



NOVAGOLD Resources Inc. Fourth Quarter & Year-End Financial Results Conference Call and Webcast Transcript

Date: January 27th, 2022

Time: 8:00 AM PT

Speakers: **Mélanie Hennessey**
Vice President Corporate Communications

Gregory Lang
President and Chief Executive Officer

David Ottewell
Vice President and Chief Financial Officer

Dr. Thomas Kaplan
Chairman of the Board

Operator:

Welcome to the NOVAGOLD 2021 Year-End Financial Results and Project Update Conference Call and Webcast.

As a reminder, all participants are in listen-only mode and the conference is being recorded.

After the presentation, there will be an opportunity to ask questions via webcast only. Webcast viewers may submit questions through the text box in the lower right corner of the webcast frame. Should you need any assistance during the conference call, you may signal an operator by pressing * and 0.

I would now like to turn the conference over to Mélanie Hennessey, Vice President, Corporate Communications. Please go ahead.

Mélanie Hennessey:

Thank you, Claudia.

Good morning, everyone. We are pleased that you have joined us for NOVAGOLD's 2021 Year-End Financial Results, and also for an update on the Donlin Gold project.

On today's call, we have Dr. Thomas Kaplan, NOVAGOLD's Chairman; Greg Lang, NOVAGOLD's President and CEO; and David Ottewell, NOVAGOLD's Vice President and CFO. At the end of the webcast, we will take questions via the platform, and additionally, we will respond to questions via email.

I would like to remind our webcast and call participants that, as stated on Slide 4, any statements made today may contain forward-looking information such as projections and goals, which are likely to involve risks, detailed in our various EDGAR and SEDAR filings, and forward-looking disclaimers included in this presentation.

I now have the pleasure of turning the presentation over to our President and CEO, Greg Lang. Greg?

Gregory Lang:

Thank you, Mélanie.

As we all know, the ever-shifting challenge that COVID presents to us all has required extensive communication and the application of health and safety protocols, both at NOVAGOLD and at the Donlin Gold project site, and Anchorage office. Some of these protocols are outlined on Slide 6. As a result of our actions, COVID cases at the site were minimal in 2021, and there were no lost time accidents. During our 2021 drill season, out of approximately 170,000 man-hours worked, we recorded only four cases of COVID at the Donlin project site. The affected individuals all fully recovered and ultimately returned to work.

Credit must go to our dedicated partners, in particular, Calista and TKC, as well as other tribal groups in the Y-K region who share the objective of protecting health and safety. Donlin Gold continues to enforce strict COVID protocols and make contingency plans in an effort to keep our employees, their families, and members of the community safe and healthy.

NOVAGOLD has approached the disclosure of our environment, social, and governance performance pragmatically as a development-stage company, disclosing benchmarks that we believe are the most relevant measurements of our performance. A selection of our progress is shown on Slide 7. NOVAGOLD recognizes the importance of climate change and the impacts on decisions in the Y-K region: the investment, project design, compliance, and corporate governance. 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.

While many initiatives are rightly focused on the Donlin Gold project in the Greater Y-K region and the State of Alaska, NOVAGOLD actively supports organizations in local communities and in Alaska. Slide 8 includes some of the year-end community engagement highlights. The company was recognized for its outstanding contribution to the Lotus Light COVID-19 Community Caring campaign, which helped distribute over a million pounds of hand sanitizer and other personal protective equipment to thousands of organizations in B.C., Ontario, and overseas.

This month, NOVAGOLD established a mining and geological engineering scholarship at the University of Alaska in Fairbanks to help support students seeking Bachelor's degrees in Mining or Geological Engineering, with a focus on underrepresented students, as a commitment to foster diversity in the industry.

The 2021 drill program was completed in late September, with 79 holes totalling over 24,000 meters. We reported assay results in September and December from 36 completed holes and 22 partial holes, which represent about 65%, or 16,000 meters of drilling. To-date, the program has consistently produced multiple significant gold intercepts that continue to support the global resource estimate, recent modelling concepts, and strategic mine planning work. A few of the best intercepts from the 2021 program are highlighted on Slide 9, such as Drill Hole 1994, with 33 meters, grading six grams starting at surface, which includes a sub-interval of six meters, grading 15 grams per tonne; or Drill Hole 1976, with 57 meters of almost seven grams per tonne, including four meters at 18 grams.

We are still awaiting results for about a third of the assays from the program, from which the labs have been delayed across the board in North America. The remaining assays will be released in the coming months.

On Slide 10, you can see a longitudinal section of the ACMA and Lewis deposits at Donlin. The 2021 drill program is yielding multiple significant new high-grade intercepts. In 2022, we will undertake approximately 34,000 meters of technical and exploration drilling, in part looking at the areas circled on the slide.

In 2022, the overall budget for Donlin Gold, which is shared equally with Barrick, is \$60 million. NOVAGOLD's portion is 50%. This is the largest project budget the partners have committed to in more than a decade, and it is designed to first undertake approximately 34,000 meters of drilling in-pit and below pit, also drilling several grids to test the mineralization continuity and structural controls. We will support fieldwork and permitting for the Alaska dam safety certifications, also supporting environmental activities and a robust community and external affairs budget. We will update the geologic model and interpretation work for an updated resource model and the engineering activities for use in an updated project feasibility study.

On Slide 12, you can see quotes from Dr. Bristow and myself from our last Donlin Gold joint release on the drill program that was issued on December 1. Again, we have reported some impressive intercepts for an open-pit project, and Mark's comments about the unique opportunity underlying the importance of the project for the region and the State of Alaska.

Slide 13 provides a list of the permits obtained and outstanding for the Donlin Gold project. With federal permits well at hand, the Donlin Gold project is in a late stage of development with a continued focus on permitting activities. In late 2021, the Donlin Gold project was successful in securing a third extension of the air quality permit issued by the State of Alaska. In addition, three permits held by Donlin Gold came under appeal. Specifically, the state's Clean Water Act, 12 water right applications, and the state Right-of-Way permit agreement for the natural gas pipeline. All of our permits remain in effect during this anticipated appeal process.

Turning to Slide 14, in September, members of Barrick's Management team and the Barrick Senior Leadership team, including CEO, Mark Bristow, held an intensive technical review session and a thorough site visit, as well as meetings with key stakeholders and senior government officials in Alaska who expressed their continued support for the project. The result of the visit was the approval of additional funding in 2021 by the Donlin Gold Board to lay the foundation work for a new feasibility study. Barrick, NOVAGOLD, Donlin Gold, Calista, and TKC have all worked closely in government affairs activities for many years. Donlin Gold worked alongside Calista and TKC during the federal permitting process, culminating in the granting of a federal Record of Decision in 2018.

The partners continue to work today to ensure the project receives the attention it deserves in Alaska and in Washington, D.C. A key distinction that Alaska stakeholders are well aware of is that the Donlin Gold project is on private land, where the minerals and surface are owned by Alaska Native corporations who have a mandate to provide economic and social benefits for their shareholders in a region where there are very few economic development prospects.

Despite some of the challenges, as you can see, 2021 was a great year for NOVAGOLD and the Donlin Gold project. But before we present the financial results, for those who are watching who may be new to the NOVAGOLD story, Slide 15 provides a good summary of the Donlin Gold project and its attributes. Donlin Gold is in the Western part of the great State of Alaska. It is a 50:50 partnership with

Barrick Gold. From the map, we can see that mining is an important part of the Alaskan economy. There are six operating mines, and many exploration projects in the State. In late-stage permitting, Donlin Gold is the most mature development-stage project and NOVAGOLD has one of the strongest balance sheets of the non-producing mining companies.

In terms of scale, quality, exploration potential, and jurisdictional stability, Donlin Gold's attributes far exceed any other development project globally. When combined with our long-standing Native Corporation partnerships, the exponential leverage to rising gold prices, an experienced Management team and Board, long-term supportive shareholders, and with key federal and State permits in-hand, NOVAGOLD is unrivalled.

Donlin's scale is remarkable. With a resource that dominates its category, we recognize that with approximately 39 million ounces of gold in measured and indicated mineral resources, and a mine life measured in decades, when compared to the next 14 largest development projects in the Americas, Donlin is five times the size of the average.

It's currently envisioned the Donlin Gold project would average over one million ounces a year through the life of the mine, as shown on Slide 17. Donlin Gold's annual production profile is more than triple the average of North and South American peers. With global gold production continuing to decrease for most of the top 20 producers, it's clear that the industry needs projects with scale, grade, and longevity to ride out multiple gold cycle prices, and they need them in a favourable jurisdiction.

The scale of Donlin Gold, combined with its grade at 2.25 grams, as shown on Slide 18, is twice the global average grade for a large open-pit deposit. Many of these that have started in the past decade are operating at grade levels far below what Donlin has.

While we have been focused on the drill program, permitting, and modelling work, we have not lost sight of one of the project's most important attributes, Donlin Gold's exploration potential. The project's gold endowment is contained within only 3 kilometers of an 8-kilometer mineralized belt, as shown adjacent to the ACMA and Lewis pits on Slide 19. This mineralized belt represents only 5% of the total land package. Excellent exploration potential remains at depth and along strike.

While many have downplayed jurisdiction as an investment criteria in the mining industry, with the geopolitical world being what it is, there's much to admire about the State of Alaska as a place to explore and develop resources for the benefit of the stakeholders. The criteria listed on Slide 20 indicates why Alaska is one of the most high-quality jurisdictions for a mining operation and responsible development opportunities.

Looking at jurisdiction on a global scale, we can see that in the mineral potential category, only three mining operations produced more than one million ounces in 2020, as shown on Slide 21. For political and social stability, we can see that, based on the Fraser Institute rankings, Alaska is in the low-risk category in gold. The top five development-stage gold projects are in dark blue. Three of these are in North America, and if you combined all three, they are still smaller than Donlin. The others are in decidedly riskier jurisdictions. Compared to producing mines or those in development, Donlin Gold ranks among the top assets globally.

We are most fortunate to have as partners the Alaska Native landowners Calista and TKC, who are as committed as we are to develop a mining operation consistent with the Elder's vision of responsible development that creates jobs and economic benefits while safeguarding the environment and culture, as per the comments on Slide 22. The Donlin Gold project is on private land specifically selected for its mineral development potential under the 1971 Alaska Native Claims Settlement Act. This is a key distinguishing factor from other mining assets in Alaska and in the U.S. This is the 50th anniversary of the Landmark Act supporting Indigenous populations in Alaska.

In September 2021, the Board of Directors of the ANCSA Regional Association, an association of 12 Native Claims Settlement Act Corporations, unanimously passed a resolution in support of the Donlin Gold project. We are thankful for the long-term support and commitment to the project by Calista and TKC, as well as the statewide support of the ANCSA Association. They played a key role in Donlin's continued success.

We are often asked about the structure of the partnership with Barrick Gold. As you can see from Slide 23, it is a true 50:50 partnership overseen by two appointed directors from each company, and the chair alternates annually between the two companies. In 2021, I held the position of Chairman, and this year, Kevin Annett, Barrick's Chief Financial Officer for North America, holds the position.

Another question we often hear is what does Barrick think about the project? Well, I can refer you to our joint releases on Donlin and Barrick's quarterly updates, Mark Bristow's quote reflects Barrick's interest in the project. NOVAGOLD has a solid foundation from which to advance this rare and unique deposit. The time invested upfront to develop the Donlin Gold project responsibly and sustainably is critical to the project's success.

With that, I will now turn the call over to David Ottewell, our CFO, to review the 2021 year-end financials. Dave?

David Ottewell:

Thank you, Greg.

Slide 25 highlights our operating performance. We reported a \$39.9 million net loss in 2021, an increase of \$6.3 million from the prior year. Donlin Gold expenses increased by \$2.1 million, primarily due to higher permitting and legal costs related to permit appeals. The \$1.5 million increase in corporate G&A expense was primarily due to higher share-based compensation expense resulting from higher amortization of stock options and performance share units.

Other Expense net increased by \$1.8 million, primarily due to lower interest rates earned on cash and term deposits, and a remediation expense adjustment for an historic former property in Nome, Alaska. The recovery of deferred income taxes in the prior year resulted from the Company's decision to file a consolidated U.S. tax return for its U.S. subsidiaries.

Our cash flows are highlighted on Slide 26. In 2021, we received \$75 million from Newmont related to the 2018 sale of Galore Creek. For the year, we spent \$27.8 million, slightly higher than the prior year due to increased Donlin funding, primarily related to higher permitting and legal costs. Donlin funding was lower than our original outlook of \$18 million to \$22 million, as a provisional \$4 million for Donlin studies was not spent in 2021.

Turning to Slide 27, we note our strong Treasury. Our financial position includes cash and cash equivalents of \$91 million, term deposits of \$78 million, and an additional \$25 million due from

Newmont in 2023. In 2022, we anticipate spending \$46 million, including our share at Donlin of \$30 million, \$13 million for corporate G&A, and \$3 million for withholding tax on share-based compensation, and for working capital.

I will now turn the presentation over to Dr. Tom Kaplan. Tom?

Dr. Thomas Kaplan:

Thank you very much, Dave.

On a day like today, I think it's extremely important to remember first principles. First of all about NOVAGOLD itself, and secondly about where we are in the bull market in gold, because yes, we are in a bull market in gold, but I'll get to that in just a moment.

On Slide 29, I want to remind everyone that the Management team of NOVAGOLD has been exemplary in having kept its partnerships and having maintained excellent relations with all stakeholders. Their track record of converting the company's goals into shareholder value has been superb.

Let's start with remembering that a decade ago when Greg became CEO and I joined him as Chairman, we made a pledge to the shareholders that we would be strategically repositioning the company as a pure gold play. That involved two aspects. Number one, the 2012 spinout of the then 100% owned Ambler project to form NovaCopper, now known as Trilogy Metals, which itself enjoys a roughly CAD\$300 million market cap.

Secondly, we also said that we would divest ourselves of the predominantly copper Galore Creek project. We wouldn't give it away for \$50 million, as people sort of expected, but we would take this thing to the point where we could actually monetize it in a way that would be accretive for shareholders. Well, the reality is, there are not that many companies in the gold space that have not gone back to the market in 10 years, and clearly, as you've seen from our Treasury, won't need for a number of years to come. By which time, we may very well be dealing with reasons of wanting to raise capital, because of gold prices and the alignment with Barrick, and construction decisions and the like.

That's for the future, but the point is that this company is extremely well-capitalized because we kept the promise to spin-off Ambler, create value from it, and to be able to generate extraordinary value from the Galore Creek project. It's entirely possible that we'll see even more value from that, because if indeed Galore becomes a project with a construction decision, we shall be one of its immediate beneficiaries.

Our strategy has always been to maximize shareholder value. I can speak as someone who has a great deal of skin in the game. We came in at December 31, 2008 as Electrum, and I can tell you that all of us are more excited about Donlin and NOVAGOLD than ever before. I personally believe that 2022 should be an epic year for the company because I believe it will be an epic year for Donlin, for the benefit of NOVAGOLD shareholders, as a pure play on the Donlin story, and for the benefit of Barrick shareholders, which will come to the realization that they own 50% of one of the best development-stage projects in the world, and in one of the safest jurisdictions in the world.

Let's talk about that relationship with Barrick. First of all, we are aligned in our strategy and our timeline. In fact, the alignment has never been closer than it is today. We have a 14-year history of building value with an unwavering focus on stakeholder value creation and wealth creation, technical excellence and stewardship, and social responsibility. These are all attributes and virtues that are shared with the Barrick team, and I think it's very safe to say that a lot of the constructive and positive relationship with Barrick comes down to a couple of very obvious points.

Number one, a great deal of our DNA is Barrick, starting with Greg Lang, Richard Williams, but also since the merger with Randgold, we have been in lockstep with Barrick's corporate objectives, including a renewed focus on geology. Mark Bristow is a geologist, he is famously attentive to all details, wants to know every ounce that's going to come out of a mine, and God bless him for it.

The culture of mutual respect that NOVAGOLD, Barrick, Donlin Gold has with the local stakeholders, in today's world, this is something of a gold standard for relationships. Our partnerships with the Native corporations are excellent. These resources are designed and configured and shared in a way that is for the future benefit of all stakeholders. The employment, the scholarships, the workforce, development, and environmental programs in the region are very much from the ground zero that is the Donlin project. If you look at what's been accomplished over the last decade, you will see a steady

advancement of Donlin Gold, up the value chain from a technical report in 2011, permitting, the successful drill campaigns, State permits, the receipt of a Record of Decision jointly from the Bureau of Land Management and the U.S. Army Corps of Engineers, and the technical report and modelling that's taking place now with the Tier-One Management team of Barrick Gold.

That brings us to gold itself on Slide 30. Well, today is the kind of day that we need to be able to wash our eyes and remember some basic truths. Please look at this chart. This is a bull market. Take away the word "gold", which has its loaded implications for those who love it and those who hate it, and you would look at that and you'd say, "Wow, that is a bull market." If you look at the way in which gold had this huge move from \$250 to nearly \$2,000, a pullback, and now what I believe—I'm not alone in this, but what I believe is the next wave up, which will take gold way past the all-time highs and to a target price I've had for many years, \$3,000 to \$5,000. I believe it's a forward statement, but I've made it so many times and I started making it when gold was around \$500, so I'm going to continue making it because I believe in it now more than ever before.

Let's look at some of the demand drivers. First of all, you have asset diversification and currency debasement. To those who would say "Yes, but that can be resolved by cryptocurrencies, Bitcoin and the like", I happen to think that the advent of cryptocurrencies, Bitcoin, all of these reflections of dissatisfaction with the monetary system and currencies, Fiat currencies, I think this is extremely bullish for gold. We live in very much a digital age; we're clearly living in an age in which we've either experienced and are coming off of, or are experiencing, a certain blow-off of euphoria. That's led to a very analogous situation to the tech boom that we saw in late 1990s, 2000. People forget that when that bubble burst, even the good Internet stocks collapsed by 90%, 95%, the good ones. Most of them just went out of business. But if you held on to some of the good ones, with a good business plan and good management, like Amazon, you made 100x or 200x or 500x your money.

When I think we look back on this era, what this chart tells me is that when you remember that central banks are purchasing gold—Singapore, very smart, they've been buying gold. Ireland, they've been buying gold. I'm not even talking about the usual suspects who see gold as part of their economic autonomy, diversifying from dollars, or in fact, trying to become independent of dollars, in the case of certain Eastern European countries.

For some people gold is an inflation hedge, and I think that that's going to be coming to the fore relatively soon. For others it's deflation protection. The truth is that gold has behaved the way it's supposed to behave, and this price chart really shows that. The emerging market demand is still there, and if family offices and institutions start looking around, I think that there's going to be enough people who've been looking at Gold 2.0, to say, "You know what, there's only one kind of gold. I don't want to take a bet on which vehicle that will give me diversification and independence from Fiat currencies. I want to hold. I'd like to at least have some gold." Well, for a variety of reasons, it's pretty clear that that market is in disequilibrium already. It's an accident waiting to happen. In my 30 years in the business, I've found that being long accidents is an extremely good thing, especially when other people haven't quite yet cottoned on to it because, when they do, you can expect to see a very, very violent revaluation of the assets that give you that kind of protection.

Let's look at the supply pressures that we know because we're in the business, dwindling discovery rates, inadequate exploration budgets, decreasing ore grades. Well, when you have decreasing ore grades, you have rising production costs, ceteris paribus, all things being equal. Jurisdictional risk, some people call it the Kaplan Doctrine. Maybe I'm just the Pied Piper, but I've found that, whereas I certainly made my fortunes for 15, 20 years by being in jurisdictions that other people found challenging, from Bolivia to Congo, to Zimbabwe, South Africa. I came to the conclusion that my mantra, which was wanting to have great leverage to an underlying theme, whether it's silver, platinum, hydrocarbons, or, after 2008, gold and silver again. My mantra changed to, I want to be able to have great leverage to an underlying theme...in a jurisdiction that will allow you to keep the fruits of the leverage when the time comes to ring the cash register. I think events over the last couple of years have shown that this kind of approach has merit.

With that, let's talk about central banks, who have been buyers, not sellers, of gold. I often compare central banks, and if you look at Slide 31, you'll see what I'm talking about, as being like museums. There was one person who defined art as being something that a museum hangs. Now, that's relatively simplistic, and I wouldn't exactly bank that, but central banks are very keenly aware of the validity of what they consider to be their reserves. In other words, they are, in a sense, insiders in terms of the global financial system. The fact that they are continuing to be buyers of gold should be extremely bullish. For the years that they were sellers of gold, that accompanied, in many, many respects, a decline in the gold price. Look at the central banks as being a positive indicator because

they actually know what their other reserves, especially those which have been acquired since the Financial Crisis, are really worth, in terms of long-term endurance and stability.

Moving ahead to Slide 32, from a supply standpoint, we've seen a global decline in reserves, discoveries, grades, and a very sharp underinvestment in exploration. The difference between gold, silver, mining, and hydrocarbons, and I've been in both businesses, is that when you make a discovery in gold, that is just the beginning of a long-term process that is going to take usually, on average, around the time it takes to have a child grow up and go to college. It's a business in which, if you've got the exploration success, it's the beginning of the story, it's not the end of the story.

In NOVAGOLD, we always had an in-house metaphor for NOVAGOLD, which was that we were the tortoise in the tortoise and the hare. Well, the reality is that so many projects that people thought were going to come online for a lot of reasons, most of which are jurisdictional, didn't. Like the proverbial tortoise, we just marched forward, keeping our heads down, doing our business, getting through permitting, when people said how hard is that going to be, getting through all kinds of other challenges, and being at a point where we've never closer to the finish line than ever before. That will come. It will come when Barrick is ready. It will come when we're ready, as partners. It will come very much as a consequence of higher gold prices, which we believe will lead to a multiplication in our share value. If you're bullish on gold like I am, and you find that the thesis being tested is a perfectly natural phenomenon as I do, then you want to be in something that will be able to give you exposure to rising gold prices in a great jurisdiction.

Once again, let's get back to the fundamentals that we see in the mining business. Existing mines are depleting, by definition, but the grades are declining with very few new discoveries: 2010 to 2019, reserve growth average was 52.7%, which was a result of major acquisitions. That's not enough. Between 2010 to 2019, 19 gold-producing companies' reserves decreased an average of six years. The underinvestment in exploration, where the lead times are so long, means that while it's true that the long-term future of the business is likely dependent on grassroots early-stage exploration for new discoveries, the current exploration budgets aren't going to be enough, even for them.

There are only 29 major new deposits identified in the past 10 years, containing 208 million ounces of gold, only 8% of the gold discovered over the past 30 years. That is a picture that speaks a thousand

words, and there have been no major new discoveries in the last four years. When we say that the ability for Donlin to be able to add reserves, in-pit, adjacent, etc., and not even the exploration potential elsewhere, in a district in which only 5% of it has had any real exploration, that's a lot of upside, that's a lot of blue sky, that's a lot of being long accidents, which is, if you're in this business, and you know what real value comes from, having those drill rigs run is exactly what you want to see. To our thrill, delight, Barrick seems to feel the same way: drill, drill, drill.

On Slide 33, let's put it like this. Just as it said, high-quality assets like Donlin Gold are scarce. Of 154 assets globally not yet in production, only 34 have greater than 10 million ounces of gold in reserves and resources, and only eight assets have a grade of 1 gram or greater.

Moving to the next slide, not all ounces are the same. These are the global gold reserves ranked by the favourability of mining jurisdictions. Alaska, the second-largest gold-producing State in the United States, is certainly, by any standard, a Tier One jurisdiction.

Slide 35, back to gold. This model, which comes close to my \$5,000 target, a target which, admittedly is perhaps stale, a lot's happened in the monetary system since then, but in order to get to \$5,000, we still have to get through \$2,000, so we'll leave that for another day. Suffice to say that this work, which was published by Incrementum in May of 2021, is a fascinating piece. I would urge anyone who wants to learn more about the inner workings of the gold market to certainly consult that report. I'm a big believer that there are still a few experts in this space, Incrementum, CPM Group. I always try to reality check with people like that, and I strongly urge you to do so.

For me it's all about leverage. Leverage, again, in gold particularly. The leverage that Donlin has to gold, and this is based on the studies which were done on the project, show a very good payback at a broad range of gold prices. The long mine life, which is something that very few projects have, offers a high likelihood of enjoying one or more cyclical bull markets. It's one of the points, actually, that Mark Bristow has made about Donlin, which is that it's got the ability to go through various cycles and therefore enjoy the fruits of those peaks.

Slide 37; I think it's as a consequence of a lot of the factors which I've raised, not just the leverage that went into the gold price, but also the fact that NOVAGOLD is a pure play on a project that, really, we

believe, in terms of exploration, is just scratching the surface in its infancy. I like to call it the New Nevada, or the New Carlin. Different systems, but the metaphor is about believing that there's much more there to be found. The fact that it's in a safe place, the fact that we have an excellent target gives us the ability to be not just a great option on gold, I would argue, for me, the best option on that basis, but also that it offers the opportunity to be not just a value story, but a growth story. These are the attributes that we look for in a great gold project. You want leverage, but you also want an asset that is something that people will regard as a go-to in the development space. Because when gold turns around, the move in the equities is likely to be very violent, in a positive way. When you see such a move, you're going to see it in the majors, obviously, but you're also going to see the excellent stories, where the Management is highly regarded, where the asset is highly regarded, where the jurisdiction is highly regarded, and we've positioned NOVAGOLD to be, in its space, the go-to stock.

When you look at our shareholder base, I think it's clear that, if we are lucky and if fortune favors us, if I'm remotely right on gold, I think not only will our existing shareholders benefit from this with, I hope, a multiplication of the share price, but also benefit from the fact that our shareholders are very loyal, they very much understand what it is that they own, they're educated consumers, and those who will be joining them when people have come around to the view that gold is coming back, or embarking, indeed, on the next wave within the next wave of the bull market, it's going to be interesting to see how they build those positions. We're very excited. We've got, I think, the best asset in the space, and a shareholder base that really understands what it is that we're doing, has experienced the promises that have been kept, and really understands the asset base itself, many of whom have been there.

Finally, what is Donlin Gold? Donlin Gold is a Tier One asset in a Tier One jurisdiction. It's got all the attributes that you want to look for, which are investor friendly. It's got the size; I don't think that there's been another gold mine which began production with 39 million ounces of gold in reserves. When we get to that point, I think that's an interesting milestone. But most importantly, as we've seen, it's not just about size, it's about quality. Our grade is more than double the world's average. We see it, Barrick sees it. The exploration potential, I've already referred to, it's a 489-kilometer land package that Donlin has, only 5% of which has been explored. The jurisdiction, absolutely Tier One. It's a place where any investor, institutional particularly, when they go to sleep at night, they know that when they wake up, what they thought they owned has not been taken away from them, and that's a great deal of comfort in today's world. Our partnerships, be it with our industrial partner Barrick, our Native

corporation partners, the stakeholders that we have at the State and federal level, have been excellent. The balance sheet, as you've seen, strong, robust, more money yet to come in from Newmont. We're so excited about the fact that we're going to be able to spend a great deal of money on being able to work with Barrick, on being able to refine geological models, and take this project up the value chain. We are in a great position.

With that, I'll pass the floor back to Mélanie Hennessey. Thank you everyone for being on the call.

Operator:

This is the Operator. We will now begin the question-and-answer session.

Mélanie Hennessey:

Thank you, Claudia.

We will now start with our first question, coming in from Trevor Turnbull at Scotiabank: We know you have learnt a lot over the past two years of drilling and wondered how the goals for the 2022 campaign may be different and what it may bring to your understanding?

Gregory Lang:

All right, I'll address that question, Mélanie. The program has had multiple objectives over the last two years that started with defining the controls on the mineralization, particularly in the high-grade intrusive areas, and we've done a tremendous amount of work there. We're going to be following up that program this year with some tight space drilling to further define the structural continuity.

The part of the drill program this year that I'm most intrigued about, because I think the drilling has affirmed a lot of our assumptions about the project and the scale of it, but I think the drilling that'll be most telling this year is the drilling that we're doing for extensions to the orebody at depth in ACMA, in the under-drilled areas between ACMA and Lewis. This drilling, I think, will demonstrate for everyone the potential for exploration at the project site.

Mélanie Hennessey:

Great, thank you, Greg.

Our next question comes from Joseph England: When will the drill program and updated feasibility study be completed?

Gregory Lang:

Well, this year we are mobilizing the site. We have the camp opened, which is very early for us, so we've got the camp open. We expect the first rig to be turning now within a week. As we get one rig up and running, every other week we'll add another rig, and by the end of February we should have four rigs running. Anticipating no major COVID related interruptions, we would expect the drilling to be done sometime in the third quarter, and the results will be coming in and we will be updating our geologic model, really, in real-time, along with our mine planning scenarios. I think the decision to proceed with the new feasibility study will be sometime in the third quarter, as the results come in.

While we are doing the drilling, we're also doing a lot of strategic mine planning in various geotechnical programs and hydrology that will support the new feasibility study.

Mélanie Hennessey:

Great, thank you, Greg.

The next question comes from Howard Flinker, and this one is directed to our Chairman, Dr. Kaplan. If central banks have been lenders to the sellers who supply the growing demand in Asia, and they do not have to report their activities like commercial entities, why would they loan their gold at such likely low interest rates?

Dr. Thomas Kaplan:

I'm sorry, could you repeat the question? It broke up, Mélanie. My apologies.

Mélanie Hennessey:

Will do. The question comes from Howard Flinker. If central banks have been lenders to the sellers who supply the growing demand in Asia, and they do not have to report their activities like commercial entities, why would they loan their gold at such likely low interest rates?

Dr. Thomas Kaplan:

Howie, you've known me a long time. If I think I have an answer and I can express it with conviction, then I don't think I'm very subtle or bashful or inhibited. Equally, when I don't have an answer for something and can't speak to it in a way that is more than just flippant, I think the sweetest words in the English language are, "I don't know." I don't know.

Mélanie Hennessey:

Great, thank you both.

That wraps up the questions for today's webcast. If you have any other questions, please feel free to email us and we'll be happy to respond in a timely manner.

Gregory Lang:

Thank you, everyone. We appreciate you taking the time to join our call this morning.

Dr. Thomas Kaplan:

Mélanie, do I have an opportunity to add a last word?

Mélanie Hennessey:

Yes. Go ahead.

Dr. Thomas Kaplan:

Something that just occurred to me. On Monday, I had the opportunity to introduce an evening of conversation between David Rubenstein for his Bloomberg peer-to-peer with Ray Dalio. I'm a huge admirer of Ray Dalio on so many levels, and the reason for the interview was that it was talking about Ray's new book, *The Changing World Order: Why Nations Succeed and Fail*.

Many of you who know me know that I'm sort of a historian by background, and I've begun reading the book. I will tell you that a lot of people will find it extremely sobering. It's a brilliant exercise in what I call, and several other people who are practitioners of it, call applied history. If you're going to read a book this year, and I have no vested interest in this, I'm not promoting the book, but if you're going to read a book this year, read this one.

During that evening, I can say that he was asked questions about crypto, he was asked questions about gold. Suffice it to say, for all of you out there who are gold bulls, and I think, definitely, you could say that Ray sees the significance of having gold in a portfolio, but putting that aside, putting the gold aspect aside, he touches upon subjects publicly that I tend to shy away from because I don't want to veer into what I would call disturbing scenarios, but this is an incredible exercise. This book is an incredible exercise, and again, I've got no vested interest in repeating it, but I'm often asked the question by a lot of people, "What would you be reading?", and I'm just telling you what I'm reading.

I say thank you to all of you who've been on the call.

Operator:

Thank you. This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.