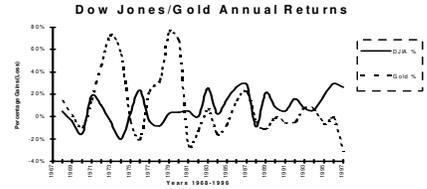




Gold

Energy & Tech Stocks

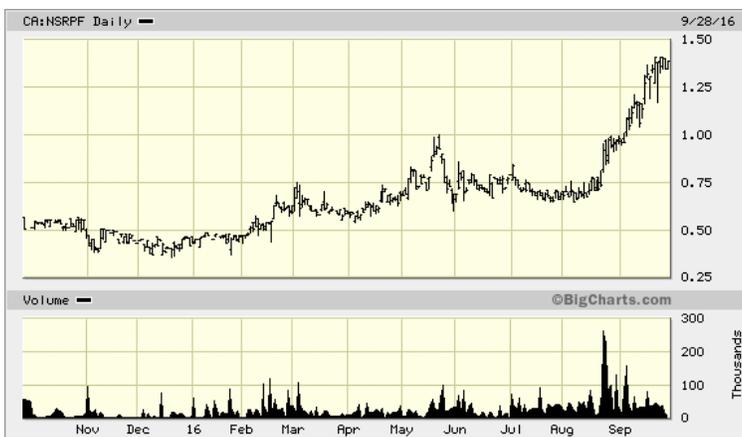


Weekly Hotline Message

(Now in our 35th Year)

September 30, 2016

Novo samples up to 11.54 g/t gold at Beatons Creek



Toronto-NVO / USOTC-NSRPF; 89.5 million shares @ US\$1.39 = 125 million market cap. The headline above was for the company's news release of Sept. 28, 2016. I doubt the market is paying as much attention to it as it should. That higher number was just one of several LeachWELL assays taken from 33 bench samples collected while excavating the company's 30,000-tonne bulk sample at its 100%-controlled Beatons Creek Gold Project. Grades range from 0.62 to 11.54 grams per tonne gold but the important number to keep in mind is the average 2.78 grams per tonne gold.

This is a very exciting development because it is strongly suggesting the grades of gold hosted in the oxide materials that Novo is about to start mining may be much higher than what the latest resource numbers indicate.

How much higher? We will know more certainly once production gets underway but in light of the latest work, based on the LeachWELL results, perhaps 65% higher! I say that because of the following factors:

- The LeachWELL assay results were from 33 bench samples collected while excavating the company's 30,000-tonne bulk sample at its 100%-controlled Beatons Creek Gold Project, as the company reported on Sept. 6, 2016.
- The resource block model of this area estimated grades ranging from about 0.5 to just under 5 grams per tonne gold and averaging 1.65 grams per tonne gold, all in the indicated category (see Novo's news release dated Sept. 16, 2015).
- The average grade from the LeachWELL assays of 2.78 gpt gold is roughly 65% higher than the average from this portion of the project that is included in the company's overall 43-101 resource of 558,000 ounces, of which 495,000 are oxide ounces, in all categories.

Novo decided to extract its 30,000-tonne bulk sample from this particular location because resource blocks display a wide range of grades, and because the overall grade of this bench was predicted to be somewhat

lower than that of the greater oxide resource. Because of the high nugget effect at Beatons Creek, and because it has been suspected that reverse circulation drilling significantly under-represents grades (please refer to Novo's news release dated April 21, 2015), Novo wanted to test an area with lower-grade material to better understand its impact. **It is worth noting that of 33 bench samples, 4 reported grades lower than nearby resource blocks, whereas 29 reported grades similar to or better than nearby resource blocks.**

I think that last sentence is very important, which is why I highlighted it. With 29/33 samples, or 88% of the samples, being higher with the LeachWELL assays, that would suggest the higher values using the LeachWELL assay methodology is no fluke. Samples were taken according to Novo's costean sampling protocol, in which 50 kilograms of representative gold-bearing conglomerate were collected, in this case, from small trenches dug into the prestripped target horizon prior to extraction.

Of course the definitive grade will be derived after Novo finishes processing its 30,000-tonne sample of mineralized conglomerate. As Dr. Hennigh said "While preliminary, these results suggest grades might be higher than we think. Processing of the bulk sampling material will provide further understanding. We eagerly await these results expected back later this year." During processing, coarse gold particles are recovered and samples of tailings are collected such that a more refined estimation of grade can be attained. Results from this exercise are expected later this year.

Bench samples discussed in this news release were collected under the supervision of Dr. Hennigh. They were taken through thoroughly oxidized gold-bearing reef material, and are representative and can be considered bulk samples given their large size (approximately 50 kilograms).

Samples were submitted to Genalysis Laboratories in Perth, Western Australia, for analysis. Preparation entails crushing the entire sample to minus two millimeters and pulverizing a nine-kilogram split to 80 to 100 microns. A three-kilogram split of pulverized material is subjected to the LeachWELL technique, an accelerated CN leach (six-hour leach time) then subjected to analysis by mass spectrometry.

We should start to see a host of very exciting assays coming from various high-grade targets that Dr. Hennigh has assembled, not only at Beatons Creek but also at the Talga Talga Gold Project, the 100% interest in the Blue Spec Gold-Antimony Project, and from options covering approximately 400 square kilometers over the Mosquito Creek Basin, all in the Pilbara region of Western Australia. Novo also controls a 100% interest in approximately 2 square kilometers covering much of the Tuscarora Gold-Silver Vein District, Nevada.

I have allocated roughly 1/3 of my retirement account to Novo Resources. There are many other stories in this letter that I love as well. But I have never been more pleased with developments of this company than I am now.

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