

**NovaGold Resources (Q4 2018 Call)**

**January 24, 2019**

**Corporate Speakers:**

- Melanie Hennessey, NovaGold Resources Inc., VP of Corporate Communications
- Gregory A. Lang, NovaGold Resources Inc., President, CEO & Non-Independent Director
- Thomas S. Kaplan, NovaGold Resources Inc., Chairman of the Board

**Participants:**

- John David Bridges, JPMorgan Chase & Co, Research Division, Analyst
- Howie Fllinker, Fllinker & Co., Analyst
- Unidentified Participant

**PRESENTATION**

Operator: Welcome to the NOVAGOLD Fourth Quarter 2018 Conference Call.

(Operator Instructions)

I would now like to turn the call over to Miss Melanie Hennessey, Vice President of Corporate Communications.

Melanie Hennessey: We're pleased that you've joined us for NOVAGOLD's fourth quarter and year-end financial results and also for an update on the Donlin 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, both by phone and by e-mail.

But before we get started, I would like to remind our listeners that any statements made today may contain forward-looking statements information such as projections and goals, which are likely to involve risks disclosed in our Form 10-K and in our EDGAR and SEDAR filings and in various forward-looking disclaimers included in this presentation.

With that, I have the great pleasure of introducing Greg Lang, NOVAGOLD's President and CEO.

Gregory A. Lang: We're pleased that you could join us to hear about our year-end results. What are your experience? The team perseverance has paid off, delivering on significant milestones that were first laid out when I joined the Company in 2012. Key events in 2018, as shown on Slide 4, included the completion of the 6-year National Environmental Policy Act review with the receipt of the Donlin Gold joint Record of Decision and federal permits. Along with completing the federal permitting process, the project

received several major state permits throughout the year, which will continue through 2019.

In July, we sold Galore Creek project to Newmont for a total consideration of up to \$275 million, further strengthening our treasury and allowing us to advance Donlin Gold up the value chain. Sales was a great outcome for both companies.

In November, 62% of the Alaska voters rejected ballot initiative one, the Stand for Salmon initiative, proving once again that the state, already the second-largest gold producer in the country, remains open for business. In the same month, NOVAGOLD received an award for its permitting efforts in Donlin in The American Exploration and Mining Association for the design, strong safety culture, environmental stewardship and community engagement. Congratulations to the team. We're all very proud of these accomplishments and look forward to 2019.

For those of you who are new to the Company, NOVAGOLD's 50% owned Donlin Gold project is located about 280 miles west of Anchorage, as shown on Slide 5 and is one of the largest, undeveloped gold deposits in the world to date. We now have a federally permitted project for development in Alaska, one of the most business-friendly jurisdictions in the world, which welcomes responsible mine development.

Slide 6 provides a high-level summary of the extensive amount of permitting work the team has accomplished over the year. We have continued to advance and de-risk Donlin Gold, staying true to our strategy.

Last year we worked with the federal and state agencies in cooperation with Calista and TKC, our native corporation partners. 11 other cooperating agencies and many people from the Y-K region participated in the review process. The 6-year federal state and regional permitting marathon, which resulted in a successful outcome.

Most recent state permits were issued last Friday for the reclamation and closure plan approval and waste management permit. We will continue to receive more permits throughout the year and we'll keep you updated as they come through. Federal permitting is an undertaking that requires both in-depth expertise and widespread collaboration amongst the various parties in order to get it done right.

It was a great effort in which our hard work has paid off. Slide 7 shows the signing ceremony for the Record of Decision last summer, marking the completion of the federal permitting process and the first time in history that two federal agencies The Army Corps of Engineers and Bureau of Land Management, participated in a signing ceremony for the issuance of the Donlin Gold Record of Decision.

We're pleased with the outcome as the project was approved in its entirety with no unusual stipulations or conditions attached to the approval.

On Slide 8 we highlight that we're permitting and sculpting level optimization largely completed. Our focus will shift toward updating the feasibility study and revise project development plan. The recent completion of merger between Barrick and Gold, we're looking forward to work with the new technical team to advance the project in a responsible and cost-effective manner.

Since 2012, NOVAGOLD has considered opportunities to monetize its 50% interest in the Galore Creek project. And as mentioned earlier, the Company succeeded in making this happen by selling its share of Galore Creek to Newmont for a total consideration of up to \$275 million. Upon close last July, \$100 million was deposited to our treasury. We also have additional payments totaling \$100 million expected to be received in the next few years. An additional contingent payment of \$75 million will be due on a construction decision by the owners.

Slide 9 shows a photo of the ownership transition ceremony which we held last August, along with Teck and Newmont.

We are really pleased with this transaction. Win-win for all parties involved and was Teck and Newmont, great success in advancing and ultimately developing Galore Creek into a major copper gold mine.

We're proud of our extensive engagement efforts with our shareholders and local stakeholders as highlighted on Slide 10. (inaudible) in the communities where we operate is core in everything we do. In 2018, extensive engagement efforts continue toward the Y-K region where Donlin is located. We have many joint meetings with Calista, highlighting the benefits of the project. TKC also worked with Donlin Gold on an Kuskokwim religious. We've held 400 village meetings over the years. (inaudible) new successful program called Green Star backhaul program was launched by NOVAGOLD in 2018. This entailed working with six villages along the river to remove approximately 20 tons of hazardous material and other waste via barges. We will build upon this program in 2019.

We also sponsored key supporting, educational, environmental events and other initiatives over the last year, which are listed at the bottom of the slide. We're always present in the communities and throughout the region.

NOVAGOLD also hosted a Donlin Gold site tour with multiple sell side representatives last summer and included a dinner with the Alaska Governor, key state commissioners and the executives from both TKC and Calista.

Now with that, I'll turn the call over to our CFO, David Ottewell. Dave?

David A. Ottewell: Slide 11 highlights our operating performance for the fourth quarter and year. Our fourth quarter net loss from continuing operations decreased by \$2.7 million to \$6.2 million, primarily due to lower permitting cost for Donlin Gold. No drilling programs in 2018 and higher (inaudible). For the year, share-based compensation

expense included G&A decreased by \$2.6 million due to changes in the Company's long-term incentive program.

(inaudible) for new stock options and permit share (inaudible) were extended to three years from two years. Cash flows are highlighted on Slide 12.

During the fourth quarter of 2018 and for the year, (inaudible) at Donlin Gold lower permitting costs and no drilling capital changes, primarily related to the timing of term deposit maturities. In the fourth quarter, discontinued operations provided \$4.6 million from a refund in Galore Creek reclamation deposit. We ended the year with cash and term deposit of \$167 million.

The Slide 13 we note NOVAGOLD healthy treasury. In 2019, we expect to spend approximately \$24 million, including \$13 million for our share of Donlin Gold and \$11 million for corporate, federal and administrative costs. At Donlin Gold, 2019 activities included the commencement of additional fieldwork and more detailed engineering require a multiyear commitment to support the application for Alaska dam safety certificate. Looking ahead, as mentioned by Greg, we have \$100 million receivable for Newmont with an additional \$75 million contingent (inaudible) construction.

Back to you, Greg.

Gregory A. Lang: Thank you, Dave. Now turning to a brief overview of our Donlin Gold asset on Slide 14, which highlights all the key attributes one would seek as a model and leader in the gold industry. With its noteworthy size, high grade, a mine life decade, exploration upside, strong multi-partnerships and jurisdictional safety, Donlin Gold is unique on all accounts.

Beginning with size. As shown on Slide 15, compared to other development stage projects with 39 million ounces of gold, Donlin is clearly at the top of the list and about 5x the size of the peer average. Another key attribute is the (inaudible) team is the excellent quality of deposit. Donlin grade at 2.25 grams is twice the world industry average and put it's in a category of its own as one of the highest grade known gold deposits. It is very important quality in the context of the challenges facing the precious metals industry as reserve grades continue to decline and sources of emerging production become increasingly scarce.

Donlin Gold has longevity with an anticipated production greater than 1 million ounces per year over a 27-year mine life, clearly, in a league of its own when compared to peer groups as shown on Slide 17. (inaudible) longevity, with an anticipated production greater than 1 million ounces per year over a 27-year mine life, clearly in a league of its own when compared to the peer groups as shown on Slide 17.

Once in production, the project will contribute great economic benefits to all our stakeholders for decades to come.

the project size in perspective, the bubble diagram on Slide 16 shows the 10 largest gold mines in the world, of which only five were expected to produce more than 1 million ounces a year in 2018. Projects like Donlin are very scarce and they are needed to replenish reserves.

Shown on Slide 19, we have roughly 1,400 drill holes in this deposit that has defined the resource, with over 90% of them being core holes, giving us a very in-depth understanding of the deposit.

Beyond all the drilling completed to date, substantial exploration potential remains along the 8-kilometer mineralized belt as shown on Slide 20. (inaudible) open pits are defined by the light border and contain a 39 million ounce resource. As we have only drilled 3 kilometers of an 8-kilometer belt, we expect that mine life to go way beyond the projected 27 years. When the time is right, we will resume exploration activities.

Another key project attribute is having an incredible deposit located in Alaska, one of the safest mining jurisdictions and the second largest gold producing state in the U.S. As highlighted on Slide 21, location is a very important factor, as Alaska's jurisdiction that welcomes responsible resource development.

As now federally permitted gold development project, we have moved on with the value chain and heavily de-risked the asset as we said we would do back in 2012. We are more enthusiastic than ever about the Donlin Gold and the opportunity it represents for everyone involved. We're looking forward to the next chapter in advancing the Donlin Gold project.

We engage frequently with our shareholders that helps broaden understanding of their priorities as well as guide and improves our disclosure and governance practices.

In 2018, NOVAGOLD engaged with shareholders representing 82% of the Company, issued an outstanding shares ahead of the Company's annual general meeting, and we conducted post outreach last fall to obtain feedback from our largest shareholders. We will report the results of this after the respective committees of the board for their consideration. We would like to thank all our shareholders for their ongoing commitment.

Before we conclude the formal portion of this presentation, I would like to extend our gratitude and a special thank you to our fellow board members; Jerry McConnell and Bill, who retired 2018. They made extraordinary contribution to NOVAGOLD, starting with Jerry, who founded the Company in 1984 and his dedicated leadership helped transform of what was an exploration startup into the Company we know today. And secondly, Bill, whose Chief Operating Officer and subsequently a member of the board and special adviser committee. With over 55 years of industry experience, his guidance in setting and maintained the highest standards of the various facets of operating performance, not only set the tone for our achievements at Donlin Gold, but also set benchmark in operating excellence for many years to come.

And finally, I want to thank David who retired at the end of 2018. As our former Executive Vice President and General Counsel, he was instrumental in guiding the Company through various aspects of its activities, corporate transformation through a successful permitting and social engagement. We wish all of these gentleman a long and healthy retirement.

I would now like to hand the call over to Dr. Kaplan who will make closing remarks. Tom?

Thomas S. Kaplan: Thank you very much, Greg. Amidst the expressions of gratitude, which I share for Jerry, Gil and Dave, I'd like to take a moment to express my deepest gratitude to you Greg. What you have done, what your team has done has been a credit to the mining industry. And I can certainly say that having been in this business for 25 years, the experience that I've had working with you and your management team as far in a way been the most enjoyable that I have known. You have been and the team has given nothing but joy. And the results themselves of the Company's activities I think reaffirm that.

In my remarks, I'd like to touch on a few things, which I believe need to be highlighted and I shall also be doing so in writing in this year's annual report. One of them is that having been in this business for a long period of time, I'm like almost everyone else in this call, normally on the investor side of the table, management, assets, taking view on natural resources, prices, whether they were sewer, copper, gold or natural gas for that matter. I can say that there has been, in my experience, very few examples of a Company that said what it was going to do and actually did it to the lesser.

People forget that 10 years ago and this January is indeed the 10th anniversary of electrons entry into the NOVAGOLD story. The Company had all kinds of problems that made it almost uninvestable. When you look at the progress, which has been made over the last 10 years, you would realize that this is one of the great turnaround stories in the industry. But the that I'd like to highlight is the period which time Greg became the CEO of NOVAGOLD. Coincidentally, I became Chairman and (inaudible) story of this unique asset base, which we had, we raised a lot of money over \$300 billion at \$9.5 a share. To many investors who might still be in it for that offering, I can assure you that you will not see the Company selling shares below that price.

We don't do down rounds. And if anything the Company that we have is in a better position buyback shares, if gold ha another head to the downside then perhaps to sell shares. This is really important. Greg highlighted the uniqueness of Donlin. And I would put it to anyone on this call to challenge the assertion.

I don't believe that there is an asset whose combined attributes of size, grade, exploration potential, production profile, all-in cash cost, mining life, jurisdictional safety and community relations comes even close in comparison to Donlin. And that's why we've gone from saying it's the best development stage story in the world today to being unique. You can't even find something like this in a difficult jurisdiction. To be able to have a

permitted mine that one day in one or two phases will be the largest pure gold producing mine in the world (inaudible) the gold producing state in the safest jurisdiction in the world, that is for an investor like myself, the Holy Grail.

I've navigated and profited in Bolivia, The Congo, Zimbabwe, South Africa, East Texas. I've had great assets. My team has found some of the best. We've acquired control of some of the best, but we've never been in a position of being the largest shareholder of an asset that is unique, that could be, but even someone found it today would most likely take 20 years to be able to get to the position where NOVAGOLD finds itself. I have zero doubt in my mind metaphysical, when the investors sentiment returns to this space and portfolio managers are calling up their brokers and saying, what can we buy one of the shops going to as a recommendation will be NOVAGOLD.

There are many reasons for that. One that I would highlight is I think that have to be experienced as most investors have had in the developing world, and remember as I've just cited my ability to speak about this comes from experience and having made money in the developing world. I believe the game is over. And subscribing to the Woody Allen line, I'm not afraid of death, I just want to be there when that happens. We pulled up stakes from the emerging markets about seven or eight years ago, when I became what at that time seems like that Jeremiah of the resource national jurisdictional safety. Today, that mantra of not just going with gold is (inaudible) would be able to take your family on a vacation, has become much more common place.

If I'm right, there will be a bubble in gold stocks, but particularly those where a broker can tell the PM, this is a place where you can invest money and I see and goal we're watching and you can go watching or you can go gambling in Nevada or go to the Sydney Opera House or just some other safe places. I believe that, that would be existential. I have no doubt comes NOVAGOLD market and I will repeat that I believe we're just in a correction within a long-term market that will go beyond 1,900, but comes a time when sentiment returns to this a woefully undercapitalized sector, you're going to see (inaudible) find asset (inaudible) management that is in a place where when I go to sleep at night, when I wake up in the morning, whatever I thought I owned, I still own.

Now you've heard all the reasons why Donlin is unique. It seems that we're blessed. I think that Barrick is best blessed to be able to have a reserve, a resource that is creative on practically every metric from the metric of how much of your reserves are located in safe places through to grade, through to production profile and the fact that Greg said, but we're scratching the surface in terms of the depletion potential. 40 million, 45 million ounces of resources on 3 kilometers of 8-kilometer belt and 90-kilometer belt is (inaudible) percent of the total land package. As my chief geologist (inaudible) told me, after we became the largest shareholder of NOVAGOLD, I believe the next Donlin will be found at Donlin. Now that we have a partner who has understood what it means to really create value from the drill bit, we may yet see very pleasant surprises.

Obviously, we're partners. We've been great partners to Barrick over the last 10 years. And we expect to be so for many more years to come.

Now, let me reflect upon one of the unsung attributes of this Company. I hinted at it earlier on. This Company tells the truth. We (inaudible) that capital raising is 9.5. We made some promises to those investors in 2012. We promised to spin-off our Alaskan copper asset. That Company spun off as NovaCopper and now is trading under the name Trilogy has performed really well, and we're very hopeful that there will be more good news to follow. We certainly have a lot of shareholders, who have NOVAGOLD and have Trilogy and they are very happy with what we did.

But in order to make NOVAGOLD the pure play on Donlin, that was our stated objective, we also had another great asset in this table, that was Galore. Galore is a wonderful asset. And we wish Newmont and Teck all the best in a developing it. We believe that one. That will be among the lowest cost if not lowest-cost of copper in Tier 1 jurisdiction, great local partners. But from our standpoint, we didn't have the ability to simply say, okay. We're going to develop two megaprojects in tandem. But we also said we're not giving it away. We know that we could sell it any day for \$50 million. We knew that there is real money here.

And the deal, which gives us that \$200 million guaranteed and we hope as much as \$275 million kept safe with all the shareholders to whom we said, don't worry about it, we will not sell this asset under \$200 million. And we expect as I said to get more. We get pennies for it, we got real money. That real money on our balance sheet means that today we have between cash on hand and factorable receivables. About a quarter of the billion dollars with our permitting, pretty much done. Most of it is done, the federal permits are done. (inaudible) would go into a nuclear winter before it makes its next move, what we call plastics de-bottom, we're only Company that actually literally can't go out of its business. We wouldn't be hemorrhaging cash like produces do, but we wouldn't be subject to the vagaries of the market like those who are developing gold mines now are doing. We would be in a position where people would know this Company could hunker down, decades, literally decades, if anything we get the opportunity, we will be buying back shares, not selling them. We will not have to sell shares under. Next time we sell shares, we hope it will be simply because we and whoever partner we have, whether it's Barrick or anyone else who comes into the story in their place, wanted to take this project forward. As all of you know, we're not in a rush. I do not believe that people should be giving away gold at \$1,300. I think it's a mistake. I think that if you're true believer in gold, you wait. And if you are not a true believer in gold and you think gold could go down, you definitely do not want to be in a position of being a producer. You want to those resource and not putting any analyst where they have to factor lower gold prices and how much money you're having to burn and how much capital you have to raise to stay in business. The fact that we don't have any of those question marks over us, while we have permitted mine in The United States that we're dealing with, this is to me I said the holy grail. We think it's the best position for gold investor to be in.

You have a mine that we said would be permitted. It was not only permitted in Alaska, which people were very concerned about for a variety of reasons that we don't have to go into that we're not to our Company. And we said we have no opposition. We have a



wonderful local partners in Calista and TKC. Alaska is open for business. Well, we had proven it. And the state itself, as Greg referenced, reaffirmed it a couple of months ago by two to one that their environmental laws, which are already pretty great and stringent, needed be made more complicate to hold (inaudible) where that development can change the lives of people.

We said what we were going to do in terms of trilogy, in terms of making NOVAGOLD a pure play that we would be permitted. We also express such confidence in the deposits that we sell our partners and we (inaudible) some drill holes into it. People would get very excited. We did. There aren't that many companies like Barrick or NOVAGOLD who can report 130 meters (inaudible) 6 grams or 64 meters of 5 grams. Whether the whole size of the deposit ended up being larger. Who knows, we believe that if we were to drill a long strike, we could be adding reserve.

Now, you heard all the reasons why we believe we are unique. You've heard that I've been in the story for 10 years. I can tell you that rather than being fatigued, I have never been more excited about the prospects for this Company. I fully expect that we, as an electron, the largest shareholder, could have a multibillion dollar payday from this story. I believe that being able to asset of this kind when sentiment returns is just what the market needs. One thing we know, the gold industry needs assets like this. Whether you look at asset quality where the grade of the average gold mine has plunged 60%, 70% to 100% and I believe we'll be under a gram.

During this period of the last decade, we've seen so few successes in exploration, so few. 5 million ounces, minimum that we look at as an investment Company, NOVAGOLD and Barrick has 6 million ounces and storage, within the pit, and that itself will be most decorated additions in the gold space. Of course, we're going to get to it. And of course finding an asset like Donlin is a 10,000 to 1 proposition. So no wonder that mega mergers are happening. The Barricks of the world, the new months of the world, they need to make deal, they need to add reserves. Then know that they are burning through reserves faster than they can replace them. They also know that gold is not like oil. I think (inaudible) when he said that we're going to see if we (inaudible) having been in the hydrocarbon business and done really well in that business, through exploration. Unlike hydrocarbons, the mining industry do not have new technologies like fracking hard hardware drilling to able to unlock vast reservoirs of resources.

The reality is there are no vast reservoir of resources. In other words, between the lack of technology and the fact that this stuff isn't there and the quality has also collapsed simultaneously, I would say that the horses not only less barn, it's close to barn door. That's why great North American asset will be like catnip when the time comes. And we've seen it before. In 2018, our stock went from 5 to (inaudible) in a matter of weeks and that's was when we had headwinds. We didn't have the kind of relationship with Barrick that we had before. People didn't believe you could permit one of the biggest mines in the world eventually in Alaska.

We didn't have a management team that we got two years later when Greg Lang joined us from Barrick and brought Richard Williams and Dave Deisley and Dave Ottewell into our stable, people who could manage any major mining Company. We had headwind. Those headwinds became tailwinds.

Now I would add that at that time, 10 years ago, people were not buying into necessarily my jurisdictional thesis. I activated in public on those two said I was, if they don't anymore. To me that is determinative. People no longer grow where the goal is, they will where they can sleep well at night.

Now I'll take credit for just a few minutes and may be more questions on it, to address now the most asked question that we get as a Company, because it used to be when will you get the permit? It used to be, will you be able to get a decent price for Galore? It used to be things about our Company, (inaudible) the most ability (inaudible) outcome. The question we get now is where does (inaudible) spend from this project? First fall, let me start by saying that we believe that the introduction of Randgold, the introduction of Mark Bristow into the Barrick equation is a momentous game changer in terms of accelerating the value proposition, that is Donlin.

Now let me make sure that I express this very, very carefully. That is not a statement that we're (inaudible) than we were than in pushing Donlin into production until such time, it's (inaudible) we always want and what our partners want. But no matter how we slice it, whatever happens with regards to Barrick, whether they choose and adopt our narrative that this would be one of the greatest minds in the world, sometime in the future, when the returns are right, when the gold market is right, when our shares are better, when their shares operator, whatever have view, the patient philosophy, it's great. Randgold are famous for being superb operators. And I've known Mark for many, many years. He's one of the most honorable and ethical people I've ever met. We're extremely comfortable with having Barrick as partners. We think they'd be great. But I don't walk in Barrick shoes. And they have a portfolio that stands the entire globe. They will have their reviews, whatever priorities they choose to have and that will be there business. (inaudible) they are willing to part with their half of this project. We would be very happy to work with them because remember (inaudible) refusal to be able to make sure that this asset is in great hands. It's our very considered belief that there would be multiple bidders for this asset. We would have no problem any of the number of them. So for us, if there would be a sales process that would China like that the attributes of Donlin that make it produce to any major mining medium size mining Company. It's only going to attract more investor interest to our (inaudible) Company at this point. If on the other hand, they choose to stay, then I would speculate that knowing Mark, how shareholder friendly he's, as our share price would rise, he would make sure that (inaudible) gold and Barrick's gold would give him credit for what's now apples-to-apples valuation (inaudible) between half of Donlin and theirs. Either way, it's good for shareholders. Anything that allows us to have a partner, whether it's Barrick or whomever, will be accretive to us because we have the best story in the space. We have the safest story for investors who want long-term leverage but don't want to have to take a short or medium-term view on when gold will kick in and begin the next leg of the bull market.

When we look at it, it's win-win. Any statement that makes our shares more publicly assessed, it's going to be very positive for us, as much as we love going and consulting about the asset. By definition (inaudible) space starts talking about virtues and they have a bigger firm than we do, you're going to be hearing Kaplan in stereo and (inaudible) one Kaplan (inaudible) hell of a lot better.

We look forward to the future with a tremendous amount of optimism, we feel that everything has been checked, every promise has been checked, everything that we've made whether it's to our on the ground in Alaska, through the federal state government, our analyst, all of them have been maintained with absolute fidelity, one that is going to be icing on the cake for the next phase of the market understanding, what kind of an asset Donlin is, is just an added blessing and we'll commit.

With that, I say thank you to our shareholders, those who follow us. And, as you know, we love getting questions. Please throw them. And if you don't get to ask on this call, give a shot to Melanie, Greg, myself, any of the team, are always happy to get investor feedback. Thank you very much.

Melanie Hennessey: Victor, we'll open the lines for questions.

## QUESTIONS AND ANSWERS

Operator: (Operator Instructions)

John Bridges from JPMorgan.

John David Bridges: You raised the issue, the very topical issue of Barrick transition. Could you give us a little bit more color on what Mark is thinking in terms of Donlin? You suggest the potential for sale but from our perspective, the U.S. tax regime for the mining industry seems to be one of the best in the world at this time. A sale sounds a bit strange, but just wondering what you thought?

Thomas S. Kaplan: John, I'm not saying that Barrick is going to sell. What I'm trying to highlight is that no matter how you slice it, no matter through which facet you look through the prism, if Barrick stays, it's great. If Barrick leaves, it will be great. I love Mark Bristow. I think he is one of the greatest CEOs, not just to this generation, but in the mining space. And I'm not saying this to flatter him, I have known him for many years. Every dealing that I've ever had with him, in every sphere of life has been marked by honor and goodwill. And he knows it. And he knows that and I think that he would say the same about me.

Having him as a partner would be a dream. Is there any reason why Barrick should sell it? From my perspective, no. I agree, but Mark is a friend, but I respect that the business is business. And if, for any reason he and his team were focusing, what I'm saying is that any outcome will make our shares go higher. Not to understand for the first time in the

Randgold story, because Randgold really know how to market their virtues of which they have many, but whether it's Randgold or any new buyer of that asset, we will have so much more positive exposure through having a partner who for the first time will champion and talk about the merits of the asset in a way that we have not seen in many years.

When I talk about that, I'm not speculating and no, I have not been given one iota of a hint that Barrick would like to sell or redeploy Donlin, not remotely, I'm talking about from the standpoint of my shareholders. I'm talking about it because it's not a question mark in my eyes because whatever the outcome is, it's going to be accretive, it's going to lead to a higher share price. [Do I really think] that if I put NOVAGOLD into play that it would be at this price? No way. We're the Company that (technical difficulty) the share price is a reflection of where it would trade in a sale and it's no friction, the fact that the Company could actually buyback shares that it sold at 9.5. Things that made Larry Tisch famous. I am not saying that I would ever be in his (technical difficulty), but we know how to be opportunistic. From all standpoints, we believe that we have it surrounded, is what I'm saying. Does that answer your question, John, or not?

John David Bridges: Absolutely. I just wanted a bit of clarification on that; I understand it's a very difficult one to address but just as a follow-up the scoping study of the Phase I project at Donlin, will that be released? Or is it still under review by Barrick?

Gregory A. Lang: As you might guess, a lot of new players have come into the mix in there, Greg Walker, [John Steele, Catherine Rah], and they are rapidly coming up the learning curve on Donlin. We'll give them a little bit of time to get their feet on the ground and then we'll deal with that question.

Operator: Stephen Walker from RBC capital.

Stephen David Walker: The NOVAGOLD budget for Donlin in 2019 is \$13 million. Has Barrick committed to its 50% share of the joint venture at this time? Are they going to be funding their share of their \$13 million, which is their 50% share?

Gregory A. Lang: Steven, they have committed to fully funding their share. And we're continuing our dialogue with Barrick on other additional work we may undertake in 2019.

Stephen David Walker: And there's a comment in the release that talks about the need for engineering, multi-year engineering, detail engineering for the tailings. Can you talk a little bit about that? And what's required for that particular aspect of that project?

Gregory A. Lang: Final permits, we have all the permits in hand essentially to begin work at the site, if we were so inclined. But some of the facilities, the tailings dam is certainly one, require fully engineered detailed drawings before the final permits are issued. The work that we're undertaking this year is to advance the final design of the tailings dam and other water retention and control structures throughout the project site.

Stephen David Walker: And Barrick's committed to that process from the sounds of it, is that in fact correct?

Gregory A. Lang: That is indeed correct. They are 100% committed and Donlin has been approved by Donlin Gold board.

Stephen David Walker: One last question, there was more no optimization project update as was asked by John. Am I correct in my assumption that the pre-existing projects think that you have been working with is either no longer there or are no longer working on the Donlin project? And do you in fact have the liason that you had in the first half of the year, the first three quarters of the year that are working with you on the optimization study?

Gregory A. Lang: Yes, we do, Stephen. Andy Cole, the Donlin Gold project general manager who's a Barrick secondee, remains with the project as do other Barrick technical people. And as I mentioned to John, Catherine Rah, Greg Walker and John Steele, who are somewhat new to Donlin, are rapidly getting up to speed on the project. We've had numerous review meetings with the new players.

Operator: (Operator Instructions)

Howie Fllinker, Fllinker & Co.

Howie Fllinker: I just want to point out Tom your connection was sporty. So on the replay you might try to clean that up.

Thomas S. Kaplan: Thank you.

Gregory A. Lang: Yes.

Operator: [David Lazinski], private investor.

Unidentified Participant: Mark Bristow has publicly said that Barrick wants to divest of any mine that doesn't produce 1 million ounces or greater. And that being the case it seems to me that Donlin is going to produce a million-plus a year. And taking that into account, doesn't it make sense that Barrick Gold instead of selling would be the buyer of NOVAGOLD to produce that sizable a quantity? I [should have just talked going] both ways it I mean, it is a no-brainer to me that he should acquire NOVAGOLD at prices today which are ridiculously low because if you take into account the 20 million ounces that NOVAGOLD owns in the ground and let's just say hypothetically you put a value of 1,000 an ounce on that, that's a \$20 billion asset.

Now, NOVAGOLD, when you take into account your cash and cash receivables, your market cap is \$900 billion. You're talking about 20 times the price of your market cap. If you want to be conservative, that would be an \$80 price. If you want to be conservative

and you cut it in half to \$40, okay, that's half the price. Okay, let's be conservative, again. Let's divide that price into half again to \$20 and that's realistic. That means share price for NOVAGOLD of at least \$20 on a double conservative area.

Would you agree with that?

Gregory A. Lang: Well you I do like your math, David. But I do think there's certainly a lot of potential in our stock, particularly looking at current levels.

Unidentified Participant: Well, would the largest shareholder -- I forgot your name, sir -- John, would you sell at \$15? Because I wouldn't; I would vote it down. I would vote it down at \$15.

Thomas S. Kaplan: First of all, bless your heart. I [fairly] believe that while some people may have been rolling their eyes while you were talking about the upside, [the market shares your view] and this would be the silliest stock in the gold space to short. It doesn't trade at a value which we would call a market clearing price if the stock were the object of a takeover.

And at the same time as we say, it's the only one in the space or one of the only ones in the space, [literally] can't go out of business, wouldn't hemorrhage cash and wouldn't have to do a dilutive share offering if gold were to go down before it goes up. And we have two scenarios on the gold price.

One is that like Jeffrey Gundlach calls it, gold is coiling like a snake and has actually broken out, if you look at certain charts. And there's another one, scenario B, where we have one more [hedge] to the downside before we [see new highs].

I don't really know. But as an investor and [I think we are considered] sophisticated investors, our job is to [think about] every conceivable scenario focused on the downside because if the [downside] is taken care of the upside will take care of itself. And the upside (technical difficulty) is that we'll see new all-time highs in gold. As said before, I do believe that for a lot of reasons that we've cited for just within the gold industry, we will see a new equilibrium price of \$3,000 to \$5,000 at some point in the future.

And that's wonderful but of course you've still got to get to [1,900] to go to 3,000. At 1,900, the NPV of this project based on the 2012 feasibility study, is indeed \$20 billion if you use a zero percent discount rate, which is exactly what I think will happen for U.S. assets of good quality and this one of we argue is the best.

Before people went to Peru and Yanacocha and Indonesia and Africa, et cetera, U.S. asset (technical difficulty) value with zero percent discount rate because they were arbitrated against [risky jurisdictions] like Canada, South Africa and Australia. I think that we will see when gold starts to move, I think the stock will go to all-time highs in the 20s. As I said in 2010 with headwinds we went from [15] in a matter of [weeks]. I think we'll see

all-time highs. And that may very well be [where] we would [raise the equity] component of a [project's finances].

It's for sure, we don't [need to raise much]. We won't need to raise [much in] any scenario that we see, [in no] such time as we and our partner would make a [constructive] decision. That is a tremendous luxury.

It's not wrong to say is that we have a much greater likelihood of being the object of opportunist takeover attempts than we do of getting into any (technical difficulty). I don't believe (technical difficulty) [are] frisky and [independent-minded] shareholders would accept that. I know I would not.

And the primary reason is that I believe that any merger that we would do, certainly at the present moment, things can change, but any merger that we would do dilutes [the best press] of this story, which is that it's a pure play [as a] North American asset. And so if we emerged, I mean cash wouldn't work for us. Shares, they would have to offer the same kind of risk-adjusted leverage that we get today. We have over-leveraged to an upside in gold and if anything only opportunity if gold goes down first. We will not be crying, we won't be losing sleep, we won't be sweating. We will in fact probably be taking proactive measures that will be [accretive] for shareholders.

We've [never done] anything stupid, we've never [diversified], we never blew our cash on stupid stuff. The management team is pretty astute, we've checked every single box even with our partner, whatever they decide to do will be great for us.

Can I look at it in terms of what our partner [should feel about it] as a takeover attempt or someone else? No. They certainly have enough on their plate right now and we're really [hopeful] with the position in which we as investors find ourselves.

I hope I answered your question.

Unidentified Participant: You know what's interesting, two points. One being, I feel safer owning NOVAGOLD stock than I do having money in a bank. And on top of that, the Chinese, I've been doing business with China for 40 years. I sell China waste paper and they are the market. And every time the price gets too high, they back away until the price comes down and then they come back in with new orders.

China, the last week announced their increase in gold reserves to something like 1,800 to 1,900 tons, which is a total lie. Because if they were to come out, I firmly believe that China has 15,000 to 20,000 tons because of the Chinese, the [Changi Lo] exchange and the option to convert yuan into gold at Changi Gold Exchange, they can't just have 1,800 tons to run a program like that. And if they were to announce the world and they had 15,000 tons, you know as well as I do the price would rise \$500 in a day.

Thomas S. Kaplan: I completely agree with you and I agree with your assessment; I have no doubt that the official numbers of the Chinese gold reserves are understated, that what

they talk about is maybe what they have sitting in one aspect of the Bank of China, but they have so many parastatals that I do believe are accumulating gold. And this is not because I'm a gold [borrower or any] other thing; it's in China's strategy interest to wait for the time--

Unidentified Participant: That's right--

Thomas S. Kaplan: --yes. It's not in their--

Unidentified Participant: To keep the price down.

Thomas S. Kaplan: --it's pretty rare [for someone who's] accumulating to broadcast that they're accumulating and the Chinese have never gone to Goldman Sachs and said, give me an order for 10 million ounces or hit my bid. If the World Bank or the IMF or Germany, for example, not that it would happen, I don't see any official [sectors], but if we go to the Chinese and show them something that would tempt them because the size would be big enough that they would achieve an objective, they might reveal themselves.

But otherwise what's most likely is that the Chinese to have more gold now than The United States officially and they will wait to announce it when it's optimal for them in order to be able to broadcast that for one of the most obvious areas embedded within the neocortex of all humans, that in gold they have become the middle kingdom.

Gregory A. Lang: That's right. Gold is money; everything else is credit. That's right.

Thomas S. Kaplan: I think they see it. And I think one day that will be announced. And woe unto the shorts because if they ever do that (technical difficult) to my point, gold will [go up to] \$500 in Tokyo and it will be mayhem.

Unidentified Participant: [There's no course], with all the central banks and everything that's going on is the world is going to go back to hard money and what that looks like with strategy drawing rights with gold as part of the asset, I don't know. But it's inevitable.

And you know what else is interesting to me, the first person that asked a question was JPMorgan, JPMorgan from what I've read, they got 11,000 tons of silver in their safe in New York. Is that true?

Thomas S. Kaplan: I don't know the answer to that.

Unidentified Participant: Why are they are holding 11,000 tonnes?

Thomas S. Kaplan: You'd have to--

Unidentified Participant: --I'm know I'm taking [a lot of time] but what you have to understand is that this manipulation by the big banks on the price of gold and silver has



done direct harm to NOVAGOLD shareholders, because you know as well as I do, that if oil goes up, the oil stocks go up. If gold goes up, the gold stocks go up. If they suppress it and push it down, the gold stocks go down. NOVAGOLD has damages. And whether you ever want to pursue that, there's litigation going all over the place right now.

Thomas S. Kaplan: Well, I can say the JPMorgan has been a wonderful supporter of the Company over the [years]. We're definitely are not pursuing anything against them.

But the truth of the matter is that I do believe the fundamentals (technical difficulty) that gold will breakout from the declining wedge pattern from which we see. And again, it could have one more hedge [fake], but I do believe that the path of least resistance for gold is multiplying.

It has to go down for 950 to shake every [weak hand] out. And I don't think it does. In fact, I know it doesn't need to do that. But if it had to, to make some mining companies go out of business, shakeout weak hands, we don't know. That's outside of our control.

But I do believe with absolute conviction that we would see a V-bottom and a reversal that would take us past all-time highs (technical defunct) before I saw it with silver in the early 2000s, it went up to six, got people excited, you had a hedge fake back down to 4, then went back to 6, [the people] were shaking out, were paralyzed and it began a journey that ultimately took silver back to 50.

I do see that, but if you may, I'm happy to continue this conversation with you off-line. If you give Melanie your number, I'm willing to call you personally and spend as much time talking about this as we can, but I think we should give some other people a chance online, if that's all right?

Unidentified Participant: That's fine.

Operator: And I'm actually showing no further questions at this time.

I'd like to turn the call back to Greg Lang, President and CEO, for closing remarks.

Gregory A. Lang: Well, everyone, thank you for participating in our call. Enjoy the rest of your day.

Thomas S. Kaplan: Thank you, and I did mean it. Give me a call. I'm the Maytag repairman; I'm happy to take your calls and continue talking. Thank you from me.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program and you may disconnect.