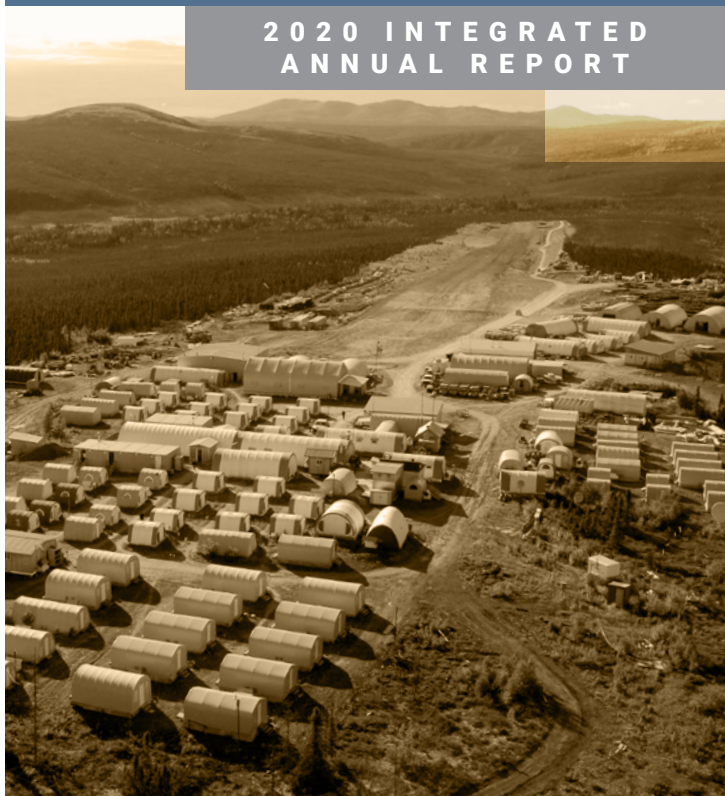


THERE'S ONLY ONE DONLIN. AND ONLY ONE NOVAGOLD.

2020 INTEGRATED
ANNUAL REPORT



NOVAGOLD

COVER PHOTOS:

The Donlin Gold project (left) is located 10 miles north of the village of Crooked Creek in the historic Kuskokwim Gold Belt of southwest Alaska. Geologists inspect core samples (right).

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Our employees and neighbors take pride in the work and activities depicted in the photographs throughout this report, most of which were taken at the Donlin Gold site or in the surrounding communities.

All scientific and technical information in the body of this annual report is qualified by – and is to be read in conjunction with – the Mineral Reserves & Mineral Resources table and associated notes found on page 50.

All dollar amounts quoted in this report are in U.S. currency unless otherwise noted.

This annual report contains forward-looking statements or information concerning anticipated results and developments in our operations in future periods, planned exploration activities, the adequacy of our financial resources, and other events or conditions that may occur in the future. It may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including our plans and expectations relating to the Donlin Gold project, market prices for precious metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable, and the beliefs, expectations, and opinions of management as of the date of this report. We do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations, or opinions should change, except as required by law. Investors should therefore not place undue reliance on forward-looking statements. See complete disclaimer on page 50.



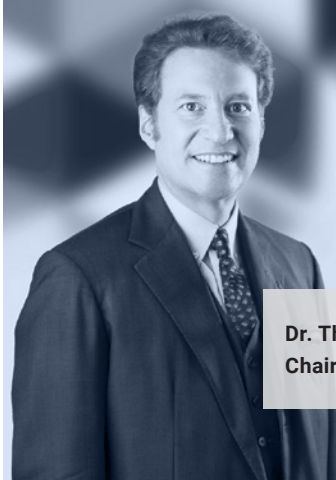
With its Alaska Native partners, NOVAGOLD is dedicated to providing economic opportunities to the Yukon-Kuskokwim region in a culturally supportive, respectful, and professional manner.

NOVAGOLD is a pure gold play focused on Alaska's Donlin Gold project in equal partnership with Barrick Gold. Donlin is positioned to be one of the world's largest gold mines, with 39 million ounces in measured and indicated mineral resources at a high average grade of 2.24 grams per tonne¹ on a mineralized trend that occupies just 5 percent of its land package. We believe it offers investors extraordinary leverage to gold.

We also believe that it's only through a balanced development plan – one that enhances economic growth, provides a safe and healthy workplace, and establishes strong and collaborative working relationships – that we can bring tangible, long-lasting benefits to our community partners. We aim to achieve that goal through openness, transparency, constructive dialogue, and with respect for the values, the culture, and the language of the people of the Yukon-Kuskokwim region.

¹ Donlin Gold data as per the Donlin Gold Second Updated Feasibility Study (as defined herein). Donlin Gold measured resources of approximately 8 Mt grading 2.52 g/t and indicated resources of approximately 534 Mt grading 2.24 g/t, each on a 100% basis and inclusive of mineral reserves. Mineral resources have been estimated in accordance with NI 43-101.

CHAIRMAN'S MESSAGE



Dr. Thomas Kaplan
Chairman, Board of Directors

MODERN MONETARY THEOLOGY FOR A WORLD IN FLUX

For decades, investors who are said to espouse a belief in gold as a reliable and attractive store of value have had conferred upon them the epithet “goldbugs” in a nod to their supposed – and presumably flawed – ardor for the hard money thesis. Even those like myself, who are not captured by what John Paulson and I call “gold feevah” and hold no more than a common-sense conviction that there is room in every portfolio for a time-tested currency that cannot be printed by fiat, have been given this label. As we of sound mind – including those as avowedly hyper-rational as Ray Dalio – are wont to say, being a proponent of having some gold among one’s cash is just prudence. Nevertheless, until recently in my experience, the emotionalism of gold’s detractors has been more viscerally marked by intolerance than that of gold’s adherents. After all, no other asset class is met with such wide-ranging disdain that its advocates are referred to as, well...*insects*. Until perhaps now, that is.

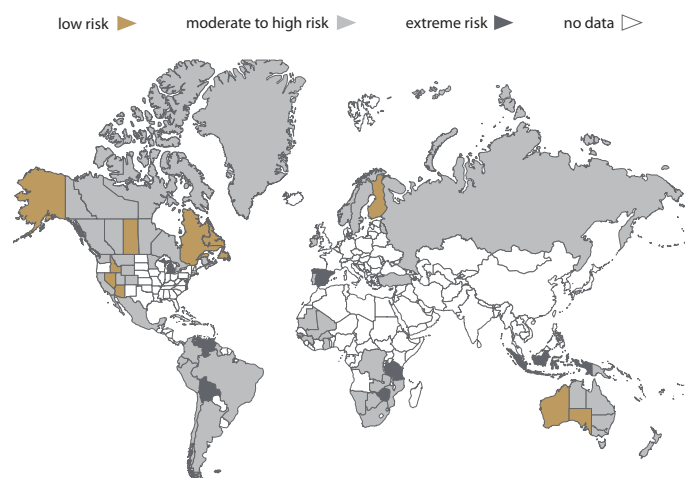
For if those positive on gold are somehow creepy-crawly (a very British way of referring to bugs, worms, and the like), how soon will it be that those bullish on cryptocurrencies – for many of the same reasons that gold bulls promote the yellow metal – are referred to, affectionately of course, as *Bitbugs*? After all, the febrile religiosity and unbridled passion characterizing those whirling dervishes of what I shall hereinafter refer to as “crypto” is something that would make the merely pious goldbug blush. The new *insecta* are so famously loyal to their cause that they have developed mantras (e.g. HODL) while some of the most serious and

reputable of their devotees are getting actual tattoos on their *exoskeletons* to reinforce and further advertise their affinity as new highs in the prices of crypto are being reached. Though such rituals may exist in the niche that is the precious metals sector, other than a knowing wink with my fellow travelers in the space, I for one have never been privy to a secret handshake among gold’s proponents, and certainly not any symbols of gang affiliation. Can one imagine the sheer contempt that would follow a gold bull like John Hathaway revealing he had piercings or body art applied to celebrate his prescient early calls on the noble metal? We do live in strange times, but, as the French would say, *quand même*...

I know what it is like to make 10 times my money, even 100 times and, once, 200 times. So I am *not* one of those people who cries “Bubble!” when people are scoring a big win. To the contrary, actually. So let me be really clear: I come here not to bury the Caesar that is crypto, but rather to praise it. And of course, in that praise, to reflect upon what the impressive ascendancy of cryptocurrencies suggests about precious metals and thus NOVAGOLD – the vehicle which I have come to love more and more. Were this not to be the case, I would put NOVAGOLD into play and pivot to something else. I won’t, because it is by far the best gold story from my vantage point and I simply would not know how to replace its attributes.

While I shall get back to some of the more philosophical musings on the crypto/gold narrative a bit further into this letter, let us begin with how the NOVAGOLD story itself only got better in 2020. *Much* better, in fact. For some of our new investors – some of whom are quite large – I feel compelled to repeat an inescapable conclusion that guides my thinking about why I believe our company constitutes the finest way to play gold.

LEVERAGE IN A PLACE WHERE YOU CAN KEEP THE REWARDS



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's *Annual Survey of Mining Companies*, 2020. Alaska is ranked number 5.

2020: ROCK BEATS PAPER?

It's apparent to me that we're nearing an inflection point. For when I speak about our flagship project, Donlin Gold, I often ask this question of my audience: What other gold development-stage asset in the industry compares in its combination of enormous size, high grade for an open-pit (and hence the opportunity for lower all-in sustaining costs), truly superb exploration upside, a production profile of potentially the biggest pure-gold mine in the world, a mine life measured in decades, excellent local and industry partnerships, and the safety of being located in one of the world's premier jurisdictions? I've never heard pushback with that one. *If one cannot challenge the assertion, then Donlin Gold must be unique.*

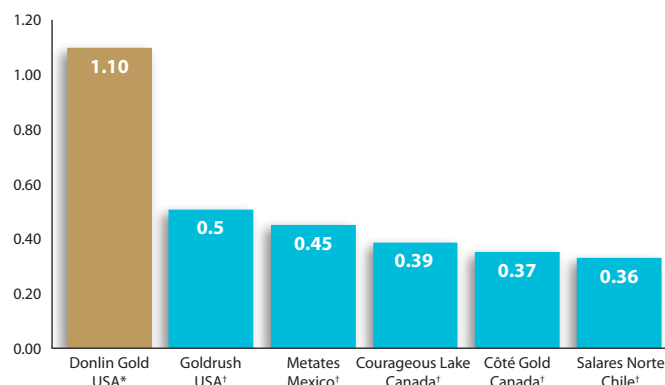
To my delight, needless to say, a legitimate question has now arisen regarding one particularly sexy aspect of that uniqueness: That is, whether Donlin will represent *the* largest gold mine in the world after all. Many of you will have heard me share in the past that there is only one serious rival for those bragging rights. I am therefore elated to report that we have a challenger for that trophy, the *Sukhoi Log* project. Or as I like to call it, the *Analog*. For Donlin might turn out to be the second-largest pure gold producer if our arms race with Russia escalates to where I hope it will in terms of our respective projects' production profiles. Comparables are a good thing for investors. They focus attention. And as we believe that "to know Donlin is to love Donlin," Sukhoi Log, the white swan that alighted in Siberia in 2020, will likely bring deserved further attention to Donlin.

The Donlin story has occasionally appeared to be too good to be true. To have another major gold mining company, Polyus, now developing Donlin's analog in earnest is really exciting, as our stature is not diminished by the comparison. Indeed, it is enhanced. Think of it as being told that one dances like Gene Kelly or Fred Astaire – or actually Ginger Rogers, who remarked somewhat archly that she could do everything Astaire did, just going backwards and wearing high heels. Who cares to whose glory one is compared, right? If it is to any of these icons, one is an eternal star. The same goes for Donlin and Sukhoi Log.

Being that Alaska was once a Russian colony, in many ways it's not surprising that analogies are drawn between these two major gold deposits. Both projects enjoy roughly the same amount of ounces at a similar grade, and the same estimated ultimate production profile. It's almost as if our Russian friends looked at our last feasibility study and declared, "Let's target that narrative!" in almost every metric. I am not suggesting that they wish to *steal* what appears to be a compelling investment thesis. That would be rude. And in any event, I do see in their imitation the sincerest form of flattery. There is, however, just one itsy-bitsy difference between the two projects. We happen to stand on the right-hand side of the Bering Strait, where one can sleep well at night and not have to wonder what the Kremlin might be thinking about the ownership of what I suspect shall be declared, in due course,

POSITIONED TO BE ONE OF THE WORLD'S LARGEST GOLD MINES

Projected Annual Gold Production (millions of ounces)



* Anticipated annual gold production during full life of mine if put into production as contemplated in the Second Updated Feasibility Study. See "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" and associated information on page 50.
† Average of comparison group data of 5 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 January 2021.

strategic assets. Evidently, Russians have learned to sleep with one eye open for centuries – so they are not fazed. And we sure wish them uninterrupted, regenerative beauty sleep, for Polyus' greenlighting that mine will be wonderful for the owners of Donlin. Our shareholders (and, one presumes, Barrick's) owning the equivalent of what Sukhoi Log boasts, yet in the second-largest gold-producing state in the United States, is, well...*kind of special*. What counts most for us is that major *Western* investment banks are putting valuations of \$10-\$15 billion on Sukhoi Log in their analyses of Polyus. This is what I have long said Donlin should be worth at today's prices. As your company's most enthusiastic promoter, I therefore hereby pledge to work even harder to close that gap. Clearly, with only one global comparable, the potential value to be unlocked as the partners move forward at Donlin is now more tangible than ever.

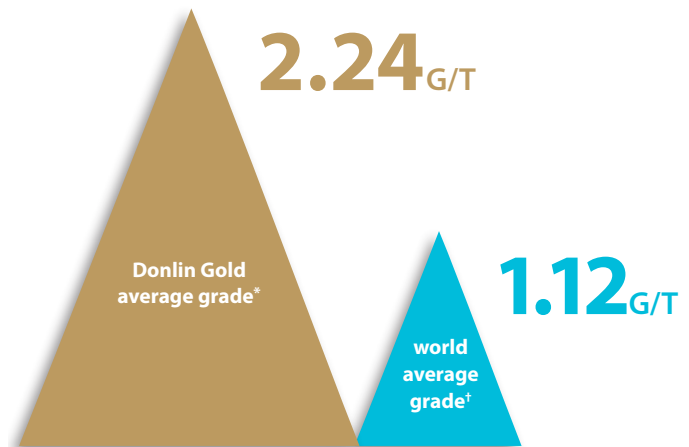
The data points that revealed themselves in 2020 only reinforced this conviction, and in multiple ways. Let us start with the sweetest part: Namely, that we and our Native Corporation partners Calista Corporation and The Kuskokwim Corporation (TKC), and of course the project's co-owner Barrick Gold Corporation, managed to successfully execute the largest drill program at Donlin in 12 years under the constraints of COVID-19 – a truly remarkable achievement. That it was accomplished on budget and within schedule was a testament to a beautiful collaboration by all stakeholders. *That there were no cases of COVID-19 or lost-time incidents* at the Donlin Gold camp was a rewarding attestation to the professionalism, discipline, and conscientiousness of our team and subcontractors.

DOUBLE THE GOLD INDUSTRY'S AVERAGE GRADE

In that regard, let me add this: Camaraderie matters. And so do honor and fidelity. As seen from our inaugural formal sustainability summary enclosed in this annual report, every single partner is committed to the highest standards of sustainability. This is not a new phenomenon. To us, environment, social, and governance (ESG) is not a revelation. It has been a way of life for 20 years. We never would have made it this far were that not the case. Donlin presents one of the longest and most extensive environmental baseline studies of any gold-mining project in history. As our Native Corporation partners can attest, we talk the talk and we walk the walk. Now that it is fashionable to discuss more fully one's track record for doing it right in sustainable development, we are raising our hands – without fanfare but with great confidence. The truth is, our owners can take supreme comfort in NOVAGOLD's pedigree in this particular area, as the board and management simply don't know how to do anything other than through best practices.

Our reward for this devotion to first principles, should one wish to get a little metaphysical about it, is that the deposit itself showed it was a gift that keeps on giving. That the drilling was completed (with even more holes than planned) was astonishing enough; that the results themselves were better than expected was icing on the cake. There is a reason why assay labs are referred to in our business as "the house of heartbreak." Yet in an industry more often characterized by declining grades and disappointments, Donlin proved the contrary. Once again, it delivered higher-grade results than the modeled projections – a blessing that few gold-mining projects can claim. From literally all standpoints, the mettle and metal displayed at Donlin this past year was awesome.

Not all of the year was as sweet, but we got through the bitter part really well – and then some. In terms of management's resilience and integrity, we experienced what might be called our finest hour when NOVAGOLD was subjected to what we comfortably assert was a blatant manipulation of our stock price, designed to blunt our momentum for the benefit of short sellers who conspired to carry out a short-and-distort scheme and/or needed an exit when it looked like they might get squeezed as our shares approached decade highs. I won't dwell on that subject, as we are currently pursuing justice through the courts against the misbenighted tip of the spear for that duplicity. Discretion is the better part of valor. What is so astonishing to me about this case is the sheer volume of the defamation that was required for it to accomplish its task. Suffice it to say, the net result of the experience was that our shareholder support was exemplary. These investors include the Kingdom of Saudi Arabia's Public Investment Fund, renowned as one of the world's savviest sovereign wealth funds. They liked what they saw and acted with gusto in the marketplace.



* Represents average grade of measured and indicated mineral resources, inclusive of mineral reserves. See "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" and associated information on page 50. † 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.

We welcome their participation in our story, as we do the two additional Arabian Gulf sovereign wealth funds that already have long-term exposure to NOVAGOLD via their holdings in The Electrum Group. Having such value-added investors cheering on Donlin is of true benefit to our shareholders, and I am grateful to them all for wanting to see one of the largest gold mines in the world built when we and Barrick are ready to roll.

GETTING BETTER AND BETTER: THE NOVAGOLD ADVANTAGE

I have often been called an activist in both my for- and non-profit lives and acknowledge that being a promoter of great causes and even greater assets, if they are genuinely Tier One,¹ is a real honor. Big cats, Rembrandt, gold (and in the latter, especially Donlin)...they're all of a piece: beautiful, meaningful, uniquely iconic within their own specific ecosystems – and irreplaceable. If I am a promoter of such things, then promoter I shall be. At least in each instance, in addition to capital, I also contribute my passion and my most precious commodity: time. I have skin in the game, and my heart as well. For money is not my be-all and end-all. Death shrouds, as they say, have no pockets and my interests are effectively intertwined. Indeed, David Macdonald, the professor of zoology who founded WildCRU, Oxford University's Wildlife Conservation Research Unit, paid me the highest compliment when he said that "while many are trying to turn tigers into gold, Tom is trying to turn gold into tigers." If you want to know what makes me tick, that about sums it up. With that passion driving me on, not for nothing am I sometimes called "the owner who lives above the store." In my book, that's more of a privilege than a responsibility. For as I often say, "It doesn't take a genius to buy Rembrandt; it

¹ 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.

takes a genius to *be Rembrandt*.” At this point, I could say the same for Donlin which, simply put, to me evokes a da Vinci.

That sense of destiny was further evoked in 2020. For if Fortune was impressed by all the positive developments that took place at Donlin, she certainly expressed her approbation by giving us many signs. Such good luck is yet another reason why I have always felt the NOVAGOLD story is so special that my only regret has been that more people don’t know of it. This will assuredly change, and possibly sooner than we think. Given the gold industry’s suffering from both asset scarcity and the ravages of rising jurisdictional risk, we believe that having equal ownership in a Tier One asset located in a Tier One jurisdiction suggests that time is clearly on our side. This, in turn, will give our shareholders *maximum leverage in the perfect jurisdiction to keep the fruits of that leverage*.

For more on that particular angle, one can watch my interview with Dan Tapiero² for Real Vision, in which we talk gold and, yes, Donlin Gold. Since that interview was published, I can add that NOVAGOLD and our co-equal owner in the project, Barrick, are fully aligned in carefully planning out the future mine and monitoring developments to advance Donlin Gold toward construction – at a time when both partners conclude that they can achieve maximum benefits for all stakeholders, including our shareholders.

Meanwhile, momentum is building rather fast, for NOVAGOLD is becoming a go-to stock in the space, especially as the sentiment in this sector improves and interest is steadily but surely finding a channel into scarce and consequential North American assets. There are myriad good reasons for this. For while I hate to say it, there won’t be very many players left in the gold space. Collapsing grades, the paucity of new discoveries, and the churning through of reserves at existing mines by the majors all but confirm that we have already reached a tipping point. As such, assets like Donlin Gold, with metrics that are accretive on practically every dimension, are essentially unicorns. When I survey the landscape, I am reminded of the carnage that was visited on the tech space after the late 1990s bubble burst. If one had the presence of mind to sift through the wreckage and have the wits to pick a winner or two – say, an Amazon or an Apple – one made a generational trade. Similarly, I believe that those few gold companies that have great assets in great places will constitute generational opportunities. I believe that NOVAGOLD will stand among those precious few.

Candidly, helping this particular scenario come along is our objective. As the great wit Talleyrand put it, “The art of statesmanship is to foresee the inevitable and to expedite its occurrence.” We’re open about it. I’m open about it. We at The Electrum Group consider Donlin Gold to be the holy grail and want it to be valued for the category-killer Electrum and its shareholders see it to be. Electrum will make money only to the extent that its co-investors will. And these fine folks are exceptionally well-educated about Donlin Gold’s narrative. For those new to the story,

I encourage any reader to peruse NOVAGOLD’s 2018³ and 2019⁴ annual reports. I do urge you to read them precisely because they are considered, by our investors, to represent the gold standard of transparency and intellectual coherence in the gold development space. As such, I am not aware of any shareholders who do not understand our strategy and the steps we are taking to implement it.

In addition to these facts as we know them, our shareholders are accustomed to getting my forward-looking thoughts every year on how the gold thesis is doing. This year’s “Thoughts” section will be a bit longer than usual. Knowing that brevity isn’t my strong suit at the quietest of times, such a statement may appear quite daunting. But if you are like me, watching the world (and not just the markets) venture into uncharted waters begs for an attempt at explanation. There are so many new facets to the new world disorder. Perhaps dozens. I shall dwell primarily on two of them: crypto as it relates to precious metals, and China.

GOLDBUGS, BITBUGS, AND SILVERBUGS

“I have always thought there might be a lot of cash in starting a new religion.”

George Orwell to a friend, 1938

Tempting as it is to veer into sex and politics and other temporal issues this year, let us stick with what now constitutes the less controversial, albeit more spiritual, subject of religion. The revelation of divine truth is a powerful thing, and it is a wondrous sight indeed to witness the birth of a new and passionate faith. Some might even argue that, in an era characterized by a perverse alloy of cynicism and financial exultation, this spectacle is especially pronounced when money is involved. *Real* money – not this penny-ante “a billion here, a billion there” kind of stuff, but rather a *trillion* here or there.

The rise of cryptocurrencies in fact could be interpreted as such a theological phenomenon. And George Orwell, as with many other cases in his observation of the human condition, was likely onto something very much worth pondering here. For as JPMorgan strategists John Normand and Federico Manicardi wrote in mid-January, “Whether cryptocurrencies are judged eventually as a financial innovation or a speculative bubble, Bitcoin has already achieved the fastest-ever price appreciation of any must-have asset.”

The pious fidelity of the contemporary neo-monetary monotheists, a.k.a. the Bitbugs, is nonetheless all the more impressive given that the concentration of crypto wealth would make even a plutocratic one-percenter blush. If what I have read is true – admittedly, a high hurdle in this era of obfuscation and manipulation – approximately 2 percent of anonymous accounts control some 95 percent of all Bitcoin holdings, a data point which NYU economist Nouriel Roubini also relayed.⁵ A further breakdown

³ https://www.novagold.com/resources/NG_2018-AR.pdf

⁴ https://www.novagold.com/resources/NG_2019-AR.pdf

⁵ <https://www.fxstreet.com/cryptocurrencies/news/bitcoin-whales-ownership-concentration-rises-alongside-prices-flipside-crypto-202011281344>

² <https://www.realvision.com/the-kaplan-doctrine-conservation-preservation-and-value>

indicates that large holders, the so-called whales, would own about 92.4 percent of the 2 percent, with crypto exchanges accounting for nearly 7 percent.⁶ What a brilliant phenomenon it is to get people to want it despite this.

A beautiful *précis* of the theistic aspects of cryptocurrencies⁷ was published by Bloomberg early in 2021. It begins thus:

Bitcoin is the first true religion of the 21st century. Sometimes people call Bitcoin a religion pejoratively, as a way to sneer at its disciples. Or they call it a cult. Or they just use "religion" to imply that the whole thing is irrational. But I mean it with no judgment one way or another. Just that it's literally a religion. There's plenty of evidence for it.

This piece was followed up a couple of weeks later by an equally riveting reinforcement.⁸ Like the author, Joe Weisenthal, I reserve the right to be non-judgmental while analyzing the phenomenon. And yet, I sort of enjoy watching it. Most religions fizzle out and become rumps or insignificant cults. The most prosperous religions, however, are often promoted as continuations of a successful model, or at least an established one. One need go no further than the Judeo-Christian-Islamic narrative to evidence this point. So long as the Bitbugs are a bit tolerant of the gold bulls' denial of their exclusive right to the future of hard currency, all will be well. Gold is tested by *time*, and, even if technically demonetized *for the time being*, it is still a recognized and safe store of value that will continue to be seen as such by central banks. Not unlike that Old Testament/New Testament/Quran dynamic, I for one have a deepening suspicion that the evangelism of cryptocurrencies' true believers may metamorphose in a way that will reaffirm and enhance the case for gold itself as part of a mix of alt-currencies. After all, the fundamental rationale for ownership of cryptocurrencies is pretty much grounded in the intrinsic justification for owning gold.

Crypto bulls recognize that the monotheistic principle of "money that can't be printed by fiat *ad infinitum*" began with gold (and, to be fair, silver too). Both assets hence are part of a wave against the paganism of what began as a creeping and inchoate irresponsibility and has now crystallized into a new creature altogether – namely, Modern Monetary Theory. True, this heresy remains the state religion. But with gold gaining new adherents, and the hyping of cryptocurrencies' various successor testaments and catechisms, the neo-monetary monotheists of what I am here and now christening "Modern Monetary Theology" are taking the thesis to a new generation that many of the gold bulls, and I for one, would never have been able to reach on our own. Thus, I do believe that what Bitbugs refer to as the "new gold" bodes very

well for the old gold. History shows that, when people behave civilly, multiple models derived from a common gene can survive in tandem – and indeed thrive.

Want and need are two distinct things; the difference between freedom and dependency. For our purposes that is to say that, while I genuinely *want* crypto to succeed, I don't actually *need* crypto to succeed for Donlin and scarce assets in safe places to become their own juggernauts. This is an excellent position in which to find oneself. To go from the sacred to the profane, this reality actually applies to numerous asset classes. After all, Old Masters are reaching new highs at auction and in private sales. In fact, an Old Master painting – Leonardo's *Salvator Mundi* – holds the record at auction for any work of art ever, despite being sold in a market swirling with modernist and contemporary creations. There is a lot to be said for pedigree and scarcity.

I shall not, however, say much for why one should own gold – or crypto, for that matter. While each asset boasts some bells and whistles that are unique to itself, their commonality of purpose should form a sea change that is embraced by the gold bulls, who have witnessed the triumph of the essential arguments with a new generation. And by now, practically all of these NMM evangelicals have heard their favorite asset referred to as "digital gold" or "the new gold." Millennials logically associate the received wisdom of crypto as being the natural extension of something that has an actual *multi-millennial* pedigree. This rebooted applause for gold is *enormously* bullish for the metal – for the zeitgeist has the potential to boost gold's brand recognition as an aspirational asset benchmark, at just the right time for an industry that cannot find sufficient quantities to replace their reserves. Think about it: Every time a Bitbug refers to crypto as "the new gold" or "digital gold," they are paying a compliment to gold. True, they may be saying it as a backhanded compliment. But considering that this crowd probably never owned – or thought of owning – any non-fiat currency (or was even familiar with the idea that they should or could) until recently, *any* revelation at all regarding why gold has worked can only be accretive to the brand of a most under-owned financial asset. Some, led by reputable aficionados such as Mike Novogratz himself, actually espouse buying gold and, as seen most quixotically but very intelligently, there is clearly a strong retail (as well as institutional) interest in silver. If, as I suspect, these fellow leverage lovers happen to look for a new hit of octane, they will be pivoting to the miners with enough enthusiasm to create a new bubble in that beaten-down asset class.

For those who want some practical advice, therefore, I can only express how I am choosing to trade the gold/Bitcoin phenomenon. It is through the equities of gold and silver mining shares. If crypto does well, it is a very good sign that gold will do fine. If digital currencies are themselves disrupted by governments and their market deepens, crypto:gold ratios will emerge that will be tradable. The relative illiquidity of gold and silver will cause them to be revalued upward. And so it goes. I have always held that gold needs a \$3,000-5,000 price for an equilibrium to be reached simply from a gold industry standpoint – with multiples of that

6 <https://www.bloomberg.com/news/articles/2020-11-18/bitcoin-whales-ownership-concentration-is-rising-during-rally> (accessed February 6, 2021)

7 <https://www.bloomberg.com/news/newsletters/2021-01-04/five-things-you-need-to-know-to-start-your-day>

8 <https://www.bloomberg.com/news/articles/2021-01-21/bitcoin-is-a-faith-based-asset-joe-weisenthal>

if macro factors play out as they can. With the market cap of the entire precious metals sector amounting to not much more than the daily fluctuations in any of the new Nifty Fifty, it will not take much more than the flapping of a butterfly's wings to cause the miners to revert to their historical golden mean in valuation.

ON TO THE BEST PART

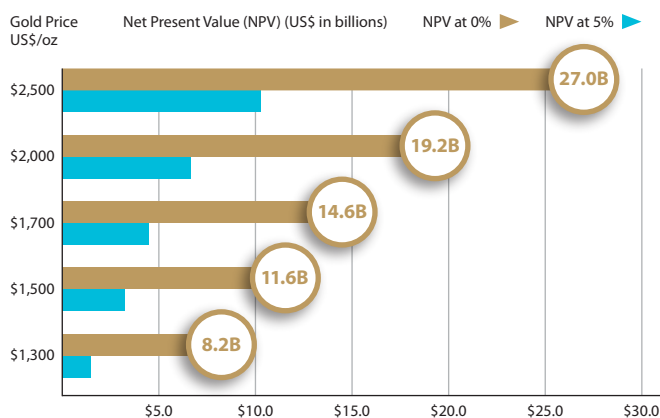
Were I to be even fractionally right on my outlook for the metals, the surge will not be ephemeral. For it will coincide with that perfect storm of supply-demand fundamentals of which I am convinced even more so now, and that ultimately argues for an epic higher revaluation of the metals – and their equitized proxies especially. Moreover, unlike crypto, the miners enjoy some highly favorable differentiators. Here are a few to get the juices flowing and realize why I believe it's game over for the precious metals bears:

- ▶ Gold is a hard business, literally and figuratively. A new cryptocurrency essentially requires an algorithm – no small feat, of course – but putting aside the benefits to being a first-mover, a new and improved version of the coin can always be created if one wills it. Gold is uniform in its chemical composition, what one might call its *algorithm*. There is only one kind of Au. I do not have to imagine what kind of regulation gold may face that can harm its thriving – I already know what those scenarios are and can live with the consequences. However, I can be quite sure that many governments are looking at how to manage or even compete with crypto. Suffice to say that, while there exist a multiplicity

of cryptocurrencies (and I suspect that the true winners are not even named yet, other than perhaps in Chinese), there is still only one kind of gold and one kind of silver, history's time-tested monetary metals. And as we all know so well, both are genuinely hard to find and exploit. For once one has bucked the roughly 1,000-10,000:1 odds against finding something new through exploration, it will then take on average 15-25 years to develop, permit, and build the mine itself. As we also appreciate, the industry has not generated new discoveries for years. And grade is plunging – by half over just the last decade. If anything, production is slated to decline for years.

- ▶ Let me also remind the reader that gold is not like hydrocarbons, with vast reservoirs or resources ready to be switched on quickly should prices rise, or unlocked simply by new technologies such as horizontal drilling or fracking. The mining industry does not enjoy the luxury of 3D seismic, and deposits can take decades to go from prospect to mine. *Peak gold really is peak gold*. Barrick recently estimated that gold production will decline by 5 percent a year for years going forward. I believe that's about right. If anything, it will likely prove to be a conservative forecast as jurisdictions once thought investible are no longer so, and declining grades mean higher costs with less output. What an incredible story. That's why I often claim that, as far as supply is concerned, the horse has already left the barn.
- ▶ The future market darlings, gold miners – even the majors – are all pretty much small caps today. Those that remain are healthier than they have been in years. If I am remotely right in my thinking, gold and silver companies that operate in jurisdictions where one is allowed to keep the fruits of all this leverage will potentially offer the biggest dividend potential in the investment world. And not just for equity investors looking at yield-generating stocks, but also for fixed-income investors looking for alternatives to bonds in the low-yield environment we find ourselves in – and which is likely to remain in place for the foreseeable future. The dividend streams from precious metals equities should attract a huge wall of yield-seeking money from the fixed-income market, which at the moment wouldn't see crypto as a viable option. As such, for those who want real leverage to the New Monetary Theology, the miners deserve a really hard look. The pent-up buying power of that observation is good enough for me. As Michael Oakeshott, the late London School of Economics political philosopher put it so elegantly, "a true conservative is one who prefers...present laughter to utopian bliss."

DONLIN GOLD'S UPSIDE VALUE WITH HIGHER GOLD PRICES



Donlin Gold estimates as per the Second Updated Feasibility Study, effective November 18, 2011, amended January 20, 2012. 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 feasibility study reference date of 1/1/2014 (start of Year -05) as the first year of discounting. Estimated project development costs of approximately \$172M to be spent prior to the reference date are treated as sunk costs. At a 5% discount rate, the net present value is: \$1,465M @ \$1,300 gold; \$3,147M @ \$1,500 gold; \$4,581M @ \$1,700 gold; \$6,722M @ \$2,000 gold; and \$10,243M @ \$2,500 gold. The project requires a gold price of approximately \$902 per ounce to break even on a cash flow basis. See "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" and associated information on page 50. Wood Canada Limited ("Wood" formerly AMEC Americas Limited) is currently updating all sections of the Second Updated Feasibility Study with updated costs, economic assessment, permitting information, and technical information related to permitting, generated on the Donlin Gold project since 2011, which is anticipated to be finalized and filed during 2021. Based on that cost review, Wood determined that updating the Second Updated Feasibility Study using 2020 costs and new gold price guidance results in no material change to the mineral resources or mineral reserves. The economic assessment in the updated study may be materially different than in the 2011 study.

A RESOURCE MORE THAN FOUR TIMES THE SIZE OF THE PEER GROUP AVERAGE



* Represents 100% of measured and indicated mineral resources, inclusive of mineral reserves, of which NOVAGOLD's share is 50%. See "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" and associated information on page 50. † Peer group data based on company documents, public filings and websites as of March 29, 2021. Comparison group of 15 projects based on large (2Moz Proven and Probable cut off), North/South American gold-focused development projects with >75% projected revenues from gold.

ELECTRUM'S ALGORITHM

It is true that my enlightened complacency might be influenced by the belief that I have found a formula to making outsized returns in natural resources when one owns the right asset in the right macro environment. Despite prospering in this business for nearly three decades, my personal perspectives are more qualitative – really as a historian who applies what he believes to be some of history's important lessons. That has proven to be a strong comparative advantage in commodities investing, even if I still freely admit that the extent of my knowledge of the nuts and bolts of mining would fit generously into a thimble.

Knowing what I *do not* know, from the very outset of my career I thus made it the first order of business to surround myself with people of the greatest integrity – that is, who are not afraid to tell me when the emperor is naked – and who are also at the top of their games in their respective spheres: wise individuals such as my "Doctors Nyet," Ken Rye and fellow NOVAGOLD board member Igor Levental, in analyzing and negotiating deals; first-rate geologists, led by the remarkable Dr. Larry Buchanan; and enormously successful and battle-proven mine operators and builders, best exemplified in my experience by NOVAGOLD's very own Greg Lang and Richard Williams. Electrum puts serious money into exploration. If we are really lucky, this formula can make 10x on a discovery. And if we get the macros right, we can expect that windfall to multiply a further 10x. Thus, should my team and I have the choice of where to put Electrum's risk dollars today, it still would

be into that model ahead of any other. And truth be told, were the decision Electrum's alone, we would have multiple drill rigs on Donlin right now. For the industry desperately needs reserve expansion at these grades. The CEO of Wheaton Precious Metals, Randy Smallwood, used a nice turn of phrase with Kitco to describe the collapse in grades and the fact that "it is getting tougher and tougher to find good solid assets and opportunities to grow": Geological Inflation. As he put it far more succinctly than I am ever wont to do: "Having good long-life assets against this backdrop is incredibly important."⁹ That is indeed our philosophy as well.

WHITHER THE DOLLAR AND CHINA?

For years I argued that, in a world where all paper currencies are toilet tissue, at least the dollar was double-ply. And as currencies are relative instruments, of the fiat currencies the dollar remained the best. Thus, one should own gold *and* the dollar simultaneously. Of course, I am always met with a raised eyebrow with that one because one of the most persistent myths remains that gold somehow needs a weak dollar. It does not, as illustrated with this case in point.

I distinctly remember the day I sold my energy company in 2007. Oil was well north of \$100 with Goldman Sachs claiming that a spike to \$200 was possible – bless their hearts – and the dollar stood at \$1.47 against the Euro. Gold had a \$600 handle. And thus are put to rest two myths: First, that gold is a commodity like oil and will trade with commodities in tandem; second, that the dollar (having *strengthened* to its present \$1.20 versus the Euro) needs to fall for gold to rise. Myths are wonderful things. Since that day some 13 years ago, gold has tripled during a period in which the dollar grew even stronger. Meanwhile, oil declined to a fraction of where it was when I had to decide in which currency I wished to be denominated as I pounced on the gold-mining opportunities that would present themselves. A year later, this would include NOVAGOLD, the company that had successfully and famously fended off a hostile takeover bid by Peter Munk's Barrick.

While the fiat currency alternatives to the dollar are ripening for sure, reserve currencies usually take a while to wither. After all, in an article published in the *Washington Post* and appropriately titled "How Trump made China's currency great again," the author cites the Nixon-era Treasury Secretary John Connally, who quipped – wickedly yet not incorrectly – to a group of European finance ministers that the "dollar is our currency, but it's *your* problem."¹⁰ So I will only say this: Watch China. I think of China as Dean Martin did of Sinatra when he said, "It's Frank's world; we just live in it." American hegemony is receding as China's is rising – a process that accelerated materially, in both directions simultaneously, during the last several years.

⁹ March 12, 2021 Kitco interview titled "Geological inflation is here; how does this affect gold and silver price?"

¹⁰ <https://www.washingtonpost.com/opinions/2021/01/20/how-trump-made-chinas-currency-great-again/>

As someone who is deeply pro-American, I write this with genuine regret. Still, the fact is that China's was the only one of the world's largest economies that did not contract last year. The contrast between their effectiveness (and concomitant brutality) in implementing their policies and the performance of most Western countries is glaring. Such rigor, combined with the notion that there are some 1.4 billion of these hard-working people, should be considered strongly. Of course, many would point out that the travails of the pandemic can be traced to Chinese wet markets. This might well be accurate. But it is also irrelevant when it comes to this discussion.

The Great Depression that began in 1929 was triggered by a stock market crash that originated in the United States. That fact was fully forgotten in the ensuing socio-economic and geo-political disasters that followed. What remains is the ironic result that a singular crisis catalyzed by American excess resulted, within less than a generation, in both the displacement of multiple empires and the United States itself emerging as a global hegemon. Speaking figuratively now, we know how wars begin. But to paraphrase General David Petraeus' trenchantly insightful question not long after the Iraq War commenced, "Tell me, how does this end?"

This leads us to another reason why I don't simply call crypto by the name of its present market leader, Bitcoin. I voluntarily put aside the question of which cryptocurrencies will survive, partially as I would like this piece to retain some reasonable shelf life. But also because governments could cut the crypto story dead in its tracks at any time. Note to the bulls: I strongly urge the space to find another name for it. Governments do not like to lose control of their money without a fight. And they don't need to look very far for the *casus belli*. In a regulatory era determined to ensure that "know your customer" is real, that money can be traced and that it is utilized transparently, the mere expression *cryptocurrencies* itself invites a crackdown. What Jim Grant calls a "digital bearer bond" should really be called "happy money." Anything but crypto. In that spirit, there's also the environmental aspect. As Grant quipped: "That such energy-intensive 'mining' makes gold mining look green is, to the Bitcoin faithful, irrelevant."¹¹ But that cognitive dissonance may not last too long.

Then there is this: I do believe that the Chinese are firmly dedicated to crypto in their bid to undercut one of the most important pillars of American power – the take-it-or-leave-it nature of the dollar standard. Thus, to those who have learned through experience the aphorism "Don't fight the Fed," I would suggest that in the not-too-distant future it will be adjoined an important corollary: "Don't fight the Fed and/or the People's Bank of China." While there certainly will be other countries that seek to incorporate crypto into their strategies, I would bet on the Chinese determination to perfect crypto and other aspects of the renminbi alternative as they internationalize their currency. They will scrub their efforts internally and then expand to the Belt and Road and thenceforward to the rest of the world.

As a more significant trading partner to more countries in the world than the United States, the rise of China's currency to reserve status – at the expense of the dollar – is inevitable. If I had to hazard a guess, it will also involve gold, of which the Middle Kingdom is the largest producer *and* the largest buyer. And I believe as well that it will involve Russia, which made news in 2021 when its gold holdings surpassed U.S. Treasuries for the first time. That is a meaningful statement, both for how the country views gold (of which Russia has now overtaken Australia for the number two spot in global gold production) and what they seek to accomplish in terms of monetary autonomy. Vested interests are happy interests. Moreover, I believe that, if the Chinese and Russians are not already acting in concert, they have ensured that their melodies are harmonious. Then of course there is Mother India, whose love for gold has been requited with higher prices, thereby providing pretty much all Indians with positive reinforcement from holding gold as a store of value. So we have China, India, and Russia with a genuine vested interest in gold at a time when production is declining and money printing has reached the "ho-hum, just pile it on" phase. In short, I can see that the long-term prognosis for gold – officially as well as unofficially – involves gold. For me personally, I feel as the lady at the next table to Meg Ryan's in *When Harry Met Sally...* When I watch the reaction of those three ambitious powers reprising her classic euphoria, my only response is, "I want what [they're] having."

¹¹ "Bitcoin Goes to Wall Street," *Grant's Interest Rate Observer*, Vol. 39, No. 3, February 19, 2021.

EARLY INNINGS STILL

Obviously, I am not the only one to detect this paradigm shift in gold. There is no doubt that consciously and subconsciously the investment climate has changed in the bulls' favor. The gold narrative is far more well-received now than it was a couple of years ago, and the expansion and quality of gold's list of advocates has been beautiful to behold. So it has been with the crypto phenomenon mirroring this pivot, and with its passionate adherents who are presenting precious metals with a new pool in which to wade. If crypto multiplies, precious metals will prosper for their own merits and for their arbitrage opportunities as people seek value amidst the alt-currencies. If crypto does not do well for whatever reason, or faces increased regulation, gold's time-tested reliability will let it continue to shine for all the reasons I have highlighted for years.

TOP LONG-TERM SHAREHOLDERS

63.5%
top 10

25.7% Electrum Strategic Resources LP & affiliates
7.5% Fidelity Management & Research Company
6.7% Paulson & Co. Inc.
6.4% BlackRock Institutional Trust & affiliates
4.9% Saudi Public Investment Fund
3.6% Van Eck Associates Corporation
3.0% First Eagle Investment Management
2.4% The Vanguard Group, Inc.
2.0% EXOR Investments (UK) LLP
1.3% State Street Global Advisors (US)



36.5%
all other

* Market Capitalization based on 331.3 million shares issued and outstanding and NOVAGOLD share price of \$9.31 as of April 1, 2021. Shareholder positions are based on the latest 13-D, 13-F or 13-G filings as of December 31, 2020.

It is still early days in this story, however. At this juncture, I am yet again reminded of the wise words of John Hathaway, whom I regard as the Dean of the Gold Bulls: "A cursory inspection of the U.S. fiscal situation suggests that the U.S. dollar deserves to rank high on the endangered species list. *We believe that now is the time to start layering in gold exposure, not when the rest of the world tries to do so.*"

If John is right, and if I am right, the place to be in order to benefit from a legitimate revaluation (dare I say "bubble"?) remains the precious metals miners. The massive dividend streams to which I referred, coupled with the multiple expansion of those companies with long-lived Tier One assets in Tier One jurisdictions, could allow these companies to outshine everything else but some groundbreaking tech and biotech stocks – and yes, even crypto. We live in a world in flux. Empires are rising, empires are declining. Gold may or may not be the biggest winner. But a winner it will be. And that bodes well for me and the shareholders of NOVAGOLD.

ACKNOWLEDGMENTS

I have evoked Fortune quite a few times in this piece. Those readers who know me understand it is no throwaway expression in my book. Rather, an appreciation for the inherent fickleness of life constitutes part and parcel of a deep affinity for certain classical values of acknowledgment best evoked by Cicero, who put it so perfectly: "Gratitude is the greatest of the virtues and the mother of all the others." I believe with all my heart and mind in the absolute truthfulness of this sentiment. And at no time in my adult life than during this past year have I felt more grateful for all those that I have around me and in my various ecosystems.

To all those who are making the Donlin Gold project advance so gracefully and helping the NOVAGOLD story shine so brightly, you have my deepest appreciation. The year 2020 clearly would not have been the success it turned out to be without the wisdom and fidelity of all our allies and collaborators: our Alaska Native partners – Calista and TKC – and our joint-venture partner Barrick; the State of Alaska and the federal government; our board of directors; the management personnel in Salt Lake City, Vancouver, and at Donlin in Alaska; and all our contractors and professional advisors. As that owner who lives above the store, and knowing what it is to be a long-term investor, my gratitude for our fellow shareholders knows no bounds. From the more modest retail investors all the way through to the most highly acclaimed fund managers and shrewdest sovereign wealth funds, we feel blessed with a trust that NOVAGOLD holds sacred.

Thank you all once again for that trust. Please stay safe. And may you and your loved ones experience a healthy and prosperous 2021.

Dr. Thomas Kaplan

Chairman, Board of Directors

April 7, 2021

YOU'VE BEEN IN THE NOVAGOLD STORY FOR 12 YEARS NOW. PLEASE TELL US HOW YOUR INVOLVEMENT HAPPENED.

We at Electrum entered the NOVAGOLD saga on December 31, 2008 as something of a white knight, purchasing the company's shares for the very first time in order to literally save it from existential challenges across an extraordinarily broad front. Putting aside the fact that the economic environment on that New Year's Eve was not particularly permissive of any investment at all, our intervention appeared – even to our closest friends – as akin to catching a falling knife. But I had sold my hydrocarbon company, Leor Energy, for cash a year earlier in order to pivot to gold, and luck as well as opportunity coalesced beautifully right where I had put my focus: NOVAGOLD.

As a bit of background, I had long coveted exposure to the Donlin story. Watching at a distance from the early 2000s, I felt that I had missed the chance as NOVAGOLD's shares rose from pennies into the teens on the back of drilling that produced what were clearly among the best exploration results in the gold industry. I wasn't the only one who saw this potential; Barrick not only shared my view, but also tried to buy the company in 2006 when NOVAGOLD's market cap was approximately \$1.2 billion. The failure of their takeover attempt was to have enormous implications for both companies.

By the end of 2008, NOVAGOLD was untouchable. Name the crisis and the company defined it: debt coming due that would have put it into bankruptcy, class-action lawsuits, environmental concerns with the EPA (regarding a modest gold property that was remediated and is now divested), loss of credibility with investors and analysts, and hostility from at least one of its key partners. I could go on. But being that we were not irrational by nature – and that it's much more fun to speak to what transpired afterward – we reached the conclusion that if we could turn this disaster around it would prove to be worth it.

Barrick itself was waiting in the wings to buy NOVAGOLD out of bankruptcy. They were not the only ones. That was the reason I didn't try to acquire the whole company. A wise head, Igor Levental (the guy married to Jessica and also Electrum's president) was whispering in my ear: *Remember Caesar, thou art mortal*. The argument went as follows: If you try to take it all and right out from under the noses of the majors that covet the company, all they have to do is walk you up dollar for dollar and so long as the number they pay is less than the takeover price that Barrick offered (and the shareholders rejected), it is worth it for them. It was a pretty good point, so we settled for less ownership but with certainty of transaction. There's greedy, and there's stupid. Nonetheless, I could count on the fog of war for only so long and the fuse on the rescue of this pariah was short. It was so short, in fact, that I decided to forego our characteristically fastidious due diligence process to rely upon NOVAGOLD's joint disclosures with Barrick. I decided that I didn't have to trust NOVAGOLD's representations about Donlin, just their partner's.

Only after we had closed our investment in NOVAGOLD were we able to send our chief geologist, Dr. Larry Buchanan, to walk the property and share his impressions. Larry's award-winning team had led the discovery and exploration at San Cristobal in Bolivia, which resulted in the identification of what developed into one of the largest silver and zinc mines of his generation. A man of enormous integrity as well as talent, much like Igor he also only "speaks truth to power" and his opinion means a great deal to me. "Is the deposit at Donlin what we thought it was?", I asked upon his return. "Oh no," said Larry. Mercifully, before my heart sank, he then quickly added that there was, in his opinion, very much more than the 30 million ounces¹² already identified. Moreover, with that 8km strike being a mere 5 or so percent of the property package, Larry's conclusion was most emphatic when he said that *"the next Donlin could be at Donlin. Congratulations."* Within a couple of years, we had sorted out the various messes that were leading NOVAGOLD to collapse before 2009, and by 2010 the equity returned to the price it had been during the Barrick takeover attempt.

¹² In April 2009, Novagold reported 35.3 million ounces of gold, on a 100% basis, contained in measured and indicated mineral resources, inclusive of proven and probable mineral reserves, of which Novagold's share was 50%. This is supported by a past technical report, "Novagold Resources Inc., Donlin Creek Gold Project, Alaska, USA", effective April 1, 2009. Measured resources, inclusive of proven reserves, totaled 10 million tonnes grading 2.53 grams per tonne, and indicated resources, inclusive of probable reserves, totaled 469 million tonnes grading 2.29 grams per tonne. This estimate has been superseded by the estimate contained in the Second Updated Feasibility Study effective November 18, 2011 and amended January 20, 2012. For current mineral reserves and resources, refer to "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" table on page 50.

2

Q + A

NOVAGOLD IS ELECTRUM'S FLAGSHIP INVESTMENT BECAUSE YOU SAY DONLIN IS THE "HOLY GRAIL." COULD YOU EXPLAIN THAT?

When we entered NOVAGOLD at the very end of 2008, as discussed earlier, we felt that Donlin was likely the best single development asset in the gold space. The passage of time has not only reinforced this opinion, but we now believe that industry fundamentals are rendering it unique. Let me put it this way. When I speak about Donlin, I often ask this simple question of my audience: *What other development-stage asset in the industry compares in its combination of enormous size, high grade for an open-pit (and hence low all-in cash costs), truly superb exploration upside, a production profile of potentially the biggest pure-gold mine in the world, a mine life measured in decades, excellent local community and industry partnerships, and also the safety of being located in one of the world's premier jurisdictions?*

I've never heard pushback with that one. If one cannot challenge the assertion, then Donlin must be unique. One might call it the gold industry's variation on a theme of Sir Arthur Conan Doyle's "Holmes Method"...the Donlin Corollary!

3

Q + A

YOU HAVE COMPARED DONLIN TO THE STORY OF "THE TORTOISE AND THE HARE." COULD YOU ELABORATE ON ELECTRUM'S STRATEGY HERE?

Natural resources assets have been my livelihood for nearly three decades. And focusing on the rare "category killers" – whether in silver, platinum group metals, or hydrocarbons – has rendered a rather good living. This certainly applies to Donlin Gold, which to us represented the closest thing to a unicorn when Electrum entered the NOVAGOLD story. To some, our investment then may have seemed long-dated. But our modus operandi is effectively to buy and hold and be patient. Now, with its federal permits and excellent attributes as a bona fide category killer, Donlin doesn't look so long-dated any longer. In fact, as other less-attractive mining projects around the world have been cancelled at

an accelerating rate, Donlin has continued progressing at its natural pace. We refer to this phenomenon as "The Tortoise and the Hare." Thus, rather than experiencing deal fatigue of any kind, it's quite the opposite. The passage of time has only reinforced our belief in Donlin's uniqueness and hence NOVAGOLD's potential as a go-to stock in the next up-leg of the gold cycle.

4

Q + A

SO YOU SEE DONLIN AS "BEST IN BREED"?

Yes, completely. Certainly, the superlatives one can attach to it are quite remarkable. In one or two phases, Donlin could well represent the largest single pure gold mine in the world when it begins production – and with decades of reserves. Other than perhaps Sukhoi Log in Russia, there are no known potential pure-gold producers that would start with nearly 40 million ounces of contained gold in measured and indicated mineral resources (inclusive of its 34 million ounces in proven and probable mineral reserves)¹³...and out of only the 3km portion of an explored 8km-long mineralized belt. And with that being only 5 percent of the land package. In other words, in an era characterized by declining reserves and precious few new discoveries, Donlin's size could possibly increase along strike as well as in terms of depth – perhaps significantly so. In addition to quantity, as evidenced by our most recent highly successful drill campaign, this asset also offers extraordinary quality.

Let's just consider the numbers from the 2011 Feasibility Study – which we very much look forward to refreshing together with Barrick. Though the project was envisaged to begin by processing an average head grade of 2.6 grams of gold per tonne in the first five full years of production,¹⁴ even the average reserve grade of 2.1 grams per tonne¹⁵ represents almost *double* the average grade of other gold projects.¹⁶ *Size and grade matter.* The consequence

¹³ Donlin Gold data as per the Donlin Gold Second Updated Feasibility Study (as defined herein). Donlin Gold measured resources of approximately 8 Mt grading 2.52 g/t and indicated resources of approximately 534 Mt grading 2.24 g/t, each on a 100% basis and inclusive of mineral reserves. Mineral resources have been estimated in accordance with NI 43-101. Donlin Gold proven mineral reserves of approximately 8 Mt grading 2.32 g/t and probable mineral reserves of approximately 497 Mt grading 2.08 g/t, each on a 100% basis.

¹⁴ Donlin Gold data as per the Second Updated Feasibility Study. The average head grade processed in the first five full years of production is 2.62 g/t. For current mineral reserves and resources, refer to "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" table. Projected average annual production represents 100% of which NOVAGOLD's share is 50%.

¹⁵ Donlin Gold data as per the Donlin Gold Second Updated Feasibility Study (as defined herein). Donlin Gold proven mineral reserves of approximately 8 Mt grading 2.32 g/t and probable mineral reserves of approximately 497 Mt grading 2.08 g/t, each on a 100% basis. Mineral reserves have been estimated in accordance with NI 43-101. See "Cautionary Note Concerning Reserve and Resource Estimates" on page 50.

¹⁶ 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.

of Donlin's sheer scale and superior grade render the economics unusually attractive, with the numbers then suggesting per-ounce life-of-mine cash costs of \$585 and all-in sustaining costs of \$735.¹⁷ And critically, the operations will be located in a safe part of the world where an investor can tread without fear. *As such, for us Donlin constitutes the optimal way to invest in the space: that is, to seek the maximum leverage to gold in a jurisdiction that will allow investors to keep the fruits of that leverage.* My emphasis on that last bit has led analysts to refer to it as the Kaplan Doctrine. While I enjoy the recognition, I personally call it the "Sleeping Well Rule." In my case, regenerative sleep has always been directly correlated with higher returns. Hence our strategy with Donlin: the patient man's way to get rich in gold while being able to sleep well at night.

5 Q + A

HOW WOULD YOU CHARACTERIZE NOVAGOLD'S RELATIONSHIP WITH BARRICK?

The partners have never been closer...or more closely aligned. Working together as a team, in 2020 we successfully completed a comprehensive, 85-hole drill campaign which covered some 23,400 meters – the largest in 12 years.¹⁸ This is a big deal. Mark Bristow, the president and CEO of Barrick, doesn't drill something out of academic interest – and neither do we, for that matter. And it is no coincidence, for instance, that Barrick and NOVAGOLD have been reporting jointly on the program. This too is a first, and a symbol of our deepening cooperation.

Both partners are obviously delighted with the outcome of the drill campaign, not only in terms of the actual results, which yielded better grades and higher grade-thicknesses than predicted by previous modeling, but also with the manner in which the work was conducted – particularly in light of the COVID-19 pandemic. Our two companies were especially proud of the fact that there were no cases of COVID-19 at the Donlin Gold site. Furthermore, with the help of dedicated community partners in Alaska and in the Yukon-Kuskokwim (Y-K) region who share the objective of protecting the health of Donlin Gold's workforce, a wide-ranging set of policies has been implemented to mitigate the spread of COVID-19.

¹⁷ Donlin Gold estimates as per the Second Updated Feasibility Study. All dollar figures are in USD and represent 100% of the project of which NOVAGOLD's share is 50%. Donlin Gold estimates as per the Second Updated Feasibility Study effective November 18, 2011, as amended January 20, 2012. "Costs applicable to sales per ounce" and "All-in sustaining costs" are non-GAAP financial measures. See Non-GAAP Financial Measures at www.novagold.com. The project requires a gold price of approximately \$902 per ounce to break even on a cash flow basis. Wood Canada Limited ("Wood" formerly AMEC Americas Limited) is currently updating all sections of the Second Updated Feasibility Study with updated costs, economic assessment, permitting information, and technical information related to permitting, generated on the Donlin Gold project since 2011, which is anticipated to be finalized and filed during 2021. Based on that cost review, Wood determined that updating the Second Updated Feasibility Study using 2020 costs and new gold price guidance results in no material change to the mineral resources or mineral reserves. The economic assessment in the updated study may be materially different than in the 2011 study.

¹⁸ See media release dated March 25, 2021, "Donlin Gold Announces Assay Results From Remaining 30 Percent of the 2020 Drill Program, Consistent With Previously Reported Results of Higher Than Predicted Grade-Thickness" here: <https://www.novagold.com/resources/news/2021-03-25.pdf>

In light of these achievements, Mark Bristow appropriately observed: "Building on the last two decades of exploration, the results continue to highlight Donlin's world-class potential." The highly successful and COVID-free conclusion of the 2020 drill program, and in particular the strong results Barrick and NOVAGOLD have been sharing over the past eight months, represents a major step forward in improving the geological confidence in the Donlin project, a necessary step to advancing Donlin up the value chain.

6 Q + A

FROM NOVAGOLD'S STANDPOINT, WHAT COMES NEXT?

We're starting to see our ideal scenario unfold as we imagined it would. At NOVAGOLD, we have always had a strategy regarding our flagship asset's future, which has been articulated many, many times: namely, as gold bulls we believe that Donlin should and will be built when we can make not just a decent return, but a spectacular return.

The excellent drill results are indeed making this scenario look better and better all the time. As declining gold grades pervade the industry, it has been extraordinary to be able to continuously report drill results that reinforce the attractiveness of Donlin Gold – already an exceptionally impressive asset in terms of size and grade for a large-scale open-pit gold project. The results from the 2020 drill program effectively exceeded the Barrick/NOVAGOLD technical team's modeled grade-thickness expectation.¹⁷ Moreover, the assay results pointed to additional high-grade gold intersections that only increased the partners' confidence in recent geologic modeling concepts and confirmed multiple high-grade extensions in both the intrusive (igneous) and sedimentary rocks. These findings not only confirmed our assumptions, but also provided direction for future high-grade drill targets.

The next steps are now clear. All the data are being incorporated into the geologic model and will be followed by an update of the mining schedules and life of mine business plans. Critically, we will also make sure that everything we plan is executed with special attention to the most up-to-date standards of safety, environmental protection, and social responsibility. This exercise will take place in preparation for the partners to embark on updating the feasibility study, the completion of which would form the basis of an execution plan. A construction decision ultimately will follow when fiscal discipline and gold prices combine such that we believe all Donlin Gold stakeholders may be expected to derive a truly great return from this world-class project. Step by step, tortoise-like, we're making our way to the finish line.

7

Q + A

CONSIDERING THAT THE JOINT VENTURE IS A TRUE 50/50, HOW DO YOU NAVIGATE AROUND POSSIBLE DISAGREEMENTS AND STALEMATE JOINT VENTURE SITUATIONS?

Our joint venture with Barrick is indeed a true 50/50. The board of the joint venture entity, Donlin Gold LLC, comprises two representatives from each company. The role of chair alternates annually and the board meets quarterly to review the strategic plans and activities, together with the approval of the budget. Dispute resolution mechanisms are in place to ensure that the Donlin Gold project progresses at a healthy pace and in the best interest of its stakeholders – including Native Corporation partners who are mandated, under the Alaska Native Claims Settlement Act (ANCSA) of 1971, to develop the land for the economic benefit of their people in the region.

Catherine Raw, Barrick’s chief operating officer, North America, served as the chair of Donlin Gold LLC in 2020. This year, Greg Lang, NOVAGOLD’s president & CEO, is its chair. The joint venture has been operating in this manner for many years. In fact, it is important to note that there is a lot of Barrick DNA around the table. The Barrick side is represented by a team of its most seasoned operating talent, while the NOVAGOLD side is represented by two of Barrick’s senior operating alumni – Greg Lang, former president of Barrick North America and Richard Williams, NOVAGOLD’s vice president of engineering and development, who, among other things, was previously in charge of building Pueblo Viejo, now one of Barrick’s most important mines. Thus, the joint venture can be best characterized by a spirit of high professionalism enhanced by a tremendous track record of technical excellence, safety, environmental stewardship, and social responsibility. That is the culture of Barrick and NOVAGOLD – and hence the common currency of Donlin Gold.

8

Q + A

HOW WOULD YOU CHARACTERIZE YOUR RELATIONSHIP WITH YOUR NATIVE CORPORATION PARTNERS, CALISTA CORPORATION AND THE KUSKOKWIM CORPORATION?

Calista and TKC are significant stakeholders of Donlin Gold – an important project that was *designated by law* for mining activities some five decades ago. Donlin Gold is a party to life of mine agreements with Calista, which owns the subsurface mineral rights, and with TKC, a collection of 10 village corporations, which owns the surface rights. Over the years, with the many challenges we all had to face as well as the opportunities that were accorded to us, we have become a real family – one that has been fortunate to share in the incredible value generated by the advancement of Donlin Gold.

For over 20 years, Donlin has enjoyed great relationships with Calista and TKC. We’ve got a long history of hiring people from the project’s region to work on-site and we’ve remained constantly active in the area. Our company has long believed that this level of engagement and community support constitutes the fabric of the mining business and it is a core principle that we take to heart. We have done so for more than two decades and we will continue to. I think we’ve all seen far too many projects get derailed because such relationships were not nurtured from the beginning. I could not be prouder of the work we’ve done with our partners and we’re clearly seeing the benefit of that in our successful navigation of both the state and federal permitting processes.

As we all respond to the COVID-19 crisis and help address the impact it has had on the health of our communities, our economies, and even how we communicate with one another, significant comfort can be derived from the longstanding relationships that unite us in the common goal of advancing the Donlin project. In reaching out regularly to our stakeholders, interacting with our investors to improve our governance practices, and engaging in meaningful ways to promote the health and safety of our people onsite – and indeed throughout the region – Donlin Gold brings much-needed assistance to the well-being of our communities. We’re really all in this together.

In 2020, Donlin Gold continued its multi-decade collaboration with its Native Corporation partners and, if anything, these relationships deepened. Apart from the fact that approximately 80 percent of Donlin Gold’s direct hires for the drill program were Alaska Natives, we endeavored to be there for our partners in every way possible. We and our partners initiated more than

320 engagement contacts with key individual stakeholders and community organizations, significantly more than in previous years. From engagement with tribal councils to receptions and meetings seeking partnerships, Donlin Gold was able to stay closely connected – virtually for the most part – to advance key activities and projects throughout the region.

Donlin Gold worked closely with its Alaska Native partners Calista and TKC, along with other key representatives of the communities in the Y-K region, to effectively respond to the needs arising from the COVID-19 pandemic, as well as in other areas such as environmental management, training and education, and cultural initiatives.

A partnership with Bethel Community Services Foundation was established to support the Y-K Delta COVID-19 Response Fund, as well as with Covenant House Alaska for homeless and at-risk youth services in Bethel. Supplies were provided to hundreds of families and meals served to thousands of individuals in the Elders and Youth program. When the Donlin Gold project camp temporarily closed in April 2020 due to COVID-19, Donlin Gold donated thousands of pounds of food to shelters and delivered meals to every home in eight middle Kuskokwim villages.

On the environmental front, Donlin Gold worked with TKC, the State of Alaska, and the Alaska Native Tribal Health Consortium on an initiative to strengthen health and safety standards with regard to water and sewer services in middle Kuskokwim-area communities. We collaborated with 28 community partners on the Donlin Gold Backhaul Hazardous Waste Removal project and worked with key local groups to collect and remove some 45,000 pounds of household hazardous materials.

Donlin Gold hosted virtual education camps for students in the project's region in Alaska, while Donlin Gold co-sponsored scholarships were awarded to local students selected by Calista and TKC to improve access to education. Calista has awarded hundreds of scholarships co-funded by Donlin Gold, with students attending schools in Alaska and out of State. Donlin Gold also provided online activities and programs for youth and Elders. These various engagements reflect NOVAGOLD's and Barrick's full commitment to preserving the traditional lifestyles of, and providing support to, the local communities throughout the Y-K region.

WHY IS JURISDICTION THE EXISTENTIAL INVESTMENT CRITERION? CAN IT ACTUALLY GET WORSE THAN IT IS NOW?

Over the last decade, jurisdictional risk has migrated from being regarded as an occasional nuisance to an existential threat. Were I to name the numerous jurisdictions that have been struck off my personal investment-grade list, it would hurt one's ears to hear the roll call. Projects that were slated to go online won't, while some that did later have been subjected to mine closure due to social disruption or political fiat. Where allowed to continue, some companies have been extorted (at times with the threat of violence) out of most, if not all, of the financial rewards due to their shareholders for their risk-taking and value enhancement – what I call “stealth nationalization.” In an increasing number of places, the brazenness of the confiscatory policies is such that “stealth” would constitute a charming euphemism.

Because it is politically impossible for neighboring countries to hold an investor-friendly line, there will assuredly be more such offences in the future. This wave, after all, is occurring during relatively good times. As I have come to know most of our investors and consider them kindred spirits, I feel compelled to share yet another dire observation, here posed as a question: What are the odds that the governments of gold-producing countries – which are often dependent on the price of multiple raw materials – will let the precious metals miners keep the windfall that may come if we experience another severe economic crisis and gold powers higher while most commodities collapse? It's not so difficult to imagine. That dichotomy actually happened during the last financial crisis. Gold – a currency – held its own, or went up, while much more economically sensitive commodities fell.

There is no worse feeling than being right on the investment thesis and having the successful investment taken away from you. I know, it's dark. But it remains one of the most frequently asked questions of me.

FROM THAT PARTICULAR STANDPOINT, WHAT KIND OF RELATIVE ADVANTAGE DOES ALASKA BRING TO YOU?

For a mining investor, it is optimal to seek a Tier One asset¹⁹ in a Tier One jurisdiction.²⁰ Sadly, as I just discussed, location in the mining industry is ultimately the existential factor. A company can never take its asset elsewhere, were geo-political conditions to deteriorate.

Fortunately, Donlin Gold is located in Alaska, one of the world's most favorable mining jurisdictions where a strong culture of support exists for responsible mine development. That fact can never be overestimated. As we stated in our January 27, 2021 press release:

"...we feel enormously fortunate to be located in what is, after Nevada, the second-largest gold-producing State in a country where the rule of law is real, and to be partnered with the Alaska Native communities. An incredibly favorable factor that distinguishes Donlin Gold from most other mining assets in Alaska is the fact that it is located on private land that was designated by law for mining activities five decades ago. Donlin Gold is a party to life-of-mine agreements with Calista Corporation ("Calista"), which owns the subsurface mineral rights, and The Kuskokwim Corporation (TKC), a collection of ten village corporations, which owns the surface rights. Involving the local communities in many aspects of the project is thus core to both Barrick's and NOVAGOLD's philosophy and culture. The benefits – short-, medium-, and long-term – are there for all to see. Right now, this partnership is the source of key employment opportunities, scholarships, and preferential contract considerations. But very importantly, these agreements also include a revenue-sharing structure, established by the Alaska Native Claims Settlement Act (ANCSA) of 1971, which resolved Alaska Native land claims and allotted 44 million acres for land use to Alaska Native Corporations. Our long-term commitment to the region's economic development is exemplified by Donlin Gold's support of TKC's initiative to launch middle Kuskokwim energy and infrastructure projects. These partnerships, activities and programs are illustrative of our commitment to the sustainable and responsible development of the Donlin Gold project for the benefit of all stakeholders."

¹⁹ 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.

²⁰ NOVAGOLD considers Tier One jurisdictions to be any in the top 10 rank by the Investment Attractiveness Index in the Fraser Institute's *Annual Survey of Mining Companies*, 2020. Alaska is ranked number 5.

With an asset boasting a life of mine of almost 30 years (and most likely a lot more than that), and in light of the strong bonds and mutual trust built over a 20-year period of working alongside our Native Corporation partners, as well as with local communities in the Y-K region, we believe that Donlin Gold should be able to secure a robust and enduring social license to advance its project. That, of course, can never be taken for granted – hence our continuous engagement and daily commitment to these relationships.

YOU SPEAK A LOT ABOUT VALUES AS WELL AS VALUE. COULD YOU PLEASE EXPAND ON THIS?

We all know that reputation is hard won and easily lost. This is best summed up by Electrum's corporate motto: *Intelligence is a commodity; Character is a currency*. Character itself is fundamentally about trying to do the *right* thing rather than the expedient thing. It's about not losing one's sense of *honor*, if one can use that elevated word these days and still get away with it, and more prosaically, it's about *credibility*. Doing what one says one is going to do is of course a wonderful way to maintain that credibility, both personally and professionally.

Speaking for Electrum and NOVAGOLD, when we say that we're going to do something, we do it. Period. It makes life simpler and it's also good business. Quaint as that may sound in our increasingly transactional world, this code stems from a deep philosophical attachment to a values-based and purpose-driven life. It also comes from being, as the French would say, *bien élevé* ("well brought up") in business by partners who taught us that one's word should be one's bond – simply because it is the right thing to do. Reputation, after all, is the coin of the realm in life. As goes the Russian proverb: "With lies you may get ahead in the world – but you can never go back." Through leading by example, these mentors gave us the greatest gift of all: namely, understanding the art of *practicing integrity*.

NOVAGOLD PLACES A GREAT DEAL OF EMPHASIS ON TRANSPARENCY AND INTEGRITY.

WHAT DO YOU MEAN BY THAT?

That means telling what one is going to do openly, and then delivering on those promises. And doing so in a way that the shareholders can take pride in the outcome. In my decade of experience with the NOVAGOLD team, I can tell you that it is their nature to do things *right*.

In terms of doing it right, let us start with what the team has not done – what I would call *successes of omission*. First and foremost, the team has never been tempted to use NOVAGOLD's cash or equity to do something foolish. Sadly, for the fortunes of our industry, using common sense has proven to be a differentiator in and of itself. For as Voltaire professed, "Common sense is not so common." If, by every metric, one believes one owns one of the best assets on the planet, one simply does not "deworsify," as the famed Peter Lynch put it so well. Deal junkies we are not.

Then, there are the successes of commission – namely, those things Greg and his team promised to do, and then meticulously delivered to the shareholders as measurable outcomes. When Greg and I joined NOVAGOLD in 2012, we made a series of promises:

- ▶ We promised to spin-off our Alaskan copper assets. That company, then called NovaCopper and now trading under the name Trilog Metals to reflect its polymetallic attributes, has been a highly successful exercise in value accretion.
- ▶ In order to make NOVAGOLD the pure play on Donlin in the marketplace, we promised to sell Galore Creek – a beautiful asset, but a project too far for a development-stage company with a flagship as ambitious as Donlin Gold. We could have let Galore go in a fire sale. We didn't. We sold it for real money in a market where win-win monetization has been the exception, not the rule. The cash position we find ourselves in, with more guaranteed and potential payments to come, is to be celebrated.
- ▶ We declared that, if given an opportunity to show the flexibility of the deposit, we would take it. The drill results Donlin Gold delivered in 2017 and most recently in 2020 exceeded our own expectations. We reckon that these results stand with or above the best drill results reported by any open-pit gold project.
- ▶ We stated that this project would be permitted. When anyone pushed back, assuming permitting in Alaska would be a nightmare, we just shrugged our shoulders. The facts pointed to the opposite. All we had ever heard from our

local stakeholders and partners, Calista and TKC, were strong indications of widespread support. The only references to the project in 2012, from a media standpoint, were positive. Six years later, we received the first-ever joint federal record of decision – delivered in a formal ceremony in the presence of the lead agency, the U.S. Army Corps of Engineers with the Bureau of Land Management – that included extensive input from those who held the reasonable concerns that any big project would bring; but not substantial opposition. For those who know the industry, this represents an amazing occurrence practically anywhere in the world.

- ▶ Then there is the building of the management team itself, one that in truth could run a major mining company. When the board of directors reorganized the company in early 2012 to focus on Donlin Gold, NOVAGOLD pledged to recruit top talent with demonstrated track records in large-scale mine permitting, development, and operation, with a particular focus on experience in North America. Knowing that a world-class asset warrants world-class professionals, the company set out to attract the very best people in their respective specialties. And it did. NOVAGOLD's current management, which has been in place for the past nine years, is, as one shareholder put it, "straight out of central casting." Starting with Greg Lang, NOVAGOLD's president and CEO, who has over 35 years of diverse experience in mine operations, project development, and evaluations – including eight years as president of Barrick Gold North America, a wholly-owned subsidiary of Barrick Gold Corporation. Greg held progressively increasing operating and project development responsibilities over his 10-year tenure with Barrick and, prior to that, with Homestake Mining Company and International Corona Corporation – both of which are now part of Barrick. Major mines that now represent the foundation of Barrick, such as Cortez Hills, were built under Greg's leadership. Richard Williams, NOVAGOLD's vice president of engineering and development – responsible for all aspects related to the engineering and technical advancement of Donlin Gold – is yet another star. Richard spent over 30 years with Barrick developing and operating major mines. He is a highly knowledgeable and experienced leader in the autoclave technology that is planned to be used to process ores at Donlin Gold. Importantly, he served as project director of the Pueblo Viejo project in the Dominican Republic, now one of the most successful mines in Barrick's portfolio of assets. Richard's seven-year tenure at Pueblo Viejo capped a career where he progressively held top operating roles that included the design, construction, and operation of mineral processing facilities of major mines, such as Goldstrike in Nevada and Mercur in Utah. David Ottewell, our vice president and chief

financial officer, responsible for all aspects of the company's financial management, was another great catch. Dave is a highly accomplished financial executive, with more than 25 years of mining industry experience. Prior to joining NOVAGOLD, he served as vice president and controller for Newmont. Other members of the NOVAGOLD team are equally accomplished in their respective areas of expertise. In order to attract this caliber of professionals, the company has to compete to recruit and retain top talent in the industry. And we did so successfully.

Such a remarkable series of kept promises certainly goes a long way in explaining why NOVAGOLD was so effective in executing on its value-building strategy.

13 Q + A

CAN WE FURTHER EXPAND ON THAT? HOW DO YOU RATE THE IMPORTANCE OF THE NOVAGOLD MANAGEMENT TEAM IN THIS VALUE-MAXIMIZATION EXERCISE?

The luxury of therapeutic and refreshing slumber underpinned by our asset is accentuated mightily by the fact that, under CEO Greg Lang's leadership, the stewards of NOVAGOLD's fortunes are themselves best-in-breed when it comes to management. They have their eye on the ball, manage the company's money frugally, care deeply about their shareholders and their partnerships, and are not remotely tempted to do stupid stuff. That latter part may sound like a low bar, but as my kids would say... *is it really?* Let's be candid. We're talking about an industry which, until very recently, was characterized by suboptimal performance and some epic examples of value destruction. Smart and humble management is thus enormously important – and valuable.

Simply put, as evidenced above, management has done everything right since NOVAGOLD very nearly went into bankruptcy and Electrum and the current team stepped in to turn the company around. Indeed, I genuinely believe that Greg and his team have not committed one misstep – not *a single one* – since they entered the scene. They have not made stupid decisions that impaired shareholder value, not broken one promise, not left unchecked any box on the checklist of their business plan, and not forsaken any partner either legally or ethically.

Truth be told, we have also been blessed with the benevolence of *La Fortuna*, which constitutes a key attribute of any company. Whatever could have gone right for NOVAGOLD has effectively gone right – from having truly decent people as counterparts from the various government permitting agencies, to delivering with our partners at Barrick stellar drill results, to having fabulous and lucky management. The latter point is not insignificant. General

Eisenhower, echoing the commentary of Cardinal Mazarin and Napoleon, once remarked: "I'd rather have a lucky general than a smart general. They win battles and make me lucky." The ideal of course is to have both, and NOVAGOLD clearly does. And it shows. When I ask shareholders to name a specific mistake we made since our involvement in the company some nine years ago, they shake their heads.

14 Q + A

YOU SPEAK OF DONLIN GOLD'S LEVERAGE TO GOLD. HOW DO YOU SEE IT PLAYING OUT IN VALUATION?

The "Sleeping Well Rule" comes with additional rewards. In our case, it renders Donlin Gold something of a go-to asset that the proverbial prudent man can buy happily. This safety premium plays out by creating an exceptional risk-to-reward ratio, based on the leverage to higher gold prices enjoyed by Donlin Gold. The project's after-tax Net Present Value (NPV) at US\$1,700 per-ounce gold and a 5 percent discount rate was estimated to be US\$4.6 billion (\$14.6 billion if undiscounted). At US\$2,000 per-ounce gold, the projected NPV increased 50 percent further to US\$6.7 billion.²¹ At the zero discount rate at which I personally believe exploration-rich North American assets shall once again be rated – as they were not so long ago – that number would rise to over \$19 billion. That is solely based on existing reserves. And, needless to say, I certainly do not believe that the \$2,000 level just mentioned will prove to be a real number in the next up leg in gold. Such a figure will one day represent gold's support, as the next wave takes that price point out and the bull market resumes in earnest.

Seen this way, NOVAGOLD to my mind constitutes the greatest unexpiring call option on gold – with the potential for larger underlying resources to revalue the optionality further as gold rises. Putting aside that I am obviously biased toward NOVAGOLD for all the reasons I have cited, the reality is nonetheless quite simple. Look at what I *do*, not just what I say. If I thought a better buy was actually out there that I somehow could not afford to acquire with our present capital base, I would have already put NOVAGOLD into play and sold our position. But to the Electrum team and me, that theoretically superior asset and better value simply does not exist. By implication, we believe NOVAGOLD is an outstanding combination of deep value as well as growth stock.

²¹ Donlin Gold estimates as per the Second Updated Feasibility Study. 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 feasibility study reference date of 1/1/2014 (start of Year -05) as the first year of discounting. Estimated project development costs of approximately \$172M to be spent prior to the reference date are treated as sunk costs. At a 5% discount rate, the net present value is: \$1,465M @ \$1,300 gold; \$3,147M @ \$1,500 gold; \$4,581M @ \$1,700 gold; \$6,722M @ \$2,000 gold; and \$10,243M @ \$2,500 gold. The project requires a gold price of approximately \$902 per ounce to break even on a cash flow basis. Wood Canada Limited ("Wood" formerly AMEC Americas Limited) is currently updating all sections of the Second Updated Feasibility Study with updated costs, economic assessment, permitting information, and technical information related to permitting, generated on the Donlin Gold project since 2011, which is anticipated to be finalized and filed during 2021. Based on that cost review, Wood determined that updating the Second Updated Feasibility Study using 2020 costs and new gold price guidance results in no material change to the mineral resources or mineral reserves. The economic assessment in the updated study may be materially different than in the 2011 study.

WHY IS THE STATE OF THE GOLD INDUSTRY A PLUS FOR NOVAGOLD IN WAYS THAT ARE PERHAPS EVEN DISTINCT FROM MOST OF OUR PEERS?

The answer is both qualitative and quantitative. Over the last decade, as mentioned earlier, the average grade of gold mines has collapsed – and I suspect that it will ultimately fall below a gram per tonne. Donlin's grade is multiples of that. So much for making the case for the *quality* (and thus also the concomitantly lower operating cost) side of the equation for Donlin. For a large-scale open-pit project located in a safe jurisdiction, Donlin's grade is about as magnificent as one could ask for. Even so, the drill results from both of our recent campaigns exceeded our modeled targets, delivering some of the *best* results we've ever seen for an open-pit deposit – and thus further accentuating Donlin's relative advantages. As we say, Donlin is a gift that keeps on giving.

From the quantitative side of our relative advantages, our superNOVA shines ever brighter. With no real discoveries of significant size as well as the declining grades – and the years, if not *decades*, it takes to put these discoveries into reserves and mine them – the majors are burning through their reserves faster than they can be replaced. This phenomenon is unlikely to change. Barrick has stated that the industry's production is likely to fall by 5 percent annually for years to come. This is huge and yet, to my mind, maybe even optimistic. According to Citi Research, existing mine production of 26 of the world's largest miners is forecasted to decline 13 percent by 2022 and 47 percent by 2027.²² In addition, according to S&P Global Market Intelligence, from 135 assets not yet in production, only 30 have greater than 10 million ounces of gold in reserves and resources, and only nine of these assets have a grade of one gram per tonne or greater.²³ The industry simply can't find the additional gold. Over the past 10 years, only 25 new gold deposits have been identified, totaling some 150 million ounces of gold, which represents only 7 percent of what has been discovered in 30 years. Crucially, no major discoveries have been made in the last few years.²⁴

Long-life category-killer projects such as Donlin Gold are therefore rare and extremely valuable. When compared to the existing 15 other development-stage projects in the Americas, Donlin Gold's resource is more than four times larger than the peer group's average.²⁵ Yet we can see much more resource upside

– something that is quite important to our investors, who want to know that one can grow organically and not have to do deals to add reserves. Just to provide an "Exhibit A" to our leverage to really low-hanging fruit, Donlin Gold effectively enjoys six million ounces of inferred mineral resources²⁶ – two-thirds of which are immediately within the reserve pit. That amount of gold alone would represent a major discovery in its own right these days! And we believe there is likely much, much more beyond.

I happened to be in the hydrocarbons business as well as mining. Their respective profiles could not be more different. There really is such a thing as "peak gold." In contrast to the case with peak oil, the supply/demand dynamics of the gold industry suffer from none of the supply variables that have rocked the hydrocarbon markets. Even if this were not the case, it wouldn't matter: There are simply no known vast, shale-like, trapped resources to be tapped with new technologies such as fracking or horizontal drilling. That very realization is a major reason why I actually sold my energy company in 2007 – when oil was over \$100 a barrel – to pivot to gold when it still had a \$600 handle.

Again, the gold industry can barely find the gold. Part of the reason lies in the technology it uses, which is rather primitive. The mining industry doesn't possess exploration tools characterized by anything approaching the accuracy of 3D seismic. If a discovery is to be made, it's still more likely to be by prospectors on donkeys (or, perhaps only slightly more probable now, 4-wheel drives). And if those estimated 1,000-10,000:1 odds of navigating a prospect to a mine are successfully bucked, it could still take 15-20 years – let me repeat: *15-20 years* – to take the project up the value chain from prospect to first pour. In effect, from a mine supply standpoint, the horse has already left the barn and the barn door has been firmly shut.

The next bull market in gold therefore will not be met by a tsunami of mine supply. Quite the opposite, in fact. People will be shocked by how *little* mine supply is available. The developing world is unlikely to fill the pipeline. For with the "go where the gold is" mentality fairly crippled, and perhaps mortally so, it is quite possible that the risky jurisdictions shall prove to be uninvestable and unfinanceable in light of the various factors we discussed *in extenso* above. Hence the virtue of Donlin not just being a Tier One asset,²⁷ but of being so in a Tier One jurisdiction.²⁸

22 Citi Research, Global Gold Project Book "\$130bn capex needed to sustain production", May 16, 2018; reserve and production profiles of the 26 companies under Citi Research coverage, which represent ~38% of 2018 global mine production.

23 S&P Global Market Intelligence, "A decade of underperformance for gold discoveries", May 5, 2020. Gold contained in reserves, resources and past production, as calculated by S&P Global Market Intelligence. Grade refers to combined Reserves and Resources.

24 Ibid.

25 Peer group data based on company documents, public filings and websites as of March 29, 2021. Comparison group of 15 projects based on large (2Moz Proven and Probable cut off), North/South American gold-focused development projects with >75% projected revenues from gold.

26 Donlin Gold data as per the Second Updated Feasibility Study (as defined herein). Donlin Gold inferred mineral resources of approximately 92 Mt grading 2.02 g/t. Represents 100% of inferred mineral resources, of which NOVAGOLD's share is 50%. See "Cautionary Note Concerning Reserve and Resource Estimates" and "Mineral Reserves & Mineral Resources" table on page 50. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that they will be realized.

27 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.

28 NOVAGOLD considers Tier One jurisdictions to be any in the top 10 rank by the Investment Attractiveness Index in the Fraser Institute's *Annual Survey of Mining Companies*, 2020. Alaska is ranked number 5.

WHILE THERE IS A LOT OF TALK ABOUT ADVANCING DONLIN GOLD TOWARD PRODUCTION, THE EXPLORATION POTENTIAL MUST BE TANTALIZING FOR INVESTORS LIKE ELECTRUM, WHO BOAST SUCH A STRONG TRACK RECORD IN CREATING WEALTH THROUGH THE DRILL BIT. HOW DO YOU SEE THE POTENTIAL UPSIDE IN RESOURCE EXPANSION?

We would love to have drill rigs going all the time at Donlin, and one day we just might. Certainly, when I talk about the next big Donlin-like discovery possibly being *at* Donlin, the message is two-fold. Number one, as recalled earlier, our stated resources at Donlin Gold are located within only three kilometers of what we know to be an eight-kilometer mineralized trend. Hence Electrum's legendary geologist Dr. Larry Buchanan assessing that Donlin's potential endowment could easily be more, and then some. While one can obviously consider this to be the ultimate forward-looking statement, I personally believe that Larry is right. More than that, the eight-kilometer trend again only represents some 5 percent of the total land package at Donlin Gold.

Number two, when Larry surmised that the next Donlin might possibly be *at* Donlin, it's because there is a strong possibility that we could be dealing with a district here with the potential for more discoveries: a "New Carlin" or "New Nevada," if you will. That's if you dare to dream, and I do. But even if it didn't turn out to be a district and there's no additional Donlin there, we remain in the presence of an asset that already has exceptional potential – and that sure would be good enough for me.

Again, I fully appreciate that this constitutes about as much of a forward-looking statement as anyone could make, so disregard it if you so wish. And if you want to consider it, then regard it as – at best – apocryphal. That being said, the fact is, for a variety of reasons, the Donlin area has been under-explored beyond that eight-kilometer belt. We know, as miners in this business, that if one is going out in search of elephants, one ought to look in elephant country – and there simply is quite a lot of prospective land yet to be explored at Donlin. But I've been in this movie a number of times in my career now, and I would not bet against such a scenario.

YOU CALL NOVAGOLD A "PURE PLAY." HOW SO?

NOVAGOLD is a pure play on Donlin Gold. There is no pure play on the Barrick-Newmont joint venture in Nevada. I wish there were. There is, however, a pure play on the Barrick-NOVAGOLD joint venture in Alaska – which already ranks, incidentally, as the second largest gold-producing state in the Union, after Nevada. And that glorious pure play is NOVAGOLD. This is great for NOVAGOLD and great for Barrick, which, I am highly confident, will also reap considerable rewards for its shareholders from Donlin that I do not believe are presently reflected in Barrick's share price.

SEVERAL OF YOUR LARGEST SHAREHOLDERS, SUCH AS FIDELITY AND PAULSON & CO., HAVE BEEN INVESTORS FOR A VERY LONG TIME. HOW DO YOU ACHIEVE SUCH IMPRESSIVE STAYING POWER WITH THESE IMPORTANT AND HIGHLY SOPHISTICATED INVESTORS?

No discussion about NOVAGOLD would be complete without a shout-out to our outstanding shareholder base. As any investor looking at our story will immediately recognize, it is populated with many extraordinary names. In addition to Electrum, the company's largest shareholders include Fidelity Management and Research, Paulson and Co., Saudi Arabia's Public Investment Fund, Van Eck Associates, BlackRock, First Eagle, and Exor, along with other highly regarded institutions. As the largest shareholders of NOVAGOLD, Electrum is very proud to be joined by these highly astute investors who are regularly referred to as "smart money."

We are indeed proud of the fact that these and many other venerable financial institutions have owned our stock for a very long time. For they see what we see, and are not just educated consumers – but in fact among the very best that we could hope to have in our corner. Fidelity, for example, joined the shareholder register when we did our last fundraising back in 2012. They have since added to their holdings, as NOVAGOLD has been consistently delivering on its promises and strategy set out in 2012 to restructure the company into a pure play on Donlin Gold while

successfully moving the project through permitting and up the value chain. We are also proud that First Eagle, which has one of the top mining investment teams in the business, saw the opportunity to take a position in NOVAGOLD during low commodity prices. NOVAGOLD was actually the first development-stage, non-production mining company in which First Eagle made a sizable investment. We are also enormously excited that the most recent investor to join this stellar group is Saudi Arabia's Public Investment Fund. Their share interest in the company represents an investment of nearly \$150 million. Taken together with the premier sovereign wealth funds who are investors in Electrum – namely, Mubadala and the Kuwait Investment Authority – one can discern a strong core of financial backing for our strategies.

The institutional support makes a great deal of sense. Owning an asset which starts at approximately 39 million gold ounces in the measured and indicated mineral resource categories²⁹ and could well evolve into the largest pure gold mine in the world – and at a grade that is twice the industry average at that – in and of itself would be a beautiful thing for a sophisticated investor to behold. Then comes the octane we provide – the leverage to higher gold prices that we discussed earlier is very apparent in the numbers. That alone could be an important reason why NOVAGOLD is so fortunate to have such highly qualified shareholders seeking strong leverage to escalating gold prices. If as we believe all roads lead to higher gold prices, I think a superhighway leads straight to Donlin – and that's good for everybody involved.

Lastly, there is one additional factor that we believe shines through when we meet with our investors. And that is our previously mentioned emphasis on simple virtues, like not cutting any corners and doing it right. Our shared mantras that inform anything from technical work to the environmental and social license we value so highly have served our shareholders well and given us considerable credibility. Part of that ethos is that we all feel deeply that *honor* – yes, honor – matters. Thus, the vows that we have made to our shareholders, stakeholders, and partners have been consistently kept and, as a result, our company has since been enjoying a coterie of exceptionally well-informed, savvy, and satisfied shareholders.

19 Q + A

AS YOU JUST ALLUDED TO, RECENT DISCLOSURES SHOW THAT THE PUBLIC INVESTMENT FUND (PIF) OF SAUDI ARABIA ACQUIRED 16+ MILLION SHARES OF NOVAGOLD OVER THE PAST TWO QUARTERS. CAN YOU PROVIDE FURTHER COLOR ON THE SIGNIFICANCE OF THAT INFORMATION?

We are delighted by the news that last year PIF made a significant investment in NOVAGOLD, and as of the latest filing dated December 31, 2020 is our fifth largest shareholder with an ownership of over 16 million shares. PIF is widely considered to be one of the world's savviest sovereign wealth funds. Their investment is thus very meaningful to us on many levels. Although our first engagement with PIF began as a discussion about potentially getting the fund involved in possible future project financing, it is gratifying to observe PIF's appreciation of the tremendous value inherent in the stock of NOVAGOLD – and indeed acting on it. After performing their due diligence, PIF clearly realized that any future equity raise would likely happen at much higher levels, much later. As such, PIF concluded that it would make sense to act now and secure the benefit of that uplift by buying shares in the open market sooner rather than later. We hope to deepen this very promising relationship and welcome their participation in our future success.

²⁹ Donlin Gold data as per the Donlin Gold Second Updated Feasibility Study (as defined herein). Donlin Gold measured resources of approximately 8 Mt grading 2.52 g/t and indicated resources of approximately 534 Mt grading 2.24 g/t, each on a 100% basis and inclusive of mineral reserves. Mineral resources have been estimated in accordance with NI 43-101.

FINALLY, WITH YOUR EXTENSIVE INTERESTS OUTSIDE OF NOVAGOLD – IN THE FIELD OF CONSERVATION AND OTHER PASSIONS AS A HISTORIAN, SUCCESSFUL ENTREPRENEUR, AND ART COLLECTOR – HOW DO YOU BALANCE YOUR PERSONAL VALUES WITH YOUR INVESTMENT THESIS IN NOVAGOLD?

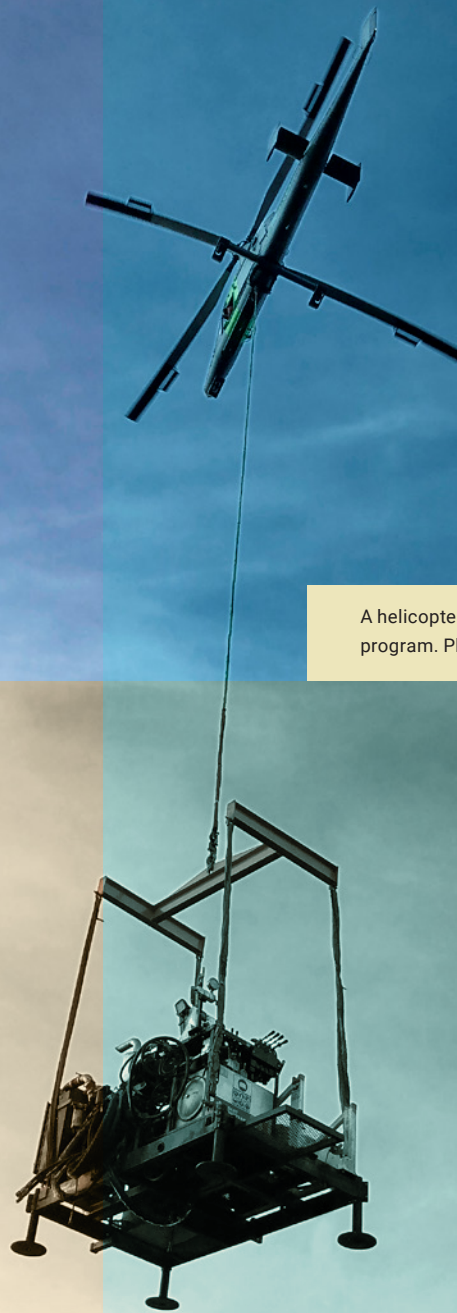
There are several aspects to answering this question. The first is very straightforward, in that my predisposition to conservation – be it of wildlife or the cultural heritage of our common humanity – comes from a personal belief that the greatest imperative in life is to give back. And conservation activism represents the most impactful way in which I have expressed this creed. Indeed, it is a well-known fact in my circle that, had I possessed the aptitude, I would have wished to become a field zoologist and spent my career in wild cat conservation. But alas, my strength proved to be in applying history, not science. Nonetheless, I rarely ever let go of my interests and I never lost my youthful passion for the subject. Quite the contrary. At the first opportunity, I took advantage of my good fortune in the natural resources business to pivot to creating conservation organizations – thereby enabling the very practitioners who did possess those talents that I lacked – with the capabilities and freedom to save the biodiversity and ecosystems that constitute one of our generation’s most precious endowments.

To the extent that wildlife conservation impacts my professional sensibilities, it is reflected in my team’s placing the greatest emphasis possible on selecting projects that I believe can and should be built – yes, there have been those that I felt strongly should not be developed, for environmental and cultural reasons – and, when taken up the value chain, exemplify the very best practices in environmental standards. That’s a given. I take our social license at least as seriously. As mentioned repeatedly throughout this exchange, the support of one’s local stakeholders is a gift that should not be taken for granted. Ever.

On a more subliminal level, I believe that, like many people, I am most particularly attracted to the iconic. The big cats are

generally the most charismatic megafauna in their environment. And Rembrandt, whose work I collect and, more enjoyably, deploy in museums with both fervor and rigor, represents one of the greatest luminaries in history – his name evoking a revolution in the conveyance of freedom to the artists that followed him. As with cats and Old Masters, much of my professional track record over the past 25 years has been built around sublime creations that are more often than not characterized by scarcity as well as some slew of superlatives. I am told that the passion with which I speak about Donlin is reminiscent of the way I speak about tigers and jaguars – the apex predators in their ecosystems – or in fact of my describing a Vermeer or a da Vinci. So it is not inconceivable that in the deep recesses of my reptilian neocortex, what I consider to be the category-killer nature of NOVAGOLD is something about which I hold a certain enthusiasm normally reserved for my extracurricular activities.

I am sometimes asked why, if my schedule permits, I join Greg, Mélanie, and Igor on investor roadshows. The reason is that I genuinely enjoy their company – otherwise, I definitely wouldn’t do it. Moreover, I really love to tell the Donlin story. This is especially so as it just gets better and better. I don’t much care to speak of legacy, yet there’s no doubt that, whereas I have enjoyed more than my fair share of hits for a best-of album, in my mind from a professional standpoint Donlin surely will mark my most enduring gold record. That’s saying quite a lot, as San Cristobal essentially transformed Bolivian mining and the broader region of Potosí – very much for the better. But still, Donlin’s impact could be even more significant. As a generational gold asset, it truly stands unparalleled. Its unique quality and scale make it more rare than a Leonardo da Vinci. It is indeed a Carel Fabritius. I’ll leave readers to look that one up if they got this far and did not by chance read *The Goldfinch*. Suffice to say that Fabritius represents the holy grail for lovers of Rembrandt and his school – in much the same way I believe that Donlin represents the holy grail in the gold space.



A helicopter transporting supplies during the 2020 Donlin Gold drill program. Photo courtesy of ROTAK Helicopter Services.

**AFTER COMPLETING THE
LARGEST DRILL PROGRAM
IN 12 YEARS, WE'RE MORE
CONVINCED THAN EVER.**

The Calista region is home to 56 villages spread out along the Bering Sea coast and two of Alaska's mightiest rivers. The Kuskokwim Corporation was formed by the merger of the 10 Village Corporations represented by blue dots.



PRESIDENT AND CEO'S MESSAGE



Gregory A. Lang
President and CEO

It is impossible to review 2020 without acknowledging the cloud of the global COVID-19 pandemic that continues to affect us all. NOVAGOLD had to go beyond the call of duty to practice extraordinary care, discipline, focus, and professionalism to ensure the safety and well-being of its workforce and that of Donlin Gold. We recognized very early on that extensive preventive measures had to be put in place immediately to protect employees. We also knew that communities near the Donlin Gold project in Alaska needed urgent help with transportation, food, and supplies.

COVID-19 RESPONSE

Donlin Gold was one of the first mining companies in Alaska to respond to the pandemic. Along with its Native Corporation partners, the company rapidly engaged to provide much-needed assistance to the remote and small villages in the region by partnering with tribal councils to coordinate food collection and delivery of supplies. Donlin also collaborated with tribal administrators to produce face masks for Elders and other people highly susceptible to COVID-19, and shipped 1,400 mask-making kits to 56 Yukon-Kuskokwim (Y-K) villages. A partnership was also established with the Bethel Community Services Foundation to support the Y-K Delta COVID-19 Response Fund, as well as with Covenant House Alaska for homeless and at-risk youth services in Bethel. Supplies were provided to hundreds of families – and meals served to thousands of individuals – through the Elders and Youth program. Donlin Gold donated thousands of pounds of food to shelters when the project camp temporarily closed in April due to the pandemic, and delivered food to every home in eight middle

Kuskokwim villages. As many communities found themselves cut off from winter transportation when the regional airline declared bankruptcy, Donlin stepped in to help coordinate essential deliveries to those remote communities without regular air service, one of the primary means of transportation in Western Alaska.

The Donlin Gold 2020 drill program commenced as planned in February and continued through March. It was temporarily paused near the end of that month, however, when COVID-19 reached Alaska. Our most important objective was to secure the health and safety of the workforce and partners. To minimize the risk posed by the virus when the drill program began again in late May, NOVAGOLD, in conjunction with its joint-venture partner Barrick Gold Corporation, implemented strict protocols to protect the Donlin Gold workforce, resulting in zero COVID-19 cases on site and no lost-time incidents during 2020. In addition to regular safety meetings conducted at camp with personal protective equipment provided to all site employees and contractors, instructions about good hygiene and sanitation practices were added – all in an effort to ensure that everyone remains healthy and makes it home safely every day.

We are proud of the active response in meeting urgent needs in the Y-K communities during the COVID-19 pandemic. Donlin Gold's partnership with Calista Corporation and The Kuskokwim Corporation (TKC) in ongoing community engagement also played a critical role in the implementation of environmental management, safety, and educational programs, as well as health and cultural initiatives, in these very difficult circumstances.

The majority of NOVAGOLD employees have been working remotely since the start of the pandemic and have not missed a beat. To the contrary, we endeavored to stay connected and increased communications with our key stakeholders, shareholders, and investors to maintain momentum and share progress on our stated strategy of advancing Donlin Gold, one of the largest and highest-grade known open-pit deposits in the world in one of the safest mining jurisdictions, Alaska.

PARTNERSHIPS AND COMMITMENTS

As we continue to deal with COVID-19 and its impact on the health of our communities, great comfort can be derived from the multi-decade partnerships that unite us in the common goal of advancing Donlin Gold for the benefit of its stakeholders. The project's Native Corporation partners, Calista and TKC, as well as Barrick, share our vision of building value for future generations. Calista and TKC have been our partners since 1995. As the owners

of the mineral and surface rights to the land, respectively, they have a direct interest in seeing the project move forward. In fact, concurrent private ownership of such rights is rather rare in mining projects today. The land where Donlin Gold is located was designated for mining under the Alaska Native Claims Settlement Act (ANCSA) long before exploration activities commenced, and the respective rights were subsequently transferred to Calista and TKC. Donlin Gold has life-of-mine agreements with both, and we are grateful for their long-term support and commitment to the project. We are all dedicated to supporting Calista's and TKC's mandate to help develop their land for the economic benefit of the region and for all stakeholders in accordance with ANCSA.

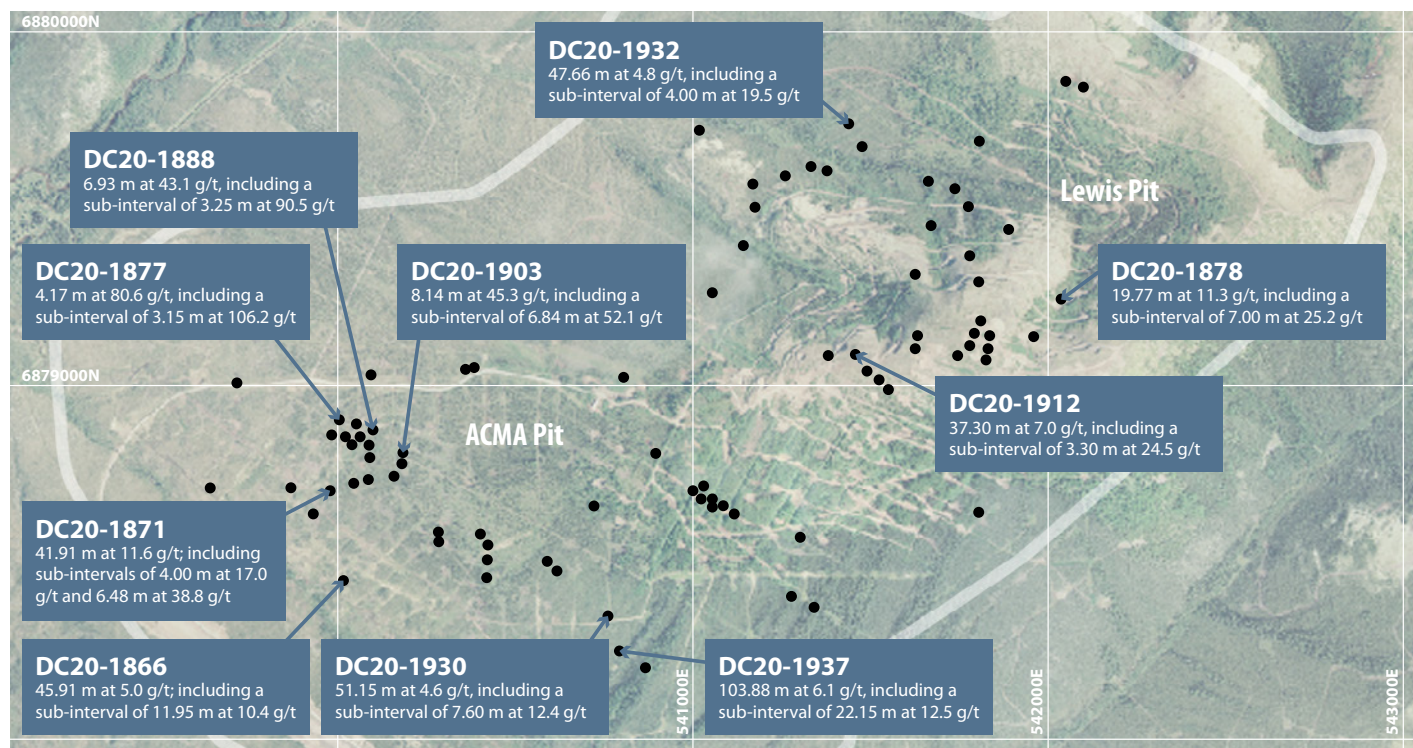
The partnership with Calista and TKC has strengthened over the last year. All three partners collectively focused on safety, culture, and social responsibility by maintaining regular communication with stakeholders and engaging in meaningful ways to promote the health and well-being of local communities. Donlin Gold has continued its outreach activities with both Calista and TKC via Tribal council and stakeholder meetings that have shifted to phone calls and video conferences given the ongoing situation with COVID-19. Other important initiatives included Donlin Gold scholarships, which are granted annually to students selected by Calista and TKC to benefit youth education in the region, and the CleanUp GreenUp program, in which 32 Y-K villages participated in cleaning up their communities.

In the summer, commitment to Y-K communities was reflected in the Donlin Gold Backhaul Hazardous Waste Removal Partnership – an initiative that saw 28 Y-K communities collaborate with key local groups to remove approximately 45,000 pounds of household hazardous materials and electronic waste, which was collected and shipped out for proper disposal. This event built on three previous occasions during 2018 and 2019 when more than 140,000 pounds of household hazardous materials were removed from 15 villages on the Kuskokwim River.

Access to training and education is critical for youth and young adult students. Recognizing this need, Donlin Gold scholarships are awarded to students selected by Calista and TKC to benefit education in the region. Calista awarded a total of 225 scholarships in 2020, with 158 students attending schools in Alaska and 67 going out of state. Donlin Gold also hosted two week-long virtual Alaska Resource Education minerals camps for Y-K and Doyon students.

As part of Donlin Gold's ongoing community engagement efforts, Friendship Agreements were signed by six Y-K communities (Crooked Creek, Sleetmute, Nikolai, Akiak, Napaskiak, and Napaimute) in 2020. These agreements build upon long-term relationships and address specific community needs such as water, sewer, and landfill projects; the ice road that connects remote villages in the Y-K region during the winter months; salmon studies; and suicide prevention programs. These various partnerships, activities, and programs demonstrate NOVAGOLD's, as well as Barrick's, unwavering commitment to sustainable and responsible development for the benefit of all stakeholders in the Y-K region.

TOP 10 RESULTS FROM THE 2020 DRILL PROGRAM



Pit outline is mineral reserve pit outline from Second Updated Feasibility Study. See "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" and associated information on page 50. See media release dated March 25, 2021, "Donlin Gold Announces Assay Results From Remaining 30 Percent of the 2020 Drill Program, Consistent With Previously Reported Results of Higher Than Predicted Grade-Thickness" here: https://www.novagold.com/_resources/news/2021-03-25.pdf

2020 DRILL PROGRAM

Despite numerous challenges, Donlin Gold successfully completed a drill program in 2020 – the largest at the site in 12 years. Initially, 80 holes totaling 22,000 meters of drilling were planned in the ACMA and Lewis deposit areas to validate recently developed geologic and resource modeling concepts and high-grade mineralization controls.

Prior to re-opening the camp in late May, Donlin Gold met with community and tribal leaders throughout the Y-K region to ensure everyone agreed upon the new COVID-19 mitigation plan for those working at site, as approximately 80 percent of the project's direct hires are Alaska Natives from the Y-K region. With extensive health and safety measures in place, employees were enthusiastic about returning to work at Donlin Gold and the owners were able to re-mobilize four drill rigs and complete the drilling in September 2020.

A total of 85 core holes were completed ahead of schedule in 2020, encompassing 23,361 meters and exceeding our original plan. On March 25, 2021, NOVAGOLD and Barrick reported final assay results from the program. We were pleased to see that these represent some of the best in the gold industry for a large open-pit deposit and have yielded higher drilled grade-thicknesses than predicted by previous modelling, which are expected to improve the interpretation of gold mineralization controls. The program results should not only improve geologic interpretation, but also provide encouragement for additional high-grade drill targets. The work was carried out safely despite the rise of COVID-19 cases throughout Alaska. I commend the Donlin Gold, NOVAGOLD, and Barrick teams for completing the drilling while implementing new and comprehensive safety protocols in response to the pandemic. It was indeed a remarkable operational milestone for us to complete this work ahead of schedule and without any COVID-19 cases at the Donlin Gold site.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

Over the past year, NOVAGOLD has developed an intentional and methodical process in shaping how the company reports information on environmental, social, and governance (ESG) matters to all stakeholders. It is a daunting task – as those in the investment community know – given the hundreds of frameworks being used globally to report and measure ESG performance. In addition to evaluating those frameworks, our internal ESG team sought input from proxy advisory firms, ESG professionals, institutional investors, pension plan fund managers, and other peers. We also worked with Barrick on forming a compatible and synchronized approach to reporting ESG information for Donlin Gold. As a result, NOVAGOLD gained insight on best practices from a wide range of stakeholders and businesses in this area to help strike the right balance in ESG disclosures, especially considering the development stage of Donlin Gold and future needs as the project develops.

Our timing could not have been better. ESG principles help us formalize how we measure and report to the broader market on the sustainability and societal impact of the Donlin Gold project



2020 ACHIEVEMENTS

- ▶ advance the Donlin Gold project toward a construction/production decision (45% weighting)
- ▶ maintain/increase support for the Donlin Gold project among Native entities and other stakeholders (25%)
- ▶ promote a strong safety, sustainability, and environmental culture (15%)
- ▶ maintain a favorable reputation of the company and its projects among shareholders (10%)
- ▶ manage the company treasury effectively and efficiently and streamline the corporate structure (5%)

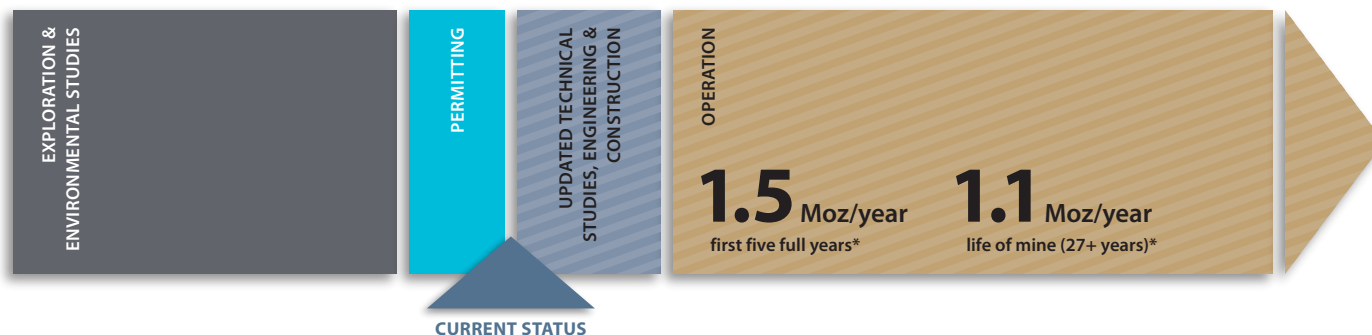
Specific tactical goals were set under each of these categories. Based on the level of completion and weighting, the compensation committee recommends an overall company performance rating ranging from 0-150% (100% as target).

Both the committee and the board determined that, overall, the 2020 goals were achieved; the resulting rating was 109%.

and of NOVAGOLD. ESG practices have always been a fundamental part of our business, ever since the early days of exploration at the Donlin Gold project site some 25 years ago. But as a development-stage company, measuring what we do and reporting it publicly have not been systematically organized in all areas of the business. For example, while the project enjoys longstanding exemplary health and safety practices – with voluminous environmental data supporting air, waste, and water permits – we have not provided this information to the public annually. It is time for NOVAGOLD to transition to a formal reporting process for the Donlin Gold project, using ESG metrics, now that most permits are in hand and there is activity at the site.

We have a solid base upon which to build. Extensive external affairs engagement with Donlin Gold's Native Corporation partners in the Y-K region has been effectively communicated over the last two decades. Governance changes to date have been driven by the company's adoption of best practices, and are facilitated by our ongoing shareholder engagement and proxy outreach with input from shareholders. Not only has progress in these areas

EXPECTED DEVELOPMENT LIFECYCLE OF ONE OF THE WORLD'S LARGEST OPEN-PIT MINING PROJECTS



* Donlin Gold data as per the Second Updated Feasibility Study. For current mineral reserves and resources, refer to "Cautionary Note Concerning Reserve & Resource Estimates" and "Mineral Reserves & Mineral Resources" and associated information on page 50. Projected average annual production represents 100% of which NOVAGOLD's share is 50%.

been monitored at the project level; NOVAGOLD has also regularly communicated that progress through public filings, Management Information Circulars, media releases, corporate presentations, and our website. Environmental considerations and outreach initiatives with communities in the Y-K region have represented a core focus in the technical and social components of the Donlin Gold project since inception; we just needed to develop a cohesive way to communicate the work already being done. NOVAGOLD and Barrick collaborated to develop Donlin Gold's environmental and social reporting framework, which we hope you find useful and informative.

In the long term, enhanced ESG reporting constitutes an advantageous progression for a late-stage development company like NOVAGOLD. First, stakeholders benefit from increased transparency in conveying not just measurements of ESG but also targets and projections of future developments, providing both a road map and more frequent interactions with all stakeholders. Second, increased reporting will further strengthen relationships with communities, investors, and other stakeholders. Third, these efforts will produce an integrated ESG report within our annual reporting and highlight the company's ongoing ESG work.

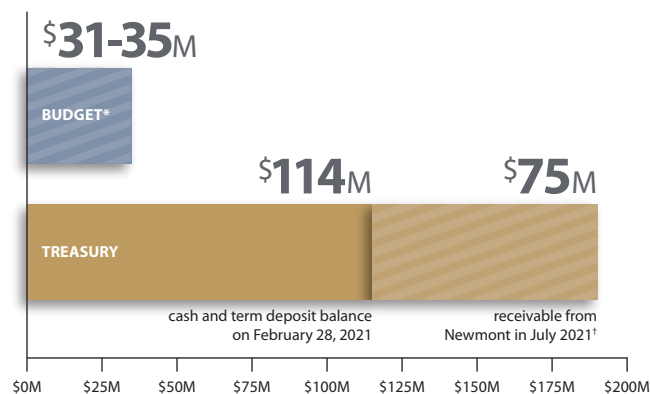
We remain fully committed to transparency and engagement. Our approach is to augment the frequency and consistency of ESG communications with our partners, shareholders, and other stakeholders as we embark on the production of our first annual sustainability summary – which is integrated into this annual report. Additional ESG and COVID-19 pandemic response-related information can also be found in the sustainability section of the company's website, along with details about our people and partnerships, health and safety, environmental responsibility, community and social responsibility, education and training, and governance and corporate policies.

Once you have had a chance to read our inaugural sustainability summary, please let us know how we are doing. We are invested in making meaningful improvements in every facet of what we do as we bring Donlin Gold up the value chain.

PERMITTING

Alongside the great achievements of the 2020 drilling program, the record of successful permitting continued in early 2020. With federal permitting complete, Donlin Gold has been working with its Native Corporation partners and continues to support the State of Alaska in advancing other permits and certifications required for the project. Several milestones were reached this past year with the issuance of key transportation and energy infrastructure approvals for the project. These include the final land leases, land use permits and material site authorizations for the proposed transportation facilities on state lands, and the final easements for the access road and fiber optic cable. The remaining permits are not currently on the critical path for further advancement of the project. Permitting takes tremendous leadership and attention to detail, along with transparency from Donlin Gold with the support and contributions of TKC and the communities closest to the project. We are extremely grateful for the dedicated efforts of the entire team in advancing these remaining permits and approvals for the project, and their overall commitment to environmental and governance best practices.

SUFFICIENT CASH TO ADVANCE DONLIN GOLD THROUGH TO A CONSTRUCTION DECISION



* Anticipated 2021 expenditures disclosed on January 27, 2021, which includes \$18-22M to Donlin Gold and \$13M G&A. † NOVAGOLD sold its 50% ownership of the Galore Creek project to Newmont Corp. in 2018. Deferred compensation on the sale of Galore Creek includes \$100M; \$75M on earlier of Pre-Feasibility Study or July 27, 2021 and \$25M on earlier of Feasibility Study or July 27, 2023. An additional \$75M is due upon construction approval.

2021 GOALS AND BUDGET

Even before the outstanding drill results received so far from the 2020 campaign, Donlin Gold was an extraordinary project. With approximately 39 million ounces of gold grading 2.24 grams per tonne¹ in measured and indicated mineral resources, Donlin Gold dwarfs most comparable development projects in terms of its size and its grade. As envisioned, it would average 1.1 million ounces of gold production per year over its projected 27-year mine life.² Very few mines exist in the gold industry with that level of production. And it's located in one of the safest mining jurisdictions in the world: Alaska. Donlin Gold also enjoys incredible exploration potential along its eight-kilometer gold-bearing trend, which could substantially increase the already sizable resource and further extend the mine life of the project. Such a one-of-a-kind asset is certainly worth all the time and attention needed to maximize its value.

Looking ahead to 2021, NOVAGOLD and Barrick expect to integrate the Donlin Gold 2020 drill program results into an updated geologic model and evaluate the timing to update the Donlin Gold feasibility study, followed by engineering work which would form the basis of an execution plan and, ultimately, a construction decision. To complete the model update, additional confirmation and extension drilling are planned for 2021, focusing on the continuity and structural controls of the higher-grade mineralization. To minimize the risks posed by COVID-19, NOVAGOLD will continue to be guided by a set of wide-ranging safety policies to be applied at every company-related facility.

NOVAGOLD anticipates spending approximately \$31 to \$35 million in 2021. Between \$18 and \$22 million will be allocated to fund our share of expenditures at the Donlin Gold project – including \$11 million for the 2021 drilling program and studies; \$7 million for camp improvements, community engagement, permitting, and administration; and an additional \$4 million for other studies contingent upon mid-year approval by both owners – as well as \$13 million for corporate general and administrative costs.

NOVAGOLD believes that with approximately \$114 million in cash and term deposits as of February 28, 2021, and \$75 million due from Newmont in July 2021, it has sufficient funds to cover anticipated corporate general and administrative costs and funding of the Donlin Gold project through to a construction decision.

Our success in 2020 would not have been possible without the dedicated and experienced team of professionals at NOVAGOLD, Donlin Gold, and Barrick, as well as our top-performing drill crews and support teams at the project site. Their commitment to the task at hand and their timely and efficient response to the COVID-19 pandemic, while enhancing a multi-decade partnership with Calista and TKC, have been nothing short of outstanding, all of which is in large part responsible for the considerable achievements seen

¹ Donlin Gold data as per the Donlin Gold Second Updated Feasibility Study (as defined herein). Donlin Gold measured resources of approximately 8 Mt grading 2.52 g/t and indicated resources of approximately 534 Mt grading 2.24 g/t, each on a 100% basis and inclusive of mineral reserves. Mineral resources have been estimated in accordance with NI 43-101.
² As per the Donlin Gold Second Updated Feasibility Study (as defined herein).



2021 GOALS

- ▶ continue to advance the Donlin Gold project toward a construction decision
- ▶ maintain/increase support for Donlin Gold among the project's stakeholders; promote a strong safety, sustainability, and environmental culture
- ▶ maintain a favorable reputation among shareholders of NOVAGOLD, its governance practices, and its project
- ▶ manage the company treasury effectively and efficiently, including streamlining the corporate structure

at the Donlin Gold project. I would also like to thank the entire NOVAGOLD board and team for their commitment, hard work, and dedication to the company. It is a joy to work alongside each of you. My appreciation also extends to the various Alaska state agencies for their diligence in advancing permitting for the project.

Finally, to our shareholders who so clearly understand and support the NOVAGOLD investment thesis, I thank you for your unwavering support through the many challenges that 2020 brought. We value every engagement opportunity and will keep you informed of our progress as we work toward many more accomplishments in 2021, highlighting NOVAGOLD and this unique investment opportunity.

The NOVAGOLD team has entered the new year extremely excited about the recent assay results and very much looks forward to further advancing the project throughout 2021.

Gregory A. Lang

President and CEO

April 7, 2021

SUSTAINABILITY SUMMARY

NOVAGOLD is committed to responsible mining, protection of human life, encouragement of good health, good stewardship of the environment, and adding value to the communities in which we operate. We believe that mines can be developed in collaboration with people who have the local knowledge to help minimize environmental impacts while benefiting from economic activity. We're committed to the principles of sustainable development, including the conservation and preservation of natural resources and of the environment. We strive to achieve the highest possible standards through our workforce performance, actions, and conduct.

NOVAGOLD has thus far approached the disclosure of our environment, social, and governance (ESG) performance pragmatically as a development-stage company, disclosing benchmarks that we believe are the most relevant measurements of our performance.

The completion of federal permitting of the Donlin Gold project in 2018 marked a development milestone that has led to the next phase in the evolution of NOVAGOLD's ESG reporting against a backdrop of increasing interest from all stakeholders. The time is appropriate to increase transparency, accountability, and enhance the suite of ESG metrics the company discloses to stakeholders. We're committed to providing stage-appropriate and relevant information, to all stakeholders, about ESG performance in alignment with the Donlin Gold project partner Barrick Gold Corporation. NOVAGOLD is working with Barrick to implement international best practice and industry standards at the Donlin Gold project and plans to expand disclosure as the project eventually moves toward construction and into operation.

We are strong proponents of ongoing engagement and consultation with stakeholders through the entire development process. Our commitment to enhancing and improving social capital in the communities of the Yukon-Kuskokwim (Y-K) region has been integral to the Donlin Gold project from the outset. Additional training, hiring, and bidders' preference included in the life-of-mine agreements with our Native Corporation partners, Calista Corporation and The Kuskokwim Corporation (TKC), date back to the mid-1990s and provide economic benefits to the Native Corporations and their shareholders.

At the project level, Donlin Gold LLC has clearly defined responsibilities and commitments that align with NOVAGOLD and Barrick policies, standards, and management systems. Donlin Gold is not only committed to social responsibility, strong partnerships with local communities, and leaving a positive, sustainable legacy in the Y-K region; it's also focused on sustainable development that provides benefits over the long term through opportunities for direct and indirect employment, local procurement, and community development projects. As we advance the Donlin Gold project toward a construction decision, NOVAGOLD will continue to focus on ESG in all areas, but particularly on enhanced reporting of activities and key metrics; improving crisis emergency preparedness; continuing engagement with all local, regional, and state stakeholders with a focus on environmental improvement; launching local regional advisory committees to provide perspective and local knowledge on issues specific to the project; and partnering with more local organizations in the Y-K region to build on sustainable initiatives that will support environmental projects, education, and health and safety initiatives.

The first of the regional advisory committees has been formed under the Donlin Advisory Technical Review and Oversight Committee (DATROC). DATROC is a committee of Donlin Gold, Calista, and TKC representatives who monitor and provide oversight to the Donlin Gold project. The committee discusses environmental protection, cultural resources, subsistence uses, reclamation, and potential impacts on communities. Other advisory committees to be formed will include Environment, Transportation & Infrastructure, and Social & Cultural Responsibility.

NOVAGOLD welcomes comments, questions, or suggestions about this report and related information. Please send your feedback to info@novagold.com. ESG data tables can be seen on our Sustainability webpage at www.novagold.com/sustainability. Additional information and details about goal-setting methodology, practices, and measurement can be found in the 2021 Management Information Circular dated March 25, 2021 and available on www.sec.gov, www.sedar.com, and www.novagold.com.



The Donlin Gold project is located in the Kuskokwim belt of southwestern Alaska, just 10 miles north of Crooked Creek.

COVID-19

RESPONSE

NOVAGOLD and its partners implemented a wide-ranging set of protocols to ensure the safety and well-being of employees and contractors.

Facing the major global threat posed by COVID-19, in March 2020 NOVAGOLD and its partners implemented a wide-ranging set of protocols at our offices in Salt Lake City and Vancouver – and in conjunction with Barrick at the Donlin Gold project office in Anchorage and the Donlin Gold project site to ensure the safety and well-being of employees and contractors at these locations. To reduce risk, corporate office employees have been asked to continue to work remotely, avoid all non-essential travel, adhere to good hygiene practices, and engage in physical distancing for the foreseeable future. Among the small team at NOVAGOLD there have been no work-related cases of COVID-19. The following procedures, consistent with the State of Alaska’s health and safety rules, recommendations, and precautions, were designed to ensure the safety and well-being of employees and contractors at Donlin Gold work locations, as well as their families and local communities:

- ▶ COVID-19 testing of all employees and contractors traveling to the Donlin Gold project site¹
- ▶ charter flights used to safely transport employees to and from the project site, avoiding unnecessary potential exposures to COVID-19
- ▶ site medical staff conducting screenings for COVID-19 symptoms
- ▶ diligent sanitization practices training and proper personal protective equipment (PPE) provided to all site employees and contractors
- ▶ daily safety briefings before each shift reinforcing COVID-19 protocols with increased safety communication around hygiene and sanitization practices, physical distancing measures while at the project site, and education and awareness regarding self-identification of symptoms
- ▶ weekly engagement with employee tribal councils to navigate project site procedures and protocol

A history of interdependence among villages and a reliance on air and water travel eventually led to community spread of COVID-19 in area villages and resulted in various state and regional travel bans in the Y-K region, exacerbating the societal impacts – including supply chain interruptions and the need for assistance. Donlin Gold partnered with Calista and TKC, along with other key representatives in the region, to respond to urgent community needs. Donlin Gold support included food, PPE and cleaning supplies, diapers, formula, sanitary wipes, and COVID-19 health and safety training, as well as maintaining the ongoing partnership commitments in environmental management and training, including a focus on education and health.

After a brief suspension of drilling in March, Donlin Gold safely restarted the 2020 drill program following consultations with village tribal councils in the Y-K region, communicating procedures to safely re-open the project site and recommence site activities, and submission of a COVID-19 management plan to the State of Alaska. With Donlin Gold’s extensive communication program and application of health and safety protocols, no employees or contractors tested positive for COVID-19 at the site in 2020, and drilling was successfully completed in September.

Enhanced COVID-19 health protocols will remain in place for the foreseeable future at both NOVAGOLD offices and at Donlin Gold to protect the health of our workforce.

¹ In-state personnel required one negative test prior to going to project site; village personnel, two negative tests upon arrival and prior to returning to their village; out-of-state personnel, two negative tests prior to going to project site.

56

YUKON AND COASTAL VILLAGES AIDED

260

BOXES OF FRESH PRODUCE DISTRIBUTED

1,400

FACE MASK KITS ASSEMBLED AND SHIPPED PLUS ONE FOR EVERY STUDENT IN THE KUSPUK SCHOOL DISTRICT

4,189

Y-K ELDERS AND YOUTH FED IN 22 COMMUNITIES



COMING TOGETHER AT A TIME WHEN WE NEED EACH OTHER THE MOST.

Thousands of pounds of food from the Donlin Gold project site were delivered to shelters and to every home in eight Middle Kuskokwim villages when the project site temporarily closed due to the local travel ban.



Donlin Gold coordinated the delivery of food and supplies – including partnering with a local farmer to ship fresh vegetables to 56 Yukon and coastal communities after the regional airline went into bankruptcy and left communities without regular air carrier service.

PEOPLE

Our relationships, and support of each other, are at the core of the work we do together. Empowerment of all employees to be their best enable each of us to make a difference and give everyone a chance to be heard. These values extend to the communities in which we work; our employees are encouraged and supported to give back to their communities with paid time off when volunteering locally, either with their professional organizations or through non-profit community organizations.

In January 2015, NOVAGOLD adopted a Human Rights Policy accepting and embracing our responsibility to respect human rights as per the Universal Declaration of Human Rights, and as articulated within the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights.

In 2020, women comprised 46 percent (six of 13) of NOVAGOLD’s employees. Selection of individuals for all positions with the company is guided by our Code of Business Conduct and Ethics, a policy that prohibits discrimination in any aspect of employment based on race, color, religion, ancestry, national origin, ethnicity, age, gender, pregnancy, genetic information (including of a family member), marital status, parenthood, disability, veteran status, sexual orientation, gender identity, gender expression, or other protected status. All Donlin Gold positions, including those hired through contractors, have a Calista and TKC shareholder hire preference. For the 2020 drill program, 80 percent of Donlin Gold’s direct hires were Alaska Natives. This is a continuation of the success of Donlin Gold’s local hiring program initiated during the exploration phase, and clearly demonstrates that the development of a skilled local workforce is an achievable goal.

Access to training and education are two of the important areas where we collaborate with our Native Corporation partners. For example, scholarships are awarded to students selected by Calista and TKC and funded by Donlin Gold. Calista has awarded scholarships to 225 students, 158 of whom attended, or are attending, Alaska post-secondary institutions. Among the scholarship recipients there are 10 Y-K villages represented, with chosen majors including business, education, engineering, health, humanities, and Indigenous studies. Donlin Gold also hosted two week-long virtual Alaska Resource Education minerals camps in 2020 for Y-K students.

A Donlin Gold workforce training and development plan will be implemented prior to construction and production activities. In addition, Donlin Gold will continue to foster a work environment that recognizes the unique nature of the region’s Alaska Native culture. Important items that will be considered in the development of the project include the importance of subsistence harvesting activities, cross-cultural training for employees and supervisors, the importance of family relationships, and providing local employment.

2020 DIVERSITY

80%	OF DIRECT HIRES FOR DONLIN GOLD’S DRILL PROGRAM WERE ALASKA NATIVES
46%	OF NOVAGOLD’S EMPLOYEES ARE WOMEN
8%	OF NOVAGOLD’S EMPLOYEES ARE ETHNIC MINORITIES
30%	OF NOVAGOLD’S BOARD MEMBERS ARE WOMEN
20%	OF NOVAGOLD’S BOARD MEMBERS ARE ETHNIC MINORITIES

Applicable Corporate Policies can be found at <https://www.novagold.com/company/governance/> including Environmental Policy; Code of Business Conduct and Ethics; Anti-Corruption, Anti-Bribery, Anti-Fraud; Health and Safety; Human Rights Policy; and Social License and Sustainable Development.

All Donlin Gold positions, including those hired through contractors, have a Calista and TKC shareholder hire preference.



EMPOWERMENT THAT MAKES A DIFFERENCE.

Empowerment of all employees to be their best enables each of us to make a difference and give everyone a chance to be heard.



HEALTH AND SAFETY

NOVAGOLD is committed to the safety, health, and welfare of our employees and their families, our contractors, and our visitors, as well as the safety and well-being of the communities in which we work. NOVAGOLD’s management is committed to providing leadership in health and safety. All team members take accountability for their personal safety and that of others working around them. We create a corporate culture that promotes safe work practices through individual and group employee motivation, safety achievement rewards, and safety performance recognition both in the workplace and in our local communities. Our practices reflect the objectives that are codified in our Health and Safety Policy.

NOVAGOLD, Donlin Gold, and our partners are committed to providing an environment in which all our people make it home safely every day and empowering individuals and communities to work together to ensure a bright future for everyone. This means:

- ▶ a focus on health and safety where we implement high standards for the protection of our workforce;
- ▶ promoting safety programs throughout the Y-K region; and,
- ▶ developing our current and future workforce with training and educational activities and programs – available throughout the Y-K region’s communities – that encourage employees and contractors to live a safe and healthy life beyond the workplace.

At the project level, Donlin Gold continued high standards of health and safety performance with a zero Lost Time Incident Frequency Rate¹ in 2020. The Total Recordable Incident Frequency Rate² in 2020 was 1.2, better than our goal of a maximum rate of 1.5. In 2020, Donlin Gold employees and contractors received more than 550 hours of health, safety, and emergency response training. Donlin Gold employees and contractors have worked more than 2.7 million hours over more than a decade without a Lost Time Incident (LTI) or fatality. Trained medical staff are based at the project site for response to and treatment of any injuries and any other employee health concerns. For seven consecutive years, Donlin Gold has been honored with the Barrick Gold Merit of Safety Award, a distinction that recognizes 365 consecutive days of zero LTIs. Winning this safety award is an example of Donlin Gold’s commitment to providing an injury-free workplace for all employees and contractors.

Our commitment to health and safety extends beyond the Donlin Gold project and into the communities in the Y-K region. Donlin Gold purchased 1,400 face mask kits from a local supplier that were shipped to 56 Y-K villages as well as to every student and staff member in the Kuspuk School District, home to more than 350 students over a 12,000 square-mile area. Donlin Gold coordinated with Tribal administrators to identify community members who could assemble the masks for Elders and people at greater risk of contracting COVID. Recognizing additional need in Bethel, the largest community in the region, Donlin Gold provided financial support to the Y-K Delta COVID-19 Response Fund and the Bethel Community Services Foundation’s vulnerable youth services fund.

Despite the challenges of COVID-19, Donlin Gold also continued to work with our Native Corporation partners on major community health and safety investments throughout the region.

2020 SAFETY

0	LOST-TIME INCIDENTS (LTI) OR FATALITIES
1.2	TOTAL RECORDABLE INCIDENT FREQUENCY RATE (GOAL: < 1.5) *
2.7M	CONSECUTIVE HOURS OVER MORE THAN 10 YEARS WITHOUT AN LTI

* Total Recordable Incident Frequency Rate (TRIFR) is defined as an incidence rate of lost time injuries, fatalities, and medical incidents and is computed using the formula: (number of injuries and illnesses X 200,000) / employee hours worked = TRIFR. Note: '200,000' represents the number of hours 100 employees work based on 40 hours per week, 50 weeks per year, and provides the standard base for calculating incidence rate for an entire year.

1 Lost Time Incident Frequency Rate is defined using the calculation of number of lost-time injuries per one million employee hours worked.
 2 Total Recordable Incident Frequency Rate is defined as an incidence rate of lost-time injuries, fatalities, and medical incidents and is computed using the formula: (number of injuries and illnesses X 200,000) / employee hours worked = medical incidence rate. Note: '200,000' represents the number of hours 100 employees work based on 40 hours per week, 50 weeks per year, and provides the standard base for calculating the incidence rate for an entire year.

Applicable Corporate Policies can be found at <https://www.novagold.com/company/governance/> including Environmental Policy; Code of Business Conduct and Ethics; Anti-Corruption, Anti-Bribery, Anti-Fraud; Health and Safety; Human Rights Policy; and Social License and Sustainable Development.



Twenty-eight community partners collaborated on the Donlin Gold Backhaul Hazardous Waste Removal project in 2020 to collect and remove 45,000 pounds of household hazardous materials.



In partnership with TKC, the village of Crooked Creek, and the Napaimute Tribe, Donlin Gold was the lead sponsor of a project to construct and maintain the upper portions of an ice road on the Kuskokwim River.

IMPROVING THE HEALTH OF OUR PEOPLE, OUR COMMUNITIES, AND OUR REGION.

PARTNERSHIPS

Barrick, a strong and well-established senior gold producer, is an equal partner with NOVAGOLD in the Donlin Gold project.

Our relationships in Alaska and in the Y-K region have been shaped by working together to achieve project milestones that increase project value for all stakeholders. Calista and TKC have been directly involved in outreach about the Donlin Gold project for more than two decades, and they have provided a conduit for sharing local knowledge through the public comment periods in the permitting process. This is consistent with their stated goal to increase shareholder benefits and economic opportunities through innovation, growth, leadership, partnership, execution, and financial discipline. To achieve this, they have developed internal and external workforce programs, including internships, training, apprenticeships, scholarships, and mentorships. Along with Barrick, Calista and TKC are active participants in our annual strategic planning sessions for the Donlin Gold project as well as community engagement and state and federal government interactions and initiatives.

All shareholders of Calista (subsurface rights owner) and TKC (surface rights owner) will benefit from the mine as landowners. The Alaska Native Claims Settlement Act (ANCSA) of 1971 resolved Alaska Native land claims, allotting 44 million acres for land use to Native Corporations. Land valuable for resource potential was selected by regional Corporations under ANCSA, and resource development companies were invited by the Native Corporations to explore the land. Benefits prescribed under ANCSA include revenue sharing under Sections 7(i) and 7(j) distributions that provide a formula to divide revenues earned from resource extraction between regional and village Native Corporations.

Donlin Gold prioritizes local hiring and invests in supporting communities throughout the region, benefiting residents directly and indirectly. One example is that 80 percent of Donlin Gold's direct hires for the 2020 drill program were Alaska Natives from the Y-K region. In addition to already being one of Southwest Alaska's largest employers, Donlin Gold also benefits the region's communities indirectly, through donations to Y-K nonprofit organizations, schools, training programs, sporting events, scholarships, and more.

In 2020, Donlin Gold signed Friendship Agreements with six Y-K villages that formalize current engagement. These Friendship Agreements build upon long-term relationships and address needs that are specific to each village, including water, sewer, and landfill projects; medical and other critical supplies to address hardships

caused by COVID-19; an ice road that connects remote villages in the Y-K region during the winter months; salmon studies; and suicide prevention programs.

In addition, Donlin Gold's life of mine agreements with both Calista and TKC call for them to have the opportunity to bid on all contracted work and receive bidders preference to encourage the use of local businesses. These agreements also require Donlin Gold to prioritize the hire of shareholders of these Native Corporations. These provisions have directly led to many contracts being awarded to Calista- and TKC-owned companies and employment for Y-K region residents at the project site.

Establishing collaborative working relationships with Y-K communities that function over the long term is essential to a solid development foundation based on respect for the values, the culture, and the language of the people of the Y-K region. Relationship-building is only possible when based on a sincere approach of openness, constructive dialogue, and mutual respect. As an example of this approach, Donlin Gold will continue to discuss options to mitigate or modify any project activities that could negatively impact stakeholders based on open and regular communication. Specifically, the natural gas pipeline that is envisioned to supply energy to the project site would reduce barging on the river, including barging of diesel fuel, and could provide a potential alternate energy source for the region. Following additional feedback, the pipeline was rerouted to avoid potential impacts on the Iditarod National Historic Trail. Ongoing feedback on project activities is coordinated through the DATROC, which is composed of senior leadership from Calista and TKC who advise the Donlin Gold Board on issues of specific interest to the communities.

During the early part of 2020, Donlin Gold was the lead sponsor of a project to construct and maintain the upper portions of an ice road on the Kuskokwim River from Crooked Creek to Sleetmute, and provided technical data to assist the roadbuilder. In a region that has few roads, this is a safe, critical pathway for supplies and access to medical care during the winter. This was the first time the ice road extended as far upriver as Sleetmute, greatly improving safety and access to nearby communities for residents in remote locations, creating economic opportunity for local trade and, pre-COVID-19, facilitating increased community cooperation for sports, social activities, and academics. At its completion in February 2020, the ice road's length constituted a record for the Kuskokwim River at 355 miles long.

Applicable Corporate Policies can be found at <https://www.novagold.com/company/governance/> including Environmental Policy; Code of Business Conduct and Ethics; Anti-Corruption, Anti-Bribery, Anti-Fraud; Health and Safety; Human Rights Policy; and Social License and Sustainable Development.

As part of Donlin Gold's ongoing community engagement efforts, Friendship Agreements were approved and signed by six Y-K communities.



**TANGIBLE, LONG-
LASTING BENEFITS
FOR ALL.**

ENVIRONMENTAL RESPONSIBILITY

NOVAGOLD recognizes environmental management as a corporate priority. Our employees, as well as Donlin Gold employees and contractors, care about preserving the environment for future generations while also providing for safe, responsible, and profitable operations for the benefit of employees, shareholders, and communities. We set and maintain standards of excellence for environmental performance at all our office and project locations. In this regard, the NOVAGOLD environmental policy sets out a statement of principles for all stages of a project: exploration, development, operation, and closure. Part of this commitment means preserving the local community's way of life: Donlin Gold is dedicated to protecting subsistence rights on the waters and lands that surround the project and honoring the traditions of Alaska Native culture practiced by our employees and neighbors.

NOVAGOLD's current environmental performance relates almost entirely to activities at the Donlin Gold project. It is our duty to support a project development plan that considers full life-of-mine risks and opportunities – from exploration through to construction, operation, and finally closure and reclamation. Dialogue with local communities and our Alaska Native partners, who offered generations of traditional knowledge about the local environment, began early in the project's history. Donlin Gold used this information to help guide the location, layout, and design of the project infrastructure to avoid sensitive and culturally important habitats and landscapes; this information was included in the Donlin Gold Final Environmental Impact Statement (FEIS), with project adjustments informed by engagement with Y-K region stakeholders.

An extensive environmental baseline-study program has been ongoing since 1996 to provide a foundation for responsible development. Resources and topics in the baseline-study program include air quality, fish and other aquatic resources, geotechnical conditions, hydrology/ground and surface water quality and quantity, land use, mercury, public health, socioeconomics, sediment quality, subsistence, vegetation, wetlands, and wildlife. Data from these studies have been used in the planning and design of the mine, and to establish environmental conditions prior to project development. All of this data has been submitted to regulatory agencies as part of the FEIS and permitting processes.

The Donlin Gold project team has been collecting background data for a fish protection plan with the understanding that protecting fish starts with protecting water. The project has been designed for no uncontrolled discharge of mine-contacted water.

Any water that comes in contact with mine facilities would be used in the milling process to the maximum extent practicable or treated and discharged according to stringent permit standards. Also of importance to stakeholders is the traffic plan for the river barges needed to transport fuel and other supplies to the site. Many of these materials will be transported up the Kuskokwim River during the open water shipping season, between June and October. Following completion of geotechnical and planning work, a comprehensive tailings management plan will be finalized. Donlin Gold is committed to the design, construction, operation, and closure of a tailings storage facility that will meet the requirements of the Global Industry Standard for Tailings Management as well as exceed design specifications of the State of Alaska's Dam Safety Program. The Donlin Gold tailings storage facility will be fully lined, and the main dam will be constructed using the Downstream Method,¹ globally considered to be the most stable design for tailings storage.

The potential environmental effects of the proposed mine project were detailed and evaluated as part of the National Environmental Policy Act process. The FEIS was issued in August 2018 and not only includes the potential effects of the project on climate change, but also the potential effects of climate change on the project itself; these risks are considered and have been incorporated in the project design. The effects of climate change, including the impacts of extreme weather conditions and melting permafrost, are incorporated into all permitting submissions, as well as design engineering and operational and closure planning. Further, the FEIS considered biodiversity by evaluating in detail the potential project effects on local, regional, and statewide flora and fauna populations, including important and sensitive species. The analysis specifically addressed how the ecosystem may change over time due to climate change. The project plan and permits include extensive biodiversity monitoring and mitigation requirements that will be fully implemented as Donlin Gold moves to project construction and operation. Finally, a reclamation and closure plan for the proposed mine project has already been developed and approved by the State of Alaska to ensure that, when mining activity ceases, the mine is closed, and the land is reclaimed and restored. As required by state law and consistent with leading practice, this plan will be reviewed and updated periodically throughout operations.

¹ See more information about different tailings storage facility designs at <https://donlingold.com/environment/tailings-management-plan/>.

COLLABORATING WITH REGIONAL STAKEHOLDERS TO MINIMIZE IMPACTS.



(Top to bottom) Donlin Gold employees sample water near the project to update baseline data; environmental tech Gerald Beans; Marguerite Tibbles of Owl Ridge Resource Consultants conducts an aquatic resource survey.

At Donlin Gold's current development stage, the site's existing potential for environmental impacts is based on a site camp of generally fewer than 100 employees and contractors, as was the case in 2020, at peak occupancy. Donlin Gold does not generate operational process waste or wastewater, produce tailings nor waste rock, or use any cyanide. All runoff from field activities, including drill sites, is managed to protect water quality under state permit requirements. All sanitary wastewater from the camp is treated prior to disposal. Therefore, current activities pose very low risk to the environment.

Consistent with our permit requirements and the corporate policies of NOVAGOLD and Donlin Gold, a very high level of environmental performance has been maintained at the project site in the past – and this continued throughout 2020. Detailed operating and monitoring plans and policies have been established for and implemented at the Donlin Gold project site that address safe drinking water and sanitary wastewater systems; stormwater management; spill prevention and control; fuel, oil, and hazardous materials management; wetlands protection; wildlife interactions; and many others. When the project site was occupied in 2020, the environmental team conducted daily inspections of all ongoing site activities as well as monitoring for potential releases to land and water. These areas include water and wastewater management, air quality, hazardous and other solid waste management, fuel storage and use (and associated spill risk), and the protection of biological resources around the site. Donlin Gold and its contractors have never been cited for any non-compliance with environmental regulations, standards, or permit requirements. All hazardous waste is strictly managed according to state and federal regulations. In 2020, Donlin Gold had no spills to water and no fuel or oil spills greater than 10 gallons (the threshold for reporting to government agencies). Per state permit requirements, Donlin Gold also stabilized and reclaimed all of the 2020 drill sites and associated drill access roads after work was completed in these areas.

In 2020, Donlin Gold continued studies to monitor and document environmental conditions in the project area. These included fish and wildlife studies in the Middle Kuskokwim River, such as the multi-year program to characterize rainbow smelt spawning. In this effort, Donlin Gold partnered with local residents to continue to update the species behavior under current conditions and how it is used locally as an important subsistence resource. Closer to the project site, Donlin Gold advanced fish habitat restoration plans for areas of the Crooked Creek watershed previously affected by historical placer mining. With construction planned to start in 2021, these projects will restore and reconnect

stream and pond habitats that will support Coho salmon and resident fish populations in the drainage. Finally, in 2020, Donlin Gold also conducted extensive water quality monitoring and aquatic resource surveys throughout the Crooked Creek watershed.

Due to Donlin Gold's remote location, on-site diesel-fired power generation and heaters are used to support current project site activities. In 2020, Donlin Gold's greenhouse gas emissions totaled 1,500 metric tonnes of CO₂. As the mine project moves forward – and as practicable – the use of more renewable energy sources such as wind or solar will be evaluated.

Donlin Gold used approximately 184,000 gallons of pumped ground water to support camp operations during 2020. Some additional surface water was temporarily used for drilling operations, but this water was quickly and safely returned to area streams. As previously noted, the project site is located in a remote part of western Alaska where there are few other water users and water scarcity has not been a concern. In addition, all water withdrawals and uses are authorized by the State of Alaska. This process provides for protection of other local water uses, including ensuring no adverse impacts to streams and aquatic life use.

At a broader level, hazardous waste management is a major community concern in the Y-K region because there are no safe, authorized sites in the region for long-term management and disposal. In the fall of 2020, Donlin Gold collaborated with 28 community partners, including regional and village tribal governments and Y-K region businesses, on the Donlin Gold Backhaul Hazardous Waste Removal Partnership to collect and remove approximately 45,000 pounds of household hazardous materials – such as fluorescent tubes, lead acid batteries, and electronic waste – for proper disposal. Donlin Gold was the primary funder of this endeavor, which built upon two previous disposal events. In 2019, nearly 100,000 pounds of hazardous and electronic waste was removed from 14 villages and Bethel on the Kuskokwim River and in 2018, the initial Green Star® Waste Backhaul Project removed close to 40,000 pounds of hazardous waste and materials from six Middle Kuskokwim villages. Donlin Gold is also working with TKC, the State of Alaska, and the Alaska Native Tribal Health Consortium to upgrade, as well as improve, health and safety standards of water and sewer services in Middle Kuskokwim area communities.

1.5k	METRIC TONNES OF CO ₂ IN GREENHOUSE GAS EMISSIONS
184k	GALLONS OF WATER USED TO SUPPORT CAMP OPERATIONS
0	CITATIONS OR FINES
0	HAZARDOUS MATERIAL SPILLS TO WATER OR LAND (>10 GALLONS)
28	COMMUNITY PARTNERS HELPED WITH THE DONLIN GOLD BACKHAUL HAZARDOUS WASTE REMOVAL PROGRAM
45k	POUNDS OF HOUSEHOLD HAZARDOUS MATERIALS REMOVED FROM Y-K VILLAGES



A barge arrives in Sleetmute, where it will be loaded up with household hazardous and electronic waste. Trained volunteers helped to remove 45,000 pounds of material from 10 Y-K villages in 2020.

COMMUNITY AND SOCIAL RESPONSIBILITY

Engaging with communities in a respectful and culturally sensitive manner while developing long-term, mutually beneficial relationships has been our approach since the early exploration of the Donlin Gold project.

NOVAGOLD is committed to respecting the history, culture, and customs of Indigenous communities who own, inhabit, or use lands on which the company operates. We respect the social, economic, and cultural rights of local and Indigenous people, strive to communicate with communities, stakeholders, and shareholders in an accurate and transparent manner, and endeavor to share success through partnerships with stakeholders in community development programs.

Donlin Gold promotes economic self-reliance among Native communities through employment opportunities, business enterprise support, economic diversification, maintenance of subsistence lifestyles, and preferential contract consideration for Native-owned suppliers. As noted above, these are consistent with the specific Native employment and contracting requirements included in our life-of-mine agreements with Calista and TKC. As the project progresses, Donlin Gold will continue to focus on developing programs that benefit local communities, including improved infrastructure, support for education and health services, cultural heritage preservation, employment and business opportunities, income from royalty streams and compensation payments, and environmental restoration and protection. Donlin Gold supports applicable principles and commitments in the International Council on Mining & Metals Position Statement on Mining and Indigenous Peoples, which promotes constructive relationships between the mining and metals industry and Indigenous people based on respect, meaningful engagement, and mutual benefit.

NOVAGOLD and its project partners are committed to preserving traditional lifestyles and providing economic opportunities to communities throughout the Y-K region, whose political and social structure is represented by a diverse group of social, business, and governmental entities. Relationships between these entities are often complex and influenced by competing political and economic interests. Calista, TKC, and a variety of other Alaska Native business entities and associations have an interest in the Donlin Gold project and its potential impact on the region. Engaging with communities in a respectful and culturally sensitive manner while developing long-term, mutually beneficial relationships has been our approach since the early exploration of the Donlin Gold project – and will continue throughout the life cycle of the project.

In 2020, we supported Donlin Gold as it continued a multi-decade collaboration on community development programs with Native Corporation partners. These programs throughout the region benefit education, community wellness, cultural preservation, and environmental stewardship. Donlin Gold supports a wide range of organizations and causes, from youth sports to scholarships to search and rescue.



\$3M

IN DIRECT PAYMENTS, SPONSORSHIPS,
AND COMMUNITY INITIATIVES

320

ENGAGEMENTS WITH COMMUNITIES
AND STAKEHOLDERS

\$8M

IN PURCHASES FROM 146 ALASKA-BASED
SUPPLIERS

17

NATIVE VILLAGES THAT DONLIN GOLD
EMPLOYEES CALL HOME



STRONG ALASKA NATIVE PARTNERSHIPS BENEFITING PEOPLE AND COMMUNITIES THROUGHOUT THE REGION.

NOVAGOLD and its project partners are committed to preserving traditional lifestyles and providing economic opportunities to communities throughout the Y-K region.



The arrival of the COVID-19 pandemic in Alaska deepened these strong relationships while introducing the Donlin Gold community relations team to new – and primarily virtual – collaborations with villages in the Y-K region. Donlin Gold had more than 320 contacts with key individual stakeholders and community organizations in 2020, twice the usual number of contact events made in previous years, with most communication occurring by telephone or video conference. Donlin Gold was able to reach out to communities and Tribes multiple times during 2020, including many they had not connected with in prior years. Usual stakeholder engagement involves regular in-person meetings with key community leaders, community group update presentations, program development consultation, responding to environmental issues, and education and assistance with health and safety matters. From regular engagement with tribal councils to seeking partnerships with new parties, Donlin Gold was able to stay connected to advance key activities and projects throughout the region. Donlin Gold is guided in its approach by a detailed stakeholder engagement plan that uses stakeholder identification and looks at their level of responsibility, influence, proximity, dependency, and representation in the project region. As part of ongoing stakeholder mapping, organizations and individuals are categorized as low- or high-influence as well as low- or high-impact in their relationship to the project. In addition, stakeholder surveys are regularly conducted in Alaska to uncover information or identify communication gaps and provide perception mapping of the project. An example of this is Calista’s 2020 media campaign “Truly Our Project,” which communicated that the Donlin Gold project is located on Calista land – something surveys had indicated most Calista shareholders were not aware of.

Donlin Gold works hard to address all concerns raised by residents of the Y-K region through its ongoing stakeholder engagement efforts. Community concerns or complaints may be conveyed in-person or by telephone with one of the community development or community relations personnel, or submitted through an anonymous online contact form. There were no grievances related to human rights (or any topic) filed in 2020, and there were no unresolved complaints outstanding at the end of the previous year. Still, Y-K region stakeholders regularly request information or share topics of concern with community relations staff, including employment opportunities, timing of project development, and increased health and safety protocols related to COVID-19.


Donlin Gold’s multi-decade collaboration on community development programs with Native Corporation partners is one aspect of the stakeholder outreach program. Another is the sponsorship of local events and participants. The Kuskokwim 300 is considered to be the premiere mid-distance dog sled race in the world, covering a 300-mile trail stretching from Bethel across tundra and the Kuskokwim River to Aniak upriver and back. It is a popular regional event that is supported through community investment funding by Donlin Gold. In January 2020, prior to the arrival of COVID-19 in Alaska, Pete Kaiser, a Donlin Gold-sponsored musher and 2019 Iditarod sled dog race champion, won the Kuskokwim 300. Kaiser was born and raised in Bethel and is the first Yup’ik musher and the fifth Alaska Native to win an Iditarod championship.

Kaiser takes a leadership role in speaking with youth in the community about suicide prevention and his musher coat has a stitched-on patch that states “Suicide is never the answer.” Suicide is the second leading cause of death in the United States among individuals between the ages of 10 and 34. Based on CDC 2019 data, Alaska has the second-highest suicide rate of any state, with suicide being the leading cause of death among Alaska youth over the age of 15.

Donlin Gold also sponsored four Iron Dog teams for the annual snowmobile race in February. The Iron Dog is the world’s longest snowmobile race and covers more than 2,600 miles as it traverses the Alaskan backcountry. These races are traditions in the region and receive much local support, international media coverage, and fans along the route and at each checkpoint.

Following the temporary closure of the project camp due to COVID-19 travel restrictions, Donlin Gold donated thousands of pounds of food to shelters and to every home in eight Middle Kuskokwim villages. Additional support of communities during the pandemic was the result of partnering with the Campfire Organization, the Association of Village Council Presidents, and the Yukon-Kuskokwim Health Corporation to fund Elder and youth meals throughout the summer – serving 22 communities, 4,189 individuals, and a total of 34,000 meals to Elders and youth in the region. In addition, 260 boxes of fresh produce were distributed to 56 villages.

Donlin Gold is also supporting TKC in a local community development project to improve energy efficiency and develop reliable energy generation in all villages in the Middle Kuskokwim region. Other ongoing initiatives include providing online activities and programs for youth and Elders, strengthening sponsorships with investments in the First Alaskans Institute at the 2020 Elders & Youth Statewide conference and the Alaska Federation of Natives annual convention.



The coastal village of Kongiganak is located approximately 220 miles from the Donlin Gold project. The 430-person village is one of the 56 villages in the Y-K region that Donlin Gold engages with.

GOVERNANCE AND CORPORATE POLICIES

NOVAGOLD is committed to maintaining robust corporate governance practices that enable us to achieve our company goals and maintain the trust and confidence of our investors, employees, regulatory agencies, and other stakeholders. We recognize the importance of consistent, transparent, and proactive communication, and feel that facilitating our stakeholders' opportunities to share their perspectives with us help deepen our understanding of their interests, concerns, and priorities.

The company establishes rigorous annual goals and discloses details of levels of achievement for the goals of the previous year and for the upcoming year in the Management Information Circular. The executive team and the board work together to set long-term strategic company goals and short-term annual goals. The assessment of performance against these goals is monitored regularly during the year by the board. At the end of each year, the compensation committee leads the annual review of company goal-setting and performance, executive performance evaluations, and setting of the executive and director compensation programs, as well as provides recommendations on those topics to the board for its consideration.

NOVAGOLD's board of directors and management team acknowledge the importance of diversity, including experience, race, ethnicity, gender, age, and cultural background, because we value the contributions of differing perspectives (which have also been shown to correlate with long-term business success). When considering candidates for executive positions, the company's evaluation considers the broadest possible assessment of each candidate's skills and background, the overriding objective to ensure the appropriate balance of skills, experience, and capacity necessary to be successful. Because of this objective, the company has not set targets for specific percentages of women, or other aspects of diversity, in executive positions. Forty-six percent of NOVAGOLD's employees are women.

NOVAGOLD's board of directors' obligation is to oversee corporate strategy and governance, key functions in advising management on strategic direction and practices, employee well-being, and partnerships. Eight of the company's 10 board members are independent, three of whom are women.

The environmental, health, safety and sustainability and technical committee is a standing sub-committee of the NOVAGOLD board, to which the board has delegated certain responsibilities relating to oversight for the development, implementation, and monitoring of the company's health, safety,

environment, and sustainability policies, including the company's ESG performance and disclosures. There are five members on the committee with a cumulative total of senior mining management industry experience of greater than 160 years. All committee members except NOVAGOLD's president and CEO, Greg Lang, are independent. The committee is composed of directors with knowledge and experience in the areas of environmental stewardship and compliance, social license, worker safety, and technical expertise in the permitting, planning, development, and operation of large mines. While the board is ultimately responsible for oversight of the company's ESG performance, the committee reviews the company's environmental and social engagement performance at every committee meeting and provides strategic direction to management on these matters. The committee provides a report at each regular board meeting.

After our 2017 and 2018 annual shareholder meetings, we commenced post-proxy shareholder engagement campaigns in response to suboptimal approval rates for our annual advisory say-on-pay resolution. Members of management, and, in some cases, members of both the compensation and the corporate governance and nominations committees participated in these meetings. The engagement resulted in the implementation of changes to the executive compensation program, the adoption of a board service policy, and adoption of an executive compensation clawback policy. We were pleased to see that the changes implemented after listening to our shareholders resulted in higher approval ratings of the say-on-pay proposal at our 2019 and 2020 annual shareholder meetings.

Other governance changes in the past three years include the departure of four long-tenured directors and the addition of three new independent directors; the reduction of the board size from 11 to 10 seats; an increase in the number of women on the board from one to three; and the adoption of a board service policy to prevent over-boarding. There have also been numerous changes to the company's executive compensation program since 2017 that have had the cumulative effect of reduced total compensation. The company's revised approach to executive compensation resulted in the say-on-pay resolution receiving 87 percent approval at the 2020 annual shareholder meeting.

For more information, please refer to the Sustainability page on our website at www.novagold.com/sustainability/.

CORPORATE GOVERNANCE SUMMARY – CHANGES, 2017-2020

BOARD OF DIRECTORS

- ▶ four directors have stepped down: Dr. Marc Faber, Gerald McConnell, Gil Leathley, Rick Van Nieuwenhuysse
- ▶ three directors have been added: Dr. Diane Garrett, Ethan Schutt, Dr. Elaine Dorward-King
- ▶ reduced board size from 11 to 10
- ▶ increased gender diversity from 9% to 30%
- ▶ board nominee slate is 80% independent
- ▶ adopted a board service policy to prevent overboarding

SHARE OWNERSHIP REQUIREMENTS

- ▶ increased director share ownership requirements to an amount equal to 3X annual retainer within five years of joining board (effective August 2020)
- ▶ increased CEO share ownership requirement to an amount equal to 5X annual salary from 3X (effective August 2020)

EXECUTIVE COMPENSATION

- ▶ Summary Compensation Table (SCT) shows reduction in executive comp since 2017
 - ▶ Realized pay is generally lower than realizable pay and SCT pay*
-
- ▶ extended vesting period for options and Performance Share Units (PSUs) from two to three years (effective December 2017)
 - ▶ eliminated individual performance rating as a multiplier for long-term incentive award value
 - ▶ CEO base salary unchanged for three years (2017-2019)
-
- ▶ added a double-trigger change of control provision to option plan and PSU plan before award vesting is accelerated (effective January 2019)
 - ▶ adopted an executive compensation clawback policy
 - ▶ enhanced the description of annual company goals, including threshold, target, and maximum achievement descriptions

STOCK AWARD, PERFORMANCE SHARE UNIT, AND DEFERRED SHARE UNIT PLANS APPROVED BY SHAREHOLDERS IN 2020[†]

- ▶ stock award plan amendment – reduced plan share pool size to 8% of issued and outstanding shares down from 10%

* Refer to Realized and Realizable Pay Tables in Management Information Circular.

[†] Required every three years by the TSX.

MINERAL RESERVES & MINERAL RESOURCES

Donlin Gold (100% basis)*	Tonnage	Grade	Metal content	
GOLD	kt	g/t Au	koz Au	
Reserves¹				* Mineral Reserves & Mineral Resources are reported on a 100% basis. NOVAGOLD and Barrick each own 50% of the Donlin Gold project. Donlin Gold approximate cut-off grades (see Resources Footnotes): Reserves: ¹ 0.57 g/t gold Resources: ² 0.46 g/t gold
Proven	7,683	2.32	573	
Probable	497,128	2.08	33,276	
P&P	504,811	2.09	33,849	
Resources,² inclusive of Reserves				
Measured	7,731	2.52	626	
Indicated	533,607	2.24	38,380	
M&I	541,337	2.24	39,007	
Inferred	92,216	2.02	5,993	

Notes:

- This resource estimate has been prepared in accordance with NI 43-101 and the CIM Definition Standard, unless otherwise noted.
- See numbered footnotes below on resource information.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content
- Tonnage and grade measurements are in metric units. Contained gold is reported as troy ounces.

Resources Footnotes:

- Mineral Reserves are contained within Measured and Indicated pit designs, and supported by a mine plan, featuring variable throughput rates, stockpiling and cut-off optimization. The pit designs and mine plan were optimized on diluted grades using the following economic and technical parameters: Metal price for gold of US\$975/oz; reference mining cost of US\$1.67/t incremented US\$0.0031/t/m with depth from the 220 m elevation (equates to an average mining cost of US\$2.14/t), variable processing cost based on the formula $2.1874 \times (\%) + 10.65$ for each US\$/t processed; general and administrative cost of US\$2.27/t processed; stockpile rehandle costs of US\$0.19/t processed assuming that 45% of mill feed is rehandled; variable recoveries by rock type, ranging from 86.66% in shale to 94.17% in intrusive rocks in the Akivik domain; refining and freight charges of US\$1.78/oz gold; royalty considerations of 4.5%; and variable pit slope angles, ranging from 23° to 43°. Mineral Reserves are reported using an optimized net sales return value based on the following equation: Net Sales Return = Au grade * Recovery * (US\$975/oz - (1.78 + (US\$975/oz - 1.78) * 0.045)) - (10.65 + 2.1874 * (%)) + 2.27 + 0.19 and reported in US\$/tonne. Assuming an average recovery of 89.54% and an average 5% grade of 1.07%, the marginal gold cut-off grade would be approximately 0.57 g/t, or the gold grade that would equate to a 0.001 NSR cut-off at these same values. The life of mine strip ratio is 5.48. The assumed life-of-mine throughput rate is 53.5 kt/d.
- Mineral Resources are contained within a conceptual Measured, Indicated and Inferred optimized pit shell using the following assumptions: gold price of US\$1,200/oz; variable process cost based on 2.1874 * (sulphur grade) + 10.6485; administration cost of US\$2.29/t; refining, freight & marketing (selling costs) of US\$1.85/oz recovered; stockpile rehandle costs of US\$0.20/t processed assuming that 45% of mill feed is rehandled; variable royalty rate, based on royalty of 4.5% * (Au price - selling cost). Mineral Resources have been estimated using a constant Net Sales Return cut-off of US\$0.001/t milled. The Net Sales Return was calculated using the formula: Net Sales Return = Au grade * Recovery * (US\$1,200/oz - (1.85 + ((US\$1,200/oz - 1.85) * 0.045)) - (10.65 + 2.1874 * (%)) + 2.29 + 0.20) and reported in US\$/tonne. Mineral Resources are inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Resources are in addition to Measured and Indicated Resources. Inferred Resources have great uncertainty as to their existence and whether they can be mined legally or economically.

Regarding Forward-Looking Statements

This report includes certain "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable securities legislation, including the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding the permitting, potential development, exploration, construction and operation of Donlin Gold and statements relating to NOVAGOLD's future operating and financial performance and production estimates are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", "poised", and similar expressions, or statements that events, conditions, or results "will", "may", "could", "would" or "should" occur or be achieved. These forward-looking statements may also include statements regarding the exploration potential of Donlin Gold; anticipated mine life; perceived merit of properties; anticipated permitting timeframes; exploration and drilling results and budgets; mineral reserve and resource estimates; work programs; capital expenditures; timelines; strategic plans; benefits of the project; market prices for precious metals, including the potential performance of the price of gold; whether the final \$75 million promissory note from the sale of Galore Creek will mature and be payable; potential shareholder returns; the timing and outcome of ADNR's decision to reconsider the ROW lease for the natural gas pipeline or other statements that are not statements of fact. Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from NOVAGOLD's expectations include the uncertainties involving unexpected cost increases, which could include significant increases in estimated capital and operating costs; the need for additional financing to explore and develop properties and availability of financing in the debt and capital markets; risks related to the outbreak of the coronavirus global pandemic (COVID-19); uncertainties involved in the interpretation of drilling results and geological tests and the estimation of reserves and resources; the need for continued cooperation with Barrick Gold Corporation for the continued exploration and development of the Donlin Gold property; the need for cooperation of government agencies and native groups in the development and operation of properties; risks of construction and mining projects such as accidents, equipment breakdowns, bad weather, non-compliance with environmental and permit requirements; unanticipated variation in geological structures, ore grades or recovery rates; the need to obtain permits and governmental approvals; fluctuations in metal prices and currency exchange rates; whether a positive construction decision will be made regarding Donlin Gold or Galore Creek; the timing and outcome of ADNR's decision to reconsider the ROW lease for the natural gas pipeline and other risks and uncertainties disclosed in NOVAGOLD's annual report filed on Form 10-K for the year-ended November 30, 2020, and subsequently in NOVAGOLD's quarterly reports filed on Form 10-Q, with the United States Securities and Exchange Commission (SEC), Canadian securities regulators, and in other NOVAGOLD reports and documents filed with applicable securities regulatory authorities from time to time. Copies of these filings may be obtained at no charge by visiting our Investor Relations website at www.novagold.com or the SEC's website at www.sec.gov or at www.sedar.com. NOVAGOLD's forward-looking statements reflect the beliefs, opinions and projections of management on the date the statements are made. NOVAGOLD assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

Forward-looking statements are based on a number of material assumptions, including but not limited to the following, which could prove to be significantly incorrect: our ability to achieve production at any of our mineral exploration and development properties; estimated capital costs, operating costs, production and economic returns; estimated metal pricing, metallurgy, mineability, marketability and operating and capital costs, together with other assumptions underlying our resource and reserve estimates; our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable; assumptions that all necessary permits and governmental approvals will be obtained and the timing of such approvals; assumptions made in the interpretation of drill results, the geology, grade and continuity of our mineral deposits; our expectations regarding demand for equipment, skilled labor and services needed for exploration and development of mineral properties; and that our activities will not be adversely disrupted or impeded by development, operating or regulatory risks.

Cautionary Note Concerning Reserve & Resource Estimates

This presentation uses the terms "mineral resources", "measured mineral resources", "indicated mineral resources" and "inferred mineral resources". United States investors are advised that, while such terms are recognized and required by Canadian securities laws, the SEC Industry Guide 7 ("Industry Guide 7") does not recognize them. Under Industry Guide 7, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Mineral resources that are not mineral reserves do not have demonstrated economic viability. United States investors are cautioned that they should not assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. Further, inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Disclosure of "contained ounces" is permitted disclosure under Canadian regulations, however, Industry Guide 7 normally only permits issuers to report "resources" as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and mineral resources contained in this presentation may not be comparable to information made public by United States companies subject to Industry Guide 7 reporting and disclosure requirements. The Company has no reserves, as that term is defined under Industry Guide 7.

On October 31, 2018, the SEC adopted a final rule ("New Final Rule") that will replace Industry Guide 7 with new disclosure requirements that are more closely aligned with current industry and global regulatory practices and standards, including National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI-43-101"). Companies must comply with the New Final Rule for the first fiscal year beginning on or after January 1, 2021, which for NOVAGOLD would be the fiscal year beginning December 1, 2021. While early voluntary compliance with the New Final Rule is permitted, NOVAGOLD has not elected to comply with the New Final Rule at this time.

NI 43-101 is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all resource estimates contained in this presentation have been prepared in accordance with NI 43-101 and the CIM Definition Standards.

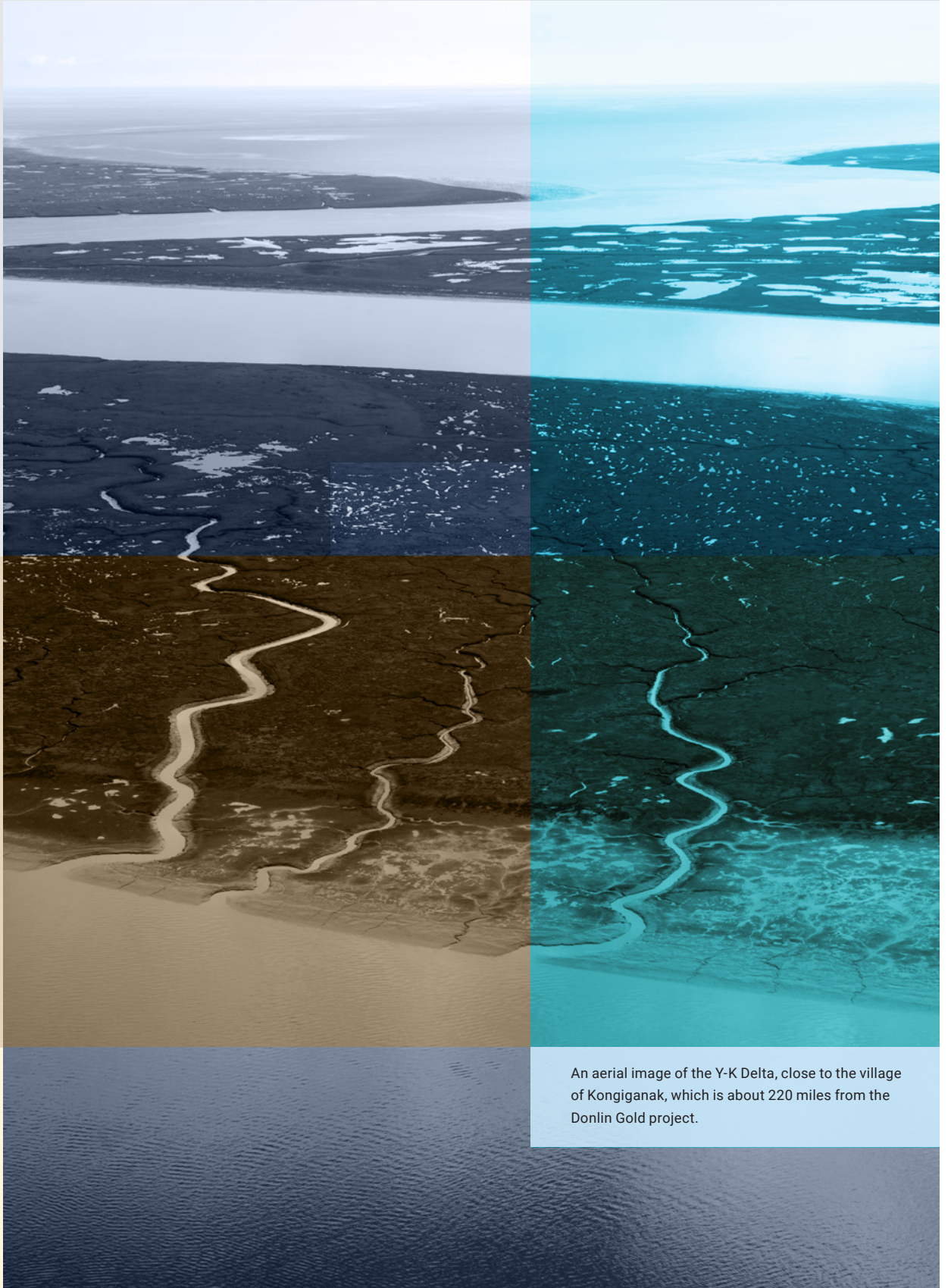
Technical Reports and Qualified Persons

The documents referenced below provide supporting technical information for the Donlin Gold project.

Project	Qualified Person(s)	Most Recent Disclosures
Donlin Gold	Kirk Hanson P.E.	"Donlin Creek Gold Project Alaska, USA, NI 43-101 Technical Report on Second Updated Feasibility Study" prepared by AMEC, effective November 18, 2011, amended January 20, 2012 (the "Second Updated Feasibility Study").

Clifford Krall, P.E., who is the Mine Engineering Manager for NOVAGOLD and a "qualified person" under NI 43-101, has approved the scientific and technical information contained in this annual report.

Wood Canada Limited ("Wood" formerly AMEC Americas Limited) is currently updating all sections of the Second Updated Feasibility Study with updated costs, economic assessment, permitting information, and technical information related to permitting, generated on the Donlin Gold project since 2011, which is anticipated to be finalized and filed during 2021. Based on that cost review, Wood determined that updating the Second Updated Feasibility Study using 2020 costs and new gold price guidance results in no material change to the mineral resources or mineral reserves. The economic assessment in the updated study may be materially different than in the 2011 study.



An aerial image of the Y-K Delta, close to the village of Kongiganak, which is about 220 miles from the Donlin Gold project.

CORPORATE INFORMATION

MANAGEMENT TEAM

Gregory A. Lang

President and Chief Executive Officer

David Ottewell

Vice President and Chief Financial Officer

Mélanie Hennessey

Vice President, Corporate Communications

Ron Rimelman

Vice President, Environment, Health, Safety, and Sustainability

Richard Williams

Vice President, Engineering and Development

TRANSFER AGENT

For information on share transfers, lost certificates, or a change of address, contact:

Computershare

1.800.564.6253 (toll-free in Canada and the U.S.)

1.514.982.7555 (international direct dial)

computershare.com

AUDITORS

PricewaterhouseCoopers LLP

SHARE LISTINGS

TSX, NYSE American: NG

Issued and outstanding at March 24, 2021, 331.3 million

BOARD OF DIRECTORS

Dr. Thomas Kaplan

Chairman, NOVAGOLD RESOURCES INC.;

Chairman and CEO, The Electrum Group

Elaine Dorward-King^(2, 3)

Corporate Director

Sharon Dowdall^(2, 4)

Corporate Director

Diane Garrett^(3, 4)

President, CEO, and Director of Hycroft Mining Holding Corporation

Gregory A. Lang^(3, 5)

President and CEO, NOVAGOLD RESOURCES INC.

Igor Levental^(4, 5)

President, The Electrum Group

Kalidas Madhavpeddi^(2, 3)

Corporate Director

Clynton Nauman^(1, 3)

CEO, Alexco Resource Corp., and
CEO, Asset Liability Management Group ULC

Ethan Schutt^(1, 4, 5)

Executive Vice President and General Counsel, Bristol Bay Native Corporation

Anthony Walsh^(1, 2)

Corporate Director

Independent Lead Director, NOVAGOLD RESOURCES INC.

Members of:

1. Audit Committee
2. Compensation Committee
3. Environment, Health, Safety, Sustainability, and Technical Committee
4. Corporate Governance and Nominations Committee
5. Corporate Communications Committee



This annual report was printed carbon neutral, investing in renewable energy and clean technology projects.

**ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS**

(virtual format)

Wednesday, May 12, 2021 – 1pm PT

Live Webcast at:

www.virtualshareholdermeeting.com/NG2021

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2020 FINANCIAL REPORT

From NOVAGOLD's Annual Report on Form 10-K for the fiscal year ended November 30, 2020
For full Annual Report on Form 10-K, please visit www.novagold.com, www.sec.gov, or www.sedar.com
Or call Investor Relations at 1.866.669.6227

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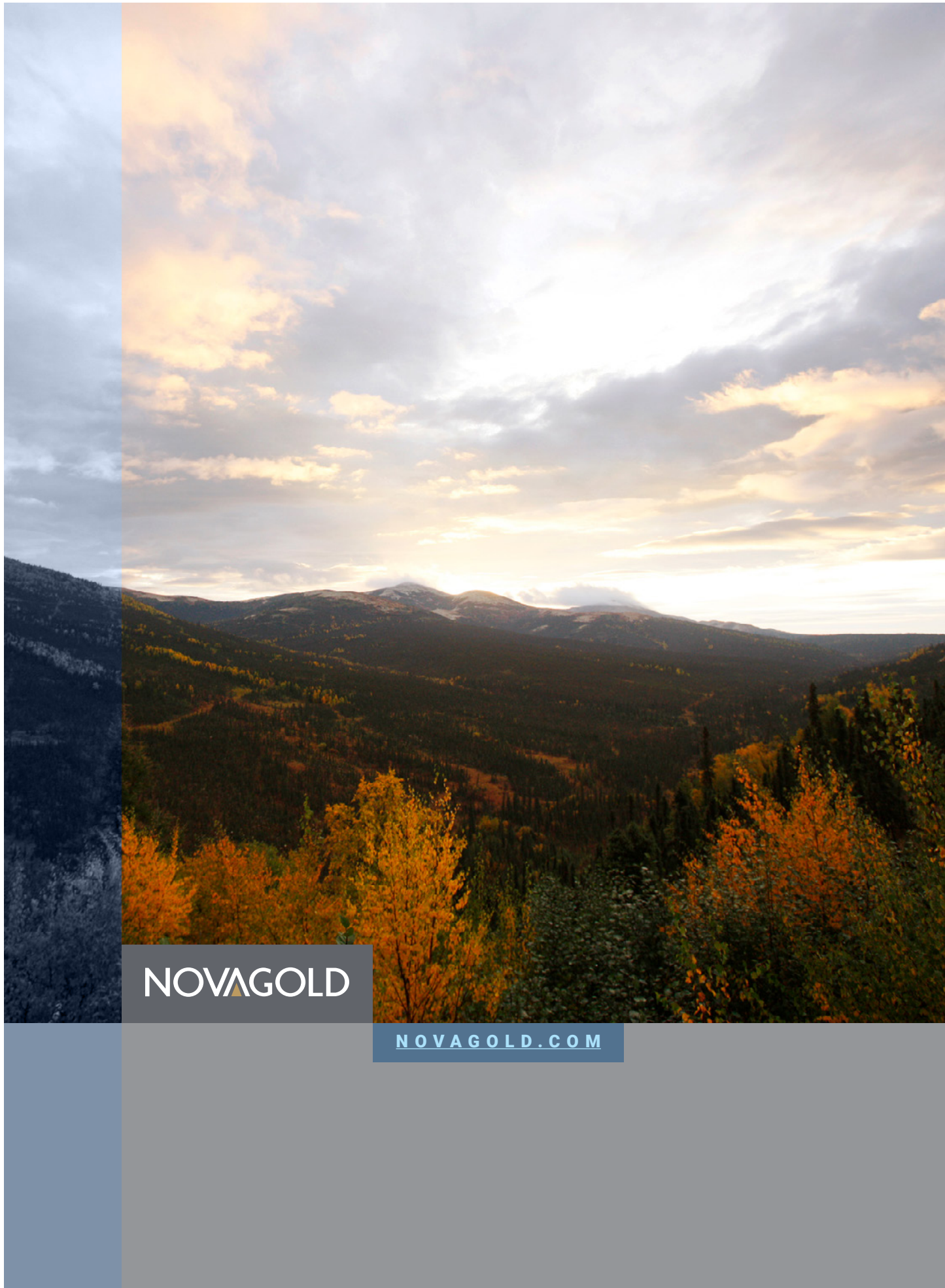
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