

January 7, 2022

## 2022 – A YEAR OF GROWTH FOR NOVO RESOURCES

Dear Shareholders,

2021 was a transformative year for Novo Resources as we moved from being an explorer to an explorer and producer. With the acquisition and refurbishment of the Golden Eagle processing facility in 2020, we were able to bring the Beatons Creek conglomerate gold project into production in early 2021.

As we safely transitioned to operations, we also refreshed the Board with a primary focus to diversify our corporate, operations, development and ESG experience. We were very pleased to add Ross Hamilton, Amy Jo Stefonick and Mike Spreadborough to the Board, whilst Yoshikazu Ishikawa and long-term director Akiko Levinson departed. Mike Spreadborough then moved to the role of Executive Co-Chairman with Quinton Hennigh transitioning to Non-executive Co-Chairman. Novo would like to thank both Ms. Levinson and Mr. Ishikawa for their invaluable contributions throughout their tenure as directors. Our Board and executive team have the capabilities and experience to support Novo's transformation into a long-term producer.

The Board has refreshed the Company's corporate purpose to '**embracing innovation to responsibly transform minerals for the benefit of our stakeholders**', which means we will advance our growth strategy around the following key areas:

- Embracing innovation – rapid adoption of innovative solutions to maximize opportunities or increase effectiveness and efficiency e.g., Chrysos PhotonAssaying, and our mechanical sorting program
- Transforming minerals – monetizing our mineral inventory through exploration, development, production, or commercial arrangements either wholly or in partnership with others
- Benefiting our stakeholders – the benefits we provide enable our stakeholders, including shareholders, financiers, employees, traditional owners, communities and suppliers, to succeed economically, socially, and sustainably

At Novo we believe that ongoing operations and exploration must benefit all stakeholders and be achieved without adverse long-term impacts to our people, communities and environment. During 2022, we plan to strengthen our ESG systems and focus on:

- Continued focus on safety, with ongoing development of critical controls to manage operational risks
- Adopting the International Council on Mining and Metals Mining Principles
- Releasing our inaugural Sustainability Report
- Progressing studies on the transition away from diesel-fuelled power generation
- Progressing rehabilitation of operations and exploration areas as well as legacy mining areas
- Continuing our focus on providing employment and business opportunities for traditional owners
- Engaging with the communities in which we work to ensure they benefit from our work

As mentioned earlier, 2021 was a successful year for Novo across many areas and the key highlights from 2021 and focus areas for 2022 are outlined below:

### Operations

- Commencement of production at our Beatons Creek conglomerate gold deposit using the Golden Eagle processing facility. Mining of the Beatons Creek Oxide material will continue through mid-2022 with gold production and operational profitability anticipated to increase through changes to the mining approach, supported by close-spaced grade control drilling and rapid assay turnaround via our partnership with Intertek and availability of Chrysos PhotonAssay technology.
- Drilling of the Beatons Creek Fresh material has commenced to support the expected mineral resource update and completion of a Feasibility Study, with confirmation of the mining of the Fresh material expected to be made in Q2 2022. In parallel, we are working with the Western Australian Government to gain the approvals for mining of the Fresh material. Previous studies reported that the Beatons Creek Fresh material would support a three-to-four-year operation.

### **Mechanical Sorting**

- Successful commencement of the Phase 2 mechanical sorting program with the commissioning of the sorter facility at Nullagine and testing of samples ongoing. Phase 2 further supports our confidence in the potential for mechanical sorting technology to transform nuggety gold deposits and enhance the economics of basement gold and battery minerals deposits.
- In 2022 we will focus on conducting demonstration mechanical sorting trials (Phase 3) with the intention of commencing production in late 2023 at the Comet Well and Purdy's Reward deposits.
- In addition, we will focus on continuing to investigate the potential for mechanical sorting at the Egina Project and other conglomerate gold deposits.

### **Exploration**

- Our premium and large 13,000 sq. km landholding in the Pilbara region of Western Australia.
- Our extensive exploration program is focused on highlighting the most prospective areas for gold and battery minerals (nickel, copper and lithium) throughout our landholding.
- During 2022, our exploration program will focus on five key objectives:
  - Progressing the focus for conglomerate gold targets that are amenable for development into production assets, potentially leveraging mechanical sorting methods to accelerate development.
  - Targeting oxide gold deposits that could be processed at our Golden Eagle processing facility.
  - Growing the refractory gold resource base for development of a refractory processing facility.
  - Continuing exploration for basement gold targets, with a primary focus near Egina, which is adjacent to De Grey Mining's world class Mallina Gold Project.
  - Commencement of exploration for nickel, copper and lithium, with a focus on targets such as the Southcourt prospect which is near Azure Minerals' prospective Andover Nickel-Copper Project.

During 2021, COVID-19 continued to have profound effects across the globe, tragically impacting lives and influencing the global economy. Throughout the pandemic, Novo has continued our efforts to add shareholder value whilst managing the impacts of the pandemic and we are proud that our staff, contractors, and major suppliers have remained safe and COVID-19 free.

In early February 2022, with vaccination rates expected to reach 90%, the Western Australian border is scheduled to open to both domestic and international travel, and our teams will continue to implement measures to ensure the wellbeing of our staff, contractors, and major suppliers.

At Novo, we are fortunate to have a great team of passionate, experienced and very talented people, who have been central to Novo's ongoing success and who will focus on achieving our plan for 2022 and continuing to grow shareholder value. We would like to thank them for their hard work, dedication, and commitment in 2021 given the challenges of COVID-19.

From a macroeconomic perspective, we witnessed strong gold prices in Australian dollar terms in 2021 and we anticipate this trend continuing throughout 2022.

Importantly, we enter 2022 with a strong cash position totalling C\$32 million and an investment portfolio totalling approximately C\$146 million to fund key work activities across our project portfolio.

We have established a solid operational and financial platform for continued delivery of shareholder value. In 2022, we will continue to focus on the development of our exploration portfolio, our innovative mechanical sorting program, and the optimization of our mining operations, all with a focus on growing shareholder value.

We thank you for your ongoing support of Novo Resources and we look forward to updating you on our achievements throughout 2022.



Mr Michael Spreadborough  
Executive Co-Chairman



Dr Quinton Hennigh  
Non-executive Co-Chairman

## QP STATEMENT

Dr. Quinton Hennigh (P.Geo.) is the qualified person, as defined under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, responsible for, and having reviewed and approved, the technical information contained in this letter. Dr. Hennigh is the non-executive co-chairman and a director of Novo.

### Forward-looking information

Some statements in this letter contain forward-looking information (within the meaning of Canadian securities legislation) including, without limitation, that during 2022 Novo plans to strengthen its ESG systems as outlined in the letter, Novo's planned exploration, mechanical sorting, project development and operations activities, that Novo's cash position totalling C\$32 million and investment portfolio totalling approximately C\$146 million will underpin Novo's planned exploration, mechanical sorting, project development and operations activities as outlined in this letter, Novo's planned growth strategy, and that Novo will continue to manage the impacts of COVID-19 during 2022. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, without limitation, customary risks of the resource industry and the risk factors identified in Novo's management's discussion and analysis for the nine-month period ended September 30, 2021, which is available under Novo's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, Novo assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If Novo updates any forward-looking statement(s), no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements.