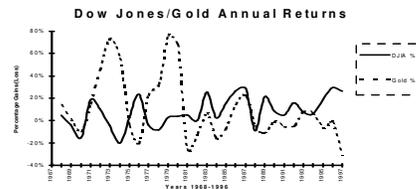




Gold

Energy & Tech Stocks



Monthly Newsletter

(Now in our 34th Year)

February 13, 2015

The Most Exciting (Legitimate) Gold Exploration Story I Have Seen!

Novo Resources Corp.



Business: Exploration and development of a 70%-owned Witwatersrand-like gold deposit in N.W. Australia

Trades Canada (CSNX):	NVO
USOTC:	NSRPF
Shares Outstanding:	61,649,358
Major Shareholder – Newmont ² :	28%
Recommended 8/9/13:	US \$0.795
Price 2/12/15:	US \$1.00
Market Cap:	US \$61.6 million
Working Capital 10/30/15:	\$11 million
“Inferred” Gold Resource ¹ :	421,000 ounces
Mining Target (near term):	Open-pit leachable
Progress Rating:	A3
Phone Number:	604-688-9588
Web Site:	http://www.novoresources.com

¹Maiden inferred resource grades 1.47 g/t. ²Newmont and other insiders collectively own over 50% of the outstanding shares.

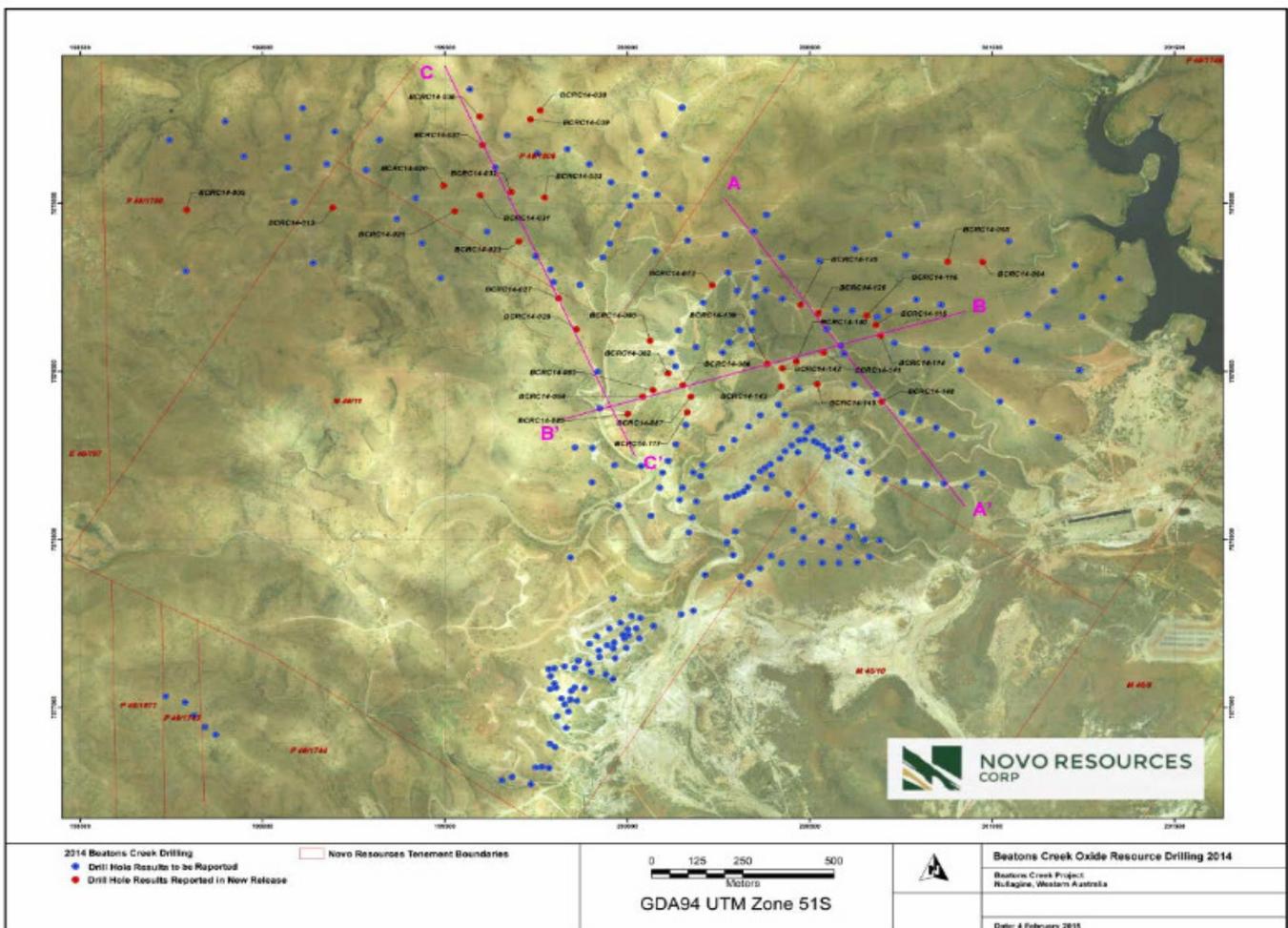
It's difficult to get this old geezer as excited today about investing (or anything) as it was in the days when I first started writing this newsletter back in 1981. But the juices are flowing once again as I fathom the potential for Novo Resources Corp. as it explores it's amazing Beatons Creek Gold Deposit in Australia. You will note that I parenthetically added the word “legitimate” in the headline above because there was a time in the days of my youth when I naively wrote about some alleged near-surface prospects in the deserts of southwestern U.S. during the mid 1980s. Some promoters of questionable ethics convinced me (and others) to invest and write about their stories. But with many years of experience, this time around I vetted the Novo Resources Corp. story with a number of mining company professionals before I first broke this story to my readers on August 9, 2013.

Although I wrote about Novo last month, the reason I am not only writing about it so soon again, but putting it on the front page of my monthly letter is because it now seems to me that the company's Australian project could be much better, much sooner than I had previously thought. The prospects of discovering another amazing Witwatersrand deposit is of course, the longer-term focal point of my interest. But what has me so excited now are not only gold assay values reported this past week in the company's Wednesday press release, but the realization that owing to the extreme nugget effect, the

grades to be mined there may actually be much higher than the company's maiden NI 43-101 grade of 1.47 g/t. And in a few months when a new resource is announced, I'm quite sure we will see a much larger number than the 420,000-oz. maiden resource not only because of higher grades but also because many more samples over a considerably larger area will be factored into the new calculation. Following are some key reasons for my optimism.

Assays Announced on Feb. 9, 2015 – Novo released 50 shallow drill results on Feb. 9 that revealed an uncut average grade of 2.27 g/t. That is approximately 54% higher than the 1.47 g/t average grade for the company's maiden 420,000-oz. resource. To be clear, there were some outlier grades that skewed the average, like 1 meter of 9.09 g/t, 1 meter of 11.32 g/t, and 2 meters of 8.12 g/t. This higher average grade may be due to the use of very large-sized reverse circulation drill samples. But even with these larger drill samples, it may well be that these grades are 20% to 30% or more below their actual grades. Indeed, bulk samples taken from outcrops on the property as reported by the company this past October averaged 3.36 g/t, which is 48% higher the 2.27 g/t noted above.

Regardless, these grades are already high for near-surface open-pit mining prospects. But of equal importance is that mineralization remains continuous over three 1-kilometer strike lengths shown on the map below, labeled A, B, and C. You may start to get an appreciation for the dimensions of just this small portion of the Beatons Creek Project when you note the distance between A and C. Each of the lines on the map is 1 kilometer long and the prospect remains open in all directions. Pink dots identify the location of drill core assays already reported. The blue dots represent locations of yet to be reported drill core.



In addition to continuity of high-grade oxidized material, suggesting considerable ounces of near-surface gold mineralization, there are several other factors that are exceptionally promising for Quinton Hennigh's project to commence highly profitable production at an early stage, including the following: **1) Mining should be very low cost** because the top reef to be mined first, which varies in thickness from 1 meter to 4 meters, is within 10 kilometers and because the topography of the project should allow for waste rock to be used to fill in low areas, thus negating the need to haul waste rock. Moreover, due to the soft, heavily weathered nature of these rocks and the tendency for matrix material to break away from boulder clasts, it appears that drilling and blasting will not be required. Given these factors, using simple equipment such as an excavator with a flat-edged bucket, gold-bearing conglomerates can be selectively mined, thus reducing the dilution while maintaining higher grades; **2) Potentially high operating profit margins** owing to high grades and low mining costs noted above; and **3) Potentially low capital costs** due to simplicity of mining methods and simple metallurgy with standard gravity technology able to recover 85%, and one sample that was processed with gravity and flotation recovered 91.7%. All of these factors combined with a tight share structure (Newmont owns over 30% and insiders overall own more than 50%), plus a sound treasury and a highly ethical and competent management team give me confidence in this company's short-term prospects. *And with Dr. Hennigh now pretty much proving he has discovered another Witwatersrand-type of deposit, the blue sky longer term for this prospect is greater than anything I have seen since I started writing my letter back in 1981.* That is not to take away numerous other stories I am very bullish on. But that statement is meant to let you know why Novo Resources is my largest personal holding.

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