NOVO RESOURCES CORP.
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
JANUARY 31, 2019

The following Management Discussion and Analysis ("MD&A") of the results of operations and financial condition, prepared as of April 18, 2019, should be read in conjunction with the audited consolidated financial statements of Novo Resources Corp. (the "Company" or "Novo") for the years ended January 31, 2019 and 2018, and accompanying notes thereto. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and this MD&A includes the results of the Company's subsidiaries, Novo Resources (USA) Corp., Conglomerate Gold Exploration (B.V.I.) Ltd., Karratha Gold Exploration (B.V.I.) Ltd., Conglomerate Gold Exploration Pty. Ltd., Nullagine Gold Pty. Ltd., Beatons Creek Gold Pty. Ltd., Grant's Hill Gold Pty. Ltd., Karratha Gold Pty. Ltd., Rocklea Gold Pty. Ltd., Meentheena Gold Pty. Ltd., and Farno-McMahon Pty. Ltd. All figures in this MD&A are in Canadian dollars unless stated otherwise.

During the year ended January 31, 2019, the Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated.

In this MD&A:

"Fiscal 2019" means the fiscal year ended January 31, 2019;

"Fiscal 2018" means the fiscal year ended January 31, 2018; and

"Fiscal 2017" means the fiscal year ended January 31, 2017.

All amounts are expressed in Canadian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise noted. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Caution on Forward-Looking Information

This MD&A may include forward-looking statements and forward-looking information, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements in this news release include (without limitation) statements as to expected exploration activities. Since forward-looking statements and forward-looking information addresses future events and conditions, by their very nature, they involve inherent risks and uncertainties. Such factors include, without limitation, customary risks of the mineral resource industry as well as the performance of services by third parties. Actual results in each case could differ materially from those currently anticipated in such statements.

DESCRIPTION OF BUSINESS AND OVERALL PERFORMANCE

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, British Columbia, V7X 1J5, Canada. The Company's operational office and corporate staff are located at Level 1, 680 Murray Street, West Perth, Western Australia, 6005, Australia.

The Company is currently exploring its numerous mineral properties, particularly the Karratha and Beatons Creek projects in Western Australia.

Total current assets totalled $44,382 as at January 31, 2019 (January 31, 2018 - $70,833). The decrease in total current assets is mainly due to a decrease in short-term investments and cash, which was slightly offset by an increase in GST receivables and prepaid expenses. Non-current assets at January 31, 2019 totalled $112,283 (January 31, 2018 -

$81,002). The increase in non-current assets is mainly due to the Company's expenditures on its mineral properties and an increase in the marketable securities balance.

During the year ended January 31, 2019, the Company reported a net loss of $14,797, which represents a $0.12 basic and diluted loss per share (January 31, 2018 – loss of $17,785, which represents a $0.14 basic and diluted loss per share). The increase in loss is mainly attributable to the increase in wages and salaries and impairment expenses along with increased exploration activities which, in turn, led to an increase in general business activities.

Exploration Highlights

Sumitomo Memorandum of Understanding

On January 7, 2019, the Company announced the extension and expansion of its previously announced 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 the MOU will expire December 31, 2023.

Egina Project

- Novo's preliminary bulk sampling program at Egina is nearing completion. An approximately 170 tonne bulk sample was excavated in December 2017 and was processed utilizing the Company's IGR3000 gravity gold plant.
- Sampling and processing protocols developed during this preliminary bulk sampling phase will enable Novo to undertake systematic bulk sampling across other parts of the expansive gravel terrace at Egina.
- In addition to the 170 tonne bulk sample, three smaller samples weighing approximately 20 tonnes each were collected for detailed metallurgical test work including mechanical sorting tests similar to those recently undertaken on bulk samples from Comet Well. Metallurgical test work will be geared toward developing a processing scheme suited for Egina gravels.
- Novo anticipates trial bulk sampling and processing of a few tens of thousands of tonnes at Egina in 2019.

Egina terrace gravel bulk sample returns encouraging gold recovery

As announced on December 20, 2018, Novo completed processing its first bulk sample of terrace lag gravels at its new Egina gold project. Approximately 95 cubic metres of pristine lag gravel (density approximately 1.6 tonnes per cubic metre) were excavated from an area in the northeast part of mining lease M47/560. The sample was transported to nearby Station Peak camp for treatment through the Company's IGR3000 gravity gold plant. The IGR3000 utilizes

Falcon centrifugal concentrators to capture fine and medium sized gold particles and a discharge sluice to capture large nuggets.

- A total of 107.88 grams of raw gold were recovered from 95 cubic metres of gravel. Fine gold and small nuggets recovered by Falcon concentrators account for 18.55 grams of the total. A further 49.16 grams were captured in the discharge sluice. One large nugget weighing 40.17 grams was recovered from the oversize pile using a metal detector. X-ray fluorescence analysis of gold nuggets indicates gold purities ranging from 91-93% with silver making up most of the balance.
- Assays of tailings are in process.
- Dominantly coarse gold suggests simple processing techniques can likely be employed during potential future large-scale gold recovery at Egina.
- Very little clay is present resulting in short scrubbing times and short settling times to clarify return water.
- Novo plans an aggressive program of collecting and treating similar-sized bulk samples in 2019 with the intent of establishing a first ever resource at Egina. Novo also has plans for large-scale test sampling. As described in the Company's news release dated October 30, 2018, Novo thinks lag gravels mantling the vast erosional terrace at Egina could host a significant gold deposit. The shallow nature of these gravels makes them a particularly attractive target.

The initial mineral sorting concentrates have been analyzed via Photon assay and are subject to QA/QC and other assay techniques that are currently being performed by MinAnalytical Laboratory Services Australia in Perth, Australia.

PhotonAssay provides a non-destructive chemistry-free approach to gold assay. It bombards samples with high-energy X-rays, causing short-lived excitation of atomic nuclei of targeted elements (e.g., gold). These excited nuclei give off a characteristic signature that can be detected and used to calculate concentration. The analysis is completely non-destructive, and all samples have been retained for further analysis.

Karratha Project

Mechanical sorting trial yields gold-rich concentrates

In order to test the potential viability of mechanical rock sorting as a means of concentrating gold from conglomerates at Novo's Karratha gold project, four bulk samples were collected, crushed, screened and tested using a TOMRA mechanical rock sorter. High-grade assays from sorted rock concentrates provide a first indication that this technique is effective at upgrading gold into small volume concentrates.

- Mechanical sorting was conducted on material ranging from 6 to 63 mm (10 to 63 mm for sample KX237. Fractions larger than 63 mm and finer than 6 mm are currently undergoing assaying. Once all analyses have returned, an assessment of the effectiveness of mechanical rock sorting will be made.
- Mechanical rock sorted concentrates range from 0.07-0.48% of total sample mass, a remarkably small fraction. Given the high-grade assays of these concentrates, ranging from 92.1-792.4 gpt Au, it appears that gold is being significantly upgraded by mechanical rock sorting.
- Optimizing crushing to reduce volumes of fines and oversize, effectively maximizing the amount of material being sorted, should further improve the potential of this technology.
- Novo believes mechanical sorting technology could be a critical component of the Karratha gold project moving forward.

Table 1: Assays of concentrates from TOMRA mechanical sorting trials conducted on bulk samples of Karratha gold-bearing conglomerate

Sample ID	**Mass (kg)**	**Size Fraction**	**Size Fraction as % of Total Mass**	**Mass of Sorter Concentrate (kg)**	**Mass of Sorter Concentrate as % of Total Mass**	**Gold Grade of Sorter Concentrate (gpt)**
KX234	5610.6	*greater than 63 mm*	*2.2%*			
		6 to 63 mm	67.8%	13.5	0.24%	792.4
		less than 6 mm	*30.0%*			
KX235	3989.8	*greater than 63 mm*	*19.2%*			
		6 to 63 mm	64.8%	19.1	0.48%	188.8
		less than 6 mm	*16.0%*			
KX236	4229.1	*greater than 63 mm*	*9.7%*			
		6 to 63 mm	61.3%	13.0	0.31%	92.1
		less than 6 mm	*29.0%*			
KX237	4434.0	*greater than 63 mm*	*9.2%*			
		10 to 63 mm	41.6%	3.2	0.07%	377.8
		less than 10 mm	*49.2%*			

Size fractions in *italics* are too coarse or too fine to be sorted.

On January 31, 2019, the Company announced further encouraging results from initial testing of mechanical rock sorting of gold-bearing conglomerate from its Karratha gold project.

The potential viability of mechanical rock sorting was tested by subjecting four bulk samples to crushing, screening, and sorting using a TOMRA mechanical rock sorter. Sorted rock concentrates of very small volume were generated returning high gold contents.

Assays of the sorted waste material, undersize (-6 mm) fraction and oversize fraction (+63 mm) have returned allowing for further evaluation of this technique.

- Samples KX234 and KX237 generated 81.1% and 89.4% recovery of gold, respectively, from the 6-63 mm fraction that was sorted. These recoveries are considered very encouraging considering these tests are first pass and un-optimized. Interestingly, the best recovery is from the lowest grade sample, KX237.
- Although samples KX235 and KX236 generated lower recoveries, the fine (-6 mm) unsorted fraction of each of these samples displays higher grade than the respective calculated head grade. Novo believes the well-oxidized, crumbly nature of the rock comprising these bulk samples may have played a role in lower recoveries. Gold particles appear to have preferentially reported to the fines rather than remain encapsulated in rock that was sorted. Such oxidation persists to about 1-2 m below surface at Karratha. Below this level, Novo believes the targeted conglomerate will be harder and less crumbly.
- Sorter tailings commonly display gravity recoveries of gold of over 50% indicating significant coarse gold remains in this material. Novo believes crushing to somewhat finer size, perhaps 50 mm, may improve sorter recoveries because X-rays will more readily penetrate smaller rock particles making it easier for the mechanical sorter to identify gold particles.

- Although testing was conducted on rock particles down to 6 mm size, further work is needed to determine the lowest range of particle size that can effectively be sorted. Further crush testing is also required in order to determine means of minimizing generation of fines and maximizing the fraction of material that can be sorted.
- Gravity recoveries of gold from the undersize (-6 mm) fraction of the four bulk samples tested during this study range between 44%-64%. This data suggests gravity recovery of gold from unsorted fines may be a viable treatment option.
- Novo considers mechanical sorting a potentially low cost means of concentrating gold that is particularly suitable for the nuggety conglomerates Novo is exploring in the Pilbara. Novo is currently undertaking a thorough review of recent mechanical sorting test data to determine means of optimizing crushing and sorting and what further testing is needed.

TOMRA mechanical rock sorting results from four Karratha bulk samples.

Sample ID	Mass (kg)	Size Fraction	Size Fraction as % of Total Mass	Mass of Sorter Concentrate (kg)	Mass of Sorter Concentrate as % of Total Mass	Gold Grade of Sorter Concentrate (gpt)	Gold Grade of Unsorted Material (gpt)	Gold Grade of Sorter Tails (gpt)	Stage Recovery of Sorter (%)	Gold Distribution to Sorter Concentrate (%)	Calculated Head Grade of Sample (gpt)
KX234	5460	*greater than 63 mm*	2.3%	-	-	-	5.18	-			2.97
		6 to 63 mm	67.2%	13.5	0.25%	792.4	-	0.68	81.1%	66.0%	
		less than 6 mm	30.6%	-	-	-	1.43	-			
KX235	3981	*greater than 63 mm*	19.3%	-	-	-	0.21	-			1.91
		6 to 63 mm	64.8%	19.1	0.48%	188.8	-	1.01	58.1%	47.5%	
		less than 6 mm	15.8%	-	-	-	1.95	-			
KX236	4205	*greater than 63 mm*	9.6%	-	-	-	0.57	-			1.40
		6 to 63 mm	61.5%	13.0	0.31%	92.1	-	0.70	39.8%	20.3%	
		less than 6 mm	28.9%	-	-	-	2.19	-			
KX237	4418	*greater than 63 mm*	9.2%	-	-	-	0.17	-			0.46
		10 to 63 mm	41.5%	3.2	0.07%	377.8	-	0.08	89.4%	60.3%	
		less than 10 mm	49.3%	-	-	-	0.27	-			

Size fractions in *italics* were too coarse or too fine to be sorted

Reported masses may be slightly different to those quoted in the Company's news release dated December 20, 2018 because materials were re-weighed at the assay laboratory

Novo staff collected bulk samples discussed in this MD&A. Bulk samples were crushed at Cook Industrial Minerals in Perth, Australia prior to being shipped to TOMRA. Once rock sorting was completed, the concentrate and smaller mass tailings samples were submitted to MinAnalytical Laboratory Services Australia in Perth, Australia for analysis via Photon assay and fire assay. PhotonAssay provides a non-destructive chemistry-free approach to gold assay. It bombards samples with high-energy X-rays, causing short-lived excitation of atomic nuclei of targeted elements (e.g., gold). These excited nuclei give off a characteristic signature that can be detected and used to calculate concentration. The analysis is completely non-destructive, and all samples have been retained for further analysis. Larger tailings samples were submitted to SGS Minerals in Perth, Australia where they were treated in a test plant detailed in Novo's news releases dated February 6 and May 31, 2018. All assay certificates and head grade calculations were provided by SGS and MinAnalytical, with the calculations and head grades checked by Novo internal resources. There were no limitations to the verification process and all relevant data provided to date was verified.

Beatons Creek Project

On April 1, 2019, the Company announced an updated resource estimate (the "2019 Resource Estimate") for its Beatons Creek conglomerate gold project located in the eastern Pilbara region of Western Australia. The 2019 Resource Estimate incorporated diamond drilling and trench channel sampling conducted in 2018. Additionally, bulk sampling was used to validate a significant portion of the oxide resource. The effective date of the 2019 Resource Estimate was March 29, 2019. A technical report in respect of the 2019 Resource Estimate will be filed under the Company's SEDAR profile upon its completion.

Highlights:

- The updated 2019 Resource Estimate included a 30% increase in tonnes driven predominantly by an improved geological framework from the recent diamond drilling program compared to the previous 2018 estimate supported by the technical report titled "NI 43-101 Technical Report Resource Update, Beatons Creek Gold Project, Pilbara Region, Australia" issued on November 20, 2018 (the "2018 Resource Estimate") and filed on SEDAR (www.sedar.com) under the Company's profile on November 21, 2018.
- The new model saw an increase of 115,000 oz Au (+33%) in the Indicated Mineral Resource category (over the 2018 Resource Estimate's Measured + Indicated) within the Open Pit.
- Recent three-stage gravity recoverable gold ("GRG") test work on the fresh mineralization achieved a gravity recovery in the range of 89-95%.
- The expanded 2019 Resource Estimate, along with Beatons Creek's high metallurgical recovery (+97% gravity + carbon-in-leach; please refer to the Company's news release dated March 7, 2017 for further details), make it a premier gold deposit in the Nullagine mining camp in the eastern Pilbara region.
- Mineralization remains open to the north-west and south-west with several areas identified for resource development drilling.

2019 Resource Estimate:

Open Pit Mineral Resources (oxide and fresh mineralization)

Classification	Cut-off Grade Au g/t	Tonnes (x1000)	Grade Au g/t	Ounces Troy Au (x1000)
Indicated	0.5	6,645	2.1	457
Inferred	0.5	3,410	2.7	294

Open Pit Mineral Resources (oxide mineralization)

Classification	Cut-off Grade Au g/t	Tonnes (x1000)	Grade Au g/t	Ounces Troy Au (x1000)
Indicated	0.5	4,500	1.9	272
Inferred	0.5	765	1.8	44

Open Pit Mineral Resources (fresh mineralization)

Classification	Cut-off Grade Au g/t	Tonnes (x1000)	Grade Au g/t	Ounces Troy Au (x1000)
Indicated	0.5	2,145	2.7	185
Inferred	0.5	2,645	2.9	250

Underground Mineral Resources (fresh mineralization)

	Cut-off Grade	Tonnes	Grade	Ounces Troy Au
Classification	Au g/t	(x1000)	Au g/t	(x1000)
Inferred	3.5	885	5.3	152

Total Mineral Resources (oxide and fresh mineralization; open pit and underground)

	Cut-off Grade	Tonnes	Grade	Ounces Troy Au
Classification	Au g/t	(x1000)	Au g/t	(x1000)
Indicated	0.5	6,645	2.1	457
Inferred	0.5, 3.5	4,295	3.2	446

Notes:

1. Open pit Mineral Resources contain oxide and fresh mineralization within an optimized shell and constrained within a mineralized wireframe.
2. An optimized Whittle pit shell was estimated with the following indicative parameters:
   (a) USD $1,311 (AUD $1,850) / troy ounce;
   (b) Metallurgical recoveries of 95% oxide and 90% fresh;
   (c) SGs applied: Oxide 2.40 t/m3 and fresh 2.85 t/m3 based on measurements taken on drill core;
   (d) USD $2.40 / tonne mining cost for oxide and USD $3.68 / tonne for fresh;
   (e) USD $17.00 / tonne oxide and USD $19.00 / tonne fresh processing cost; and
   (f) USD $3.00 / tonne general and administrative costs.
3. Underground Mineral Resources contain fresh mineralization outside the optimized shell. Underground resources are constrained to discrete areas of contiguous mineralization. NB: cut-off grade for underground resource has been increased from 2.0 Au g/t to 3.5 Au g/t for the 2019 Resource Estimate.
4. Columns may not total due to rounding.
5. One troy ounce is equal to 31.1034768 grams.

In this MD&A, the terms “Mineral Reserve”, “Mineral Resource”, “Inferred Mineral Resource”, Indicated Mineral Resource” and Measured Mineral Resource” have the meanings given in the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council.

Resource Modelling

The spatial extent of the 2019 Resource Estimate covers a surface area of over 2km x 2km. Mineralization exists as multiple sub-horizontal, narrow stacked and un-classified ferruginous-conglomeritic horizons (“reefs”), which are interbedded with un-mineralized conglomerate, sandstones and grits with minor intercalations of shale, mudstone, siltstone and tuffs. Reefs vary from <1 m to several metres thick and are continuous for up to 2km.

Mineral Resources were estimated from 3,909 samples, sourced from 2,422 samples from reverse circulation holes, 302 samples from diamond core holes, and 1,185 trench ‘channel’ samples. The majority of assays used for the estimate were determined using the LeachWELL (cyanide leaching) technique, with the 2018 diamond drilling and trench programs also analysing the LeachWELL residues by fire assay.

Grade interpolation was performed using a three-pass Ordinary Kriging (“OK”) estimation method within modelled reef domains. Wireframed mineralized domains differentiate between regionally continuous marine lags and localized stacked-channel mineralization. A weathering profile has further differentiated the estimate into oxide and fresh components.

All samples were composited to 1m for estimation. Composites were analysed and top-cut per domain using statistical and graphical methods. OK was constrained by variograms per domain, though some domains had too few samples to define an acceptable variogram. In such cases, the most appropriate domain variogram was applied based on geological reasonableness. A total nugget effect of 65% was applied during the kriging process. Two estimation block sizes were applied: 20m by 20m by 1m and 40m by 40m by 1m for relatively densely spaced data versus sparsely spaced data respectively. All blocks were sub-blocked to 2.5m by 2.5m by 0.25m. Block size and number of samples applied in search passes were selected based on kriging neighbourhood analysis. Estimation was undertaken in three passes, with passes one and two being no more than the geostatistical range defined in the variogram. Search pass three used up to three times the geostatistical range. The estimate was validated by visual comparison of samples and estimation block grade by domain, moving window plots, and global grade comparisons. The 2018 bulk sampling program was also used to validate sections of the oxide mineralization (refer to the Company’s news release dated February 20, 2019). Indicated Mineral Resources were classified based on passes one and two, and Inferred Mineral Resources classified based on pass three. As well as search passes, resources were also classified on consideration of sample data quality, mix of different sample types, and quantity and quality of SG data. The qualified person (as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* published by the Canadian Securities Administrators (“NI 43-101”)) has applied the principles of reasonable prospects of eventual economic extraction. Geostatistical analysis was undertaken using Snowden Supervisor [v8.11.0] software and estimation was undertaken in Datamine Studio RM [v1.4.175] software.

The Mineral Resource estimation process was peer reviewed by Mr. Ian Glacken FAusIMM(CP), a Director and Principal of Optiro Pty Ltd. Optiro have endorsed the estimation approach and classification.

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability; it is uncertain if applying economic modifying factors will convert Measured and Indicated Mineral Resources to Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues, however, no issues are known at this time. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category. The Mineral Resources in this MD&A were estimated using current Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards, definitions and guidelines.

Dr. Simon C. Dominy, FAusIMM (CPGeo) has coordinated the 2019 Resource Estimate for the Beatons Creek conglomerate gold project, and is independent of the Company for purposes of NI 43-101. Dr. Dominy is a Qualified Person as defined by NI 43-101.

Dr. Dominy is preparing a NI 43-101 technical report in respect of the 2019 Resource Estimate, which the Company is obligated under NI 43-101 to file on SEDAR by May 14, 2019.

Metallurgical Test Work on Fresh Mineralization

Three (3) PQ diamond drill holes (BCMET18-021, BCMET18-022, BCMET18-023) were drilled for metallurgical testwork within Fresh mineralization. These holes each intersected two (2) mineralized horizons within the Fresh zone (M1 and M2 reefs).

Whole core was taken for each of the six intersections and subjected to non-destructive head grade assay by PhotonAssay, followed by comminution testwork. The three intersections of each reef were then blended to form two approx. 60 kg composites for M1 and M2. These were each subjected to the three-stage gravity recoverable gold test (the so-called "Laplante" test) to determine the GRG of the composites. Leach testwork on the GRG residues is currently being completed.

The result of the GRG testwork was a 95% GRG recovery for the M1 composite (head grade 5.6 g/t Au) and 89% GRG recovery for the M2 composite (head grade 4.6 g/t Au).

All metallurgical testwork was undertaken at Metallurgy Pty Ltd, Perth, Australia. PhotoAssay analysis was undertaken at MinAnalytical Pty Ltd, Perth, Australia. All testwork and analysis was supported by a QAQC programme including process documentation, blanks, barren flushes and CRMs (where appropriate).

Talga Talga Project

- Talga Talga is one of Novo's East Pilbara assets and is located approximately 110 km north of Beatons Creek. Gold occurs in lode quartz veins hosted by metamorphosed volcanic and sedimentary rocks of the Warrawoona Supergroup, the same rocks that host Calidus Resources Ltd.'s Warrawoona gold project approximately 35 km south of Talga Talga.
- Spot rock chip sampling of veins has returned highly encouraging assay results including grades of 81.4 g/t, 46.9 g/t, 35.1 g/t and 30.0 g/t gold (these grades are not necessarily representative of mineralization at Talga Talga). Of a total of 149 samples, 68 returned grades greater than 0.5 g/t gold and 33 returned grades greater than 5.0 g/t gold.
- These rock chip results combined with detailed mapping define a corridor of mineralized structures approximately three kilometers long.
- An updated geological interpretation will drive further exploration in 2019 anticipated to include a component of diamond drill testing.

Spot rock chip samples from Talga Talga were submitted to Genalysis Laboratory in Perth, Australia. Given the occurrence of coarse gold on the property, analyses were performed on 1 kg pulverized charges subjected to LeachWell™ technique. Following LeachWell™ analysis, tailings from each sample were rinsed and dried. A 50 gram split was subjected to fire assay with OES-finish. Grades reported in this MD&A are a mathematical combination of LeachWell™ analyses and residual gold in tails as determined by fire assay. There were no limitations to the verification process and all relevant data was verified.

Dr. Quinton Hennigh, P. Geo., the Company's, President and Chairman and a qualified person as defined by NI 43-101, has approved the geological content of this MD&A. Dr. Simon Dominy, FAusIMM (CP), a consultant geometallurgist to the Company and a qualified person as defined by NI 43-101, has approved the processing and bulk sample grade content of this MD&A.

RESULTS OF OPERATIONS

During the year ended January 31, 2019, the Company incurred a net loss of $14,797 compared to a net loss of $17,785 for the year ended January 31, 2018. The net loss in the year ended January 31, 2019 relates primarily to an operating loss before other items of $20,601 (January 31, 2018 - $17,846) and other items gain of $1,489 (January 31, 2018 – gain of $61). The operating loss before other items was mainly due to share-based payments of $8,944 (January 31, 2018 – $11,699); consulting fees of $425 (January 31, 2018 – $1,831) related to due diligence exercises, administration, corporate communication, investor relations, computer services and management services provided by officers and consultants of the Company; wages and salaries of $4,168 (January 31, 2018 – $1,599) related to employee payroll in Canada, the US, and Australia; general office and administrative expenses of $1,482 (January 31, 2018 – $1,026) mainly related to general and administrative expenses including advertising and promotion, computer & internet expenses, telephone expenses, depreciation, professional development, and rent expenses; accounting fees of $736 (January 31, 2018 – $435) related to due diligence exercises, quarterly review and annual audit fees, tax return services, and accounting services related to Australian research and development refunds from the Australian Department of Mines, Industry Regulation and Safety; legal fees of $600 (January 31, 2018 - $194) related to due diligence exercises and corporate matters; transfer agent and filing fees of $305 (January 31, 2018 - $339) related to transfer agent fees and fees associated with maintaining the Company's listing on the TSX-V; meals and travel expenses of $528 (January 31, 2018 - $184) related to meals and entertainment and business-related travel expenses; insurance expenses of $195 (January 31, 2018 - $105); and an impairment expense of $3,218 (January 31 2018 - $434) related to the write-down of the Company's Mt. Hayes, Two Creeks, Paleoplacer, and Welcome Exploration properties (see Note 6 of the Company's consolidated financial statements).

During the year ended January 31, 2019, other items include interest and other income of $1,020 (January 31, 2018 – $216) related to interest income; a foreign exchange gain of $12 (January 31, 2018 – losses of $16) related to payments denominated in foreign currencies and the revaluation of the Company's USD cash as at January 31, 2019; accretion expense on the cash component of deferred consideration for the Comet Well mineral property of $42 (January 31, 2018 - $nil); an unrealized gain on the value of deferred consideration for the Comet Well mineral property of $499 (January 31, 2018 – loss of $139).

During the year ended January 31, 2019, the Company recognized an unrealized holding loss of $867 (January 31, 2018 – loss of $169) in other comprehensive income or loss on marketable securities designated as FVTOCI. The Company also recognized a foreign exchange loss on the translation of subsidiaries of $3,429 (January 31, 2018 – gain of $494) in other comprehensive income or loss.

During the period from incorporation on October 28, 2009 to January 31, 2019, there were no operating revenues as the Company was still in the acquisition and exploration stage.

Due to the Company being in its early stage of pre-development, management foresees continuing operating losses during the coming year resulting from its exploration activities. The Company currently has sufficient cash reserves to fund its operations for at least the next twelve months. In the event that the Company requires further funding to carry out its exploration plans in the future, management will review all on-going expenditures and take appropriate actions to remedy any potential funding shortage.

In the Beatons Creek region, the Company spent most of Fiscal 2019 bulk sampling the Beatons Creek property. These efforts culminated in the release of the 2019 Resource Estimate. The Company will now focus on finalizing the supporting NI 43-101 Technical Report on the Beatons Creek project due by May 14, 2019. Regional exploration around the Beatons Creek property also supported the Company's goal of further developing its mineral deposits.

In the Karratha region, the Company completed its bulk sampling program on the Comet Well and Purdy's Reward prospects and explored numerous processing methods, including the use of TOMRA ore sorting technology. The Company will continue to review methods by which it can efficiently process future work at Comet Well and Purdy's Reward. Regional exploration also continued as the Company expands its geological understanding of its 12,000km^2 tenure.

In the Egina region, the Company is planning its next set of sampling exercises at the Egina property which will be initiated once the wet season ends in mid-April.

American Pacific Mining Corp ("APM") was granted an option to earn into the Company's Tuscarora property in Elko County, Nevada in November 2017. APM is currently exploring the property in an effort to earn a 100% interest by 2021.

The Company plans to continue exploring its mineral properties and incurring the necessary expenditures to maintain its tenements in good standing.

SELECTED ANNUAL INFORMATION

For the years ended January 31, 2019, 2018, and 2017, the consolidated financial statements have been prepared in accordance with IFRS.

Statement of comprehensive loss data	**Year ended January 31, 2019**	**Year ended January 31, 2018**	**Year ended January 31, 2017**
Other income	$1,020	$216	$390
Net loss	$(14,797)	$(17,785)	$(4,144)
Net loss per common share outstanding - basic and diluted	$(0.12)	$(0.14)	$(0.05)
Dividend	$Nil	$Nil	$Nil
Statement of financial position data	**Year ended January 31, 2019**	**Year ended January 31, 2018**	**Year ended January 31, 2017**
Total assets	$156,665	$151,835	$38,468
Non-current financial liabilities	$5,819	$6,384	$Nil
Shareholders' equity	$146,253	$143,684	$37,958

Net Loss

The Company incurred a net loss of $14,797 during Fiscal 2019, $17,785 during Fiscal 2018, and $4,144 during Fiscal 2017. The variance was mainly attributable to share-based payments (2019 - $8,944; 2018 - $11,699; 2017 – $2,463), wages and salaries (2019 - $4,168; 2018 - $1,599; 2017 - $443), office and general expenses (2019 – $1,482; 2018 - $1,026; 2017 - $276), consulting services (2019 - $425; 2018 - $1,831; 2017 – $375), and transfer agent and filing fees (2019 - $305; 2018 - $339; 2017 - $143). Explanations for the fluctuations in net losses are summarized below by separately identifying the aforementioned five major categories of expenses.

Share-based payments

During Fiscal 2019, the Company recognized $8,944 in share-based payments expense compared to $11,699 in Fiscal 2018 and $2,463 in Fiscal 2017. Share-based payments decreased from Fiscal 2018 to Fiscal 2019 because there were no significant option issuances during Fiscal 2019. The increase in expense between Fiscal 2017 and Fiscal 2018 relates to the Company's grant of stock options to its growing number of employees along with an increased Company share price and corresponding option exercise prices. Costs associated with options issued with time-based vesting conditions are amortized over the vesting timeframe of the options. Costs associated with options issued with performance-based vesting conditions are amortized over the estimated timeframe required for the options to vest.

Wages and salaries

During Fiscal 2019, the Company recognized $4,168 in wages and salaries expense as compared to $1,599 in Fiscal 2018 and $443 in Fiscal 2017. The Company has significantly expanded its team in Western Australia and its salary expenses have increased as a result. In addition, the Company paid a number of termination payments during Fiscal 2019. The Company capitalizes any wages and salaries which are attributable to the Company's mineral properties and expenses all remaining wage and salary amounts.

Office and general expenses

During Fiscal 2019, the Company recognized $1,482 in office and general expenses as compared to $1,026 during Fiscal 2018 and $276 during Fiscal 2017. Office and general expenses include advertising and promotion expenses, depreciation, computer and internet expenses, and telephone expenses along with general office expenses. Such expenses continue to increase as the Company grows its Western Australian team and influence.

Consulting services

During Fiscal 2019, the Company recognized $425 in consulting expenses as compared to $1,831 in Fiscal 2018 and $375 in Fiscal 2017. While growing its operations, the Company relied on external consultants to provide certain financial, marketing, and investor relations services. A number of these services have been internalized which corresponds with the increase in wages and salaries. Any consulting services pertaining to the Company's mineral properties are capitalized to the relevant mineral project. The Company also retained the services of a prominent Australian prospector which it compensated through the issuance of 1,000,000 common shares of the Company. A consulting expense totaling $1,141 has been recorded in Fiscal 2018 as a result.

Transfer agent and filing fees

During Fiscal 2019, the Company recognized $305 in transfer agent and filing fees as compared to $339 in Fiscal 2018 and $143 in Fiscal 2017. The Company's TSX-V listing fees are based on market capitalization and increased as the Company's share price rose throughout Fiscal 2018 and Fiscal 2019. Transfer agent fees also increased as the Company's share price rose and warrants and stock options were exercised. Costs of maintaining the Company's Australian operations also increased as the Company's influence grew in Western Australia.

<u>Total Assets</u>

Total assets increased from $38,468 as at January 31, 2017 to $151,835 as at January 31, 2018 and $156,665 as at January 2019. Total assets consist mainly of cash and short-term investments, marketable securities and exploration and evaluation assets and increased from prior years mainly due to exploration expenditures on the Company's mineral properties, particularly in the Karratha region of Western Australia.

<u>Shareholders' Equity</u>

Total shareholders' equity increased from $37,959 as at January 31, 2017 and $143,684 as at January 31, 2018 to $146,253 as at January 31, 2019. Total shareholders' equity consisted mainly of share capital and increased significantly mainly due to the securities issued pursuant to numerous private placements and property transactions (see Notes 6 and 8 of the Company's consolidated financial statements).

SUMMARY OF QUARTERLY RESULTS

	4th Quarter 2019 January 31, 2019	3rd Quarter 2019 October 31, 2018	2nd Quarter 2019 July 31, 2018	1st Quarter 2019 April 30, 2018	4th Quarter 2018 January 31, 2018	3rd Quarter 2018 October 31, 2017	2nd Quarter 2018 July 31, 2017	1st Quarter 2018 April 30, 2017
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (Loss) / Income	(2,910)	(4,109)	(7,082)	(5,044)	(2,517)	(9,959)	(4,675)	(554)
Amendment of fair value gain on derecognition of associate	-	-	-	4,315 *	-	-	-	-
Amended Net (Loss) / income	(2,910)	(4,109)	(7,082)	(729)	(2,517)	(9,959)	(4,675)	(554)
Basic and Diluted (Loss) / Income Per Share	($0.02)	($0.03)	($0.05)	($0.01)	($0.01)	($0.07)	($0.04)	($0.01)

* On November 18, 2014, the Company participated in the inaugural financing and purchased 2,000,000 common shares of Elementum 3D Inc. (“E3D”), an unlisted private company based in Erie, Colorado. On March 7, 2018, the Company participated in the rights offering financing of E3D. E3D is an additive manufacturing research and development company which specializes in the creation of advanced metals, composites, and ceramics. Through this right offering financing, the Company purchased 76,560 additional common shares of E3D at a price of USD $1.68 per common share. As a result of other share issuances during the rights offering financing, the Company’s ownership in E3D was diluted to 14.87%. As a result of this and other factors, the Company determined that it could no longer exert significant influence over E3D and thus no longer met the definition of an associate in accordance with IAS 28, *Investments in associates and joint ventures*. As such, the Company’s 2,076,560 common shares of E3D have been accounted for as marketable securities from the date E3D ceased to be an associate. The Company recognized a fair value gain on derecognition of associate in the statement of comprehensive loss with subsequent fair value changes in this investment remeasured at FVTOCI.

Overall, the net loss for the period reflected an increase in general business activities which support the Company’s expanding programme to bulk sample the most prospective areas of its extensive 12,000km^2 landholdings. Share-based payments, foreign exchange gains/losses, impairment on mineral property and wages and salaries were the major components that caused variances in net losses from quarter to quarter.

FOURTH QUARTER

During the quarter ended January 31, 2019, the major expenses of the Company were accounting and audit fees, consulting services, insurance expenses, legal fees, meals and travel expenses, office and general expenses, transfer agent and filing fees, wages and salaries, and impairment on mineral properties totaling $2,295 (January 31, 2018 -

$3,164). In addition, non-cash share-based payment expenses of $662 (January 31, 2018 - $1,154) were incurred during the quarter ended January 31, 2019. The Company has acquired numerous mineral exploration properties in the Karratha and Egina regions of Western Australia and corporate expenses have increased as a result. Despite the issuance of another batch of stock options in June 2018, share based payment expenses decreased in the last quarter, because certain batches of options have vested and expensed.

During the quarter ended January 31, 2019, operating expenses were mitigated by non-operating items such as interest and other income of $396 (January 31, 2018 – $63), a deferred consideration accretion expense of $10 (January 31 2018, - $nil), and a gain on deferred consideration for mineral property of $350 (January 31, 2018 - $nil).

EXPLORATION AND EVALUATION ASSETS

Beatons Creek Region

Beatons Creek Property

The Company signed agreements with aboriginal groups who have title to the ground comprising the Beatons Creek property during the year ended January 31, 2018. In aggregate, the Company has paid AUD $550 ($526) and a further AUD $600 is due once a decision has been made to develop the property for mining. In addition, a production royalty totaling 2.75% is payable on any gold and silver produced from the Beatons Creek property.

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

Talga Projects

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

Blue Spec Project

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

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 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 ($161).

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

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

Mt. Hayes Property

During the year ended January 31, 2018 the Company determined that the Mt. Hayes project was not prospective and let an option under an agreement signed with Red Dog Prospecting Pty Ltd on April 14, 2016 lapse. The Company recorded an impairment expense of AUD $437 ($434).

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 operation agreements is underway. Calidus issued to Novo 20,000,000 fully paid ordinary shares at a fair value of AUD $820 ($814) 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 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. As at January 31, 2019, Calidus has incurred AUD $1,683 in exploration expenditures on the Novo Tenements.

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 the Campbells' interest in tenements 47/3597, 47/1845, 47/1846, 47/1847, and 47/3601 (collectively, the "Tenements") which comprise the Comet Well project in the Karratha region of Western Australia (the "Comet Well Project"). On August 3, 2017, the Company signed a sale and purchase agreement and a royalty agreement with Campbell, two farm-in and joint operation agreements with Gardner Mining Pty Ltd ("Gardner") and Bradley Adam Smith ("Smith"), and a settlement deed with Campbell, Gardner, and Smith (collectively, the "Definitive Agreements"). Upon execution of the Definitive Agreements, the Company had the right to earn an 80% interest, in aggregate, to the Tenements.
The aggregate cash portion of the purchase price pursuant to the Definitive Agreements was AUD $1,750, of which AUD $100 ($100) was paid to Campbell upon signing of the Terms Sheet and AUD $150 ($148) was paid to Campbell upon signing of the Definitive Agreements. The remaining AUD $1,500 ($1,434) was paid to Gardner and Smith on December 20, 2017. The shares portion of the purchase price consisted of 1,450,000 Novo common shares (the "Initial Consideration Shares") of which 450,000 Initial Consideration Shares were issued to Campbell and 1,000,000 Initial Consideration Shares were issued to Gardner and Smith. The Initial Consideration Shares were issued on January 25, 2018, at a fair value of $4,611 based on the closing price of the Company's common shares on the TSX-V on January 25, 2018 of $3.18.

On January 25, 2021, a further AUD $3,000 in aggregate is required to be paid to Gardner and Smith and AUD $3,000 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 volumeweighted average price ("VWAP"). The Subsequent Consideration Shares will be subject to a statutory hold period expiring four months from the date of issuance.

The AUD $3,000 cash consideration and the Subsequent Consideration Shares have been recognized as a long-term liability in the Company's consolidated statement 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 fair value of the cash consideration as at January 31, 2019 is $2,825 (January 31, 2018 - $2,891). The fair value of the Subsequent Consideration Shares has been estimated based on the number of shares to be issued using the agreed-upon terms within the Definitive Agreements, with period-end revaluations capturing any unrealized gain or loss in the fair value of the Subsequent Consideration Shares. The fair value of the Subsequent Consideration Shares as at January 31, 2019 is estimated to be $2,994 (January 31, 2018 - $3,493), with an unrealized gain of $499 (January 31, 2018 – loss of $139) captured in the other items of the Company's consolidated statements of comprehensive loss. A deferred consideration accretion expense on the fair value of the cash consideration of $42 (January 31, 2018 - $nil) was also recognized in the other items of the Company's consolidated statements of comprehensive loss.

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

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

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

The first farm-in and joint operation agreement (the "Novo Farm-in Agreement") signed between the Company and Gardner and Smith entitles the Company to earn an 80% interest in the Tenements once certain regulatory approvals are obtained and the Company incurs AUD $4,000 in expenditures within three years of the Tenements being granted by the Australian Department of Mines, Industry Regulation and Safety ("DMIRS"). Concurrently, the Company signed a farm-in and joint operation agreement (the "Gardner and Smith Farm-in Agreement") with Gardner and Smith which entitle Gardner and Smith to earn an aggregate 20% interest in the Tenement by incurring AUD $50 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. The Company provided Gardner and Smith with confirmation of farm-in completion on May 28, 2018.

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

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

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

Artemis Resources Limited Joint Operation

On August 15, 2017, the Company signed definitive agreements outlining farm-in and joint operation gold rights with Artemis Resources Limited ("Artemis"). Novo had the right to farm-in to 50% of gold (and other minerals necessarily mined with gold) in conglomerate and/or paleo placer style mineralization in Artemis' tenements within 100km of the City of Karratha, including at Purdy's Reward (the "Gold Rights"). The Gold

Rights do not include (i) gold disclosed in Artemis' existing JORC compliant Resources and Reserves at May 18, 2017 or (ii) gold which is not within conglomerate and/or paleo-placer style mineralization or (iii) minerals other than gold. Artemis' Mt Oscar tenement is excluded from the definitive agreements.

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

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

On November 27, 2017, the Company reached its AUD $2,000 expenditure requirement and sent notice to such effect to Artemis. As such, effective November 27, 2017, the 50:50 unincorporated joint operation was deemed to be formed between Karratha Gold and Artemis' subsidiaries. Karratha Gold manages the joint operations and Artemis and Karratha Gold will contribute to further exploration and mining of the Gold Rights on a 50:50 basis. If Karratha Gold or

Artemis elect not to contribute to the joint operation pursuant to a budget approved by the joint operation management committee, the non-contributing entity's interest in the joint operation will dilute at a ratio of 0.1% for every AUD $50 overspent by the contributing entity. If a non-contributing entity's interest in the joint operation is reduced to below 5%, the non-contributing entity will be deemed to have withdrawn from the joint operation and its interest will convert to a 0.5% net smelter returns royalty payable on any gold subject to the Gold Rights which is capable of being sold or otherwise disposed of.

During the year ended January 31, 2019, Artemis contributed AUD $2,620 ($2,505) to the joint operation.

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

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

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

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 and Rocklea Gold Pty Ltd during fiscal years 2018 and 2019.

Gold Specimens

During the year ended January 31, 2019, the Company purchased 3,647 grams of unrefined gold nuggets, $159 from various parties in the Karratha region of Western Australia.

<u>Egina Region</u>

Farno-McMahon transaction

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

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

The Company paid AUD $150 ($139) 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 ($2,173) 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.

Assets acquired, and liabilities assumed

The cost of the identifiable assets and liabilities of Farno as at the date of acquisition were:

Consideration paid:	**$'000**
Fair value of 1,252,895 shares issued to Farno shareholders	3,759
Cash payments made	2,173
Transaction costs	416
Total consideration	**6,348**

The fair value of identifiable assets acquired and liabilities assumed from Farno were as follows:

Net Assets acquired	**$'000**
Trade and Other Receivables	49
Property, Plant and Equipment	114
Mineral Properties	6,371
Trade and Other Payables	(186)
Total	6,348

Memorandum of Agreement with Pioneer Resources Limited ("Pioneer")

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 ($601), 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 ($188) in cash.

Consideration	**$'000**
Fair value of 100,000 common shares issued to Pioneer	404
Foreign Exchange	(4)
Cash paid	186
Transaction cost	9
Total consideration	**595**

The fair value of identifiable assets acquired from Pioneer were as follows:

	$'000
Mineral properties	**595**

Nevada, USA Region

Tuscarora Property

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

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

The exploration and evaluation assets are comprised of the following:

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

	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**

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 2019, 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 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.

   KL was granted 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 terminate 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 (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, each entitling the holder thereof to acquire one common share at a price of $0.66 until May 4, 2019, were also issued pursuant to the Offering with a fair value of $477. 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.

Creasy Share Issuance

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 was fixed, it did not breach the fixed-for-fixed criteria and was recognized within equity. The consulting services were measured using the Company’s average share price during the consulting period and were recognized in the statement of loss and comprehensive loss during the aforementioned period. The shares were issued on September 7, 2018, at which point the equity component of the obligation was recognized and no longer recorded as a “shares to be issued” amount.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash used by operating activities during the year ended January 31, 2019 was $7,008 (January 31, 2018 – $2,085). Adjustments, namely impairment expenses, share based payments, foreign exchange, and an unrealized gain on deferred consideration for mineral property comprised the difference between quarters. Please see Notes 6 and 11 of the Company's Fiscal 2019 financial statements for more details.

Investing Activities

Cash used by investing activities during the year ended January 31, 2019 was $13,024 (January 31, 2018 – $30,374). The Company's principal investing activity is the acquisition and exploration of its resource properties. During the year ended January 31, 2019, the Company incurred $26,174 (January 31, 2018 - $14,768) on its resource properties. Please see Note 6 of the Company's Fiscal 2019 financial statements for more details.

Financing Activities

Cash provided by financing activities during the year ended January 31, 2019 was $7,968 (January 31, 2018 - $86,250), which relates to cash received from private placements and stock option and warrant exercises. Please see Note 8 of the Company's Fiscal 2019 financial statements for more details.

Cash Resources and Going Concern

At January 31, 2019, the Company had cash of $42,832 and an additional $93 in short-term investments. Working capital as at January 31, 2019 was $39,789. To fully develop the Company's mineral properties into large-scale mining operations with processing plants, the Company may have to raise additional cash or form strategic partnerships; however, there cannot be any certainty that additional financing can be raised or that strategic partnerships can be found. The Company's current minimum annual expenditure obligation on its Australian tenement holdings is AUD $4,323 ($4,133).

OFF BALANCE SHEET TRANSACTIONS

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

RELATED PARTY TRANSACTIONS

(a) *Key Management Personnel Disclosures*

During the years ended January 31, 2019 and 2018, the following amounts were incurred with respect to the key management and directors of the Company:

	Year ended January 31, 2019 $'000	Year ended January 31, 2018 $'000
Consulting services	180	226
Wages and salaries	1,163	588
Wages and salaries included in exploration and evaluation assets	-	497
Share-based payments	7,103	7,487
	8,446	8,798

(a) *Other Related Party Disclosures*

During the years ended January 31, 2019 and 2018, the following amounts were incurred with respect to consulting services provided by a corporation which employed the former Chief Financial Officer:

	Year ended January 31, 2019 $'000	Year ended January 31, 2018 $'000
Consulting services	-	90
	-	90

(b) *Gold Sales*

During the year ended January 31, 2019, the Company sold $32 (January 31, 2018 - $nil) worth of gold specimens to directors and significant shareholders of the Company.

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 ended January 31, 2018, and amounts incurred were expensed as consulting fees. The relationship with one of these entities was terminated during the period ended January 31, 2018. The Company's Chief Operating Officer also resigned on October 10, 2018.

PROPOSED TRANSACTIONS

The Company does not currently have any undisclosed proposed transactions approved by the Board of Directors.

Significant accounting judgements and estimates

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

Judgements

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

Recoverability of exploration and evaluation assets

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

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.

Determining if an acquisition is a business combination or an asset acquisition

As required by IFRS 3 *Business Combinations* ("IFRS 3"), the Company is required to determine whether the acquisition of Farno should be accounted for as a business combination or an asset acquisition. Under IFRS 3, the components of a business must include inputs, processes and outputs. Management has determined that the acquisition of Farno did not include all the necessary components of a business. Accordingly, the acquisition of Farno has been recorded as an asset acquisition, consisting of Farno's mineral properties and working capital.

Identifying the acquirer in an acquisition

As required by IFRS 3 and IFRS 10 *Consolidated Financial Statements*, the Company is required to determine whether it is the acquirer or acquiree in the Farno acquisition. The acquirer is the entity that contains control of the acquiree in the acquisition. If it is not clear which company is the acquirer, additional information must be considered, such as the combined entity's relative voting rights, existence of a large minority voting interest, composition of the governing body and senior management, and the terms behind the exchange of equity interests. Management has determined that Meentheena is the acquirer of Farno.

Determination of asset and liability fair values

Business combinations require judgement and estimates to be made at the date of acquisition in relation to determining asset and liability fair values. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgements and estimates about future events, including but not limited to estimates of mineral resources acquired, exploration potential, future operating costs and capital expenditures.

Determination of significant influence

As required by IFRS 12 *Disclosure of interests in other entities*, management has applied judgements in determining whether it has significant influence over its investments. In making this judgement, management has considered the following factors to determine whether significant influence exists:

- Percentage of voting rights of the investee held by the Company;
- Representation on the board of directors or equivalent governing body of the investee;

- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the Company and the investee;
- Interchange of managerial personnel; and/or
- Provision of essential technical information.

Estimates

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

Share-based payments

The value of share-based payments is determined using the Black-Scholes option pricing model, the use of which requires management to apply subjective assumptions such as the expected price volatility, expected life of the option, risk free interest rates, and forfeiture rates. 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.

Marketable securities

The value of the shares held of Elementum 3D Inc. ("E3D") (formerly known as Sinter Print Inc.), is determined using the last financing price used by E3D to raise funds for its operations. E3D is not a listed company so management is required to apply subjective assumptions such as a fair value per share in order to determine E3D's fair value. Changes to E3D's fair value per share can significantly affect the fair value estimate.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

IFRS 9 – Financial Instruments

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of February 1, 2018. IFRS 9 has replaced IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that were recognized at the date of application. The change did not impact the carrying value of any financial assets on transition date. The main area of change is the accounting for certain equity securities previously classified as fair value through other comprehensive income.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

Classification

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

The Company completed a detailed assessment of its financial assets and liabilities as at February 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	**Original classification (IAS 39)**	**New classification (IFRS 9)**
Cash	Amortized cost	Amortized cost
Short-term investments	Amortized cost	Amortized cost
Marketable securities	Available for sale	FVTOCI
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Deferred consideration for mineral property – Share portion	FVTPL	FVTPL
Deferred consideration for mineral property – Cash portion	Amortized cost	Amortized cost

Upon the adoption of IFRS 9, the Company made an irrevocable election to classify marketable securities as FVTOCI given they are not held for trading and are instead held as strategic investments that align with the Company's corporate objectives.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income or loss.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

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

Impairment of financial assets at amortized cost

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

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

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

Financial assets

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

Financial liabilities

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

FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash, short-term investments, marketable securities, accounts payable and accrued liabilities, and deferred consideration for mineral property. The 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 and accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature. The cash deferred consideration was initially recognized at fair value and is subsequently measured at amortized cost.

- Marketable securities and the share component of deferred consideration are measured using Level 1 inputs. The fair values of marketable securities are measured at the closing market price obtained from the Canadian Securities Exchange and the Australian Securities Exchange.
- Marketable securities held in E3D are measured using Level 2 inputs. The value of the share portion of deferred consideration has been derived from the number of shares to be issued using the five-day trailing VWAP of the Company's shares per the terms of the Definitive Agreements.
- The share portion of the deferred consideration is revalued at each reporting period with any differences being recognized as an unrealized gain or loss through comprehensive loss.

There were no transfers between levels during the year.

b) 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.

c) 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, United States dollar, and the Australian dollar.

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

At January 31, 2019 and 2018, the Company's monetary assets and monetary liabilities are as follows:

Canadian net monetary assets ($'000 CAD)		**January 31, 2019**		**January 31, 2018**
Cash and short-term investments	$	34,823	$	51,291
Accounts payable and accrued liabilities	$	201	$	172

Australian net monetary assets ($'000 AUD)		**January 31, 2019**		**January 31, 2018**
Cash and short-term investments	$	7,961	$	18,311
Accounts payable and accrued liabilities	$	5,035	$	1,675

US net monetary assets ($'000 USD)		**January 31, 2019**		**January 31, 2018**
Cash	$	383	$	48
Accounts payable and accrued liabilities	$	11	$	43

The exposure to foreign exchange rate risk is as follows:

Australian net monetary assets		**AUD**		**10% Fluctuation Impact (AUD)**		**CAD**
Cash and short-term investments	$	7,961	$	796	$	761
Accounts payable and accrued liabilities	$	5,035	$	503	$	481

US net monetary assets		**USD**		**10% Fluctuation Impact (USD)**		**CAD**
Cash	$	383	$	38	$	50
Accounts payable and accrued liabilities	$	11	$	1	$	1

d) 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.

e) Price Risk

The Company is exposed to price risk with respect to commodity prices and its marketable securities. The Company's ability to raise capital is subject to risks associated with fluctuations in the market price of commodities. The Company's ability to recognize gains on liquidation of its marketable securities is subject to risks associated with fluctuations in the market prices of its marketable securities.

f) Interest Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at bank and term deposits 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.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common voting shares without nominal or par value. All issued common shares are fully paid. As of April 18, 2019, the following common shares and stock options were issued and outstanding:

	Number of Shares	Exercise Price ($)	Expiry Date
Common Shares	165,941,073	-	-
Stock Options	150,000	0.20	June 10, 2020
Stock Options	2,350,000	0.94	August 15, 2021
Stock Options	1,750,000	0.95	June 5, 2022
Stock Options	2,485,000	1.57	July 18, 2022
Stock Options	2,408,000	7.70	October 20, 2022
Stock Options	400,000	7.94	November 6, 2022
Stock Options	1,000,000	3.47	January 30, 2023
Stock Options	530,000	4.60	June 5, 2023
Warrants	12,918,975	0.90	May 4, 2019
Warrants	14,000,000	6.00	September 6, 2020
Fully Diluted	**203,933,048**		

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has incurred and, in the case of exploration and evaluation assets as at January 31, 2019, carries the following material cost components:

	Year ended January 31, 2019	Year ended January 31, 2018
	$'000	$'000
Accounting fees	736	435
Consulting fees	425	1,831
Office & general	1,482	1,026
Wages & salaries	4,168	1,599
Share-based compensation	8,944	11,699
Exploration and evaluation assets	104,108	77,874

During the year ended January 31, 2019, $736 (January 31, 2018 - $435) in accounting fees was paid in relation to due diligence exercises, quarterly review and annual audit fees, tax return services, and accounting services related to Australian research and development refunds from the Australian Department of Mines, Industry Regulation and Safety.

During the year ended January 31, 2019, consulting fees totalling $425 (January 31, 2018 - $1,831) related to due diligence exercises, administration, corporate communication, investor relations, computer services and management services provided by officers and consultants of the Company. The transactions were conducted in the normal course of operations.

General office administrative expenses during the year ended January 31, 2019, totaling $1,482 (January 31, 2018 - $1,026), were mainly related to general and administrative expenses including advertising and promotion, computer & internet expenses, telephone expenses, depreciation, professional development, and rent expenses.

During the year ended January 31, 2019, $4,168 (January 31, 2018 - $1,599) in wages and salaries were paid to employees for providing management, geological and administrative services to the Company.

During the year ended January 31, 2019, $8,944 (January 31, 2018 - $11,699) in share-based payments was incurred.

During the year ended January 31, 2019, exploration and evaluation assets totalling $104,108 (January 31, 2018 - $77,874) related to the Comet Well, Meentheena, Beatons Creek, Paleo-Placer, Tuscarora, Grant's Hill, Blue Spec, and Talga properties. Reference should be made to the section titled: Mineral Properties and Deferred Exploration expenditures.

RISK AND UNCERTAINTIES

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

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

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

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

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

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

ADDITIONAL INFORMATION

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