Novo Resources strikes gold at Purdy's Reward

A view of Novo Resources and Artemis Resources' Purdy's Reward and Comet Wells paleoplacer gold projects in Western Australia. Credit: Novo Resources.

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VANCOUVER — Shares of **Novo Resources** (TSXV: NVO; USOTC: NSRPF) have been on a climb since the company announced on July 12 it had found gold nuggets up to 4 cm long during trenching at its Purdy's Reward paleoplacer gold prospect in Western Australia.

The company's stock nearly tripled from 96¢, only to gain another 33¢ to $3.15 per share on Aug. 8, when **assay results** of a 700-kg bulk sample delivered 87.8 grams gold per tonne and 46.1 grams per tonne.

The sample represents the top metre of an 11-metre thick stacked sequence of mineralized conglomerates, similar in style to deposits seen within South Africa's 1.5 billion oz. gold Witwatersrand Basin.

"It's still early days, but this is certainly a great start," Quinton Hennigh, president of Novo, tells *The Northern Miner* during a phone interview.

"We're developing a sampling and analytical protocol to match this unusual deposit. There is always a risk of overstating grades in a nuggets system, but you can also understate grades by taking a small, unrepresentative sample. This data goes a long way toward telling us the appropriate sample size."

Gold nuggets collected from conglomerates at Novo Resources and Artemis Resources' Purdy's Reward paleoplacer gold project in Western Australia. Credit: Artemis Resources.

The watermelon-seed shaped nuggets were originally eroded out of an ancient gold system and re-deposited via rivers in a large outwash zone.

Novo has traced the nugget-rich, 2.7 billion year old conglomeratic package almost continuously along an 8-km strike length. The rocks dip 10 degrees to the southeast under a cover of basalts.

“We’ve never drilled the target, and have no information about the conglomerates down-dip,” Hennigh says. “There’s a historic drill hole that an Australian mining company did 55 km south of Purdy’s which returned 1 metre of 12 gram gold. And from what we see in the photos, it looks similar so we’re hopeful this could be a big system.”

Hennigh has been hunting for a Witwatersrand-type deposit in Western Australia’s Pilbara craton for years, and for a good reason: the Archean-age chunk of crust was once adjoined to South Africa’s Kaapaval craton and its prolific gold deposits. Both the Kaapaval and Pilbara are two of the oldest cratons left on earth. They formed 3.9 billion years ago, when chains of volcanic islands accreted continents of greenstone belts surrounded by an ocean and in an atmosphere devoid of oxygen.

The Wits basin got its start around 3 billion years ago when the greenstone belts of the Kaapaval craton began to erode, blanketing a 300-metre long basin with sediments up to 7 km thick.

The majority of the gold is found in two stratigraphic levels of the Wits basin — the Main Reef and Bird Reef — and is often associated with carbon.

However, the source and deposition of gold in the Wits has been debated for a hundred years. The most accepted theory is the modified paleoplacer model — gold was washed down from the surrounding gold-rich greenstone belts, and later remobilized as the basin was deformed over the course of history.

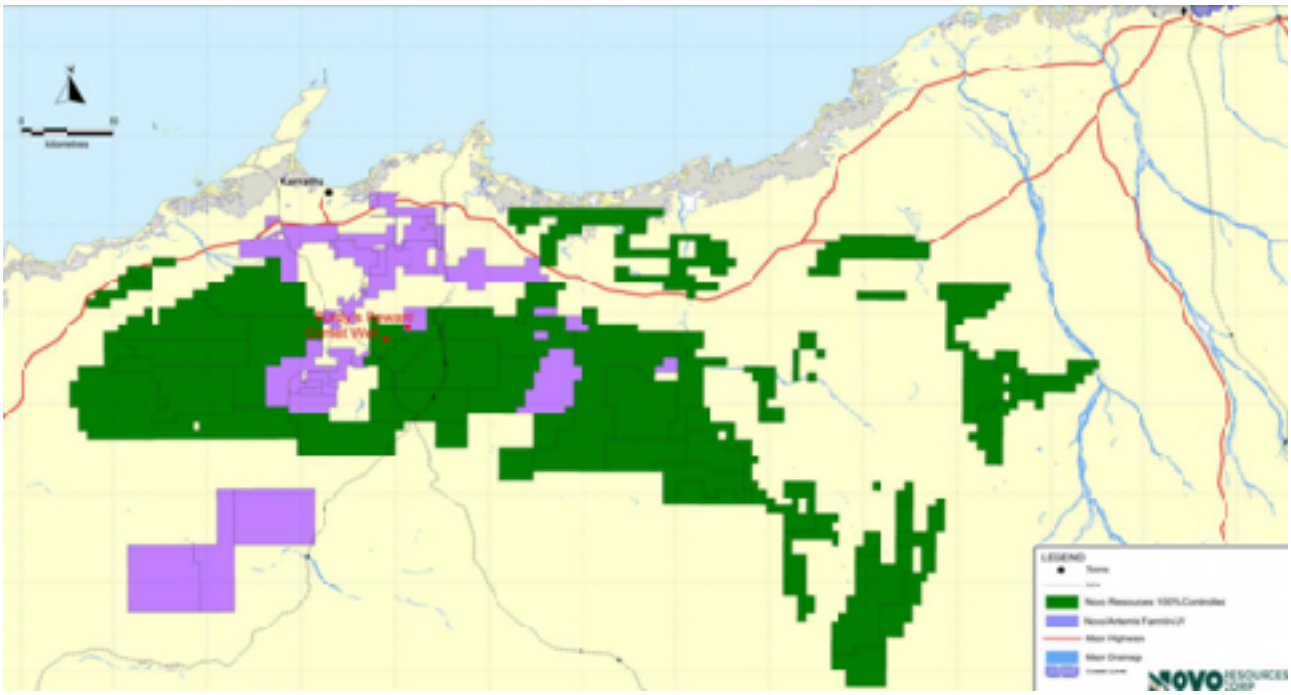
A competing theory is that the gold was carried in acidic solutions that migrated through the unconsolidated sediments and deposited in chemical traps, such as the carbon-bearing reefs.

“The tenor of gold we’re seeing at Purdy’s Reward is quite different than the Witwatersrand Basin. The Central Rand Formation in the Basin is a series of conglomerates that are 1-metre thick and contains really fine gold, whereas at Purdy’s Reward it’s 10-metres thick with really coarse gold,” Hennigh says. “What we’re potentially dealing with is a proximal version of the Witwatersrand, closer to the gold source.”

Unlike Witwatersrand, the conglomeratic horizon at Purdy’s Reward is hosted within a 50- to 100-metre thick package of sedimentary rocks underlying basalt flows, rather than a thick sedimentary basin.

Novo has consolidated a 7,600-sq km land position south of the city of Karratha, targeting possible extensions of the gold-bearing conglomerate horizon seen at Purdy’s Reward and a similar horizon at its Comet Wells project, 3 km southwest.

Purdy’s Reward is subject to an earn-in agreement with Australian explorer Artemis Resources, whereby Novo is entitled to earn 50% interest in the paleoplacer gold targets at the project, whereas Artemis retains 100% interest in all of the other minerals.



Novo Resources land position covers prospective conglomerates across 7,600 sq. km, south of Karratha, Western Australia. Credit: Novo Resources.

The company plans to test the down-dip extensions of the Purdy's Reward conglomerates with a large diameter reverse circulation drilling beginning in September, along with stream sampling, mapping and metal detecting on the broader land package.

Novo's other paleoplacer project, Beatons Creek, near the historic gold mining town of Nullagine in the eastern Pilbara, is moving towards pre-feasibility studies with potential partner Sumitomo, a Japanese trading house. Novo is preparing an internal study for Sumitomo, which will delve into the project's basic engineering and permitting. By late 2017, Sumitomo is expected to reach a decision whether to proceed with investing the project.

Beatons Creek hosts 3.4 million measured and indicated resources of 2.7 grams gold, and another 3 million tonnes of 2.7 grams gold as inferred.

Shares of Novo have traded in a 52-week range of 66¢ and $3.27 per share, and closed at $2.97 at the time of writing. The company has 119.7 million shares outstanding for a $356 million market capitalization.