

NOVO RESOURCES CORP.
INTERIM MD&A – QUARTERLY HIGHLIGHTS
APRIL 30, 2018

This interim Management Discussion and Analysis – Quarterly Highlights (the “Interim MD&A”) has been prepared as of June 27, 2018. This Interim MD&A updates disclosure previously provided in Novo Resources Corp.’s (“Novo” or the “Company”) annual MD&A, up to the date of this Interim MD&A, and should be read in conjunction with our condensed interim consolidated financial statements for the three-month period ended April 30, 2018 (the “Interim Financial Statements”), the audited consolidated financial statements for the year ended January 31, 2018 (the “Audited Financial Statements”) and the annual MD&A for the year ended January 31, 2018 (the “Annual MD&A”).

The Interim Financial Statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and all amounts are expressed in Canadian dollars unless otherwise noted. Our accounting policies are described in note 2 of our Audited Financial Statements. 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. Since forward-looking statements and forward-looking information addresses future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Karratha Gold Project – Initial Comet Well Bulk Samples

The Company announced results for the first two bulk samples from Comet Well, part of Novo’s greater Karratha Gold Project located in the Pilbara region of Western Australia, on May 31, 2018. Sample KX157, a 7.143 tonne bulk sample previously reported to contain numerous gold nuggets, returned an impressive grade of 10.4 grams per tonne of gold. Sample KX158, a 6.853 tonne bulk sample encompassing conglomerate and footwall dolerite, returned 1.5 grams per of tonne gold.

Sample KX157 was collected from a 2x2 m horizontal panel from 0.3-0.8 m above the basal contact of the Lower Cannonball conglomerate unit at the Powerline showing. Additional bulk samples, KX151-KX162, have been collected from nearby trenches and are currently being processed through the SGS Minerals Metallurgy (“SGS”) laboratory in Perth. Data from these samples will provide a more thorough understanding of gold grades within the basal few meters of the Lower Cannonball conglomerate, a unit that has yielded numerous metal detector strikes.

Sample KX158 was collected immediately beneath KX157 from a panel approximately 0.5 m thick. Approximately half of the sample is conglomerate and half is footwall dolerite, a rock considered barren. When compared to bulk samples collected from the basal contact at Purdy’s Reward that yielded 10.6-87.8 grams per tonne gold, this sample is notably lower grade, an indication that the basal contact is not as enriched at Comet Well compared to that at Purdy’s Reward. At Comet Well, gold appears to be scattered through a thicker section of conglomerate as evidenced by results from sample KX157 and the numerous detector strikes over several vertical meters of exposure in trenches.

To date, two gold-bearing horizons have been identified at Comet Well. The lower horizon comprises the bottom of the Lower Cannonball conglomerate and displays a thickness of several meters. The upper gold-bearing horizon is approximately 1-2 m thick and comprises the base of the Upper Cannonball conglomerate. This horizon may correlate with gold-bearing conglomerates approximately 2 km northeast at Purdy’s Reward. Novo is currently exploring areas along strike to confirm this hypothesis.

Novo personnel recently discovered a new exposure of gold-bearing conglomerate within a drainage approximately 250 m southeast of the trench from which bulk samples KX157 and KX158 were extracted. Current interpretation suggests this is the down dip extension of the gold-bearing horizon within the Upper Cannonball conglomerate. Work

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is currently being undertaken to further expose this conglomerate and collect bulk samples. Novo plans to provide further information about this discovery once this work is complete.

In light of the successful implementation of Novo's bulk sampling and processing protocols at Comet Well, Novo is considering returning to Purdy's Reward to re-sample previously sampled areas using these new protocols to ensure consistency of procedures and resulting data.

Since securing an agreement for the use of the sample processing facility at SGS in February, 2018, Novo technical staff and consultants have been working closely with SGS to refine flowsheets for processing and analysis of bulk samples from Comet Well. Analysis extends beyond solely assigning a grade to the material. Testing also generates important metallurgical information that will prove invaluable as the project progresses through economic studies. Novo will glean key information around gold grade, gold particle size and distribution, and gravity recoverable gold that will assist with future processing plant design options.

To ensure that the extremely nuggety Pilbara conglomerate gold mineralization is sampled and tested appropriately, considerable mineral processing, geometallurgical and geological intelligence have been applied to develop rigorous sampling and testwork flowsheets, assay and QA/QC regimes. Test work procedures are being optimised as material hardness, gold grade, gold particle size and distribution of gold reporting to various analytic streams is better understood. Capacity of the test plant is expected to be in excess of 50 tonnes per month once operating at steady state.

As at the date of this Interim MD&A, 14 samples from Comet Well are at SGS waiting to be sampled, and an additional 10 samples are in Karratha awaiting transport to SGS.

Exploration activity during the period focused on the Comet Well project. Bulk sampling recommenced mid-June, targeting horizons in the Upper Cannonball Conglomerate down dip as defined by surface and trench mapping undertaken in March 2018, in addition to step-out areas along strike identified by geological mapping and 3D modelling of drilling data to date. A geophysical downhole survey program was also completed, and results are currently under assessment.

The bulk sampling program will continue during the next three months, in addition to an approximately 4000m diamond drilling program covering both Comet Well and Purdy's Reward. Novo is also planning to return to Purdy's Reward to conduct bulk sampling using new protocols to ensure consistency of procedures and resulting data.

Dr. Quinton Hennigh, the Company's president and chairman and a qualified person as defined by National instrument 43-101, has approved the technical contents of this Interim MD&A.

Quality Control and Quality Assurance:

Novo staff, under the supervision of Dr. Quinton Hennigh, Novo's President and Chairman, collected bulk samples. Bulk samples are being submitted to SGS Minerals in Perth, Australia where they are treated in a test plant. As the gold mineralization at Comet Well is extremely coarse, the entire sample is crushed and screened and passed through a metal detector to collect any nuggets in the sample. Once detected, the sample is again crushed, screened and further processed through a gravity concentrator. The concentrates and tails are analyzed, with the final grade based upon the gold recovered from each of the three sample streams. Samples are scrutinized by independent consultants from RSC Mining and Mineral Exploration, Perth, whilst each sample is collected and each sample is treated at the laboratory.

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FINANCIAL POSITION AND LIQUIDITY

Review of Financial Results

	1 st Quarter 2019 April 30, 2018	4 th Quarter 2018 January 31, 2018	3 rd Quarter 2018 October 31, 2017	2 nd Quarter 2018 July 31, 2017	1 st Quarter 2018 April 30, 2017	4 th Quarter 2017 January 31, 2017	3 rd Quarter 2017 October 31, 2016	2 nd Quarter 2018 July 31, 2017
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income Gain/(Loss)	(5,044,274)	(2,517,162)	(9,959,587)	(4,675,098)	(553,955)	240,899	(2,935,208)	(771,147)
Basic and Diluted Gain (Loss) Per Share	(\$0.03)	(\$0.01)	(\$0.07)	(\$0.04)	(\$0.01)	\$0.00	(\$0.03)	(\$0.01)

Overall, net loss for the period reflected continued increased exploration activities associated with Novo's expanding programme to bulk sample the most prospective areas of its extensive 12,000km² landholdings. consulting fees, share-based compensation, foreign exchanges gains/losses, and wages and salaries were the major components that caused variances in net losses from quarter to quarter.

During the quarter ended April 30, 2018, 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, and wages and salaries totaling \$5,706,488 (April 30, 2017 - \$562,623). In addition, non-cash stock-based compensation expenses of \$4,067,165 (April 30, 2017 - \$86,911) were incurred during the quarter ended April 30, 2018. The Company has acquired numerous mineral exploration properties in Karratha during the latter half of the year ended January 31, 2018 and corporate expenses have increased as a result. Stock-based compensation expenses also increased as the Company issued options to employees and consultants.

During the quarter ended April 30, 2018, operating expenses were mitigated by non-operating items such as interest and other income of \$165,414 (April 30, 2017 – \$228), foreign exchange gains of \$11,784 (April 30, 2017 – \$8,440), a deferred consideration accretion expense of \$7,168 (April 30, 2017 - \$nil), and a gain on deferred consideration for mineral property of \$492,184 (April 30, 2017 - \$nil).

Operating Activities

Cash used by operating activities during the three-month period ended April 30, 2018, was \$1,380,270 (April 30, 2017 – cash provided of \$769,225). Adjustments for non-cash items, namely share-based compensation, 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 Interim Financial Statements for more details.

Investing Activities

Cash used for investing activities during the three-month period ended April 30, 2018, was \$6,454,712 (April 30, 2017 - \$2,538,069). The Company's principal investing activity is the acquisition and exploration of its resource properties. During the three-month period ended April 30, 2018, the Company incurred \$6,019,175 (April 30, 2017 - \$3,733,491) on its resource properties. Please see Note 6 of the Company's Interim Financial Statements for more details.

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Financing Activities

Cash provided by financing activities during the three-month period ended April 30, 2018 was \$4,102,145 (April 30, 2017 - \$1,823,472), which relates to cash received from stock option and warrant exercises. Please see Note 8 of the Company's Interim Financial Statements for more details.

Cash Resources and Going Concern

At April 30, 2018, the Company had cash of \$51,392,985 and an additional \$15,334,641 in short-term investments. Working capital as at April 30, 2018 was \$65,381,117. 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.

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OPERATIONS

Exploration and Evaluation Assets

The Company's exploration and evaluation assets are comprised of the following:

	Beatons Creek Region	US Region	Karratha Region				Farno McMahon	Total
		Tuscarora	Comet Well	Artemis	Welcome Exploration	100%-Owned		
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, January 31, 2018	39,360,148	303,984	13,876,066	21,091,421	2,625,318	617,179	-	77,874,116
Acquisition Costs	-	-	218,944	-	-	-	268,824	487,768
Exploration Expenditures:								
Drilling	109,482	-	-	905,936	-	-	-	1,015,418
Feasibility Study	-	-	-	-	-	-	-	-
Field Work	36,027	-	337,418	70,534	-	-	-	443,979
Fuel	33,911	-	40,705	-	-	-	-	74,616
Geology	722,315	-	125,562	-	-	-	-	847,877
Legal	952	-	2,998	10,047	-	-	-	13,997
Meals, Travel, and Vehicle/Equipment Hire	119,214	-	1,104,285	-	-	-	-	1,223,499
Office and General	81,236	-	58,950	-	-	-	-	140,186
Reports, Data and Analysis	89,113	-	163,897	74,709	-	-	-	327,719
Rock Samples	17,144	-	693,440	30,396	-	-	-	740,980
Native Title	96,780	-	-	-	-	-	-	96,780
Tenement Administration	83,176	-	101,533	3,244	-	641	-	188,594
R&D Refund	-	-	-	-	-	-	-	-
Option Payments Received	-	(100,623)	-	-	-	-	-	(100,623)
Foreign Exchange	(995,004)	13,427	(350,781)	(533,181)	(66,365)	(15,178)	-	(1,947,082)
	394,346	(87,196)	2,278,007	561,685	(66,365)	(14,537)	-	3,065,940
Balance, April 30, 2018	39,754,494	216,788	16,373,017	21,653,106	2,558,953	602,642	268,824	81,427,824

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	Beatons Creek Region							US Region	Karratha Region				Total
	Beatons Creek	Grant's Hill	Paleo-Placer	Blue Spec	Talga	Two Creeks	Mt. Hayes	Tuscarora	Comet Well	Artemis	Welcome Exploration	Meentheena	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance, January 31, 2017	19,361,383	1,208,582	10,031,027	1,507,928	1,740,861	504,754	427,021	440,284	-	-	-	-	35,221,840
Acquisition Costs	41,292	-	-	-	-	-	-	-	13,203,376	16,495,439	2,599,788	-	32,339,895
Exploration Expenditures:													
Drilling	656,131	-	12,436	17,872	-	-	-	-	-	941,973	-	-	1,628,412
Feasibility Study	172,414	-	-	-	-	-	-	-	-	-	-	-	172,414
Field Work	203,574	23,127	27,078	24,913	-	-	-	-	42,919	678,308	-	-	999,919
Fuel	71,224	493	436	-	-	-	-	-	166,310	71,569	-	-	310,032
Geology	2,027,572	115,064	5,064	55,718	536	-	-	2,213	44,023	348,843	-	-	2,599,033
Legal	118,883	-	27,040	-	5,076	3,523	-	3,725	127,726	123,856	6,951	-	416,780
Meals, Travel, and Vehicle/Equipment Hire	444,199	43,638	19,643	7,951	-	-	-	600	225,264	1,285,657	-	-	2,026,952
Office and General	234,071	24,524	5,432	479	95	-	-	-	29,572	57,525	-	-	351,698
Reports, Data and Analysis	234,919	158,729	22,325	2,660	411	-	-	-	-	453,105	16,661	433,191	1,322,001
Rock Samples	706,789	403	89,641	59,336	1,256	-	-	705	18,186	554,168	-	-	1,430,484
Native Title	357,444	89,361	-	-	-	-	-	-	-	-	-	-	446,805
Tenement Administration	187,202	403,161	148,770	16,489	3,639	-	-	5,872	18,690	80,979	1,918	183,988	1,050,708
R&D Refund	(1,199,677)	-	-	-	-	-	-	-	-	-	-	-	(1,199,677)
Option Payments Received	(814,178)	-	-	-	-	-	-	(124,513)	-	-	-	-	(938,691)
Foreign Exchange	97,942	6,118	50,770	(16,139)	5,788	2,956	7,477	(24,903)	-	-	-	-	132,009
Impairment	-	-	-	-	-	-	(434,498)	-	-	-	-	-	(434,498)
	3,498,509	864,618	408,635	169,279	16,801	6,479	(427,021)	(136,301)	672,690	4,595,983	25,530	617,179	10,312,381
Balance, January 31, 2018	22,901,184	2,073,200	10,439,662	1,677,207	1,757,662	511,233	-	303,983	13,876,066	21,091,422	2,625,318	617,179	77,874,116

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ADDITIONAL DISCLOSURE

Related Party Transactions

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

(a) *Key Management Personnel Disclosures*

During the periods ended April 30, 2018 and 2017, the following amounts were incurred with respect to the key management and directors of the Company:

	April 30, 2018	April 30, 2017
	\$	\$
Consulting services	45,000	57,000
Wages and salaries	365,556	43,936
Wages and salaries included in exploration and evaluation assets	-	79,419
Share-based payments	3,497,115	86,911
	<u>3,907,671</u>	<u>267,266</u>

(b) *Other Related Party Disclosures*

During the periods ended April 30, 2018 and 2017, the following amounts were incurred with respect to consulting services provided by a corporation which employed the former Chief Financial Officer:

	April 30, 2018	April 30, 2017
	\$	\$
Consulting services	-	30,000
	<u>-</u>	<u>30,000</u>

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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 June 27, 2018, the following common shares and stock options were issued and outstanding:

	Number of Shares	Exercise \$	Expiry Date
Common Shares	158,764,084	-	-
Shares to be Issued	1,000,000	-	-
Stock Options	150,000	0.20	June 10, 2020
Stock Options	2,400,000	0.94	August 15, 2021
Stock Options	1,750,000	0.95	June 5, 2022
Stock Options	3,326,666	1.57	July 18, 2022
Stock Options	2,675,000	7.70	October 20, 2022
Stock Options	400,000	7.94	November 6, 2022
Stock Options	1,200,000	3.47	January 30, 2023
Stock Options	630,000	4.60	June 5, 2023
Warrants	1,176,471	1.25	July 26, 2018
Warrants	1,198,531	1.25	August 12, 2018
Warrants	14,612,455	0.90	May 4, 2019
Warrants	14,000,000	6.00	September 6, 2020
Fully Diluted	203,283,207		

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Corporation's general and administrative expenses and mineral property costs is provided in the Interim Financial Statements and related notes that are available on the SEDAR website www.sedar.com.