

# **Novo Resources Corp.**

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## **NOVO AND ARTEMIS ESTABLISH EARN-IN/JOINT VENTURE AGREEMENT; UNVEIL A LARGE NEW GOLD PROJECT IN WESTERN AUSTRALIA**

**VANCOUVER, BC**, May 26, 2017 - **Novo Resources Corp.** (“Novo” or the “Company”) (TSX-V: NVO; OTCQX: NSRPF) is pleased to announce it has entered into a preliminary binding memorandum of agreement to farm-in and joint venture gold rights with Artemis Resources Limited (“Artemis”), an ASX-listed mining company, on Artemis’ large, 1,536 square km, exploration package in the Pilbara region of Western Australia. Novo has also recently acquired, through staking, a 100% interest in 6,021 square km in the same region targeting newly recognized conglomerate-hosted gold mineralization. This is a new style of gold mineralisation in the Karratha region that represents an exciting new discovery.

### **New Conglomerate-Hosted Gold Discovery**

In a news release dated April 11, 2017, Novo discussed acquisition of the Comet Well gold project near Karratha, Western Australia. Since that time, Novo has aggressively staked 6,771 square km of exploration licenses, mainly in the West Pilbara region (Figure 1). The basis for staking such a large land package is the recent recognition of gold-bearing conglomerates in a previously unexplored sequence of rocks near the base of the 2.7-2.85 billion year old Fortescue Group, a thick pile of sedimentary and volcanic rocks underlying vast portions of the Pilbara region.

In recent years, metal detectorists have discovered gold nuggets, sometimes in concentrated patches, over an extensive area around the city of Karratha. In 2016, several particularly rich nugget patches were found in an area approximately 45 kilometers south of Karratha near Comet Well and Artemis’s adjoining Purdy’s Reward. Detectorists have been active along an 8 km long corridor underlain by conglomerate horizons that are part of a 50-100 meter thick sequence of sedimentary rocks underlying the Mt. Roe basalt at the base of the Fortescue Group (Figures 2). This sequence of sedimentary rocks does not appear on geologic maps of the region. Of particular note, prospectors have recently discovered gold nuggets *in situ*, sometimes in abundance, in outcropping conglomerates thus confirming their origin (Figure 3).

Gold nuggets at Comet Well and Purdy’s Reward display several interesting characteristics. Most are flattened with rounded edges giving them an appearance similar to watermelon seeds. Most are coarse, +2 mm and are not attached to quartz or other minerals. Gold is of high purity, +96%, compared to lode gold from the Pilbara region that displays purities of 70-90%. Most nuggets occur in the sandy matrix of conglomerate and the sandy texture has been imparted on their surface through pressure during burial (Figure 4). Fine particles

of remobilized and re-precipitated gold occur in 2-3 mm wide halos surrounding nuggets (Figure 5). Gold-bearing conglomerates appear to have been subjected to thermal metamorphism in the form of hornfels.

Novo advises that extensive exploration work is necessary to gain an understanding of the geology of these conglomerates, let alone establish a mineral resource. However, given their substantial lateral extent and locally high concentrations of nuggets within them, Novo considers the conglomerate-hosted gold mineralization around Comet Well to be a significant new discovery. Gold-bearing conglomerates are Novo's primary exploration focus in the Pilbara, and given the vast amount of experience Novo has gained exploring such deposits at Beatons Creek, approximately 350 km east of Karratha, Novo is ideally suited to explore this exciting new discovery.

Novo has staked approximately 6,021 square km southward from Comet Well covering virtually all projected down dip extensions of gold-bearing conglomerates. The addition of the Artemis earn-in/joint venture ground brings in an additional 1,536 square km of land including critical areas of outcropping gold-bearing conglomerates such as the Purdy's Reward discovery discussed in a news release issued by Artemis on February 20, 2017 (Figure 6). Given that Artemis has already permitted exploration work, Novo plans aggressive trenching at Purdy's over the next several months followed by drilling later this year. While the development of Beatons Creek project remains Novo's main focus, Novo views the Comet Well area and its vast new Pilbara land holdings as a potential pipeline of conglomeratic gold projects upon which the Company can grow. A key component of the earn-in/joint venture agreement allows access to Artemis' permitted mill at Radio Hill, a potential benefit should economic mineralization be identified and put into production.

"The new gold discovery around Comet Well and Purdy's Reward is truly exciting," commented Dr. Quinton Hennigh, President, CEO and director of Novo Resources Corp. "Abundant gold nuggets are being found *in situ* in conglomerates at several locations along what is now an 8 km long corridor. While Novo has staked virtually all projected down dip extensions of gold-bearing conglomerates around Comet Well, the addition of the Artemis earn-in/joint venture ground brings in critical areas of outcropping gold-bearing conglomerates including the Purdy's discovery. We are looking forward to working closely with Artemis as we explore this remarkable new discovery."

"Teaming up with Novo Resources Corp. on Artemis's extensive land package around Karratha for gold-bearing conglomerates will certainly fast track the overall exploration efforts on this very exciting and new gold play in the region, commented David Lenigas, Executive Chairman of Artemis Resources Limited. "Our Purdy's Reward gold project and Novo's adjacent Comet Well gold project have now identified gold-bearing conglomerates over an 8 km strike. We look forward to partnering with Novo and creating value for our combined shareholders."

## **Key terms of the Artemis Earn-in/Joint Venture Agreement**

1. Novo will farm-in to 50% of the Gold Rights (as defined below) in Artemis's current and future tenements within 100km of Karratha (including at Purdy's Reward, Weerianna, Carlow Castle, Nickol River) by expending AUD \$2 million on exploration within two years of satisfying conditions precedent in the Farmin and JV Agreement (the Farmin Commitment).
2. Typical conditions precedent apply to the transaction, including completion of satisfactory due diligence by Novo and receipt of necessary approvals from the Australian Foreign Investment Review Board, the Western Australian Department of Mines and Petroleum, Artemis' existing JV partners and any approvals needed under ASX or TSX-V listing rules.
3. Gold and Gold Rights which Novo can earn rights to are defined as gold (and other minerals usually mined with gold) in conglomerate and/or paleoplacer style mineralisation. Novo cannot earn any rights to (i) Artemis's existing JORC compliant Resources and Reserves or (ii) future JORC compliant Resources and Reserves announced by Artemis which are not within conglomerate and/or paleoplacer style mineralization.
4. Artemis retains all rights to minerals not within conglomerate and/or paleoplacer style mineralisation.
5. During the farmin phase, Novo will sole fund exploration for Gold and will determine where the AUD \$2 million in exploration expenditure is expended.
6. Once the Farmin Commitment is satisfied, for Artemis tenements which are not within an existing joint venture agreement, Novo and Artemis will form a new 50:50 joint venture to explore for, develop and mine conglomerate and/or paleoplacer style gold mineralization. For Artemis tenements which are already within existing farmin/joint venture arrangements, Novo will join those arrangements with its rights limited to 50% of Artemis' existing rights to conglomerate and/or paleoplacer style gold mineralization (subject to obtaining necessary consents from Artemis' existing joint venture partners, which are expected in the ordinary course). Those existing farmin/joint venture arrangements are expected to continue on their current terms, subject to discussion with Artemis's existing joint venture partners.
7. Novo is to be the initial manager of the new Artemis-Novos joint venture.
8. The new Artemis and Novo joint venture includes the following key terms:
  - a. The joint venture will cover exploration for, development of, and mining of Gold only;
  - b. Novo and Artemis must contribute equally to exploration, development and mining of the Gold Rights on the tenements within the joint venture;
  - c. Failure to contribute to calls for expenditure by the Manager will result in dilution, at a rate of 1% for every AUD \$500,000 not contributed;

- d. A party's joint venture interest will be converted to a 0.5% NSR royalty if the joint venture interest drops below 5%. A non-converting party has a right to buy out the royalty at market value at any time after conversion to a royalty;
- e. No "Area of Interest" will apply, given that Novo's other Karratha tenements will not be within the new joint venture;
- f. The joint venture parties agree to assess the possibility of utilising Artemis's 425,000 tpa Radio Hill treatment plant for treatment of ore from any new Gold mine pursued by the joint venture, with the view to fast tracking project development; and
- g. Other customary and typical joint venture terms will apply.

Quinton Hennigh (Ph.D., P.Geo.) is the Qualified Person pursuant to National Instrument 43-101 responsible for, and having reviewed and approved, the technical information contained in this news release. Dr. Hennigh is President, CEO and a Director of Novo.

### **About Novo Resources Corp.**

Novo's focus is to evaluate, acquire and explore gold properties. Indirect subsidiaries of Novo hold a 100% interest in the Beatons Creek gold project, a 70% interest in properties surrounding Beatons Creek and Marble Bar, a 100% interest in the Blue Spec gold-antimony project, and options covering approximately 400 square km over the Mosquito Creek Basin, all in the Pilbara region, Western Australia. Novo also controls a 100% interest in approximately 2 sq km covering much of the Tuscarora Au-Ag vein district, Nevada. For more information, please contact Leo Karabelas at (416) 543-3120 or e-mail [leo@novoresources.com](mailto:leo@novoresources.com).

On Behalf of the Board of Directors,

### **Novo Resources Corp.**

*"Quinton Hennigh"*

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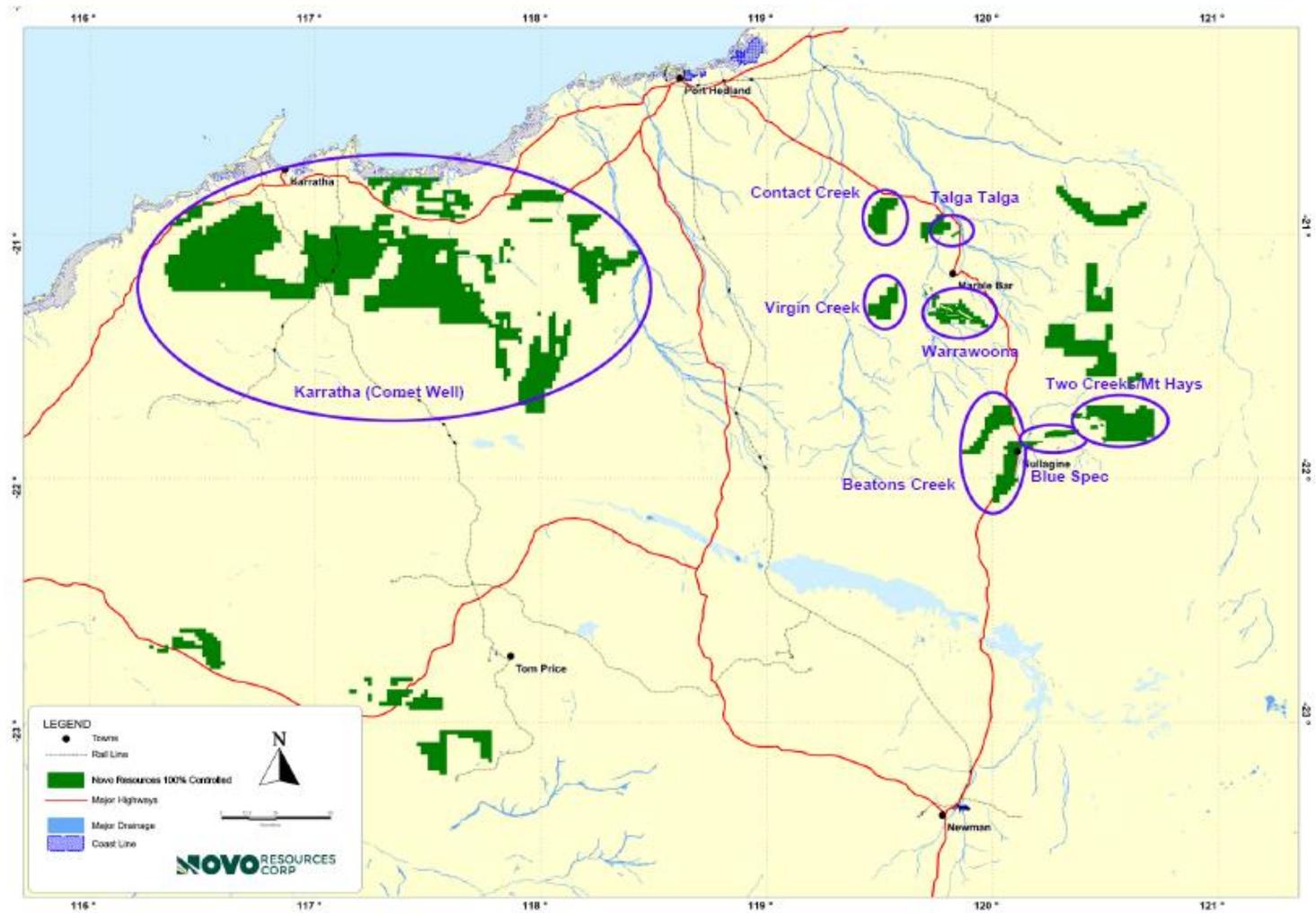
Quinton Hennigh  
CEO and President

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### **Forward-looking information**

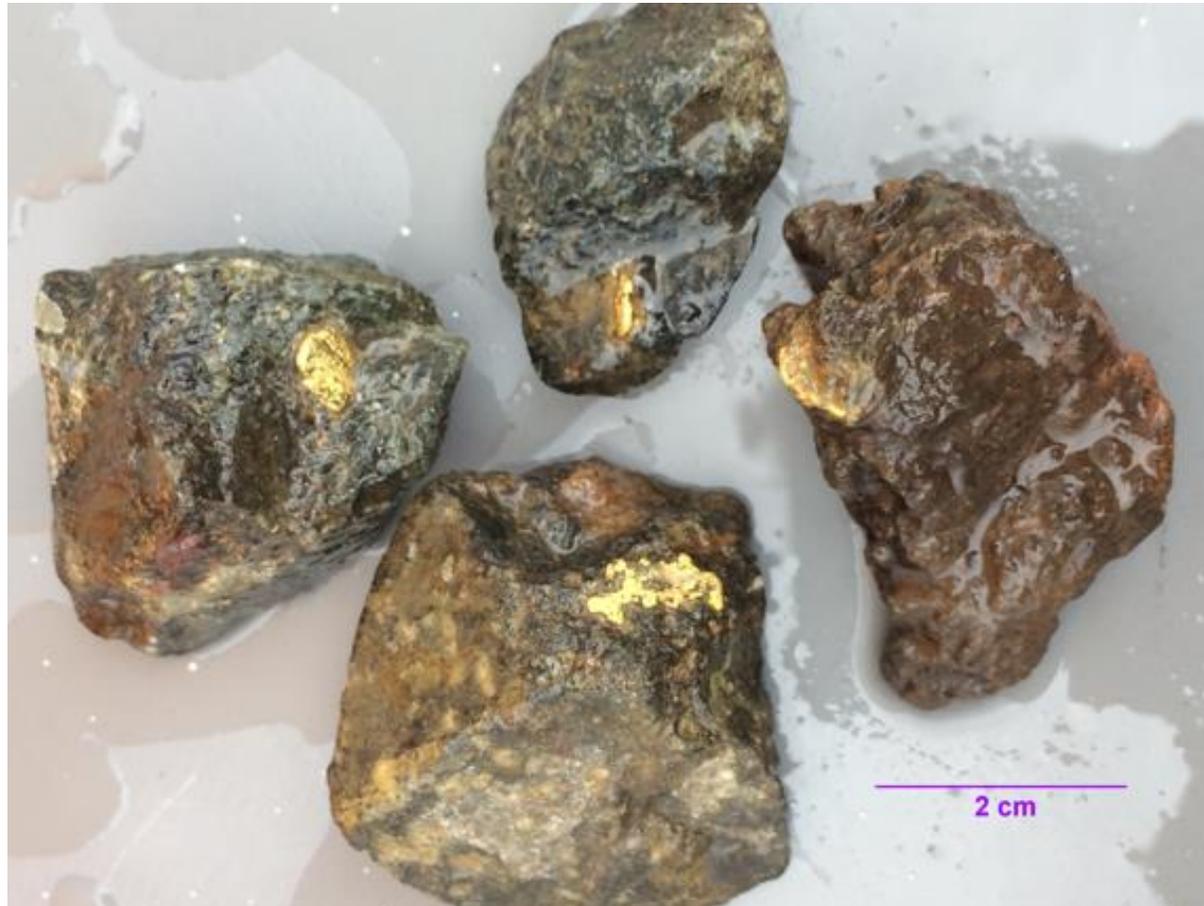
Some statements in this news release contain forward-looking information (within the meaning of Canadian securities legislation) including, without limitation, statements as to the expected receipt of results from various exploration and testing activities. Forward-looking statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, without limitation, customary risks of the mineral resource exploration industry as well as Novo having sufficient cash to fund the planned drilling and other exploration activities.

(Figure 1: Map showing Novo Resources Corp Pilbara land holdings.)





**(Figure 2: Photograph of the Comet Well area looking south. Weathered, gold-bearing conglomerates occupy the foreground. Note liberated quartz cobbles scattered across the surface. Mt. Roe basalt underlies the hills in the middle ground and the Cooya Pooya dolerite sill forms the ridge in the back. These rocks comprise the base of the Fortescue Group in this area and dip shallowly, less than 5 degrees, to the south. Novo-Artemis farm-in/joint venture ground covers the foreground. Novo's 100% controlled ground lies in the distance and further into the basin.)**



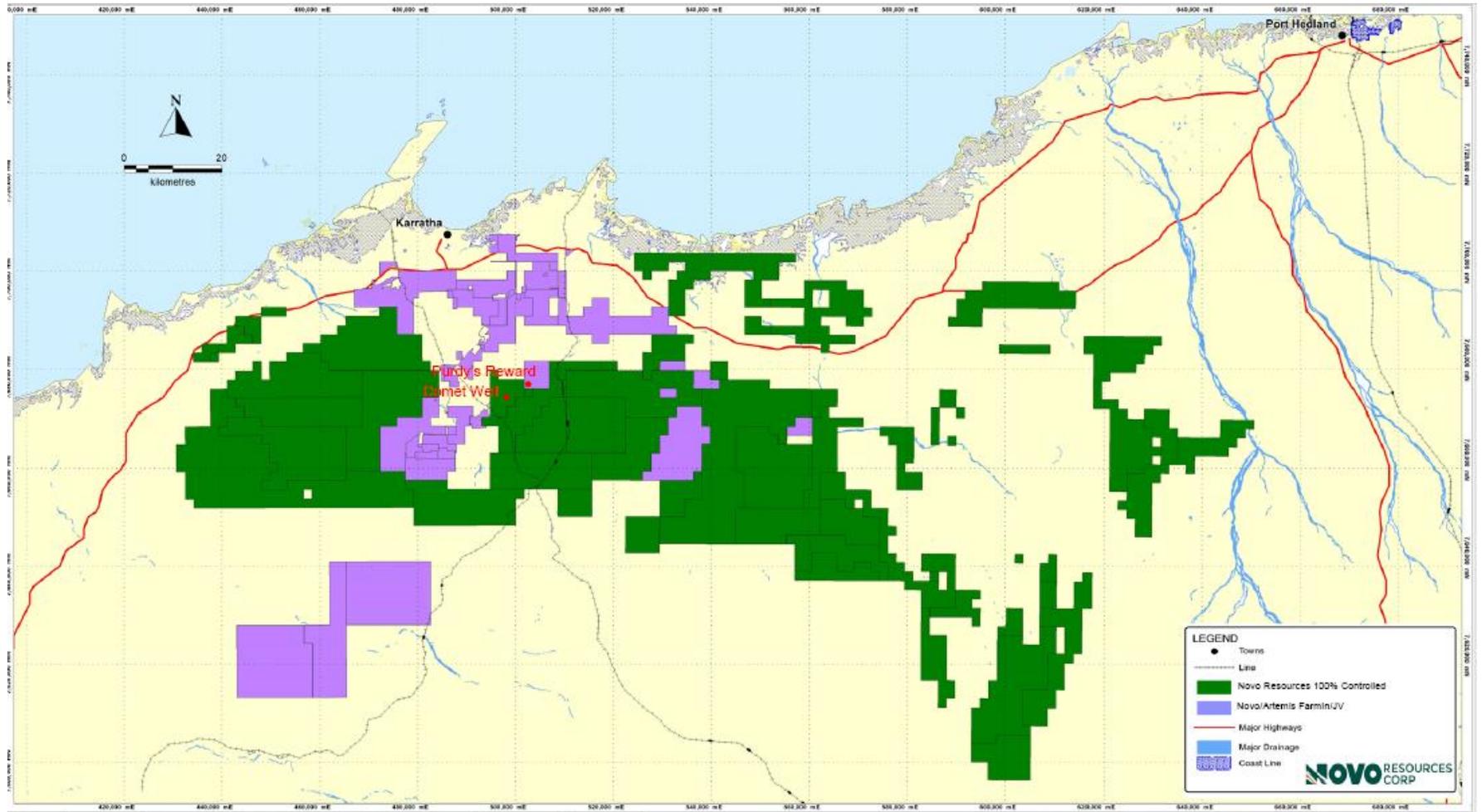
**(Figure 3: Examples of *in situ* gold nuggets frozen in matrix material from the Comet Well and Purdy's Reward area. Rock is dark grey-green to brown hornfelsed sandy conglomerate. Gold is high purity, 96-98%, setting it apart from that from basement-hosted lode gold deposits which commonly displays purities of 70-95%. Note that nuggets are rounded, clear evidence they are detrital in origin. Multiple outcrops of gold-bearing conglomerate have recently been identified at Comet Well and Purdy's Reward. Novo plans to assess such areas first during upcoming exploration activities.)**



**(Figure 4: Liberated “watermelon seed” type gold nugget from the Comet Well area. Blue lines are 1 mm apart. Note the dimpled surface, a result of imprinting of sandy matrix on the nugget during compaction after burial. Otherwise, the original shape of the nugget is well-preserved.)**



**(Figure 5: Cross sectional view of a “watermelon seed” style gold nugget in a sawn slab of gold-bearing conglomerate. The dark grey-green color is likely a product of thermal metamorphism, hornfels, of the original rock. Note the crenulated texture around the edge of the nugget. Encircling the nugget is a cloud of very fine gold, likely remobilized during burial or metamorphism. Such dispersed gold is common around *in situ* nuggets at Comet Well and Purdy’s Reward.)**



(Figure 6: Novo 100% controlled and Novo-Artemis farm-in/joint venture holdings in the Karratha region.)