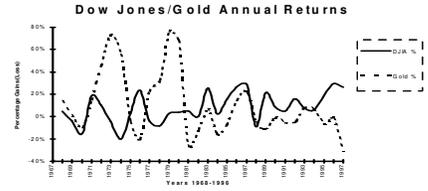




Gold

Energy & Tech Stocks



Weekly Hotline Message

(Now in our 34th Year)

September 4, 2015

Novo Resources Corp. Looks Even Better



Traded Toronto: NVO / USOTC: NSRPF / 76.7 million shares outstanding @ US\$0.52 = US\$40 million market cap. This is another company on my list with a project very similar to the GoldSource project discussed above, except that I expect the grades to be substantially higher and free milling recoveries to be substantially higher as well. For example, I am expecting average grades to be in the 3 to 4 g/t range compared to a 1.2 g/t average grade for the Eagle Mountain Project in Guyana. And free milling recoveries are anticipated to be around 80%. With a cyanide circuit, recoveries in the high 90% range would likely be realized. It may be possible the company can acquire more complete milling operation in the not-too-distant future, but given the high cost of

capital for mining projects these days, a higher gold content in the tailings may be preferable in the near term. As with the Eagle Mountain Project, mining costs will be very low, given shallow overburden and no need to blast. The gold-bearing material at Beaton's Creek breaks apart easily and thus no need for high crushing costs. I expect a new resource number that will be about double in grade if not total ounces, compared to the 1.47 g/t for the company's maiden resource of 424,000 ounces of gold. Again, based on bulk sampling results, I'm anticipating something more on the order of 3 g/t to 4 g/t. Low capital costs for a 1,200 to 1,500 tpd gravity milling operation, may be somewhat higher than the \$5.9 million for the 1,000 tpd mill at Eagle Mountain. But with an anticipated 80% recovery from material grading 3 g/t to 4 g/t should make for a highly profitable operation. Keep in mind that Dr. Quinton Hennigh has added metallurgical expertise and operating experience to his staff to enable a successful roll-out of Novo's Beaton's Creek operations as early as Q1-2016. *Of course the really big story here is the quest for the next Witwatersrand Deposit. With the proof of concept at hand, the ability to generate cash flows early on to fund exploration of something much larger makes this my favorite story and personally my largest single portfolio allocation.* But it's the prospects of being able to build the company from internally generated cash flows and prospects for robust early profits that have me so excited. Also, the stocks have been performing very well even over the past week or two when equities as a whole have been tanking.

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