in future years.

## 16. IMPACT OF RESTATEMENT

The effect of the restatements with regards to the revised accounting for the Comet Well Subsequent Consideration Shares (note 6) as an equity-settled share-based payment under IFRS 2 rather than a non-current liability under IAS 39 is summarised below.

**Consolidated Statements of Financial Position**

| | January 31, 2018 $'000 Previously disclosed | $'000 Comet Well Adjustment | January 31, 2018 $'000 Restated |
|---|---|---|---|
| Deferred consideration for mineral property | 6,384 | (3,493) | 2,891 |
| Total non-current liabilities | 6,384 | (3,493) | 2,891 |
| Total liabilities | 8,151 | (3,493) | 4,658 |
| Comet Well deferred consideration reserve | - | 3,354 | 3,354 |
| Accumulated deficit | (32,981) | 139 | (32,842) |
| Total shareholders' equity | 143,684 | 3,493 | 147,177 |
| Total shareholders' equity and liabilities | 151,835 | - | 151,835 |

**Consolidated Statements of Comprehensive Loss**

| | January 31, 2018 $'000 Previously disclosed | $'000 Comet Well Adjustment | Januar 31, 2018 $'000 Restated |
|---|---|---|---|
| Unrealized loss on deferred consideration for mineral properties | (139) | 139 | - |
| Net loss for the year | (17,785) | 139 | (17,646) |
| **Other comprehensive income/(loss)** | | | |
| **Comprehensive loss for the year** | (17,460) | 139 | (17,321) |
| **Basic and diluted loss per common share** | (0.14) | - | (0.14) |

**Consolidated Statements of Cash Flows**

| | January 31, 2018 $'000 Previously disclosed | $'000 Comet Well Adjustment | Januar 31, 2018 $'000 Restated |
|---|---|---|---|
| Operating activities | | | |
| Net loss for the year | (17,785) | 139 | (17,646) |
| Adjustments: | | | |
| Unrealized gain on deferred consideration for mineral property | 139 | (139) | - |
| Total adjustments | 13,746 | (139) | 13,607 |

## 17. EVENTS AFTER THE REPORTING PERIOD

a) On March 7, 2018, the Company participated in Sinter's rights offering financing. The Company purchased 76,560 common shares of Sinter at a price of USD $1.68 per common share.

b) On March 8, 2018, per the option agreement signed with APM and as disclosed in note 6, APM issued 266,666 common shares to Novo at a fair value of $0.38 per share for total consideration of $101,333.

c) On March 29, 2018, the Company signed an option agreement with Farno-McMahon Pty Ltd ("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, AUD $278,000 ($275,000) was accounted for as property acquisition costs and AUD $22,000 ($22,000) was attributed to 400 grams of gold nuggets to be delivered by Farno to the Company.

d) 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 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.

e) 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.

   The Creasy Group retains prospecting rights across all joint operation properties. The Creasy Group's interests under each joint operation 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 joint operation agreements 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 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 CGE Share Issue Agreement. Novo is therefore no longer obliged to issue the 2,139,534 common shares to the Creasy Group and will not do so. The CGE Shareholders Agreement and a CGE Share Issue Agreement 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 Novo’s existing Whim Creek Mining joint operation with the Creasy Group.

If a mining decision is made under any of the farm-in and joint operation agreements with the Creasy Group (the “JVAs”), following a bankable feasibility study, but the Creasy Group elects not to participate in mining, its interest in relation to that mining area will be transferred to Nullagine Gold and converted to a 1% net smelter royalty.

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 right on the JVA 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 and surrendered it. The Company recorded an impairment expense of AUD $166,000 ($161,000).

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

f) 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.

g) On September 21, 2018, the Company issued 1,000,000 common shares to the Creasy Group in order to satisfy consulting services received by the Company between May 1 and August 3, 2017. This was pursuant to an agreement signed between the Creasy Group, the Company, and one of its wholly-owned subsidiaries, Karratha Gold Pty Ltd.

h) 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, included in transaction costs below. 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 are subject to a statutory hold period expiring on February 1, 2019. Immediately after this issuance, the Company had 163,822,593 common shares issued and outstanding, with former Farno shareholders holding approximately 0.76% on an undiluted basis.

For accounting purposes, the acquisition of Farno has been recorded as an asset acquisition as Farno is not considered to be a business when applying the guidance within IFRS 3.

i) On January 7, 2019, the Company extended and expanded its non-binding memorandum of understanding (the “MOU”) with Sumitomo Corporation of Tokyo, Japan (“Sumitomo”) with the objectives of evaluating, advancing, and developing the Company’s Australian gold projects. The MOU reflects the following intentions of the parties:

- Sumitomo will provide human resource assistance to assist Novo with the above objectives.
- Sumitomo commits to make available up to 5,000,000,000 Japanese Yen in order to accomplish the above objectives, subject to mutual agreement on development plans for a project(s) and mutual agreement on a transaction structure(s).
- Novo shall grant to Sumitomo the right to fund a project through an option to purchase an interest in a project based on a mutually agreed-upon valuation or through a subscription for Novo’s common shares at prevailing market prices subject to certain discounts (in accordance with the policies of the TSX-V). Sumitomo will retain the sole and exclusive right to determine the final funding mechanism.
- If Sumitomo agrees to commit funds to a project and Novo agrees to receive such funding, Novo shall seek approval from its board of directors to provide Sumitomo with a right of first refusal (the “ROFR”) over the project. If granted, the ROFR shall require Novo to provide notice to Sumitomo if an offer is provided to Novo by a third party regarding the project (a “Transaction”). Novo shall deliver to Sumitomo a written offer disclosing terms at the same price and otherwise on the same terms and conditions as set out in the third party offer, and Sumitomo will have a thirty (30) day period to elect to enter into the Transaction with Novo.
- The term of this MOU will expire December 31, 2023.

j) On March 8, 2019, per the option agreement signed with APM and as disclosed in note 6, APM issued 266,666 common shares to Novo at a fair value of $0.22 per share for total consideration of $59,000.

k) 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. A joint operation was formed whereby New Frontier will be free-carried to a decision to mine.

l) On May 31, 2019, Calidus provided notice to the Company that it had earned its 70% interest in and to the Novo Tenements.

m) On June 7, 2019, the Company entered into a USD $30 million farm-in and joint venture agreement (the “Agreement”) with Sumitomo Corporation of Tokyo, Japan, and its wholly-owned Australian subsidiary (together, “Sumitomo”) in order to advance Novo’s Egina project (the “Egina Project”) located approximately 80 km south-southwest of Port Hedland, WA.

The Egina Project is comprised of wholly-owned Novo tenure, including tenements held by Farno, tenements into which Novo is currently earning an interest under a binding memorandum of agreement with Pioneer, and a tenement into which ASX-listed De Grey Mining Ltd. is currently earning an interest under a farmin and joint venture agreement executed with Farno prior to its acquisition by Novo.

Pursuant to the Agreement, Sumitomo is entitled to earn, through farmin arrangements, up to a 40% interest in the Egina Project by spending up to USD $30 million (approximately $40.2 million) over three years, with a required minimum of USD $5 million per phase defined by a program and budget (approximately $6.7 million). Sumitomo has the right to elect not to continue with the farmin arrangement and, if this right is exercised, it is expected that any amounts advanced under the farmin arrangement will be converted into common shares of Novo through a shares for debt settlement at the higher of $2.00 and the minimum price permitted as at the date the right is exercised, subject to receipt of TSX-V approval. Any shares issued to Sumitomo pursuant to such a debt settlement will be subject to a twelve-month contractual hold period (inclusive of the required four-month statutory hold period) and orderly sale restrictions. The Agreement also contains a mechanism by which Sumitomo can participate in an expanded project area.

n) 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”). 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.

On August 24, 2019, De Grey announced the completion of the acquisition of Indee Gold. As such, on September 25, 2019, the Company paid the additional AUD $300,000 ($270,000) to De Grey as per the terms of the LOI.

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.

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 Venture”) by giving notice to De Grey and making a one-time payment of AUD $2 million. If the Joint Venture 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.

o) In August 2019, 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 fair indicator of E3D’s fair value and revalued its holdings. the Company’s ownership in E3D was diluted to 12.57%.

p) Subsequent to January 31, 2018, 1,115,000 stock options and 21,602,439 warrants were exercised for gross proceeds of $21,453,223.