



CHAIRMAN'S INTERVIEW

John Hathaway (left) and Dr. Thomas S. Kaplan (right)

On Friday, December 3, 2021, John Hathaway, CFA — portfolio manager of Sprott Hathaway Special Situations Strategy and co-portfolio manager of the Sprott Gold Equity Fund — sat down with Dr. Thomas S. Kaplan, chairman of the board of directors at NOVAGOLD and chairman and CEO of The Electrum Group. The two discussed gold's market trajectory, jurisdictional safety, and cryptocurrencies — and why Tom thinks NOVAGOLD has the potential to significantly outperform its peer group. The interview has been edited both for length and for clarity; to watch a video of the conversation, please visit novagold.com/media-gallery.

This interview should be read in conjunction with the cautionary statements and the "Mineral Reserves & Mineral Resources" information on page 35. All figures are in USD unless otherwise stated.

John Hathaway: Tom, it's so nice to see you. Thank you for inviting me.

Dr. Thomas S. Kaplan: The pleasure is mine. And so is the honor.

I've known you forever, it seems.

You have.

Through many iterations. What led you to NOVAGOLD after Apex, African Platinum – or, as then known, South African Resources – and a few other things along the way, not to mention your other interests that are not remotely gold-oriented? But maybe they all fit together.

It may simply be because I'm shallow and superficial, but I am clearly drawn to the iconic. I'm drawn to beauty. I'm drawn to great assets – those things which really give me a sense of joy when I'm engaged with them. And that runs the gamut. So, in my business career, I've had the great luck of being able to either discover – in the case of silver, platinum, natural gas – or to take control of assets that are really category-killers in their space, and which have almost always ended up being in the portfolios of much larger companies who needed these kinds of assets to move the needle in their own reserves or production.

There is something of a correlation when you look at my other interests too. In art, for example, I'm drawn to Rembrandt. There isn't any list of the greatest painters of all time which doesn't include Rembrandt and several other artists that I love. It's that combination of intensity and beauty – similarly with a passion that, for me, is even something that burns brighter than art: wildlife conservation. I've always been drawn to the big cats – actually all cats, big and small. There's something about the grace and the beauty and the power of cats that has a certain charisma. They are iconic, they're at the top of the food chain, and they're the umbrella species under which if you save them, you've also saved all the flora and fauna in these critical ecosystems. So, whether it's assets or whether it's other beautiful subjects, there is that commonality of the iconic nature.

NOVAGOLD, in many respects, embodies my arc in the mining world. When I began my career in the nineties with Apex Silver and through our own engagement in African Platinum, which was taken over by Impala – and indeed in NOVAGOLD itself – what my career has shown is two very distinct features. The first has been the constant in my career: this gravitational pull toward category-killer assets. Assets which any larger company would want to own at a price if given the opportunity. I've come to believe that no matter how sophisticated a piece of paper is when you're doing a transaction and making an investment, at the end of the day it's all about the assets.

If you don't have a high-quality asset, but you've got the best kind of piece of paper, you're still going to lose money and it's only going to be heartache. It's all about the assets. And if you superimpose onto those assets great management teams, then you can deliver outstanding returns. In silver we had a 200X return and that got me started. And then we went into platinum, in which we had a 100X return, and hydrocarbons a 100X return. We then sold everything in 2007 in order to pivot into gold and silver. It was the only thing that I really believed in. And I was lucky. We were able to make exits in hydrocarbons to Encana, in platinum to Impala. And so when we entered the financial crisis, I had capital and conviction, and whenever I have capital and conviction in something, it proves to be a lethal combination.

You say that's dangerous.

It is, it really is. Now, I had coveted NOVAGOLD for years, and I had watched it go from a 60 cent stock to \$14, \$15 when Barrick made a hostile takeover attempt in 2006. I didn't own it. So I'm not taking any credit for having owned it. I fell into that trap that investors sometimes face and thought I missed it instead of realizing you do not make money looking in the rear-view mirror. I watched the company and shareholders reject the Barrick bid and the stock went to \$19.74 CAD. Again, I didn't own it, but I did watch as it made a round trip and at different intervals, I would look and say, maybe now is the time to strike.

What was it that attracted me to NOVAGOLD? Donlin Gold. I really felt that Donlin Gold was the ultimate category-killer. I had that sense that the Donlin Gold trend could be something

akin to the Carlin trend – not necessarily the same kind of system, but in terms of how the next big discovery at Carlin would lead to another discovery. And when we realized that the 30, 40 million ounces that we could see in 2008 were on a small percentage of the entire land package – concentrated on a three-kilometer area that had been heavily drilled, as well as being open at depth – I sent my chief geologist to assess it. This geologist, Dr. Larry Buchanan, is one of the great exploration geologists in the world. The Buchanan model is a textbook analysis of epithermal deposits that's still unrivaled to this day.

And I sent Larry out and I said, "What do you think?" (This was after we'd already made the deal, which gave us effective

control.) I asked, "Are the 40 million ounces there?" And he said, "Oh no." For a moment my heart sank. We're already in it. And he said, "I think there's at least double, maybe more. In fact, I think that the next Donlin Gold is at Donlin Gold." If you're in the mining industry, you know, it's an old adage: If you're going out in search of elephants, go to elephant country. And what he was basically saying was in terms of the geological potential at Donlin Gold, we were perhaps just scratching the surface. Now this got me

extremely excited despite the fact that everything that I know about mining development and operations would fit very generously into a thimble.

So when I got this conviction that NOVAGOLD was going to give me all the leverage I could possibly want to the underlying gold thesis, I realized we had a tiger by the tail. Now, up until that time – when we came into NOVAGOLD in 2008 – Electrum had perhaps the most widespread and diversified exploration portfolio in the world. I was the largest holder of mineral rights in mining, so I was told, in the Islamic world from

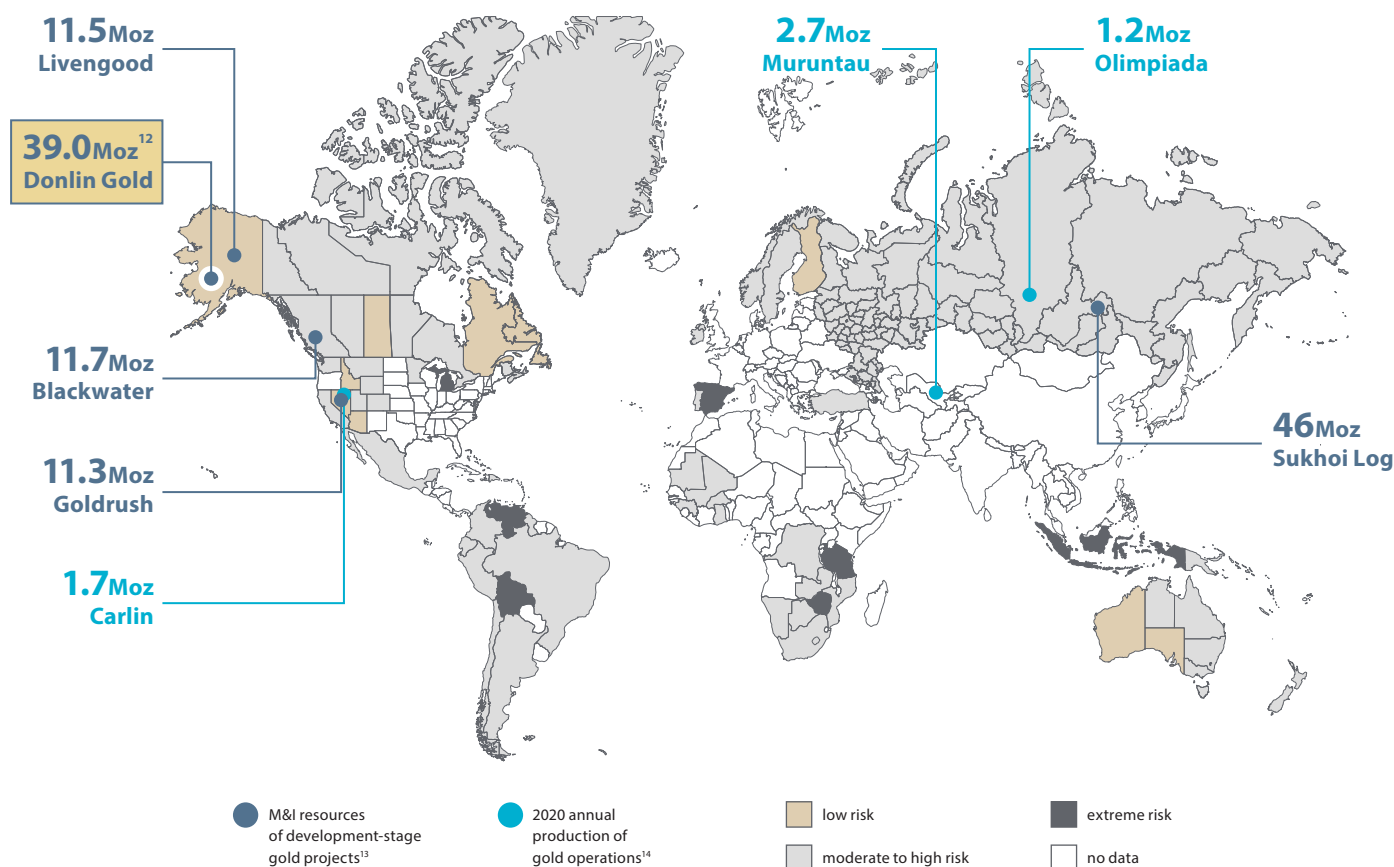
Mauritania all the way through to Pakistan, and it was one of the things that got me to open up doors and ultimately become partners with sovereign wealth funds from the Arabian Gulf. But around the time that we made the investment in NOVAGOLD, I'd come to believe that the era of "Go where the gold is" mentality was coming to an end. And that ultimately investors such as myself would gravitate toward jurisdictions where the rule of law wasn't a novelty, where when you go to sleep at night you feel completely confident that when you wake up in the morning, what you thought you own the evening before, you still own. Therefore, I changed my mantra. So the mantra went from being "seek out great assets that give you extraordinary leverage to an underlying theme," to "seek out great assets that give you extraordinary leverage to an underlying theme in a jurisdiction that will allow you to keep the fruits of that leverage when the time comes to ring the cash register."

Ultimately, we have in the picture a big partner who owns 50 percent. So some of it would be the dynamics between the two partners. Do you think that can be monetized? A lot of this is unknown at this stage, but we know that you have a scarce asset. Gold is in itself scarce. Maybe you could just talk about the various things that would come into play in advancing NOVAGOLD. Why, in your opinion, will this particular asset outperform its peer group?

NOVAGOLD is the flagship asset of The Electrum Group. We have interests in multiple gold and silver assets – hence the name Electrum, which is a naturally occurring alloy of gold and silver – in North America as well as some exposure to Australia. For us, Donlin Gold is the holy grail. And the reason I say that is because we believe that Donlin Gold, as a vehicle for investors to be able to get true octane in the development space in gold, is unique. What does it mean to be unique? What it means is that when you look at Donlin Gold's attributes... Its size: There's never been a gold mine that began production with 40 million ounces plus. The scale: We're talking about something that could be a million-ounce-a-year producer. The mine life: It is projected to start with 27 years of production. The cost structure: Because it is projected to be a high-grade mine for a



JURISDICTIONAL SAFETY¹¹



large-scale open pit, between two and three grams, it could be one of the lowest-cost producers in the world.

Then you have to take into account the fact that it's in the safest part of the world, for which a premium should be attached. Before we entered into the "Go where the gold is" mentality in the early 1990s, particularly led by Newmont's move into Yanacocha with Buenaventura, gold assets were pretty much valued as follows: U.S. assets were valued using a 0 percent discount rate because they were considered to be the safe jurisdictions. And if you had exploration potential, all the better. These were arbitrated against the risky jurisdictions: Australia, Canada, and South Africa. That just shows you how far we came because once Newmont went into Peru and then into Uzbekistan – and you had Barrick following suit into Chile and ultimately looking for gold in Russia and Freeport into Irian Jaya – everything changed. And at a certain point, it came around to the assets in North America being valued lower than in these other jurisdictions because it was assumed that the

constraints on permitting and environmental considerations would mean longer lead times.

So you were getting higher valuations for assets in Africa than you were in North America. When we pivoted away from the developing world into what we called the safe jurisdictions – now what would be known as the Tier-One jurisdictions – at least in my case people couldn't say, "Well Tom, you're talking your own book. You've taken a stake in NOVAGOLD." It's not exactly true. I'd become the largest holder of Moto Goldmines at the same time. And we engineered the sale of Moto to Mark Bristow and Randgold and AngloGold. So we were still willing to take opportunistic bets in the developing world, but we viewed that as being a warrant, as opposed to being a stock. The true stocks were U.S., Canada, Mexico, and Australia. Now, when you look at NOVAGOLD, what you see is this combination of Donlin Gold's size, grade, exploration potential, production profile, and cost structure. And superimposed upon all that is jurisdictional safety. Alaska is a state that welcomes mining.

It is already the second largest gold-producing state after Nevada. We are very blessed to have our Native Corporation partners at the local level, the Calista Corporation and The Kuskokwim Corporation, and to have as our strategic partner Barrick Gold. As a consequence, the level of professionalism that came from the NOVAGOLD team and the support that we had at the local level and at the government level in Alaska and, ultimately, the federal government allowed us to be able to do something that a lot of people thought would be too hard to do. We got a Record of Decision. In fact, it was the first time that the Bureau of Land Management and the U.S. Army

“We have, like the tortoise and the hare, taken [Donlin Gold] up the value chain while other projects that people thought would go into production have, like the hare, fallen by the wayside. Donlin Gold is on the path. I believe that Donlin Gold will be a producer for decades to come.”

Corps of Engineers combined to provide a joint Record of Decision – something that so moved them to have their own ceremony to celebrate the occasion. One of the great things about Donlin Gold is that anyone who goes to Alaska – and Mark Bristow has now been there a couple of times and seen it firsthand – realizes the depth of support that we have from Calista and TKC, the owners of the mineral and surface rights, but all the way through to the governors and to the senators themselves. Donlin Gold is now viewed as the flagship for gold development in Alaska.

When you combine all of these factors, what you have is a situation where I’m often asked, “Why do you say that Donlin Gold is unique?” The reasons are when you look at the

combination of attributes of this asset, you realize that there is no other in the world like it. No mining project has ever begun production with over 40 million ounces. NOVAGOLD’s resources are only on three kilometers of a mineral belt that is eight kilometers. And those eight kilometers represent only 5 percent of the total land package. We’re just simply following an old adage that if you’re going to look for elephants, go to elephant country. There are only a few mines in the world that can have that kind of production because the grade is already double if not triple what’s coming online in the gold industry.

Now you take all of that *and* the fact that it’s located in a jurisdiction that is already the second largest gold-producing state in the union – on land that is private and already designated by law for mining – what you see is an asset that, if we are right, could be the next Nevada. And *already* is poised to be the greatest gold story in the development space. The only other asset that compares to it is Sukhoi Log in Russia, and we wish them the best of success. But we would argue, I think, that we’re on the right side of the Bering Strait.

Your partner has, to my way of thinking, been tone-deaf on the issue of jurisdictional safety. You can observe that simply by where their assets are located. I don’t have to go through the litany of where they are. So I guess maybe something changed recently with your joint announcement with Barrick in terms of their way of viewing the world and their evaluation of political safety as being relevant in terms of where they spend their capital.

I think it’s fair to say that Mark Bristow is without a doubt one of the greatest CEOs of his generation in the gold mining industry. Mark’s experience is primarily in Africa. I also have African experience in gold. I sold him the Kibali mine as well as a platinum asset in Zimbabwe. So, I’m not Pollyanna when it comes to my experiences in Africa. I also got my first lucky break in Bolivia. So I do have an understanding of the opportunities that are present in the developing world.

Mark’s focus has always been Tier-One assets that will make a certain kind of return; that are of a significant production profile and all of the other attributes which Barrick

discusses. I also believe in Tier-One assets. In fact, I'm even more stringent, certainly when it comes to what I'm looking for in an asset that can really move the needle in terms of production and reserves for a company. An asset like Donlin Gold, for example. In fact, our mantra over the last 30 years has been great assets. Now it's great assets in safe jurisdictions. Mark's attitude, I believe, is that it's all about the assets. Even if those jurisdictions are challenging, he has the skillset to be able to navigate those challenges. And if anyone can do it, I think it's Mark. So when we look at Donlin Gold, I'm not sure that that indicates that he sees it from a jurisdictional standpoint. I think what I can say is that he understands this can easily evolve into a Tier-One producer.

I would say that being a Tier-One producer is absolutely critical in terms of being able to explain to investors why the long-term prospects of Donlin Gold, and hence NOVAGOLD, are so good. But I would say that for me as an investor, and I think I speak for our shareholder base, we want not only Tier-One assets, we want Tier-One assets in Tier-One jurisdictions. We want to be able to sleep well at night, knowing that when we wake up in the morning, whatever we thought we owned the night before, we still own.

I think that what we're seeing with Barrick, as evidenced by the joint press release that we issued in December, is a recognition that Donlin Gold is now very much part of their project pipeline profile in a way that it wasn't before. They are getting comfortable with it. Mark is a geologist. He is absolutely punctilious when it comes to geology. There was never a doubt that the gold is there, but Mark wants to be able to quantify how every ounce is going to come out over a 10-year period. And I'm the last person to gainsay such a dedication to one's craft, but for me, this press release, I think, was a game-changer. And I think that in the not-too-distant future, when gold reaffirms its bull market trajectory, we will be the go-to stock in the development space. NOVAGOLD's got all the attributes that investors will be looking for and they will want octane in their portfolio. We've seen M&A in the gold space take out name after name after name.

There's a shortage of names that are in safe jurisdictions. And it's hard to imagine capital is going to flow to Sukhoi Log before it flows to Donlin Gold.

I would agree with you. We've seen analysts attach valuations of 10 billion to 15 billion dollars on Sukhoi Log. Now that Barrick is starting to talk about Donlin Gold, I think that the bell is going to start ringing. Remember, for 12 years we've been in the story, and we have framed the narrative on Donlin Gold and we have, like the tortoise and the hare, taken this thing up the value chain while other projects that people thought would go into production have, like the hare, fallen by the wayside. Donlin Gold is on the path. I believe that Donlin Gold will be a producer for decades to come and that it will pay dividends.



I'm not sure how patient I am on that sort of thing.

Look, we are now at the point where we have something that is pretty much permitted in a safe jurisdiction with great partners. We're in great shape. Mark sees this – and Barrick knows even from experience in North America that a Record of Decision is a big deal. Barrick knows that being able to have a property that is on private land designated for mining, in an era when people are starting to talk about royalties on government land, is a big asset on top of what is demonstrably a very, very big asset. So my belief is that what we will see over the coming year is quite a bit of very positive news. The more we drill, the more we find. We say that Donlin Gold is a gift that keeps on giving.

We've had some astonishing results – some of the most promising in the gold mining industry – but there's also another factor here. For investors in NOVAGOLD stock and those who have relied upon me, Greg Lang, Mélanie Hennessey, Igor Levental, and other members of the NOVAGOLD management team to tell that story, we're going to see a sea change. Because as exuberant and passionate as we are about Donlin Gold, anyone who knows Mark Bristow knows that when he loves, he loves very deeply. And I believe that he will be falling in love with Donlin Gold. He's already said that he's catching up with the Kaplan narrative. Now, I think after anyone that's been listening to me, that must be a terrifying prospect because the fact that two of us will be doing that simultaneously is very good.

So here's what I think will happen, which I believe is so wonderful for NOVAGOLD shareholders: Number one, anyone from the sell side who follows the gold industry follows Barrick. They're now going to *have* to look more deeply into Donlin Gold. Some of them will be doing so in the context of following

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Barrick, which I really hope they will. This is great news for Barrick shareholders because I don't believe that the value of Donlin Gold is reflected at all in the Barrick share price. And analysts following Donlin Gold already will start to follow NOVAGOLD as a pure play on this emerging gold district. So we'll have more analytical coverage. I feel pretty confident about that. It's almost the law of averages.

You're going from almost none to potentially...

Right now, we have two analysts following us. God bless them, we love them dearly. But even they, I would imagine, would love to see six or eight analysts following us. Now, just look at the psychology of it. If you are already following Donlin Gold because you have to follow Barrick, because it's the 800-pound gorilla, then why not look at having a pure play on a great asset in a great jurisdiction? Why not? Some won't bother. Others will jump all over it. Now, that's number one, but number two is that as the Donlin Gold story gets rippled through the market because of Barrick, some of that offtake is going to spill out onto us. And we're a stock with very, very loyal shareholders who've been in it for a long time – some of them almost as long as I have, and I've been in it for 12 years. I am more passionate about the story than ever before. They are watching this unfold.

In fact we've had multiple calls from people saying congratulations with regard to the December joint press release because they understand that as Donlin Gold gets some more coverage, more investors will be looking for a pure play on the story. And you start to get a few shareholders taking positions like the Public Investment Fund of Saudi Arabia did over the last year or so, and it's a game-changer. My agenda and Greg's agenda is that we are aiming to be the go-to stock in the gold development space. I believe that we're already there. But more than that, we want to be viewed as being the premier value and growth story in a sector in which the defining attribute is scarcity.

Where do you think – because this is an unusual, unique situation – NOVAGOLD should trade? I understand that more analysts following it will certainly help, but theoretically, hypothetically, we have a long-dated call on the gold price. That's how I see it anyway. How in your mind, and I'm strictly asking this from an academic point of view, because I know you and I think the stock should trade higher, but how would one analytically get to a higher price, when I guess production will not occur until six, seven, eight years down the road? What are your thoughts on that?

I've always been a believer that at the end of the day, the money is made on having great assets. I've never believed that production in and of itself should be the metric on taking a position to the contrary.

That's radical in the world of sell-side research.

Completely. But you know, that's how I've made my living. If everybody adhered to the same opinion, I would've had far more competition in the space. So if you've got someone whose foremost credential to be in the mining industry is a PhD in counterinsurgency, then there must be something else going for him. In my case I am probably the luckiest person I've ever met – personally and professionally. I've been blessed with surrounding myself with the best in breed: geologists like Larry Buchanan, specialists like Igor Levental and Ken Rye. And then being able to create an ecosystem in which we have this coterie of superior managements. For example, Greg Lang. Before he joined NOVAGOLD, Greg was the president of Barrick North America for eight years. He was producing more gold than Goldcorp, but he was also someone who had been with Barrick and its predecessor companies for nearly 30 years. Why did he leave Barrick to join NOVAGOLD? The reason was because, as he said, "I wanted to go into the company that had access to being a pure play on what I felt was the greatest development story in the gold industry." And he knew it. Donlin Gold came under his purview at Barrick. He was part of the team that made the takeover attempt in 2006. So he was an educated consumer – which of course as we know is the best customer. When he came in, he said, "I will join as CEO if you join as chairman." And that's how I took the position. I very rarely join the boards of companies even if I own 70 or 80 percent of them. My shareholders, those who follow us, know that I follow these stories extremely carefully. As they say at Fidelity, the owner lives above the store. I don't have to be on the board of NOVAGOLD, but I do it because I enjoy it. I do it because I am a huge believer in Donlin Gold. I nearly named my third child, our youngest son, Donlin Gold. So that's got to be indicative of the passion which we have for this story.

I do it because it's one of the most enjoyable gigs in the gold mining industry. I get to work with Greg Lang. I get to work with Mélanie Hennessey. I get to work with Richard

TOP 10 SHAREHOLDERS

35.2%
all other



64.8% top 10

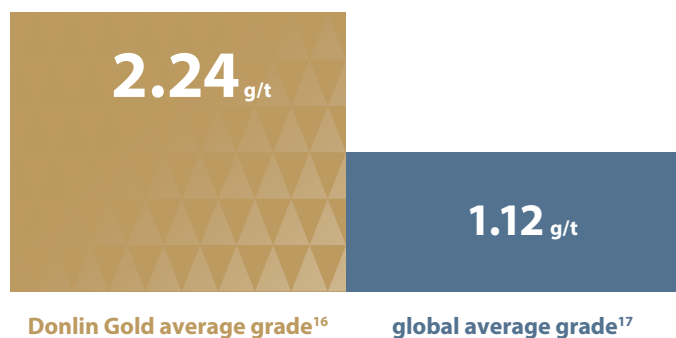
- 25.4% Electrum Strategic Resources LP & affiliates
- 7.5% Fidelity Management & Research Company
- 6.7% Paulson & Co. Inc.
- 6.0% BlackRock Institutional Trust & affiliates
- 4.9% Saudi Public Investment Fund
- 3.6% EXOR Investments (UK) LLP
- 3.5% First Eagle Investment Management
- 3.2% Van Eck Associates Corporation
- 2.6% The Vanguard Group, Inc.
- 1.4% Kopernik Global Investors LLC

Williams and Ron Rimelman and Dave Ottewell. A great cast of people, all of whom have this huge company experience but have come together to help build out what they all believe to be the greatest gold story in the space. When Richard Williams joined from Barrick, he had just taken into production Pueblo Viejo. That was the biggest gold investment Barrick had ever made. And when Victor Flores, who came to visit Donlin Gold for John Paulson, asked him why he made that move, Richard conveyed that he wanted to be part of the greatest gold story in the world. That's a statement. And that is part of our DNA. We've all been together as a team for many, many years, and I enjoy it. I enjoy their company. Otherwise, I simply wouldn't do it. I wouldn't need to do it, that's for sure.

You certainly don't need to. One of the questions I think that crosses investors' minds, and certainly my mind from time to time, is this is a large capital commitment. The last count was I think seven billion. I know it can be staged and maybe wouldn't be that large, but, from NOVAGOLD's point of view, whatever is decided would still be a major financial commitment. So I would be interested in your thoughts on how you will negotiate that particular issue. And I know there are many different ways to do it, but I kind of think it would be interesting to hear your thoughts on that.

Well, I can tell you that, when the time is right to go into production, I think this will be the easiest gold mine to finance. In Alaska, with Barrick as a partner, it will be something where I think it can be done in several phone calls. Now, let's break this down. I'm only using hypotheticals here. These are purely forward-looking statements; disavow all of them. I'm just using round numbers. Let's assume that phase one of the project is four billion dollars, split two ways. That's two billion each. Obviously for Barrick, not difficult – but not difficult for us either. Electrum financed a very prosperous silver project in Mexico, which we operate ourselves (not with the benefit of a major like Barrick), and we got 70 percent financing.

AVERAGE GRADE



Let's say that happens for us. What are we really talking about? \$600 million, \$700 million, \$800 million? Now let's do something that investors very rarely do, but they should, which is to take themselves out of where they are today and their present mindset and understand what will be the conditions that will pertain when we're talking about going into production. I believe that gold will have embarked on the next leg of its bull market. I think that it will take us well beyond \$2,000. I think ultimately it'd be \$3,000 to \$5,000, but once you see that gold has embarked upon that next wave, I think Barrick will be extremely excited to go into production. And I've always said that when Barrick is ready, we'll be ready. We have three sovereign wealth funds as our partners in Electrum, and we're very, very close to them and we've always had a number of major players in the financial space in mining who've always said when you're ready, just let us know. For me as the largest

shareholder, what I want to see is that when gold prices are where they should be, when the mine is ready to be built, our share price I believe will be multiples where it is today.

One of the rationales for investing in NOVAGOLD is a belief in a substantially higher gold price, which is hard to come by these days outside of this room. Of the few believers in gold, my friends are well chosen. You did toss out \$3,000 to \$5,000 earlier; what are some of the things that come to mind as to how we'll get there?

Now, \$2,000 gold – if you're a bull on gold – isn't really a number. It's nothing. And when I pivoted from energy to gold in 2007, oil was heading to \$120-140 per barrel. We sold our energy company when oil was \$120. Gold had a 600 handle, and I gave all the reasons why I felt that one should be in a currency that can't be produced at will. And I think that gold and silver provided me with exactly the kind of exposure that I needed. When we sold our energy company, we didn't go back in because I told people I could no longer really comfort myself with conviction as to whether oil was worth \$20 or \$120. Little did I know that last year it would be worth briefly minus \$20. But the one thing that I did know is that gold would multiply, and my long-term target for gold in 2007 was between \$3,000 and \$5,000 when it was at \$600. So we're on our way. I mean we've tripled since then. And something that I really want to mention because you've brought this out in your own writings. The idea that you need to be a dollar bear to be a gold bull; it's not true. The idea that you need to be a bull on oil to be a gold bull; it's not true. You've pointed these out, and here's the proof: In 2007, we got a wire transfer for \$2.55 billion from Encana for the sale of our stake in Leor Energy...

You remember the date?

Oh yeah, and if for no other reason than that I have no idea what would have become of us if we had made that sale six months later. One thing I did was I looked around at where we were going to park the money. Well, dollar-euro was 1.47. Today it's 1.13. Gold was \$600-ish and it's three times higher with the dollar having strengthened by 30 percent. The concept that you have to be a dollar bear is not true. Oil was \$120 with gold at \$600-ish. Oil is now half – and was even much lower – and gold is a multiple of that, which tells you this: First of

all, gold has been the best performing currency in the world, and second, as a commodity, which is the way some people look at it, it's also outperformed. So when I look at gold, I see something that is an accident waiting to happen. And I love being long on accidents.

Seems to be asymmetric in terms of risk/reward.

Completely. So when I look at the gold space, I see no reason to adjust my \$3,000 to \$5,000 target. And by the way, I think that there will be days when gold trades peak to trough the absolute price that it's trading today. It would not surprise me to see \$1,700-\$1,800 days where gold will trade up and down. I think that we're going to see that kind of volatility by definition. That means that gold is a great buy here, if I can say that with that level of conviction. I did that once before when I made that forecast in silver, which was trading at around \$6 per ounce at the time and people thought that I was nuts and you had much greater intraday volatility a couple of years later – the implication being that silver was much, much higher. So for gold bulls, I would say what we're seeing now is a correction within a long-term bull market, but \$2,000 won't be the number. And if \$2,000 per ounce gives me a \$10 billion NPV for Donlin Gold without adding any reserves, you know what? That's a very good investment.

This is probably a good time to bring up crypto, because I think crypto has sucked the oxygen out of the room for gold in many ways. It's been a headwind, and certainly has a generational aspect to it in that guys at my stage of the game believe in gold. What are your thoughts on the competitive aspects of gold and crypto?

It reminds me of that famous exchange between Henry Kissinger and Premier Zhou Enlai when Kissinger was secretly negotiating Nixon's visit to China and the U.S.'s recognition of the People's Republic. Kissinger, being a historian, asked Zhou Enlai what he thought the long-term implications were of the French revolution of 1789. Zhou Enlai famously responded, "It's too soon to tell." Now I don't think that we need to be

that long-term in our thinking to understand that crypto is a phenomenon. Crypto currencies are here to stay, just as automobiles were a phenomenon, just as airplanes were a phenomenon. Railroads were a phenomenon. Most of those that were early movers ended up going broke.

We don't yet know who the winner is. I personally think that it's likely to have a Chinese name attached to it. They're a larger trading partner with more countries than the United States. They have of course phenomenal opportunity just domestically to be able to develop that market. And through the Belt and Road Initiative, they have a lot of other countries who may very well be open to that idea. What that means for things like Bitcoin or Ethereum, I don't really know.

I am, I suppose, a true conservative. There was a professor at The London School of Economics named Michael Oakeshott who once defined a true conservative as one who prefers present happiness to future utopia. There are many different forms of crypto. I don't know which of them will emerge victorious, whether we even know its name yet. I do know that there's only one gold, there's only one silver. They have their chemical definitions. They're called AU and AG, and that's it. So, what we've seen in the crypto market to me is extremely bullish. In the same way that I view the scarcity value of Donlin Gold to be one of its greatest attributes, I view the scarcity value of precious metals to be amongst those greatest attributes.

Let's understand what the crypto phenomenon really means in its essence. It means that your narrative, the John Hathaway narrative, the Tom Kaplan narrative, has won. That is, we have seen gold – and the reasons why people buy



gold – be adopted by the crypto crowd, to the extent that in order to be able to induce people to look at crypto in the first place, people refer to it as gold 2.0. Now for some people, that may be enough to be able to have exposure to crypto as being a currency that has limited ability to be reproduced. But there will always be enough people who are interested in gold, and I think personally that the acceptance of that “gold 2.0”

“If you don’t have great relationships with the communities, if you don’t have great relationships at the provincial level so that people...see that what you are doing is going to have a direct impact on their lives and, most important, the prospects for their children, then you’re going to go nowhere fast – or even worse, you’re going to build something and find that you have challenges. We don’t have those issues.”

narrative is going to create a lot of arbitrage between gold 2.0 and gold 1.0. You know the Chinese, the Indians, many countries around the world are still buying a lot of gold. Central banks are buying a lot of gold. Singapore, which is a bellwether central bank, bought gold for the first time in decades. That was made public in December. Now to me, central banks are like insiders. They know the value of the assets that they hold.

Most of which are dollars.

Most of which are dollars, are now subpar financial assets that they’ve had to Hoover up in order to sustain the global economy since 2008, 2009. So when they’re buying gold, it’s like when a museum buys a work of art. They’re voting with their feet to be able to have some exposure to it.

Now, I don’t need people to have as much exposure to gold as to crypto. If we even had a fraction of the market cap of Bitcoin, going into gold, gold would be at \$20,000 per ounce. But do I think that there’s going to be some spillover effect onto gold, as people say? Well, maybe gold is undervalued.

Relative to...

Yeah, we’ve bought the argument for gold, but maybe it is actually undervalued. And it does cost something to produce – that we can quantify – so we just need some of that to rub off on a scarce asset and gold will be like a bat out of hell. And one of the things that we’ve seen is that in today’s world, when something’s going up, that’s when people really want it the most. So, if gold goes through \$2,000, it can also go to \$2,100, \$2,200, \$2,500.... People will start saying I’ll buy it on a pullback and then it will pull back and then they’ll be afraid to buy it because they don’t want to be the sucker who bought it at all-time highs. And then it can go to \$3,000, \$4,000, \$5,000. We see that, by the way, in cryptocurrencies. We see that in assets when they’re in a bull market and they have momentum, and especially now where there’s so much capital. So, I think when you do see that \$2,000 breakthrough, it’s going to be enduring and the uptrend will be violent, which is just wonderful for us and it’s especially wonderful if you’ve got assets with great leverage to that in places that are not going to nationalize you because now you’re viewed as a strategic asset that should be in their portfolio. You want to be in a place where private property is enshrined constitutionally – and there aren’t that many.

Right. It’s a short list.

And getting shorter by the day. You know, they say that they don’t ring a bell, but as we were discussing earlier, the “Go where the gold is” mentality really began in the early 1990s when Newmont went to Yanacocha. I think that they rang the bell when Newmont and its partner Buenaventura weren’t able to continue with Mina Conga in Peru. There was almost an unfortunate but poetic symmetry to the entire arc of the scramble for gold, regardless of jurisdictional risk. But we see it now across the board. In fact, in Peru, you know, they just devastated a silver miner stock on the London stock exchange.

True.

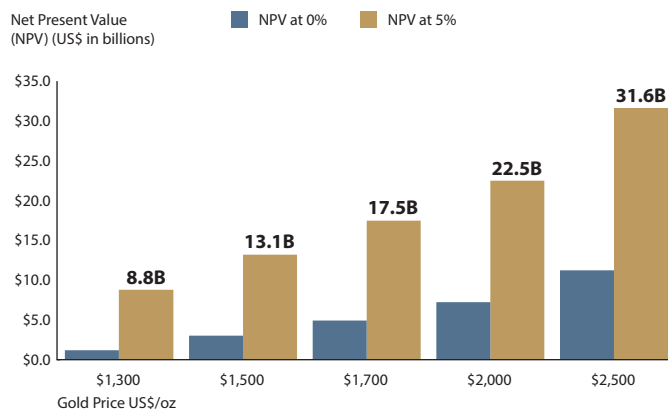
This is happening now all over. And who needs it?

And it's kind of monkey see, monkey do. I mean, if one country decides to get more of the economics, they're all going to follow in.

If your neighbor has just changed the rules, whether it's windfall profit taxes or local ownership or outright nationalization, and you're on the other side of the fence, you have to follow suit, politically. It's suicide not to. If you're a dictatorship, people will be saying, "He must be on the take of the mining company." If you're a democracy, your constituents aren't going to allow your national endowment to be plundered by foreigners. When on the other side, they've shown you can get away with getting more. So politically, regardless of your form of government, it's unsustainable for other governments not to join in. I often say it's like popcorn: Nobody ever eats one piece of popcorn. I think that that's already begun. So if I'm right about that from an investor standpoint, it means that the premium multiples are going to be seen in those assets in safe places, which are immune from that kind of confiscatory trend.

Well, Tom, one of the things that we spent a lot of time obsessing about are costs. In fact, we've interviewed many different managements and one of the first questions is, What do you expect your all-in sustaining costs to be and where are the cost pressures coming from? And we're finding that in many cases we're talking about 6-7 percent. Of course, there's no inflation. Of course, it's transitory. But in my mind, it's not. And, obviously that's one of the arguments for gold as inflation has become embedded and there's no way out, but when it comes to NOVAGOLD, we're a long way away from producing. How do you think investors will look at the profile of costs and the structure of the costs in Donlin Gold when it starts producing?

UPSIDE VALUE¹⁸



First of all, as you said, we have the luxury of time, and it really is a luxury. My own experience in the space shows how being developers can give you such a long runway to have opportunities to make money. But we are quite a while away from being in a situation where cost pressures today are going to have an impact on our valuation. The most important aspect that goes into determining what your cost of production is going to be is grade. So therefore, all things being equal, *ceteris paribus*, if you have a company that is extracting one gram of gold per tonne, rather than two grams – or in our case, two-plus grams per tonne – their cost of production is going to be double what Donlin Gold's would be. The grade profile of Donlin Gold as a large-scale open-pit mine gives us tremendous advantages. It will place us at the low end of the cost curve. But let's again enter into the exercise of what does it mean if we have five or six percent cost inflation in gold mining by the time we're in production? What does that mean for the price of gold? Do you really think that gold will be at \$1,700 or \$1,800? One of the challenges that investors have – you don't suffer from this issue – is that they make the

assumption in valuing something that the conditions upon exit are going to be the same as they are today. In other words, they don't game things out. What we always try to do is we say to ourselves, okay, hopefully we're buying when you have, as John Templeton put it, maximum pessimism. That was certainly the case when we came into NOVAGOLD. It was on the verge of bankruptcy, and we hadn't owned one share when we came in as a white knight and saved the company. And because of the exigent circumstances, we were able to go to 40 percent rather than having to take a takeover bid. I wanted to buy the whole company, but fortunately, I have around me people whose job in life....



Calmer heads prevail.

It's not just calmer heads, it's wiser heads. So, in this instance, comrade Igor Levental was whispering into my ears as he was supposed to: "Thou art mortal, Caesar." So, whereas I sold my energy company and was flush with cash and brimming with conviction on gold, particularly on the holy grail, in my mind, which was Donlin Gold, then hence NOVAGOLD, he was saying, "You know, you might think twice or three times about making a bid for the entire company because everyone may be asleep," as it was December 31st,

2008 when the deal was signed. But one of the most important things is that he said, "Look, you're in a position to buy the company for \$2 a share. You have the cash. Barrick tried to buy it at \$16 a share. You don't think that they're going to walk you up dollar for dollar until they get to where they want?" And it turns out that Barrick wasn't the only company that was hoping to buy NOVAGOLD on the cheap. There were others, including Newmont and even the Russians. And so we realized we have an opportunity to take control of one of the greatest gold stories in the development space: NOVAGOLD. But we would have to settle for less than a hundred percent. And we ended up going 40 percent fully diluted. That was the right move.

The attributes of Donlin Gold are that we are in a situation where the grade gives us plenty of leeway. Grades have collapsed over the decade-plus that I've been in the NOVAGOLD story. We're now approaching one gram per tonne for projects and going sub-one gram per tonne. At a certain point, particularly if you're not in stable jurisdictions, this is a real challenge.

When we look at Donlin Gold, which has multiples more than those projects, we know that we have a cushion. And if anything, the results of the drill programs over the last couple of years have given us, with great input from Mark Bristow as a geologist – and the Barrick team – a much greater definition on the controls on the mineralization. The Bristow of Barrick, or the Barrick of Bristow, is absolutely committed to wanting to know every single ounce that will come out over a 10-year period. And I think that's a great discipline. I think you, as an investor – I, as an investor – in the space have come to understand that when people cut corners, the back end can be pretty brutal. The more work you do on the front end, the more the back will take care of itself.

Now we know that once Donlin Gold is built, it will have been pretty well-engineered. Costs will be known. Cash flow year X will be pretty much known other than the gold price.

Look, we have an A team: You have the Barrick side, of course, led by Mark; you have the NOVAGOLD side led by Greg. Richard Williams built Pueblo Viejo for Barrick and at the time Goldcorp, now Newmont, and is one of the world leaders

in autoclave technology. So, when we look at Donlin Gold, the amount of work that's gone into it, combined with the robustness of the asset and the grade, we're very comfortable in where the cost structure will be. But once again, people tell me, "Well, you know, you could have significant cost inflation years down the road." And I say, like General David Petraeus said as Commander in Iraq, "Tell me, where does this end?" If you say that, then please tell me, where do you think gold is? "Oh no, we make the assumption gold is the same." Really? Then why are we even talking?

Yeah, the average expectation on the sell side is \$1,600 gold per ounce. It's a flat price deck.

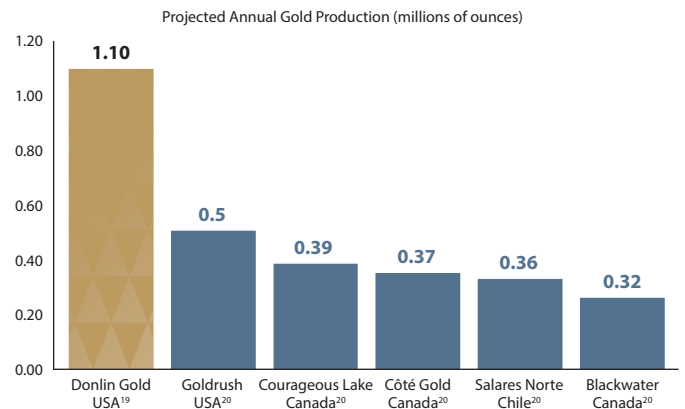
Well, you know, we are bullish on gold and we want to be able to provide the premier vehicle for those who want it, on a risk-adjusted basis, the most octane and the lowest risk in the development space for a Tier-One asset in a Tier-One jurisdiction. That's our mantra. We are gold bulls. And for those who aren't gold bulls...

Go somewhere else.

One thing I've learned over the last 30 years is bears don't buy shares. And I will spend time talking to someone if they have a thousand shares or they have 10 million shares. I enjoy it, clearly, and it's not because I have to do it. It's because I like to do it. Being associated with Donlin Gold to me is like being associated with Rembrandt or being associated with tigers. You're literally talking the best in breed in their space. That's not a hardship, that's a privilege.

Maybe this would be a good time to talk about sustainability. It's something that we frankly have become more and more involved in, and, of course, it has become one of the screens by which large capital will invest in the mining space. So I'd be interested in hearing how you look at that and what you're doing – and what you still need to do in terms of the ESG side of the equation.

PRODUCTION



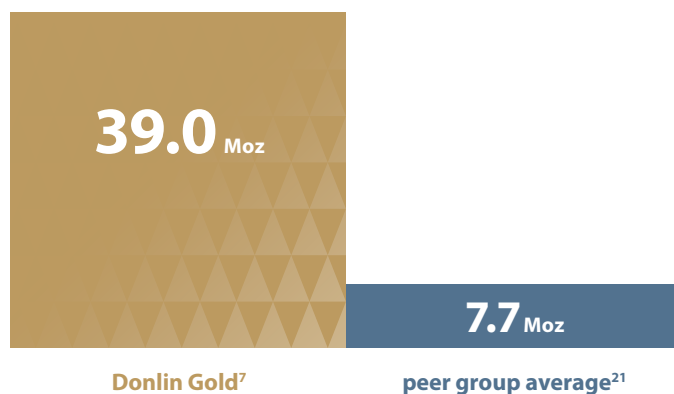
Well, fortunately, we haven't had to make any philosophical adjustments in the company for the last decade. Greg Lang, the entire management team of NOVAGOLD, and I have always been extremely committed to ESG on every level. And even before ESG became a popular initialism, my own affinity, indeed passion, for wildlife conservation and particularly for species which require entire landscapes in which to be able to thrive, like big cats, means that for me, the environment is not just second nature, it's actually first nature. So the first thing that my kids will associate with me is passion for wildlife. And I've managed to inculcate that in all of them. So I would never ever be around anything that countenanced cutting any corners when it comes to the environment or sustainability.

Social license, the environmental license, is existential in the mining industry. If you don't have great relationships with the communities, if you don't have great relationships at the provincial level so that people buy in so that they see that what you are doing is going to have a direct impact on their lives and, most important, the prospects for their children, then you're going to go nowhere fast – or even worse, you're going

to build something and find that you have challenges. We don't have those issues. We've been very blessed in that our local partners, Calista and TKC, are our most vocal supporters. And of course the Native Corporations will all share in the benefits of Donlin Gold. All of the Native Corporations in Alaska – that's the way the system works. So, a certain percentage goes to those who are most immediately related to the project, and the rest is spread around the state. We have that kind of buy-in.

As far as governance is concerned, we are a paradigm of an independent board. I've always believed that shareholders should have a significant say even at the board level. I think

RESOURCE SIZE



that the transparency with which NOVAGOLD has conveyed its message in the media, in our annual reports, to our shareholders, is at least as good if not actually the best of any company that I've encountered. I remember in my first mining story, when we went public, I waived rights to be able to have more board seats because I felt having more independent directors means that you're going to get more independent points of view.

The more independent points of view you get, especially if you're just coming into the space and you're in your thirties, the less likelihood you have of problems. That certainly pertains to the NOVAGOLD board, but more than that, we have gone out of our way strenuously to leave no room in terms of explaining to our shareholders what our strategy is. And I'm very proud of the fact that since the 10 years that Greg Lang and I have been functioning as CEO and chairman, respectively, every promise

that we've made to shareholders, we've kept. Soon after we came on board, we did a capital raise at the beginning of 2012. We raised over \$330 million dollars because of the enthusiasm of the combination of both of us and our relative skillsets. What endeared the investors to us was that we laid out very specifically what our plans were.

We were going to spin off the company's copper assets. We did. The company is now called Trilogy Metals. It's a very successful developer in partnership with South 32 in Alaska. We would sell our share of Galore Creek, not for the \$40 or \$50 million that people assumed, but for \$200-275 million. We would therefore position Donlin Gold as a pure play on the next Nevada through our vehicle, NOVAGOLD.

So we felt we didn't have headwinds. And in fact we moved right through permitting all the way through to a Record of Decision. So, essentially what you have is a company that articulates its strategy. It's not trying to be all things to all people. We've never gone out of our way to say when we're going to go into production, for the simple reason that we've always said that the whole idea is to make money and that required higher gold prices because our job is not to be producing high-grade, open-pit gold to subsidize Chinese and Indian consumption. When share prices are higher, we minimize dilution. And to our mind, certainly now, the shares are more valuable than the metal itself. So, for all of these reasons, I think that we have an exceptionally educated shareholder base, which is one of the reasons why they've been very loyal to us. Obviously, as they say in Russia, a fish rots from the head down. So they at least see that in our case, the owners live above the store and are completely investor-friendly because we're in fact the largest shareholders. We've got skin in the game.

Now that you're positioned, you've sold Galore, you've spun out Trilogy, you're permitted, and you've got the Record of Decision, what would you say are the next key events from an investor's point of view in 2022 – and maybe beyond?

Well, I think that we just had a press release, which was issued in December, that lays out the joint strategy by Barrick and NOVAGOLD for taking Donlin Gold up the value chain. We have a drill program coming up. It's very exciting for us, especially for me, because my fortunes have been made through the drill bit and I've always been a very strong believer

in the exploration potential at Donlin Gold. And in a bull market in gold, when you deliver exploration results that are positive, it's a very, very wonderful thing. So, I'm looking forward to that and I believe that the next step will therefore be a review of the feasibility study, which was last done nearly a decade ago. Sure, a lot has changed, not the least of which is the potential strategy itself of developing Donlin Gold in stages. Ultimately that will be determined jointly by the board of Donlin Gold, which is 50 percent Barrick, 50 percent NOVAGOLD.

One of the things that I really have to stress – because it's one of our most attractive attributes – is that Donlin Gold, the joint venture, is a true 50/50, which means that no partner has one iota greater rights than the other. In practical terms, we've never had any dissonance between the shareholders, certainly not since the time that I've been involved in the story. We get along extremely well with Barrick and the relationship between the management teams of Barrick and NOVAGOLD has never been better. And Mark Bristow and I have a relationship that goes back over 20 years and has been marked by successes in African Platinum, where he was a director and I was the largest shareholder.

I was the largest shareholder of Moto Gold and was able to deliver that to him when he decided that he wanted the Kibali project in Congo, and we've enjoyed really great relations. But very importantly, what you also see is that we're in sync on the work plan which has been laid out, something that is using very much Randgold kind of influences. In terms of news flow, we're hopeful about the next drill program and we believe that it should lead to a decision by Donlin Gold to proceed with a review of the feasibility study. When we talk about the Donlin Gold joint venture, investors have to understand that the way that it was constructed was brilliant. It had nothing to do with me so I'm not claiming any credit for it, but before we came into the NOVAGOLD story, they had devised two 50/50 joint ventures on Donlin Gold Creek, as it was then called, and Galore Creek. These are genuine 50/50s, which is why when Newmont came into Galore Creek, they were able to join Teck Resources as a completely equal partner. In this business, unlike in hydrocarbons, for example, that extra 0.1 of a percent and operatorship makes a big difference. Because we don't have any deficiency in that respect with regard to Barrick, should

one day NOVAGOLD be the object of a takeover attempt, one of the most attractive attributes for an acquirer is that when they enter into the story, they are not subordinate to the existing partner. It's a true 50/50. They will both jointly be the operator. That is a huge selling point in this industry.



Not that you're for sale...

Not that we're for sale, but our job is to ensure that under any eventuality we get the premium valuation for our asset. And if that means being the beneficiary of things that took place before we came onto the scene, great. I think everything that we have done on our watch has positioned the company so that we are in a position to take this project, with our partner Barrick, up the value chain; to be able to finance the project, our aim being with minimal equity dilution; and if someone else is going to pay shareholders for the future – in a way that is accretive and attractive – our job is to maximize that value and hence to maximize the valuation. I think that everything that we've done – but most importantly, everything about the Donlin Gold asset – has given us the attributes that, whether we take this into production or someone else does, it's going to prove to be one of the industry's really, really great and epic successes.



Delivery of supplies for the 2021 Donlin Gold drill program.



- 1) See media releases titled "[Donlin Gold Initial 2021 Drill Program Results Continue to Deliver for Project Advancement](#)", September 2, 2021 and "[Barrick and NOVAGOLD Agree on Next Steps Toward Advancement of Donlin Gold: Drill Assay Results Continue to Yield High-Grade Intercepts and Demonstrate Important Grade Continuity; With Clear Improvement in Definition of Controls of Mineralization, the Project is Advancing Towards Feasibility Study Update](#)", December 2021.
- 2) Anticipated annual gold production during full life of mine if put into production as per the NI 43-101 Technical Report on the Donlin Gold Project, Alaska, USA with an effective date of June 1, 2021 (the "2021 Technical Report") and the S-K 1300 Technical Report Summary on the Donlin Gold Project, Alaska, USA, November 30, 2021 (the "S-K 1300 Technical Report Summary"). See "[Cautionary Note Concerning Reserve & Resource Estimates](#)" and "[Mineral Reserves & Mineral Resources](#)" table on page 35.
- 3) NOVAGOLD defines a Tier-One gold development project as one with a projected production life of at least 10 years, annual projected production of at least 500,000 ounces of gold, and average projected cash costs over the production life that are in the lower half of the industry cost curve.
- 4) Forecast includes \$30 million to Donlin Gold, \$13 million to NOVAGOLD G&A and \$3 million for withholding taxes on PSUs and other working capital. This report may also contain future-oriented financial information ("FOFI") and information which could be considered to be in the nature of a "financial outlook". Such FOFI or financial outlook was approved by NOVAGOLD's management as of the date of this report for the purpose of providing management's reasonable estimate based on the assumptions set forth in such estimates and the information may not be appropriate for other purposes. Management cautions that such FOFI or financial outlook reflects NOVAGOLD's current beliefs and are based on information currently available to NOVAGOLD and on assumptions NOVAGOLD believes are reasonable. Actual results and developments may differ materially from results and developments discussed in the FOFI or financial outlook as they are subject to a number of significant risks and uncertainties. Certain of these risks and uncertainties are beyond NOVAGOLD's control. Consequently, all of the FOFI or financial outlook are qualified by these cautionary statements, and there can be no assurances.
- 5) NOVAGOLD sold its 50% ownership of the Galore Creek project to Newmont in 2018. Deferred compensation on the sale of Galore Creek includes \$25M on the earlier of completion of a Feasibility Study or July 27, 2023. An additional \$75M is due upon construction approval. For additional detail, see the media release dated July 28, 2021: "[NOVAGOLD Receives \\$75 Million from Newmont Corporation](#)".
- 6) See July 26, 2018 media release titled "[NOVAGOLD Enters Agreement to Sell Its 50% Stake in Galore Creek to Newmont for up to \\$275 Million](#)".
- 7) Donlin Gold data as per the 2021 Technical Report and the S-K 1300 Technical Report Summary (as defined herein). Donlin Gold proven and probable reserves of approximately 16.925Moz grading 2.09 g/t attributable to NOVAGOLD (33.849Moz on 100% basis) and measured and indicated resources, exclusive of reserves, of approximately 2.749Moz grading 2.43 g/t attributable to NOVAGOLD (5.497 Moz on 100% basis). 39Moz refers to mineral resources inclusive of reserves on a 100% basis.
- 8) Donlin Gold data as per the 2021 Technical Report and the S-K 1300 Technical Report Summary (as defined herein). Donlin Gold measured resources of approximately 8 Mt grading 2.52 g/t and indicated resources of approximately 534Mt grading 2.24 g/t, each on a 100% basis and inclusive of mineral reserves, of which 50% are attributable to NOVAGOLD through their 50% ownership interest in Donlin Gold LLC. Exclusive of mineral reserves, Donlin Gold possesses measured resources of approximately 1Mt grading 2.23 g/t and indicated resources of approximately 69Mt grading 2.44 g/t, each of which 50% are attributable to NOVAGOLD. Mineral resources have been estimated in accordance with NI 43-101 and S-K 1300.
- 9) 2020 average grade of open-pit and underground deposits with gold as primary commodity and over 1Moz in measured and indicated resources is 1.12 g/t, sourced from S&P Global Market Intelligence.
- 10) *Annual Survey of Mining Companies, 2020*
- 11) The jurisdictional risk map is derived from the top 10 (lower risk) and bottom 10 (extreme risk) of 77 jurisdictions reviewed in the *Fraser Institute Annual Survey of Mining Companies, 2020*.
- 12) Represents 100% of M&I resources, inclusive of mineral reserves, of which 50% is NOVAGOLD's share. Donlin Gold is not in production and a construction decision has not been made. See "[Cautionary Note Concerning Reserve and Resource Estimates](#)" and "[Mineral Reserves & Mineral Resources](#)" table on page 35.
- 13) Gold development stage projects defined as the top 5 globally by contained gold in measured and indicated resources, >75% projected revenues from gold, and with stated proven and probable reserves, as per latest company documents, public filings and websites as of November 2021.
- 14) Only three mines produced greater than 1 million ounces in 2020: Muruntau (2,652koz), Carlin (1,665koz), and Olimpiada (1,229koz), as per SNL Metals & Mining, an offering of S&P Global Market Intelligence.
- 15) Market Capitalization based on 332.9 million shares issued and outstanding and NOVAGOLD share price of \$6.82 as of January 25, 2022. Stock options outstanding as of January 19, 2022.
- 16) Represents average grade of measured and indicated mineral resources, inclusive of mineral reserves. See "[Cautionary Note Concerning Reserve and Resource Estimates](#)" and "[Mineral Reserves & Mineral Resources](#)" table on page 35.
- 17) 2020 average grade of open-pit and underground deposits with gold as primary commodity and over 1Moz in measured and indicated resources, sourced from S&P Global Market Intelligence.
- 18) Donlin Gold data as per the 2021 Technical Report and the S-K 1300 Technical Report Summary (as defined herein). All dollar figures are in USD, represent 100% of the project of which NOVAGOLD's share is 50%, and reflect after-tax net present value (at 0% and 5% discount rates) of the Donlin Gold project using the reference date of start of Year -06 as the first year of discounting. Estimated owner's initial capital project development costs of approximately \$348M to be spent prior to the reference date are treated as sunk costs. At a 5% discount rate, the net present value is: \$1,161M at \$1,300 gold; \$3,040M at \$1,500 gold; \$4,887M at \$1,700 gold; \$7,229M at \$2,000 gold; and \$11,199M at \$2,500 gold. The project requires a gold price of approximately \$930 per ounce to break even on an undiscounted cash flow basis and a gold price of approximately \$1,180 per ounce to break even on a 5% discounted basis.
- 19) Anticipated annual gold production during full life of mine if put into production as contemplated in the 2021 Technical Report and the S-K 1300 Technical Report Summary (as defined herein). See "[Cautionary Note Concerning Reserve & Resource Estimates](#)" and "[Mineral Reserves & Mineral Resources](#)" table on page 35.
- 20) Peer group data based on company documents, public filings and websites as of November 2021. Comparison group of 14 projects based on large (2Moz P&P cut off), North/South American gold-focused development projects with >75% projected revenues from gold.
- 21) Average of comparison group data of 14 projects based on large (2Moz P&P cut off), North/South American gold-focused development projects with >75% projected revenues from gold, as per latest company documents, public filings, and websites as of November 2021.