# NOVO RESOURCES CORP.

***(TSX: NVO; ASX: NVO; OTCQX: NSRPF)***

## CONSOLIDATED FINANCIAL STATEMENTS

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## FOR THE YEARS ENDED
## DECEMBER 31, 2023 AND 2022

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(Expressed in Canadian Dollars)

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

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Novo Resources Corp (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of profit or loss and other comprehensive income/(loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for opinion

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

### Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial s*tatements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### 1. Accounting for the divestment of the Nullagine Gold Project (NGP)

| Why significant | How our audit addressed the key audit matter |
|---|---|
| As disclosed in Note 19 to the consolidated financial statements, the Group announced the divestment of the NGP on December 20, 2023 to Calidus Resources Limited (Calidus).<br><br>This divestment resulted in a loss on the sale of $66.3 million as disclosed in Note 19 of the consolidated financial statements and a loss on the discontinued operation of $78.9 million in the consolidated statement of profit or loss for the year ended December 31, 2023.<br><br>The Group determined that this divestment met the requirements of IFRS 5 *Non-current Assets held For Sale and Discontinued Operations* (IFRS 5) in order for this divestment to be disclosed as a discontinued operation. This disclosure included reclassifying the comparative financial results in the consolidated statement of profit or loss for this discontinued operation. | We evaluated the Group's assessment that the divestment was appropriately measured, classified and disclosed as a discontinued operation. Our audit procedures included:<br><br>► Reading the share and asset sale agreements with Calidus in order to understand the nature of the divestment transaction<br>► Assessing the Group's determination that the divestment constituted a discontinued operation in accordance with the requirements of IFRS 5<br>► Evaluating the determination of the assets and liabilities included in the divestment and testing the mathematical accuracy of the calculation of the loss on sale as well as the loss on the discontinued operation<br>► Assessing the adequacy of the Group's disclosures included in the Notes to the consolidated financial statements. |

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| Why significant | How our audit addressed the key audit matter |
| --- | --- |
| This was considered to be a key audit matter due to the significance of the amounts involved and the judgment applied in determining whether the divestment met the requirements of IFRS 5 in order to be classified and disclosed as a discontinued operation. | |

## 2. Carrying amount of capitalised exploration and evaluation ("E&E") assets

| Why significant | How our audit addressed the key audit matter |
| --- | --- |
| As disclosed in Note 5 to the consolidated financial statements, the Group held E&E assets of $44.2 million as at December 31, 2023, representing 42% of the Group's total assets.<br><br>The carrying amount of E&E assets is assessed for impairment, in accordance with the requirements of IFRS 6 *Exploration for and Evaluation of Mineral Resources*, by the Group when facts and circumstances indicate that the carrying amount of E&E assets may exceed its recoverable amount.<br><br>The determination as to whether there are any indicators to require the E&E assets to be assessed for impairment involves a number of judgments, including whether the Group has the right to explore in the specific area of interest, whether substantive ongoing expenditure is planned or budgeted and whether sufficient information exists to indicate that the carrying amount of the E&E asset is unlikely to be recovered. The directors did not identify any impairment indicators at December 31, 2023.<br><br>This was considered a key audit matter because of the size of E&E assets relative to the Group's total assets and the significant judgement involved in determining whether indicators of impairment were present. | We evaluated the Group's assessment as to whether there were any indicators of impairment to require the carrying amount of E&E assets to be tested for impairment. Our audit procedures included:<br><br>► Assessing whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements<br>► Assessing the Group's intention to carry out ongoing E&E activities in the relevant areas of interest which included reviewing the Group's approved cash flow forecast and enquiring of the directors as to their intentions and the strategy of the Group<br>► Assessing whether E&E data existed to indicate that the carrying value of capitalised E&E assets was unlikely to be recovered through development or sale<br>► Assessing the adequacy of the Group's disclosures included in in the Notes to the consolidated financial statements. |

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## 3. Valuation of unlisted marketable securities

| Why significant | How our audit addressed the key audit matter |
| --- | --- |
| As disclosed in Note 4 to the consolidated financial statements, the Group held unlisted marketable securities in Elementum 3D Inc (E3D) and San Cristobel Mining Inc. (SCM) carried at \$18.7 million and \$14.2 million respectively as at December 31, 2023.<br><br>These unlisted marketable securities are carried at fair value with movements in fair value recognised through other comprehensive income. Additionally, as these investments represent Level 3 investments in the fair value hierarchy, management exercises significant judgement in estimating their fair value.<br><br>This was considered a key audit matter because determining the fair value of unlisted marketable securities is complex and requires significant judgment, including, where relevant, the use of inputs other than quoted prices that are observable, unobservable market data and judgemental assumptions. | We evaluated the Group's determination of fair value for the unlisted securities in E3D and SCM. Our audit procedures included:<br><br>► Confirming the existence of these investments through supporting documentation demonstrating the Group's ownership<br><br>► Assessing the independence, objectivity and competence of the independent valuer involved in determining the fair value of SCM during the year<br><br>► Reviewing , where relevant, the reasonableness of the observable and unobservable inputs, including, with the support of our EY Valuation, Modelling and Economics specialists and the EY component team, the assumptions and methodologies used by the Group in order to determine fair value for these investments. In addition, we also reviewed and assessed recent transaction prices paid for shares issued in E3D<br><br>► Reviewed the recent results of both these entities to December 31, 2023 in order to assess, where relevant, certain key assumptions used in their fair valuation determination<br><br>► Assessing the adequacy of the Group's disclosures included in the Notes to the consolidated financial statements. |

## Other Information

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

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

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

We obtained Management's Discussion & Analysis prior to this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Ernst & Young

Ernst & Young
Chartered Accountants
Perth, Western Australia
March 15, 2024

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

| | Note | December 31, 2023 $'000 | December 31, 2022 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets | | | |
| Cash | | 11,613 | 47,925 |
| Short-term investments | | 149 | 152 |
| Inventory | 19 | - | 4,642 |
| Receivables | 3 | 10,445 | 2,587 |
| Prepaid expenses | | 822 | 1,121 |
| Tax receivable | 18 | 833 | - |
| **Total current assets** | | 23,862 | 56,427 |
| Non-current assets | | | |
| Marketable securities | 4 | 34,395 | 20,701 |
| Exploration and evaluation assets | 5 | 44,255 | 152,477 |
| Property, plant and equipment | 6 | 2,262 | 15,632 |
| Right of use assets | 7 | 1,580 | 6,518 |
| Mine development assets | 8 | - | 4,305 |
| Gold specimens | | 97 | 101 |
| **Total non-current assets** | | 82,589 | 199,734 |
| **Total assets** | | 106,451 | 256,161 |
| **LIABILITIES** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 9 | 3,446 | 6,252 |
| Provisions | 9 | - | 6,113 |
| Lease liabilities | 10 | 1,169 | 4,314 |
| Deferred revenue | 5 | 1,934 | - |
| Deferred consideration | 11 | 2,427 | - |
| Tax payable | 5 | - | 6,053 |
| **Total current liabilities** | | 8,976 | 22,732 |
| Non-current liabilities | | | |
| Lease liabilities | 10 | 446 | 2,284 |
| Rehabilitation provision | 12 | - | 41,935 |
| Deferred consideration | 11 | 8,426 | - |
| Deferred tax liability | 18 | 3,681 | 1,242 |
| **Total non-current liabilities** | | 12,553 | 45,461 |
| **Total liabilities** | | 21,529 | 68,193 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 13 | 414,901 | 396,819 |
| Reserves | 13 | 61,753 | 60,131 |
| Accumulated other comprehensive gain | 13 | (567) | (5,628) |
| Accumulated deficit | | (391,165) | (263,354) |
| **Total shareholders' equity** | | 84,922 | 187,968 |
| **Total shareholders' equity and liabilities** | | 106,451 | 256,161 |

These consolidated financial statements are authorized for issue by the Board of Directors on March 15, 2024. They are signed on the Company's behalf by:

| | |
|---|---|
| "*Ross Hamilton*" | "*Michael Barrett*" |
| Ross Hamilton | Michael Barrett |



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

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

| | | Year ending December 31 | |
|---|---|---|---|
| | | | Restated |
| | | 2023 | 2022* |
| | | $'000 | $'000 |
| General administration | 14 | (15,040) | (14,058) |
| Exploration expenditure | 15 | (14,939) | (20,097) |
| Impairment of exploration and evaluation assets | 5 | (9,253) | - |
| Loss on sale of exploration and evaluation assets | 5 | (6,147) | - |
| **Loss from operations** | | (45,379) | (34,155) |
| Other income | 16 | 6,851 | 22,871 |
| Deferred consideration | 11 | (10,812) | - |
| **Finance items** | | | |
| Finance income | 17 | 701 | 967 |
| Finance costs | 17 | (751) | (6,985) |
| **Net loss for the period before tax - continuing operations** | | (49,390) | (17,302) |
| Income tax benefit | 18 | 496 | 1,212 |
| **Net loss for the period after tax - continuing operations** | | (48,894) | (16,090) |
| **Discontinued operations** | | | |
| Loss from discontinued operation | 19 | (78,917) | (89,328) |
| **Loss for the year** | | (127,811) | (105,418) |
| **Other comprehensive income / (loss)** | | | |
| Change in fair value of marketable securities, net of tax - not to be reclassified to profit or loss in subsequent periods | 13 | 11,463 | (29,981) |
| Foreign exchange on translation of subsidiaries - to be reclassified to profit or loss in subsequent periods | 13 | (5,707) | (1,619) |
| **Total other comprehensive income / (loss)** | | 5,756 | (31,600) |
| **Comprehensive loss for the period** | | (122,055) | (137,018) |
| **Weighted average number of common shares outstanding** | | 297,411,088 | 248,630,209 |
| **Basic and diluted loss per common share ($ per share) -profit for the year attributable to ordinary equity holders of the parent** | | (0.43) | (0.42) |
| **Basic and diluted loss per common share ($ per share) - continuing operations** | | (0.16) | (0.06) |

* Income and expenses related to the discontinued operations have been presented as part of 'Loss from discontinued operations' refer to Note 19.



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

**Novo Resources Corp.**
(Expressed in Canadian Dollars)
**Consolidated Statements of Changes in Equity**
**For the years ended December 31, 2023 and 2022**

| | Note | Number of Shares (unrounded) | Share Capital Amount $'000 | Shares to be issued $'000 | Option Reserve $'000 | Warrant Reserve $'000 | Fair value reserve of financial assets at FVTOCI $'000 | Foreign currency translation reserve $'000 | Accumulated Deficit $'000 | Shareholders' Equity $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance – December 31, 2021** | | 245,939,504 | 388,781 | - | 41,152 | 16,293 | 40,369 | (14,397) | (157,936) | **314,262** |
| Other comprehensive loss for the period | | - | - | - | - | - | (29,981) | (1,619) | - | **(31,600)** |
| Loss for the period | | - | - | - | - | - | - | - | (105,418) | **(105,418)** |
| Comprehensive loss for the period | | - | - | - | - | - | (29,981) | (1,619) | (105,418) | **(137,018)** |
| Share-based payments | 13 & 14 | - | - | - | 2,564 | - | - | - | - | **2,564** |
| Share issuance - Sumitomo | 13 | 3,382,550 | 3,180 | - | - | - | - | - | - | **3,180** |
| Equity financing - Liatam Mining Pty Ltd | | 12,820,512 | 5,000 | - | - | - | - | - | - | **5,000** |
| Share issue costs | | - | (350) | - | - | 66 | - | - | - | **(284)** |
| Share issued pursuant to stock options | | 944,362 | 208 | 56 | - | - | - | - | - | **264** |
| **Balance – December 31, 2022** | | **263,086,928** | **396,819** | **56** | **43,716** | **16,359** | **10,388** | **(16,016)** | **(263,354)** | **187,968** |
| **Balance – December 31, 2022** | | **263,086,928** | **396,819** | **56** | **43,716** | **16,359** | **10,388** | **(16,016)** | **(263,354)** | **187,968** |
| Other comprehensive income / (loss) for the period | | - | - | - | - | - | 11,463 | (5,707) | - | **5,756** |
| Loss for the period | | - | - | - | - | - | - | - | (127,811) | **(127,811)** |
| Comprehensive income / (loss) for the period | | - | - | - | - | - | 11,463 | (5,707) | (127,811) | **(122,055)** |
| Discontinued operations | 19 | - | - | - | - | - | - | (695) | - | **(695)** |
| Share-based payments | 13 & 14 | - | - | - | 1,389 | - | - | - | - | **1,389** |
| Share issuance - Creasy | 13 | 8,431 | 3 | - | - | - | - | - | - | **3** |
| Share issuance - Kalamazoo Resources Ltd | 13 | 2,088,554 | 658 | - | - | - | - | - | - | **658** |
| Share issuance - GBM Resources Ltd | 13 | 4,037,872 | 1,272 | - | - | 233 | - | - | - | **1,505** |
| Share issuance - De Grey Mining | 13 | 35,223,670 | 8,971 | - | - | - | - | - | - | **8,971** |
| Share issuance - ASX IPO | 13 | 37,500,000 | 6,554 | - | - | - | - | - | - | **6,554** |
| Share issuance - Liatam Mining Pty Ltd | 13 | 9,000,000 | 1,623 | - | - | - | - | - | - | **1,623** |
| Share issue costs | 13 | - | (999) | - | - | - | - | - | - | **(999)** |
| **Balance – December 31, 2023** | | **350,945,455** | **414,901** | **56** | **45,105** | **16,592** | **21,851** | **(22,418)** | **(391,165)** | **84,922** |



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

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

| | Note | Year ending December 31 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Net loss for the year before tax | | **(128,307)** | **(106,630)** |
| Adjustments: | | | |
| Finance income | 17 | (701) | (967) |
| Finance costs | 17 | 375 | 6,918 |
| Depreciation - fixed assets and mine development asset | 6 & 8 | 2,164 | 20,644 |
| Depreciation - right of use assets | 7 | 3,425 | 5,195 |
| Impairment of non-current assets | | - | 48,064 |
| Foreign exchange | | 6,178 | 1,682 |
| Share-based payments | 14 | 1,389 | 2,828 |
| Other income | | - | (1,082) |
| Loss on sale of discontinued operation | 19 | 66,304 | - |
| Loss on sale of assets | 16 | 30 | - |
| Profit on sale of mine development asset | 16 | (6,780) | - |
| Loss on sale of exploration and evaluation assets | 5 | 6,147 | - |
| Impairment of exploration and evaluation assets | 5 | 9,253 | - |
| Deferred consideration | 11 | 10,812 | - |
| Change in fair value change of derivative asset | | - | (22,275) |
| Change in fair value of marketable securities | 4 | 8 | 290 |
| Total non-cash adjustments | | 98,604 | 61,297 |
| Changes in non-cash operating working capital: | | | |
| Accounts payable and accrued liabilities | | (9,395) | (7,360) |
| Prepaid expenses | | 299 | 37 |
| Receivables | | (7,858) | 3,540 |
| Inventory | | 4,546 | 5,005 |
| | | (12,408) | 1,222 |
| Interest income | | 701 | 967 |
| Interest paid | | - | (3,042) |
| Tax paid | 5 | (6,023) | - |
| **Net cash used in operating activities** | | **(47,433)** | **(46,186)** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | 6 | (97) | (4,978) |
| Payments for mine development | 8 | - | (754) |
| Payments for exploration and evaluation assets | 5 | (1,596) | (500) |
| Proceeds from sale of plant and equipment | 6 | 40 | - |
| Proceeds from sale of exploration and evaluation assets | 5 | 180 | - |
| Proceeds from sale of marketable securities | 4 | - | 125,925 |
| **Net cash (used in) / generated from investing activities** | | **(1,473)** | **119,693** |
| Payment of principal portion of lease liabilities | 10 | (3,320) | (11,832) |
| Repayment of credit facility | | - | (51,110) |
| Issuance of common shares | 13 | 17,148 | 5,000 |
| Share issue cost | 13 | (999) | (265) |
| Sumitomo funding | | - | 342 |
| **Net cash generated from / (used in) financing activities** | | **12,829** | **(57,865)** |
| **Net change in cash** | | (36,077) | 15,642 |
| **Effect of exchange rate changes on cash** | | (235) | (62) |
| **Cash, beginning of the period** | | 47,925 | 32,345 |
| **Cash, end of the period** | | **11,613** | **47,925** |



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

## 1. NATURE OF OPERATIONS

Novo Resources Corp. (individually, or collectively with its subsidiaries, as applicable, 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 also registered as a foreign company with the Australian Securities & Investments Commission on January 13, 2023. The Company's common shares trade on the Toronto Stock Exchange (the "TSX") under the ticker symbol "NVO", in the United States on the OTC market's OTCQX International Exchange under the symbol "NSRPF". From September 11, 2023 CDI's are traded in Australia on the Australian Securities Exchange (the "ASX") under the ticker symbol "NVO".

The Company is engaged primarily in the business of evaluating, acquiring, exploring, and developing natural resource properties with a focus on gold. The Company's Canadian registered office is located at Suite 2900, 595 Burrard Street, Vancouver, British Columbia, V7X 1J5, Canada. The Company's Australian registered office and operational office and corporate staff are located at Level 3, 46 Ventnor Avenue, West Perth, Western Australia, 6005, Australia.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### Statement of compliance

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

### Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. These consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated. Share quantities are not rounded.

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

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

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

### Basis of consolidation

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

(Expressed in Canadian Dollars, unless stated otherwise)

As at December 31, 2023, the subsidiaries of the Company were as follows:

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

* *Millennium Minerals Pty Ltd (Millennium) was disposed on December 20, 2023. Refer to Note 19.*

**Going concern**

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of business activities and the realization of assets and settlement of liabilities in the normal course of business.

For the year ended December 31, 2023, the Company reported a net loss before tax of $128,307,000 (December 31, 2022: $106,630,000) and operating cash outflows of $47,433,000 (December 31, 2022: $46,186,000). The Company had cash on hand and short-term investments of $16,274,000 at March 15, 2024 and $11,762,000 at December 31, 2023.

On December 20, 2023, the Company announced the divestment of the Nullagine Gold Project (“NGP”) to Calidus Resources Limited (“Calidus”). The transaction included a share sale agreement where Calidus purchased all the issued shares of Millennium Minerals Pty Ltd (“Millennium”) and an asset sale agreement where Calidus acquired additional tenements from Beatons, Nullagine Gold and Rocklea for $226,000 (AUD $250,000) in Calidus shares. The Company received a further $9,001,000 (AUD $10,000,000) as part of the Harding Battery Metals Joint Operation on January 4, 2024. Please refer to note 5 and 25.

The Directors, in their consideration of the appropriateness of the going concern basis for the preparation of the consolidated financial statements have prepared a cash flow forecast demonstrating that the Company will have access to sufficient cash flows to meet its commitments and working capital requirements for the 12-month period from the date of signing these consolidated financial statements. Based on the cash flow forecast, operating cost assumptions, exploration costs, and capital expenditures, along with foreign exchange rates, and the ability to further realize marketable securities, the Company’s directors are satisfied that the Company will have sufficient cash to continue as a going concern.

Critical elements to managing the Company’s cash flows and achieving the forecast cash flows and positive cash balance include managing forecast capital expenditure, determining forecast discretionary exploration expenditure, and realising additional liquidity from the potential to dispose of certain of the Company’s assets at favourable prices, in acceptable timeframes, if required.

Should the Company not meet its cash flow forecast or achieve the above, it may need to rely on a number of additional options, including securing additional funding or by raising further capital from equity markets. The directors will continue to manage the Company’s activities including the ability to scale back planned projects if required to preserve cash, with due regard to current and future funding requirements. The Company had available liquidity of $23,738,000 at December 31, 2023.

At the date of signing these consolidated financial statements, the directors have reasonable grounds to believe that the Company will be able to achieve the above matters noted and that it is appropriate to prepare the consolidated financial statements on the going concern basis.

The conditions above indicate a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, whether it will be able to realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

**Financial Instruments**

*Classification*

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

*Financial assets at FVTOCI*

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements of profit and loss and other comprehensive income or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

*Financial assets and liabilities at amortized cost*

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

*Impairment of financial assets at amortized cost*

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

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

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

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

*Derecognition of financial assets*

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

*Derecognition of financial liabilities*

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

*Financial instruments – derivatives*

Derivatives are classified as FVTPL and initially recognized at their fair value on the date the derivative contract is entered into and transaction costs are expensed. Derivatives are subsequently re-measured at their fair value at each statement of financial position date, with changes in fair value recognized through profit and loss. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative.

Derivatives embedded in debt instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

**Inventory**

Historical inventories comprise raw materials, stores, and consumables. Inventories are stated at the lower of cost and net realizable value. Net realizable value of work-in-process inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and less applicable selling expenses. Costs include expenditure incurred in acquiring and bringing the inventories into their present location and condition and are determined on the basis of weighted average costs. Any provision for obsolescence is determined by reference to specific items of raw materials, stores, or consumables. A regular review is undertaken to determine the extent of any provision for obsolescence.

**Joint arrangements**

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

**Foreign currency translation**

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

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

**Foreign currency transactions**

Transactions in foreign currencies are initially recorded by each entity using the respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

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

**Impairment of non-financial assets**

The carrying amounts of assets included in mine development assets, right of use assets and property, plant and equipment are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit ("CGU") to which the asset belongs is determined. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the asset's or CGU's carrying amount exceeds the recoverable amount and is recorded as an expense immediately.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. Where a discounted cash flow model is used future cash flows are estimated using the following significant assumptions: mineral reserves and mineral resources, operating costs, capital costs, foreign exchange rates, and discount rates. All external inputs used are those that an independent market participant would consider appropriate.

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or CGU in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which estimates of future cash flows have not been adjusted.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized into profit or loss immediately.

**Decommissioning and rehabilitation liabilities**

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

**Share-based payments**

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

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

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

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

**Loss per share**

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

**Property, plant and equipment and depreciation**

*Recognition and measurement*

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

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

*Gains and losses*

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

*Depreciation*

Depreciation is recognized through profit or loss and property, plant and equipment is amortized using the following methods:

| | |
|---|---|
| Buildings | 6 years, straight-line |
| Office furniture and equipment | 5 to 6 years, straight-line |
| Mining equipment | |
| - Production plant | 12 years straight-line |
| - Field equipment | 5 to 6 years, straight-line |
| Dams, pipelines, and Infrastructure | |
| - Infrastructure | 6 years, straight-line |
| Camp | 6 years, straight-line |
| Vehicles | 5 to 6 years, straight-line |
| Leasehold improvements | Over lease term |

**Exploration and evaluation expenditures**

The costs of acquiring exploration stage properties, including transaction costs in an asset acquisition, are capitalized as an exploration and evaluation asset at cost.

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for Mineral Resources, which are referred to in Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and are defined in Canadian Institute of Mining, Metallurgy and Petroleum’s (“CIM”) CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended (“CIM Definition Standards”).

Evaluation expenditures are the costs incurred to establish the technical feasibility and commercial viability of developing mineral deposits identified through exploration activities, business combination or asset acquisition. Evaluation expenditures include the cost of: (i) further defining the volume and grade of deposits through drilling of core samples and other sampling techniques, including trenching and sampling activities in a deposit or other forms of data acquisition; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development of mineralized material is commercially justified including preliminary economic assessments, pre-feasibility and final feasibility studies, to the extent that such studies do not include Mineral Reserves as referred to in NI 43-101 and defined in the CIM Definition Standards.

Exploration and evaluation expenditures are expensed until it has been determined that a property is technically feasible and commercially viable, in which case subsequent evaluation costs incurred to develop a mineral property are capitalized.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or mineral resources from a particular mineral property has been determined, any capitalized exploration expenditure is reclassified as a mine development asset.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds on disposal. Exploration and evaluation assets are tested for impairment immediately prior to reclassification to a mine development asset.

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

**Mine development assets**

Mine development assets are measured at cost less accumulated depletion and accumulated impairment losses. Mine development assets include the fair value attributable to recognized mineral reserves and resources acquired in a business combination or asset acquisition and the purchase price or construction cost representing any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Upon the achievement of commercial production, a mineral property is depleted using the UOP method. UOP depletion rates are determined using gold ounces mined over the estimated recoverable resources.

**Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In the prior period, right of use assets were disclosed as part of property, plant and equipment, but the comparatives in the current year have been restated to separately disclose the right of use asset in the statements of financial position.

**Company as Lessee**

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets.

*Right of use assets*

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

| Office properties | 3 to 5 years |
|---|---|
| Mining equipment | 2 to 3 years |

The right of use assets is also subject to impairment.

*Lease liabilities*

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

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

*Short-term leases and leases of low-value assets*

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

**Share capital**

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

**Employee leave benefits**

*(i) Wages, salaries, and annual leave*

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognized in respect of employees' services up to the reporting date. They are measured at the amount expected to be paid when the liabilities are settled.

**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.

**Significant judgements**

Information about critical judgements in applying accounting policies are discussed below:

**Key estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

*Recoverability of exploration and evaluation assets*

The amounts shown as exploration and evaluation assets represent net acquisition costs to date, and do not necessarily represent present or future values. The recoverability of these amounts are dependent upon certain factors. These factors include the existence of mineral deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop its exploration and evaluation assets.

*Marketable securities*

The fair value of marketable securities that cannot be measured based on quoted prices in active markets are measured using valuations and latest financing prices.

The fair value of the shares held in Elementum 3D Inc. ("E3D") an unlisted entity, was determined with reference to the share price at which funds were raised with sophisticated third-party investors from August 2023 to January 2024. The share price was at arm's length, occurred close to balance sheet date and is an unobservable input.

The fair value of the shares held in San Cristobal Mining Inc. ("SCM"), an unlisted entity, was determined by considering a number of factors including the fair value of SCM by an independent valuer upon acquisition of the San Cristobal Mine further supported by the December 31, 2023 cashflow model.

*Decommissioning, restoration and similar liabilities*

Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation costs. Prior to the divestment of Millennium and related asset sale the decommissioning, restoration and similar liabilities were estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and were measured at the present value of discounted cash flows for the estimated liabilities. The carrying value was determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration and similar liabilities that may occur upon decommissioning of certain of the Company's assets. The ultimate decommissioning and restoration costs were uncertain, and cost estimates could vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may have resulted in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions were made in determining the provision for mine decommissioning and restoration. As a result, there could have been significant adjustments to the provisions established which would affect future financial results. The provision at the date of divestment represents management's best estimate of the present value of the future rehabilitation costs required.

*Recoverable amount of long-lived assets*

The carrying amounts of mining properties and plant and equipment are assessed for any impairment triggers such as events or changes in circumstances which indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the CGU level. The Company considers both external and internal sources of information in assessing whether there are any indications that mining interests are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mining interests. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Refer to note 20.

**New and amended accounting standards and interpretations**

Several amendments and interpretations applied for the first time in 2023, but did not have an impact on the consolidated financial statements of the Company and, hence, have not been disclosed.

The following new and amended accounting standard anticipated to be effective January 1, 2024 or later is assessed to be relevant to the Company:

Amendments to IAS 1: Classification of liabilities as current or non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's financial statements.

## 3. RECEIVABLES

| | December 31, 2023<br>$'000 | December 31, 2022<br>$'000 |
|---|---|---|
| Canadian GST receivable | 44 | 45 |
| Australian GST receivable | - | 2,492 |
| Other receivables at amortized cost | 10,401 | 50 |
| **Total** | **10,445** | **2,587** |

## 4. MARKETABLE SECURITIES

Elementum 3D Inc. – (unlisted)

During the year ended December 31, 2023, E3D conducted a series of financings at USD $6.82 per share (2022: $6.27 per share) which included participation from sophisticated investors. Although the Company did not participate in these financings, the Company recognized the price as an appropriate indicator of E3D's fair value. As at December 31, 2023, the Company's ownership in E3D is 9.01% (2022: 11.07%).

The E3D ordinary shares have been accounted for as marketable securities, they have initially been recognized at fair value and subsequently remeasured at FVTOCI.

Kalamazoo Resources Limited – (ASX: KZR)

The Company holds 10,000,000 ordinary shares of ASX-listed Kalamazoo Resources Limited ("Kalamazoo") which represent a 5.78% undiluted interest in Kalamazoo as at December 31, 2023 (2022:6.72%).

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

GBM Resources Limited – (ASX: GBZ)

The Company holds 11,363,637 ordinary shares (the "GBM Shares") of ASX-listed GBM Resources Limited ("GBM"). The GBM Shares represent a 1.55% undiluted interest in GBM as at December 31, 2023 (2022:2.02%).

The GBM Shares have been accounted for as marketable securities and have therefore been initially recognized at fair value and will be subsequently remeasured at FVTOCI.

The Company held 4,545,454 ordinary share purchase warrants exercisable to purchase one ordinary share of GBM at AUD $0.096 which expired on April 6, 2023. An additional 1,136,362 listed ordinary share purchase warrants exercisable to purchase one ordinary share of GBM at AUD $0.11 expired on July 6, 2023 (collectively, the "GBM Warrants"). None of the above share purchase warrants were exercised before expiry.

The GBM Warrants qualified as derivatives and were initially recognized at fair value and subsequently remeasured at fair value through profit or loss ("FVTPL").

San Cristobal Mining Inc.– (unlisted)

The Company holds 2,000,000 ordinary shares of San Cristobal Mining Inc.'s ("SCM"). The SCM ordinary shares have been accounted for as marketable securities and have initially been recognized at fair value and subsequently remeasured at FVTOCI. As at December 31, 2023, the Company's ownership in SCM is 4.32% (2022: 11.68%).

The fair value of the SCM ordinary shares has been calculated at USD $5.38 considering a number of factors including the fair value of SCM by an independent valuer upon acquisition of the San Cristobal Mine further supported by the December 31, 2023 cashflow model (2022: USD$2.40 based on the latest financing price).

Calidus Resources Limited. (ASX: CAI)

The Company received 1,347,089 ordinary shares totalling $226,000 (AUD $250,000) of ASX listed Calidus Resources Limited ("Calidus') as part of the Nullagine Gold Project divestment (see Note 19). The Calidus ordinary shares have been accounted for as marketable securities. The shares have initially been recognized at fair value and subsequently remeasured at FVTOCI.

New Found Gold Corp. – (TSX-V: NFG)

During the year ended December 31, 2022 the Company sold all of its 15,000,000 common shares of New Found Gold Corp. ("New Found") for gross proceeds of $125,925,000. A loss of $31,050,000 was recognised in other comprehensive income ("OCI") and a gain on the derivative asset of $22,275,000 was recognised through profit and loss. The Company recognised a capital gains tax liability of $6,053,000 as at December 31, 2022 and paid $6,160,000 on March 28, 2023.

| As at December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|
| **FVTOCI** | **Number of shares Closing balance** | **Opening Fair Value $'000** | **Additions $'000** | **Foreign Exchange $'000** | **Gains / (Losses) $'000** | **Closing Fair Value $'000** |
| Elementum 3D Inc. Common Shares | 2,076,560 | 17,636 | - | - | 1,097 | 18,733 |
| Kalamazoo Resources Limited Ordinary Shares | 10,000,000 | 1,931 | - | (44) | (807) | 1,080 |
| GBM Resources Ltd Ordinary Shares | 11,363,637 | 449 | - | (13) | (346) | 90 |
| San Cristobel Mining Inc. Ordinary Shares | 2,000,000 | 676 | - | - | 13,554 | 14,230 |
| Calidus Resources Limited Ordinary Shares | 1,347,089 | - | 226 | - | 36 | 262 |
| | | 20,692 | 226 | (57) | 13,534 | 34,395 |

| As at December 31, 2023 | | | | | |
|---|---|---|---|---|---|
| **FVTPL** | **Number of securities Closing balance** | **Opening Fair Value $'000** | **Foreign Exchange $'000** | **Losses $'000** | **Closing Fair Value $'000** |
| GBM Resources Ltd Warrants/Options | - | 9 | (1) | (8) | - |
| | | 9 | (1) | (8) | - |
| | | | | **Total marketable securities** | **34,395** |

| As at December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|
| **FVTOCI** | **Number of shares Closing balance** | **Opening Fair Value $'000** | **Additions / (Disposals) $'000** | **Foreign Exchange $'000** | **Gains / (Losses) $'000** | **Closing Fair Value $'000** |
| Elementum 3D Inc. Common Shares | 2,076,560 | 16,507 | - | - | 1,129 | 17,636 |
| New Found Gold Corp Common Shares | - | 134,700 | (103,650) | - | (31,050) | - |
| Kalamazoo Resources Limited Ordinary Shares | 10,000,000 | 3,498 | - | (31) | (1,536) | 1,931 |
| GBM Resources Ltd Ordinary Shares | 11,363,637 | 1,203 | - | (15) | (739) | 449 |
| San Cristobel Mining Inc. Ordinary Shares | 2,000,000 | - | 394 | - | 282 | 676 |
| | | 155,908 | (103,256) | (46) | (31,914) | 20,692 |

| As at December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|
| **FVTPL** | **Number of securities Closing balance** | **Opening Fair Value $'000** | **Additions $'000** | **Foreign Exchange $'000** | **Unrealised Losses $'000** | **Closing Fair Value $'000** |
| GBM Resources Ltd Warrants/Options | 5,681,818 | 301 | - | (5) | (287) | 9 |
| San Cristobel Mining Inc Warrants | - | - | 3 | - | (3) | - |
| | | 301 | - | (5) | (290) | 9 |

## 5. EXPLORATION AND EVALUATION ASSETS

| | December 31, 2023 $'000 | December 31, 2022 $'000 |
|---|---|---|
| **Opening balance** | 152,477 | 149,928 |
| | | |
| **Acquisitions** | | |
| East Pilbara | 478 | 278 |
| Victoria | 3,649 | 455 |
| West Pilbara | 36 | 45 |
| | | |
| **Disposals** | | |
| East Pilbara - assets disposed through sale (Note 19) | (99,416) | - |
| East Pilbara | (916) | - |
| West Pilbara | (12,365) | - |
| | | |
| Impairment charge for the year | (9,253) | - |
| Movement in rehabilitation provision | 12,770 | 1,783 |
| Foreign exchange | (3,205) | (12) |
| **Closing balance** | **44,255** | 152,477 |

During the year ended December 31, 2023, a number of prospecting tenements were relinquished. The Company recorded an impairment expense of $6,226,000 (2022: $Nil). The remaining impairment charge of $1,445,000 and $1,582,000 relate to Harding Battery Metals Joint Operation and the Liatam Mining Pty Ltd Quartz Hill Joint Operation respectively.

### East Pilbara

### Millennium Property

On December 21, 2023 the Company entered into a share sale agreement with Calidus to sell the Nullagine Gold Project resulting in a disposal of exploration and evaluation assets totalling $99,416,000. The adjustment of $12,770,000 (December 31, 2022 – $1,783,000) relates to the movement in the rehabilitation provision for the Millennium tenements before divestment. Refer to note 12 and note 19.

### Beatons Creek

The Company also entered into an asset sale agreement with Calidus whereby the Company sold tenements in the broader Mosquito Creek Basin resulting in a disposal of exploration and evaluation assets totalling $917,000. The Company received consideration of C$45,000 (AUD$50,000) in Calidus shares.

### Talga Projects

A 1.5% net smelter returns royalty is payable on any minerals extracted from the Talga Talga and Mosquito Creek Projects in a commercial mining operation.

### Calidus' Warrawoona Project

The Company holds a 1% net smelter returns gold royalty over certain tenure comprising Calidus' Warrawoona project in Western Australia.

**Paleo-Placer Property**

On January 20, 2023, 8,431 common shares were issued to Mark Gareth Creasy and entities controlled by him (collectively, the "Creasy Group") pursuant to a binding term sheet with the Creasy Group under which Novo has 100% ownership interest of 510km² of existing tenure and acquired ownership of an additional 2,390km² of highly prospective new tenure in the Pilbara region of Western Australia (the "Creasy Transaction"). The shares were subject to a statutory hold period that expired on May 20, 2023.

**Liatam Mining Pty Ltd ("Liatam") – Quartz Hill**

On December 15, 2022 the Company entered into an agreement whereby Liatam had been granted the right to earn an 80% interest in battery mineral rights at the Company's Quartz Hill project.

Liatam was required to spend AUD $1,500,000 over 24 months in order to complete the earn-in. Novo will be free carried to the earlier of the completion of a bankable feasibility study or Liatam having sole funded AUD $20,000,000 (including the initial AUD $1,500,000 million earn-in amount) (the "Contribution Date").

On or around the Contribution Date, Novo will have the right to elect to contribute its pro-rata share of expenditure or convert to a royalty equal to 1% of gross lithium sale proceeds or an amount equal to 20% of any royalty owing to the State of Western Australia on gross battery mineral sale proceeds (other than lithium). Novo had also granted Liatam a one-time right exercisable prior to June 30, 2023, pursuant to which Liatam could add lithium rights over Novo's Pilbara tenements of Liatam's choosing (subject to certain exclusions and tenements which are already subject to arrangements with third parties) to the arrangement and earn-in at an agreed rate. This right had been extended to July 31, 2023. On July 31, 2023, Liatam exercised their right to add lithium rights over additional Novo Pilbara tenements, in addition to that another tenement was added on September 27, 2023. The earn-in is otherwise subject to industry-standard earn-in and joint operation conditions, including coordination of exploration and development activities amongst the parties. Throughout the earn-in, Liatam's exploration activities would be prioritized. Liatam also had the right to terminate the earn-in after spending AUD $1,750,000. The tenements added, equated to an additional 203km² included in the package, these additional tenements increased the required earn in amount to AUD $1,750,000 from AUD $1,500,000.

On December 20, 2023 Liatam exceeded the required earn-in amount to form the 80%/20% unincorporated joint venture. The Company received $180,000 (AUD $200,000) and recognized an impairment of exploration and evaluation assets totalling $1,582,000.

Liatam further invested $1,600,000 (AUD $1,800,000) through a private placement to obtain 9,000,000 shares at $0.18 (AUD $0.20) per share to increase their shareholding from ~3% to ~6%. Refer to note 13.

**West Pilbara**

**Bellary Dome Pty Ltd ("Bellary Dome")**

The Company holds an option to acquire the gold rights (the "Option") over exploration licence 47/3555 (the "Bellary Tenement") located in the Southern Pilbara region of Western Australia from Bellary Dome. At any time during the Option Period, the Company may exercise its Option and earn a 100% gold rights interest in the Bellary Tenement and grant Bellary Dome a 2% gross overriding royalty on all gold derived from future production by the Company from the Bellary Tenement.

On July 29, 2022, the Company extended the option period by an additional 12 months by paying $44,000 (AUD $50,000) to Bellary Dome. On July 14, 2023, the Company and Bellary Dome agreed to defer the option period to December 31, 2023 by the Company paying an additional $4,515 (AUD $5,000) to Bellary Dome. On October 3, 2023 the Company extended the option period for a further 12 months until June 30, 2024 by paying Bellary Dome C$27,000 (AUD $25,000).

**Harding Battery Metals Joint Operation with SQM Australia Ptd Ltd ("SQM")**

On December 18, 2023 the Company entered into a tenement sale agreement with SQM. Under this agreement cash consideration of $9,001,000 (AUD $10,000,000) was payable to the Company for a 75% ownership interest in 5 tenements (Sale Tenements - $7,067,000) and for an option over 34 additional tenements (Option Tenements - $1,934,000) at an exercise price of AUD $1. The Sale tenements have resulted in a disposal of exploration and evaluation assets of $12,365,000 and a loss on sale of $5,298,000. The consideration allocated to the Option tenements of $1,934,000 has been recognised as deferred revenue which resulted in an impairment of exploration and evaluation assets of $1,445,000. The cash consideration was received on January 4, 2024. Refer to note 25.

The Company retains 25% ownership interest in the Sale Tenements and the Option Tenements and retains 100% of the gold, silver, PGE, copper, lead and zinc mineral rights. Further to the above transaction the Company and SQM have entered into a 75%/25% joint operation agreement relating to the Sale Tenements where SQM will be the manager and the Company's 25% interest will be free carried by SQM until a decision to mine.

**Central Pilbara**

**Egina Farm-in and Joint Operation with De Grey Mining Limited ("De Grey")**

On June 21, 2023 the Company entered into an agreement whereby De Grey has been granted the right to earn a 50% interest in the Company's Becher project and surrounding tenure ("Egina JO").

De Grey is required to spend AUD $25,000,000 over 4 years in order to complete the earn-in ("Earn-In"). Once De Grey completes the Earn-In, Novo and De Grey will, under the Egina JO, be required to co-fund exploration expenditure according to their pro-rata interests in the Egina JO. De Grey has the right to terminate the Earn-In after incurring a minimum of AUD $7,000,000 in exploration expenditure within 18 months (in which case it would forfeit any interest in the relevant tenements).

Certain tenements comprising the Egina project are currently subject to pre-existing joint operations into which Novo has already earned an interest. The agreement between Novo and De Grey includes a mechanism by which such joint operations may be incorporated into the Egina JO, subject to agreement with relevant joint operation partners.

The Earn-In and Egina JO are otherwise subject to industry-standard earn-in and joint operation conditions, including information sharing, quarterly technical meetings, mutual pre-emptive rights and extension of the Earn-In period due to reasonable delays in accessing priority areas of the Egina project. De Grey will manage exploration activities under the Earn-In, and De Grey will also manage the resultant joint operation provided that its interest remains at or above 50%. The Egina JO is also subject to an industry-standard dilution clause, with dilution below 10% resulting in the conversion of a party's interest to a 1% net smelter returns royalty.

De Grey also participated in a Novo private placement by investing AUD $10,000,000 ($8,970,000). Refer to note 13.

**Victoria, Australia**

**Malmsbury Project**

On March 9, 2023 the Company announced the acquisition of the residual 50% interest in the Malmsbury Project from GBM. On April 24, 2023 the Company paid $906,000 (AUD $1,000,000) and issued 4,037,872 common shares and 2,018,936 transferable warrants (collectively, the "GBM Securities") to GBM with each warrant entitling GBM to purchase one additional common share of the Company at a price of C$0.60 until April 24, 2025. All the GBM Securities, and any common shares of the Company issued upon exercise of such warrants, are subject to a statutory hold period that expired on August 25, 2023, along with an additional contractual hold period expiring on April 24, 2024.

The Company determined that it could not reliably measure the fair value of the asset obtained, and hence the shares issued were fair valued based on the trading price at the date of the transaction. Written consents and approvals from the Victorian Department of Jobs, Precincts and Regions ("Department") were received on September 7, 2023.

GBM has retained its 2.5% net smelter returns royalty. However, Malmsbury is also potentially encumbered by certain pre-existing royalties for which GBM has indemnified Novo.

**Queens Project**

On March 9, 2023 the Company announced the acquisition of the residual 50% interest in the Queens Project from Kalamazoo. On April 24, 2023, the Company paid $680,000 (AUD $750,000) and issued 2,088,554 common shares (the "Kalamazoo Securities") to Kalamazoo for its 50% interest in the Queens Project on an encumbrance-free basis. The royalty previously held by Kalamazoo has been terminated in conjunction with this acquisition. All the Kalamazoo Securities are subject to a statutory hold period that expired on August 25, 2023, along with an additional contractual hold period expiring on April 24, 2024. The Company determined that it could not reliably measure the fair value of the asset obtained, and hence the shares issued were fair valued based on the trading price at the date of the transaction. Written consents and approvals from the Victorian Department of Jobs, Precincts and Regions ("Department") were received on August 3, 2023.

**<u>Nevada, USA Region</u>**

**Tuscarora Property**

American Pacific Mining Corp. ("APM") granted to Novo a 0.5% net smelter returns royalty which APM can repurchase for USD $500,000 at any time. APM also assumed all of Novo's royalty obligations under its original option agreement underlying the Tuscarora project between Novo and Nevada Select Royalty, Inc.

**<u>Recoverability of exploration and evaluation assets</u>**

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

## 6. PROPERTY, PLANT, AND EQUIPMENT

| Gross carrying amount at cost | Buildings $'000 | Office Furniture and Equipment $'000 | Mining Equipment $'000 | Dams, Pipelines & Borefields $'000 | Exploration Camp $'000 | Vehicles $'000 | Leasehold Improvement $'000 | Capital WIP $'000 | Critical Spares $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Opening balance - January 1, 2023** | **5,160** | **1,016** | **86,648** | **12,338** | **661** | **394** | **174** | - | **1,704** | 108,095 |
| Additions | - | 7 | - | - | - | - | - | 90 | - | 97 |
| Disposals - assets disposed through sale (Refer to Note 19) | (5,051) | (885) | (81,218) | (12,076) | (358) | (222) | - | - | (1,667) | (101,477) |
| Disposals - Other | - | - | - | - | - | (88) | (174) | - | - | (262) |
| Foreign exchange | (109) | (21) | (1,837) | (262) | (14) | (9) | - | - | (37) | (2,289) |
| **Closing balance** | **-** | **117** | **3,593** | **-** | **289** | **75** | **-** | **90** | **-** | **4,164** |

| Accumulated depreciation and impairment | Buildings $'000 | Office Furniture and Equipment $'000 | Mining Equipment $'000 | Dams, Pipelines & Borefields $'000 | Exploration Camp $'000 | Vehicles $'000 | Leasehold Improvement $'000 | Capital WIP $'000 | Critical Spares $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Opening balance - January 1, 2023** | (2,556) | (676) | (74,510) | (12,198) | (364) | (390) | (65) | - | (1,704) | (92,463) |
| Depreciation | (846) | (155) | (996) | (9) | (120) | (3) | (35) | - | - | (2,164) |
| Assets disposed through sale (Refer to Note 19) | 3,352 | 753 | 72,415 | 11,946 | 231 | 222 | - | - | 1,667 | 90,586 |
| Disposals - Other | - | - | - | - | - | 88 | 99 | - | - | 187 |
| Foreign exchange | 50 | 14 | 1,574 | 261 | 7 | 8 | 1 | - | 37 | 1,952 |
| **Closing balance** | - | **(64)** | **(1,517)** | - | **(246)** | **(75)** | - | - | - | **(1,902)** |
| **Net book value as at December 31, 2022** | **2,604** | **340** | **12,138** | **140** | **297** | **4** | **109** | - | - | **15,632** |
| **Net book value as at December 31, 2023** | - | **53** | **2,076** | - | **43** | - | - | **90** | - | **2,262** |

| Gross carrying amount at cost | Buildings $'000 | Office Furniture and Equipment $'000 | Mining Equipment $'000 | Dams, Pipelines & Borefields $'000 | Exploration Camp $'000 | Vehicles $'000 | Leasehold Improvement $'000 | Capital WIP $'000 | Critical Spares $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Opening balance - January 1, 2022** | **4,772** | **620** | **80,444** | **10,946** | **662** | **381** | **175** | **3,424** | **1,705** | 103,129 |
| Additions | - | - | 2,900 | - | - | - | - | 2,078 | - | 4,978 |
| Transfers from Capital WIP | 386 | 390 | 3,273 | 1,378 | - | 14 | - | (5,441) | - | - |
| Foreign exchange | 2 | 6 | 31 | 14 | (1) | (1) | (1) | (61) | (1) | (12) |
| **Closing balance** | **5,160** | **1,016** | **86,648** | **12,338** | **661** | **394** | **174** | - | **1,704** | **108,095** |

| Accumulated depreciation and impairment | Buildings $'000 | Office Furniture and Equipment $'000 | Mining Equipment $'000 | Dams, Pipelines & Borefields $'000 | Exploration Camp $'000 | Vehicles $'000 | Leasehold Improvement $'000 | Capital WIP $'000 | Critical Spares $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Opening balance - January 1, 2022** | (1,964) | (312) | (23,121) | (2,895) | (260) | (218) | (22) | - | - | (28,792) |
| Depreciation | - | (14) | (404) | - | (57) | (31) | (42) | - | - | (548) |
| Depreciation - assets disposed through sale (Refer to Note 19) | (584) | (146) | (11,148) | (2,021) | (45) | (26) | - | - | - | (13,970) |
| Impairment - assets disposed through sale (Refer to Note 19) | - | (198) | (38,960) | (7,122) | - | (112) | - | - | (1,673) | (48,065) |
| Foreign exchange | (8) | (6) | (877) | (160) | (2) | (3) | (1) | - | (31) | (1,088) |
| **Closing balance** | **(2,556)** | **(676)** | **(74,510)** | **(12,198)** | **(364)** | **(390)** | **(65)** | - | **(1,704)** | **(92,463)** |
| **Net book value as at December 31, 2021** | **2,808** | **308** | **57,323** | **8,051** | **402** | **163** | **153** | **3,424** | **1,705** | **74,337** |
| **Net book value as at December 31, 2022** | **2,604** | **340** | **12,138** | **140** | **297** | **4** | **109** | - | - | **15,632** |

## 7. RIGHT OF USE ASSETS

| Gross carrying amount at cost | Properties $'000 | Mining Equipment $'000 | Total $'000 |
|---|---|---|---|
| **Opening balance - January 1, 2023** | 1,289 | 12,414 | 13,703 |
| Additions | 549 | - | 549 |
| Lease modification / reassessment | (1,236) | (1,450) | (2,686) |
| Assets disposed through sale (Refer to Note 19) | - | (309) | (309) |
| Foreign exchange | (49) | (267) | (316) |
| **Closing balance** | **553** | **10,388** | **10,941** |

| Accumulated depreciation and impairment | Properties $'000 | Mining Equipment $'000 | Total $'000 |
|---|---|---|---|
| **Opening balance - January 1, 2023** | (653) | (6,532) | (7,185) |
| Depreciation | (256) | (3,169) | (3,425) |
| Lease modification / reassessment | 897 | - | 897 |
| Assets disposed through sale (Refer to Note 19) | - | 187 | 187 |
| Foreign exchange | 2 | 163 | 165 |
| **Closing balance** | **(10)** | **(9,351)** | **(9,361)** |
| **Net book value as at December 31, 2022** | **636** | **5,882** | **6,518** |
| **Net book value as at December 31, 2023** | **543** | **1,037** | **1,580** |

| Gross carrying amount at cost | Properties $'000 | Mining Equipment $'000 | Total $'000 |
|---|---|---|---|
| **Opening balance - January 1, 2022** | 1,288 | 32,888 | 34,176 |
| Lease modification / reassessment | - | (13,920) | (13,920) |
| Disposals | - | (6,308) | (6,308) |
| Foreign exchange | 1 | (245) | (244) |
| **Closing balance** | **1,289** | **12,415** | **13,704** |

| Accumulated depreciation and impairment | Properties $'000 | Mining Equipment $'000 | Total $'000 |
|---|---|---|---|
| **Opening balance - January 1, 2022** | (310) | (8,088) | (8,398) |
| Depreciation | (393) | (4,802) | (5,195) |
| Lease modification / reassessment | - | 2,415 | 2,415 |
| Impairment | - | (2,225) | (2,225) |
| Disposals | - | 6,308 | 6,308 |
| Foreign exchange | 49 | (140) | (91) |
| **Closing balance** | **(654)** | **(6,532)** | **(7,186)** |
| **Net book value as at December 31, 2021** | **978** | **24,800** | **25,778** |
| **Net book value as at December 31, 2022** | **635** | **5,883** | **6,518** |

The Company's on-site laboratory and sample preparation services include various items of laboratory equipment was accounted for as a lease. The original term of the laboratory equipment was for three years with an option to extend, which was not taken into account in the assessment of lease term. The contract was modified with the termination of the on-site laboratory during the year ended December 31, 2022. The right of use asset and the lease liability were adjusted during the year ended December 31, 2022 by $14,000 and $595,000, respectively, with a gain of $597,000 recognised in the statement of profit and loss. The contract was modified on June 1, 2023 to adjust the cost per minimum sample not tested from AUD$9.90 to AUD$6.12 per sample, the right of use asset and the lease liability were adjusted by $1,450,000 and $1,536,000, respectively, with a gain of $86,000 recognised in the statement of profit and loss.

With the divestment of Nullagine Gold Project the Company transferred the mining equipment lease to Calidus. The lease asset of $122,000 and lease liability of $126,000 were derecognized accordingly. Refer to note 19.

On August 21, 2023 the Company exercised its right to terminate its office lease contract. The lease asset of $339,000 and the lease liability of $396,000 were derecognized accordingly and resulted in a gain of $57,000 recognised in the statement of profit and loss. The Company entered a new office lease contract on December 1, 2023 which has been accounted for as a lease. The term of the office lease is for four years with an option to extend, which has not been taken into account in the calculation. The Company also leases properties in Western Australia, to support exploration and operations. The Company applies the recognition exemption for the lease of assets with lease terms of 12 months or less.

## 8. MINE DEVELOPMENT ASSET

| Gross carrying amount at cost | Mine Development Asset $'000 |
|---|---|
| **Opening balance - January 1, 2023** | 31,185 |
| Changes in rehabilitation provision | (220) |
| Disposals | (30,965) |
| Closing balance | - |

| Accumulated depreciation and impairment | Mine Development Asset $'000 |
|---|---|
| **Opening balance - January 1, 2023** | (26,880) |
| Disposals | 26,880 |
| Closing balance | - |
| **Net book value as at December 31, 2022** | **4,305** |
| **Net book value as at December 31, 2023** | - |

| Gross carrying amount at cost | Mine Development Asset $'000 |
|---|---|
| **Opening balance - January 1, 2022** | 27,635 |
| Additions | 754 |
| Changes in rehabilitation provision | 2,761 |
| Foreign exchange | 35 |
| Closing balance | **31,185** |

| Accumulated depreciation and impairment | Mine Development Asset $'000 |
|---|---|
| **Opening balance - January 1, 2022** | (20,667) |
| Depreciation | (6,126) |
| Foreign exchange | (87) |
| Closing balance | **(26,880)** |
| **Net book value as at December 31, 2021** | **6,968** |
| **Net book value as at December 31, 2022** | **4,305** |

The Beatons Creek mining tenements classified under mine development were sold to Calidus as part of the asset sale agreement. The net carrying value of $4,305,000 and associated rehabilitation liability of $10,798,000 were derecognized resulting in a profit on sale of $6,780,000. Refer to note 12 and note 16.

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | December 31, 2023 $'000 | December 31, 2022 $'000 |
|---|---|---|
| Trade and other payables | 556 | 1,740 |
| Accrued expenses | 1,861 | 3,807 |
| Australian GST payable | 639 | - |
| Employee entitlements | 390 | 705 |
| **Total** | **3,446** | **6,252** |

In the prior year there was a reclassification of a liability from accounts payable and accrued liabilities to provisions in order to reflect the underlying nature of the liability.

## 10. LEASE LIABILITIES

| | December 31, 2023 $'000 | December 31, 2022 $'000 |
|---|---|---|
| Opening balance | 6,598 | 30,983 |
| Additions | 541 | - |
| Accretion of interest | 377 | 1,356 |
| Lease modification / reassessment | (1,933) | (12,102) |
| Liabilities disposed through sale (Refer to Note 19) | (126) | - |
| Payments | (3,697) | (13,188) |
| Foreign exchange | (145) | (451) |
| Closing balance | **1,615** | **6,598** |
| | | |
| Current | 1,169 | 4,314 |
| Non current | 446 | 2,284 |

| | Year ending December 31, 2023 $'000 | Year ending December 31, 2022 $'000 |
|---|---|---|
| Expense relating to short term and low value assets | 183 | 44 |
| Variable lease payments (included in general administration costs) | 368 | 1,534 |

## 11. DEFERRED CONSIDERATION

| | December 31, 2023 $'000 | December 31, 2022 $'000 |
|---|---|---|
| Opening balance | - | - |
| Fair value on initial recognition | 10,812 | - |
| Foreign exchange | 41 | - |
| **Closing balance** | **10,853** | - |
| | | |
| Current | **2,427** | - |
| Non current | **8,426** | - |

With the acquisition of Millennium Minerals Pty Ltd ("Millennium") in 2020 which was accounted for as an asset acquisition, Novo agreed to pay IMC Resources Gold Holdings Pte Ltd, Heritas Capital Management (Australia) Pty Ltd, and IMC Resources Ltd (collectively, "IMC") deferred consideration in the form of a fee on future gold production equal to 2% of all gold revenue generated by Novo up to the later of cumulative gold production of 600,000 ounces or cumulative payments of AUD $20,000,000 having been made to IMC. As at December 19, 2023, the Company has paid AUD $4,413,000 to IMC on the basis of 88,607 ounces produced since commencement of operations at the Beatons Creek Project.

On December 19, 2023, the Company renegotiated the terms of the deferred consideration agreement with IMC whereby the balance AUD $15,600,000 (C$14,041,000) owing is to be repaid by December 2026 with a mechanism for reductions for early repayment. The balance owing has been measured at its fair value; the effective interest rate calculated is approximately 11.25% per annum.

## 12. PROVISION FOR CLOSURE AND RECLAMATION

| | December 31, 2023 $'000 | December 31, 2022 $'000 |
|---|---|---|
| Opening balance | 41,935 | 36,342 |
| Accretion on discounted obligation | 1,446 | 1,030 |
| Change in estimate | 12,550 | 4,500 |
| Disposals (Refer to Note 8) | (11,027) | - |
| Disposals (Refer to Note 19) | (44,904) | - |
| Foreign exchange | - | 63 |
| **Closing balance** | - | **41,935** |

The Company recognized a rehabilitation provision on the acquisition of Millennium as well as on the Beatons Creek Project. The Company calculated the present value of the closure and reclamation provision at December 21, 2023 using a discount rate of 4.25% and an inflation rate of 3.5%. The Company had estimated that payments will be made between 2026 and 2038.

As a result of the divestment of Millennium and related asset sale the Company has no remaining provision for closure and reclamation. The provisions for both Millennium and the Beatons Creek Project were written off to zero. Refer to note 8 and 19.

## 13. 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 period ended December 31, 2023 and the period ended December 31, 2022, shares were issued pursuant to the Company's stock options and stock bonus plan (the "Plan"), a non-brokered private placement, and mineral property transactions as follows:

a) On December 29, 2023 the Company issued 9,000,000 share at a fair value of $0.180 per shares to Liatam. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company.

   The shares issued to Liatam are subject to a statutory hold period expiring on April 29, 2024, The Shares will be subject to orderly sale restrictions subsequent to the expiry of the Contractual Hold Period.

b) On September 11, 2023 the Company was admitted to the ASX and issued 37,500,000 CHESS Depositary Interests ("CDIs") at AUD $0.20 (C$0.18 at an exchange rate of 0.8739) per CDI raising AUD $7,500,000 ($6,554,000). Share issue costs totalled $500,000.

c) On June 21, 2023 the Company issued 35,223,670 shares at a fair value of $0.255 per share to De Grey. The fair value of the shares was calculated with reference to the quoted price of the shares of the Company. Share issue costs totalled $482,000.

   The shares issued to De Grey were subject to a statutory hold period expiring on October 29, 2023, along with an additional voluntary contractual hold period (the "Contractual Hold Period") expiring on June 28, 2024. The Shares will be subject to orderly sale restrictions subsequent to the expiry of the Contractual Hold Period.

d) On April 24, 2023 the Company issued 2,088,554 shares at a fair value of $0.32 per share to Kalamazoo. These shares are subject to a statutory hold expiring on April 24, 2024. The fair value of the shares was calculated with reference to the quoted price of the shares of the Company. Share issue costs totalled $7,000.

e) On April 24, 2023 the Company issued 4,037,872 shares at a fair value of $0.32 per share to GBM. These shares are subject to a statutory hold expiring on April 24, 2024. The fair value of the shares was calculated with reference to the quoted price of the shares of the Company. The Company further issued 2,018,936 warrants entitling GBM to purchase one additional common share of the Company at a price of C$0.60 until April 24, 2025. Share issue costs totalled $10,000.

(Expressed in Canadian Dollars, unless stated otherwise)

f) On January 20, 2023 the Company issued 8,431 shares at a fair value of $0.34 per share. The shares are subject to a statutory hold period that expired on May 20, 2023.

g) On December 23, 2022 the Company issued 944,362 shares at a fair value of $0.28 per share, based on

h) the closing price of the Company's common shares on the TSX, to its employees under the Plan.

i) On December 22, 2022 the Company issued 12,820,512 units at $0.39 per unit to Liatam. Each unit consisted of one common Novo share and one-quarter of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of C$0.60 per share until December 22, 2024. In conjunction with this non-brokered private placement, the Company also issued 641,025 brokers warrants. Each whole broker warrant entitles the holder to purchase one additional common share of the Company at a price of C$0.60 per share until December 22, 2025.

j) On April 21, 2022 the Company issued 3,382,550 common shares to Sumitomo pursuant to the EFA.

**Warrants**

The continuity of warrants is as follows:

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price $ | Number | Weighted Average Exercise Price $ |
| Balance, beginning of the period | 28,527,371 | 3.63 | 24,681,218 | 4.11 |
| Granted | 2,018,936 | 0.60 | 3,846,153 | 0.60 |
| Expired | (19,504,718) | (4.40) | - | - |
| Balance, end of the period | 11,041,589 | 1.62 | 28,527,371 | 3.63 |

Full share equivalent warrants outstanding and exercisable as at December 31, 2023:

| Expiry Date | Price per share $ | Warrants Outstanding |
|---|---|---|
| May 4, 2024 | 3.00 | 5,176,500 |
| December 22, 2024 | 0.60 | 3,205,128 |
| December 22, 2025 | 0.60 | 641,025 |
| April 24, 2025 | 0.60 | 2,018,936 |
| | | 11,041,589 |

Full share equivalent warrants outstanding and exercisable as at December 31, 2022:

| Expiry Date | Price per share $ | Warrants Outstanding |
|---|---|---|
| August 27, 2023 | 4.40 | 8,596,184 |
| September 7, 2023 | 4.40 | 8,853,427 |
| September 9, 2023 | 4.40 | 726,812 |
| September 14, 2023 | 4.40 | 1,328,295 |
| May 4, 2024 | 3.00 | 5,176,500 |
| December 22, 2024 | 0.60 | 3,205,128 |
| December 22, 2025 | 0.60 | 641,025 |
| | | 28,527,371 |

(Expressed in Canadian Dollars, unless stated otherwise)

### Share option plan

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

The Company has 5,795,000 outstanding Options of which 4,795,000 options have fully vested as at December 31, 2023, the remaining 1,000,000 stock options vest over a 1-year period. 4,205,000 options expired during the period ending December 31, 2023.

The continuity of stock options is as follows:

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price $ | Number | Weighted Average Exercise Price $ |
| Options outstanding, beginning of period | 10,000,000 | 2.79 | 14,600,000 | 3.18 |
| Expired/cancelled | (4,205,000) | (2.92) | (4,600,000) | (4.03) |
| Options outstanding, end of period | 5,795,000 | 2.72 | 10,000,000 | 2.79 |

The options outstanding and exercisable at December 31, 2023 were as follows:

| Outstanding Options | | | Exercisable Options | |
|---|---|---|---|---|
| Number Outstanding | Weighted Average Exercise Price $ | Weighted Average Remaining Contractual Life | Number Exercisable | Weighted Average Exercise Price $ |
| 2,795,000 | 3.57 | 1.33 | 2,795,000 | 3.57 |
| 3,000,000 | 1.89 | 3.15 | 2,000,000 | 1.89 |
| 5,795,000 | 2.72 | 2.24 | 4,795,000 | 3.21 |

The options outstanding and exercisable at December 31, 2022 were as follows:

| Outstanding Options | | | Exercisable Options | |
|---|---|---|---|---|
| Number Outstanding | Weighted Average Exercise Price $ | Weighted Average Remaining Contractual Life | Number Exercisable | Weighted Average Exercise Price $ |
| 1,500,000 | 0.95 | 0.28 | 1,500,000 | 0.95 |
| 150,000 | 1.57 | 0.28 | 150,000 | 1.57 |
| 300,000 | 7.70 | 0.28 | 300,000 | 7.70 |
| 500,000 | 3.47 | 0.08 | 500,000 | 3.47 |
| 285,000 | 4.60 | 0.43 | 285,000 | 4.60 |
| 4,265,000 | 3.57 | 2.07 | 4,265,000 | 3.57 |
| 3,000,000 | 1.89 | 3.90 | 1,000,000 | 1.89 |
| 10,000,000 | 2.79 | 2.13 | 8,000,000 | 3.02 |

For the period ended December 31, 2023, the total share-based payment expense was $1,389,000 (year ended December 31, 2022: $2,828000).

### Nature and purpose of reserves

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

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

The foreign currency translation reserve is used to recognize exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The reserve of financial assets at FVTOCI is used to recognize movements in fair value of investments where an irrevocable election has been made at initial acquisition to present fair value movements in OCI.
A reconciliation of the Company's annual movement in accumulated OCI is as follows:

| | Movement in FVTOCI<br>$'000 | Foreign exchange on translation of subsidiaries<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| **Balance as at December 31, 2021** | **40,369** | **(14,397)** | **25,972** |
| E3D shares | 1,129 | - | 1,129 |
| SCM shares | 282 | - | 282 |
| Kalamazoo shares | (1,536) | - | (1,536) |
| GBM shares | (739) | - | (739) |
| New Found shares | (31,050) | - | (31,050) |
| Deferred tax on marketable securities | 1,933 | - | 1,933 |
| Foreign exchange on translation of subsidiaries | - | (1,619) | (1,619) |
| Total | (29,981) | (1,619) | (31,600) |
| **Balance as at December 31, 2022** | **10,388** | **(16,016)** | **(5,628)** |
| E3D shares | 1,097 | - | 1,097 |
| SCM shares | 13,554 | - | 13,554 |
| Kalamazoo shares | (807) | - | (807) |
| GBM shares | (346) | - | (346) |
| Calidus shares | 36 | - | 36 |
| Deferred tax on marketable securities and share issue costs | (2,071) | - | (2,071) |
| Foreign exchange on translation of subsidiaries discontinued operations | - | (695) | (695) |
| Foreign exchange on translation of subsidiaries | - | (5,707) | (5,707) |
| Total | 11,463 | (6,402) | 5,061 |
| **Balance as at December 31, 2023** | **21,851** | **(22,418)** | **(567)** |

### Loss per share

As the Company has made a loss for the period ended December 31, 2023, all options and warrants on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options and warrants could potentially dilute basic earnings per share in the future. There are 4,795,000 fully vested options and 11,041,589 warrants outstanding as at December 31, 2023. A further 1,000,000 options will vest and become exercisable with the potential to become ordinary shares in the next financial year. No further options or warrants have been issued and no options or warrants have been exercised.

## 14. GENERAL ADMINISTRATION

| | Year ending December 31, 2023 $'000 | Year ending December 31, 2022 $'000 |
|---|---|---|
| Accounting and audit | 367 | 628 |
| Consulting services | 2,239 | 1,092 |
| Insurance | 1,201 | 987 |
| Legal fees | 737 | 765 |
| Office and general | 1,600 | 1,365 |
| Depreciation | 3,898 | 1,622 |
| Share based payments | 1,389 | 2,828 |
| Wages and salaries | 3,609 | 4,771 |
| **Total** | **15,040** | **14,058** |

## 15. EXPLORATION EXPENDITURE

| | Year ending December 31, 2023 $'000 | Year ending December 31, 2022 $'000 |
|---|---|---|
| Field work | 9,696 | 12,612 |
| Drilling & assay costs | 3,051 | 5,174 |
| Office and general | 672 | 804 |
| Tenement administration | 1,520 | 1,507 |
| **Total** | **14,939** | **20,097** |

## 16. OTHER INCOME / (OTHER EXPENSES)

| | Year ending December 31, 2023 $'000 | Year ending December 31, 2022 $'000 |
|---|---|---|
| Change in fair value of warrants | (8) | (290) |
| Gain on derivative asset at fair value through profit and loss | - | 22,275 |
| Loss on sale of property, plant and equipment | (30) | - |
| Profit on sale of mine development asset | 6,780 | - |
| Foreign exchange loss | (928) | (322) |
| Other income | 1,037 | 1,208 |
| **Total** | **6,851** | **22,871** |

## 17. FINANCE ITEMS

| | Year ending December 31, 2023 $'000 | Year ending December 31, 2022 $'000 |
|---|---|---|
| Interest income on bank deposits | 701 | 967 |
| **Finance income** | **701** | **967** |
| | | |
| Derivative liability change in fair value | - | (378) |
| Lease interest expense | 376 | 67 |
| Rehabilitation provision accretion expense | 375 | 245 |
| Sprott debt facility interest & amortized cost adjustment | - | 9,993 |
| Sumitomo liability change in fair value | - | (2,942) |
| **Finance costs** | **751** | **6,985** |

## 18. INCOME TAX

| | Year ending December 31, 2023 $'000 | Year ending December 31, 2022 $'000 |
|---|---|---|
| **Major components of tax expense** | | |
| Current income tax: | | |
| Current tax (benefit)/ expense | (591) | 6,053 |
| Deferred income tax: | | |
| Deferred tax expense relating to the origination and reversal of temporary differences | 95 | (7,265) |
| **Income tax (benefit) / expense** | (496) | (1,212) |
| **Deferred tax charged directly to equity and OCI** | | |
| Deferred tax expense relating to unrealised gains on marketable securities and share issue costs | 2,071 | (1,933) |
| **Recognised in OCI and equity** | 2,071 | (1,933) |
| Reconciliation between tax expense and accounting loss before income tax: | | |
| Pre-tax accounting (loss) / profit | (128,307) | (106,630) |
| Tax at the applicable rate of 27% | (34,643) | (28,790) |
| *Tax effect of non-deductible expenses* | | |
| Non-deductible entertainment / legal fees / consulting fees | 375 | 21 |
| Other non-deductible items / assessable items | (870) | 1,958 |
| Permanent differences relating to discountined operation | 3,125 | - |
| Permanent differences relating to the gain on the derivative asset | - | (3,020) |
| Over/ under provisions | (31) | (775) |
| Difference in tax rate | 1,962 | (3,483) |
| Movement in deferred tax balances not recognised | 29,586 | 32,877 |
| Tax (benefit) / expense | (496) | (1,212) |

| **Deferred tax assets and liabilities** | December 31, 2023 $'000 | December 31, 2022 $'000 |
|---|---|---|
| Non-capital losses | 71,378 | 61,351 |
| Capital losses | 26,230 | - |
| Other | 7,410 | 8,952 |
| **Deferred tax assets** | **105,018** | **70,303** |
| **Deferred tax liabilities** | | |
| Marketable securities | (4,347) | (2,369) |
| Property, plant and equipment | (554) | 8,812 |
| Exploration and evaluation asseets | (10,052) | (19,298) |
| Mine development assets | - | 5,470 |
| Off-set with deferred tax assets | 11,272 | 6,143 |
| **Deferred tax liabilities** | **(3,681)** | **(1,242)** |
| Unrecognized deferred tax assets | 93,746 | 64,160 |
| Net deferred tax assets | **-** | - |

## 19. DISCONTINUED OPERATION

On December 21, 2023, the Company announced the divestment of the Nullagine Gold Project ("NGP") to Calidus. The transaction included a share sale agreement where Calidus purchased all the issued shares of Millennium and an asset sale agreement where Calidus acquired additional tenements from Beatons Creek, Nullagine Gold and Rocklea. As consideration for the sale, the Company received 1,347,089 Calidus shares at A$0.19 per share totalling A$250,000 ($226,000). The Company has a right to receive a further AUD $5,000,000 (deferred consideration) upon Calidus reaching a production milestone of 100,0000 ounces with respect to the NGP asset within a 10-year period to which the Company has assigned no value. The consideration received towards sale of shares of Millennium is $180,000. Calidus has assumed all the liabilities associated with Millennium and the tenement package acquired including the rehabilitation liabilities of $44,904,000.

| | Year ending December 31, 2023 $'000 | Year ending December 31, 2022 $'000 |
|---|---|---|
| Revenue | - | 92,043 |
| Cost of sales | - | (115,679) |
| Gross loss from mine operations | - | (23,636) |
| General administration | (2,015) | (708) |
| Exploration expenditure | (2,667) | (13,252) |
| Impairment of non-current assets | - | (48,064) |
| Care and maintenance costs | (10,051) | (2,632) |
| Other income/ expenses | (456) | (1,036) |
| Foreign currency translation | 2,576 | - |
| Loss on sale of discontinued operation | (66,304) | - |
| Net loss before tax for discontinued operations | (78,917) | (89,328) |
| **Major class of assets and liabilities** | | |
| | **December 20, 2023 $'000** | |
| Cash | - | |
| Inventory | 491 | |
| Receivables | - | |
| Exploration and evaluation assets | 99,416 | |
| Property, plant and equipment | 10,891 | |
| Leased asset | 122 | |
| **Total assets** | **110,920** | |
| Accounts payable and accrued liabilities | 101 | |
| Rehabilitation provision | 44,904 | |
| Lease liabilities | 126 | |
| **Total liabilities** | **45,131** | |
| **Carrying amount of net assets sold** | 65,789 | |
| Less consideration received | (180) | |
| FV of contingent consideration | - | |
| Loss on sale before income tax & reclassification of foreign currency translation reserve | **65,609** | |
| Reclassification of foreign currency translation reserve | 695 | |
| Loss on sale before after tax & reclassification of foreign currency translation reserve | **66,304** | |
| **Net cash** | | |
| Operating activities | (873) | 11,693 |
| Investing activities | - | (4,978) |
| Financing activities | (81) | (8,349) |
| **Earnings per share** | | |
| Basic and diluted loss per common share ($ per share) - Discontinued operations | (0.27) | (0.36) |

## 20. RELATED PARTY DISCLOSURES

*Key Management Personnel Disclosures*

During the periods ended December 31, 2023 and 2022, the following amounts were incurred with respect to the key management and directors of the Company:

| | Year ending December 31, 2023 $'000 | Year ending December 31, 2022 $'000 |
|---|---|---|
| Consulting services - short term employee benefits | 180 | 180 |
| Wages and salaries - short term employee benefits | 1,223 | 1,346 |
| Share-based payments | 778 | 2,143 |
| Total | **2,181** | **3,669** |

## 21. SUPPLEMENTAL CASH FLOW INFORMATION

| | Year ending December 31, 2023 $'000 | Year ending December 31, 2022 $'000 |
|---|---|---|
| Investing activities | | |
| Deductions to exploration and evaluation assets | 80 | (359) |
| Additions to right of use assets | 549 | - |
| Termination of right of use assets | (1,807) | - |
| Issuance of shares for mineral properties | 2,166 | - |
| | | |
| Financing activities | | |
| Issuance of shares for settlement of Sumitomo funding liability | - | 3,180 |
| Amortised cost adjustment on remeasurement of Credit Facility | - | 5,630 |

## 22. FINANCIAL INSTRUMENTS

### a) Fair value

The Company's financial instruments include cash, short-term investments, receivables, marketable securities, accounts payable, lease liabilities, deferred consideration liability, deferred revenue and accrued liabilities. The fair value hierarchy reflects the significance of inputs in making fair value measurements as follows:

- Level 1 – applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2 – applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

- Level 3 – applies to assets or liabilities for which there is unobservable market data.

The recorded amounts of cash, short-term investments, other receivables, accounts payable, accrued liabilities, deferred consideration liability, deferred revenue and lease liabilities approximate their respective fair values due to their short-term nature.

Financial Instruments carried at fair value:

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

- The marketable securities balance for the GBM Warrants is measured using Level 2 inputs. The fair values of the GBM Warrants have been determined using a Black-Scholes option pricing model.

- The marketable securities balance held in E3D is measured using Level 3 inputs. The value of the shares held in E3D was determined using the fair value of USD $6.82 per share which represents the price at which E3D raised funds with sophisticated third-party investors from August 2023 to January 2024. The share price which is at arm's length and occurred close to balance sheet date is an unobservable input and is considered to be an appropriate measure of fair value of the E3D shares. A 5% movement in the transaction price of E3D shares would have resulted in a movement of $810,000 in net assets (December 31, 2022: $762,000) Refer to note 5.

- The marketable securities balance held in SCM is measured using Level 3 inputs. The US$5.38 per share fair value was determined considering a number of factors including the fair value by SCM by an independent valuer upon acquisition of the San Cristobel Mine further supported by the December 31, 2023 cashflow model. Key assumptions underlying the cashflow model were commodity prices and discount rate. A 5% increase/decrease in the commodity prices would have resulted in a $2,860,000 increase or $3,477,000 decrease in net assets respectively. A 5% increase/decrease in the discount rate would have resulted in a movement of $320,000 in net assets.

| | Fair Value Hierarchy | | | |
|---|---|---|---|---|
| | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
| **As at December 31, 2023** | | | | |
| **Financial assets at Fair Value** | | | | |
| Marketable securities | 1,432 | - | 32,963 | 34,395 |
| **Total December 31, 2023** | **1,432** | **-** | **32,963** | **34,395** |
| **As at December 31, 2022** | | | | |
| **Financial assets at Fair Value** | | | | |
| Marketable Securities | 2,380 | 9 | 18,312 | 20,701 |
| **Total December 31, 2022** | **2,380** | **9** | **18,312** | **20,701** |

| | December 31, 2023<br>$'000 | December 31, 2022<br>$'000 |
|---|---|---|
| **Reconciliation of the fair value measurement of Level 3 unlisted investments** | | |
| Opening balance | 18,312 | 16,507 |
| Additions | - | 397 |
| Remeasurement recognised through other comprehensive income | 14,651 | 1,408 |
| Remeasurement recognised through profit and loss | - | - |
| **Closing balance** | **32,963** | **18,312** |

## b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. 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, however these amounts are subject to credit risk. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. The Company's maximum exposure to credit risk for cash and short-term investments is their carrying amount as per the statement of financial position.

## c) Foreign exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk, primarily United States and Australian dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant company. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

### d) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and cash needs over the short-term. The Company has a practice of paying its outstanding payables within 30 days. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

| As at December 31, 2023 | Within 1 year $'000 | Within 1-2 years $'000 | Within 2-3 years $'000 | Within 3+ years $'000 | Total $'000 |
|---|---|---|---|---|---|
| Trade and other payables | 3,446 | - | - | - | **3,446** |
| Deferred consideration | 2,700 | 2,340 | 9,001 | - | **14,041** |
| Leases | 1,260 | 168 | 173 | 162 | **1,763** |

| As at December 31, 2022 | Within 1 year $'000 | Within 1-2 years $'000 | Within 2-3 years $'000 | Within 3+ years $'000 | Total $'000 |
|---|---|---|---|---|---|
| Trade and other payables | 6,252 | - | - | - | **6,252** |
| Leases | 4,765 | 2,190 | 207 | - | **7,162** |

### e) Price Risk

The Company is exposed to price risk with respect to its marketable securities. At December 31, 2023, a 5% movement in the market value of marketable securities would have resulted in a movement of $1,720,000 in net equity (December 31, 2022: $344,000). For the year ended December 31, 2023, the Company did not enter or hold any commodity derivatives (period ended December 31, 2022: $nil).

### f) Interest Rate Risk

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

## 23. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its business objectives. A flexible capital structure which optimizes the costs of capital at an acceptable risk is maintained by the Company.

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

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

## 24. SEGMENT INFORMATION

The Company's reportable operating segment consists of exploration operations and is reported in a manner consistent with internal reporting used to assess the performance and make decisions about resources to be allocated to the segment.

The mining operation / care and maintenance operation is no longer reflected in the note below due to the divestment of the Nullagine Gold Project.
The information reported below as at and for the period ended December 31, 2023 and the period ended December 31, 2022 is based on the information provided to the Chief Executive Officer.

| December 31,2023 | Exploration operations $'000 | Unallocated $'000 | Total $'000 |
|---|---|---|---|
| Depreciation | (3,898) | - | (3,898) |
| Lease interest expense | (376) | - | (376) |
| Exploration expenditure | (14,939) | - | (14,939) |
| Impairment of exploration and evaluation assets | (9,253) | - | (9,253) |
| Loss on sale of exploration and evaluation assets | (6,147) | - | (6,147) |
| Unallocated corporate expenses | - | (6,779) | (6,779) |
| Other income | - | 1,037 | 1,037 |
| Deferred consideration | | (10,812) | (10,812) |
| Interest revenue | - | 701 | 701 |
| Finance expense | - | (375) | (375) |
| Segment result - loss for the period before tax | (35,216) | (14,174) | (49,390) |
| Total assets | 69,607 | 36,844 | 106,451 |
| Additions to non current assets | - | 97 | 97 |
| Total liabilities | 17,775 | 3,754 | 21,529 |

**By location**

| | Australia $'000 | North America $'000 | Total $'000 |
|---|---|---|---|
| Non current assets by location | 48,097 | - | 48,097 |

| December 31,2022 | Exploration operations $'000 | Unallocated $'000 | Total $'000 |
|---|---|---|---|
| Depreciation | (949) | - | (949) |
| Lease interest expense | (67) | - | (67) |
| Exploration expenditure | (20,097) | - | (20,097) |
| Unallocated corporate expenses | - | (8,570) | (8,570) |
| Other income | | 22,871 | 22,871 |
| Interest revenue | - | 967 | 967 |
| Finance expense | - | (6,673) | (6,673) |
| Segment result - loss for the period before tax | (26,284) | 8,982 | (17,302) |
| Total assets | 90,440 | 50,396 | 140,836 |
| Additions to non current assets | 1,472 | - | 1,472 |
| Total liabilities | 14,570 | 7,366 | 21,936 |

**By location**

| | Australia $'000 | North America $'000 | Total $'000 |
|---|---|---|---|
| Non current assets by location | 178,930 | - | 178,930 |

## 25. SUBSEQUENT EVENTS

The following event occurred after the reporting date:

- The cash consideration relating to the Harding Battery Metals Joint Operation transaction with SQM was received January 4, 2024 when the transaction completed.

- On January 8, 2024 Kali Metals Limited commenced trading on the ASX. The Company as a shareholder of Kalamazoo received 566,947 shares as an in specie distribution.