

**NOVAGOLD Resources Inc.  
Annual Meeting of Shareholders  
Conference Call and Webcast Transcript**

**Date:** Thursday, May 14<sup>th</sup>, 2020

**Time:** 1:30 p.m. (PT)

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

**Gregory Lang**  
President and Chief Executive Officer

**Dr. Thomas Kaplan**  
Chairman

**Operator:**

Welcome to the NOVAGOLD 2020 Annual General Meeting of Shareholders 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. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, and zero.

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 afternoon, everyone. My name is Mélanie Hennessey and I am NOVAGOLD's Vice President of Corporate Communications. Thank you for attending this Annual Meeting of shareholders of NOVAGOLD Resources Inc.

During these extraordinary times, we wish to thank our shareholders for heeding the advice of our Public health officials to stay home and stay safe while still participating in this meeting by casting votes by proxy, and tuning in to the meeting via webcast or teleconference. We are grateful for your interest and support.

Due to the COVID-19 pandemic and associated travel and social distancing restrictions, NOVAGOLD's Board members, director nominees, and its U.S.-based executives are also tuning in to this meeting via the webcast. There are a couple of housekeeping items for those of you in the room today. Please turn your phones to silent mode and note that in case of an emergency, you should exit the building via the stairway located immediately outside the NOVAGOLD office front entrance.

For today's agenda, I will begin by taking us through the official business portion of the meeting. Greg Lang, NOVAGOLD's President and CEO, will follow with an overview of NOVAGOLD's 2019 results and the outlook for the remainder of 2020. Dr. Thomas Kaplan, the Chairman of the Board of

Directors, will then make a few remarks. We will then conclude with an opportunity for shareholder questions.

Should anyone present need a copy of the proxy or the management information circular, we have additional copies available at the registration desk. For those of you joining via webcast or teleconference, copies of the management information circular are available on our profile on SEDAR and EDGAR.

If there are any NOVAGOLD shareholders as of the record date of March 18, 2020 who are present today but have not yet registered with Computershare at the registration desk or deposited a proxy, please do so now.

The meeting will now come to order. Pursuant to the articles of the Company, I have been selected to act as the meeting Chair, and Trisha Robertson of Blake, Cassels and Graydon, counsel to NOVAGOLD, will act as meeting secretary.

With the consent of the meeting, the Chair appoint David Cavasin of Computershare Investor Services Inc. as scrutineer. The notice calling this meeting of the shareholders was mailed by the Company's transfer agent, Computershare Investor Services Inc., to all shareholders of record as of March 18, 2020. The declaration of Computershare to such mailing is available for inspection by any shareholder. Ms. Robertson will append the declaration as a schedule to the minutes of this meeting.

As the scrutineer has completed the tabulation of the shareholders present, in-person or represented by proxy, I will read the interim report of the scrutineer to the meeting.

We have a total of shareholders in-person and by proxy representing 269,575,448 shares, or 82.02% of outstanding shares, represented at the meeting. A quorum for a meeting of NOVAGOLD shareholders is achieved if at least two persons are personally present at the meeting and those two persons hold or represent by proxy shareholders who in the aggregate whole not less than 25% of the issued shares of the Company entitled to vote at the meeting. The report of the scrutineer indicates that a quorum is present and as notice has been properly given, I declare this meeting regularly and duly called and constituted for the transaction of business.

There are nine items of formal business before the meeting today. One, to verify the minutes of the 2019 Annual Meeting of shareholders. Two, to receive the annual report of the directors containing the consolidated financial statements of the Company. Three, to elect directors for the forthcoming year. Four, to appoint the Company's auditors and to authorize the directors through the audit committee to fix the auditors remuneration for the forthcoming year.

Five, to approve certain amendments to the stock award plan and to approve all unallocated entitlements under the stock award plan. Six, to approve certain amendments to the performance share unit plan, and to approve all unallocated entitlements under the performance share unit plan. Seven, to approve all unallocated entitlements under the deferred share unit plan.

Eight, to consider and if deemed appropriate, approve a non-binding resolution approving the compensation of the Company's named executive officers. Nine, to approve a non-binding resolution on the frequency of holding a non-binding advisory vote on the compensation of the Company's named executive officers.

The minutes of the Annual Meeting of shareholders held on May 16, 2019 are available for perusal by any shareholder. Is there a motion to take the minutes as read and verified?

**Male Speaker:**

Aye.

**Mélanie Hennessey:**

Do I have a second?

**Female Speaker:**

Aye.

**Mélanie Hennessey:**

Thank you. Is there any discussion on the motion? All in favor, please signify by raising your right hand. Any contrary? Carried.

We will now present the annual report of the directors containing the consolidated financial statements of NOVAGOLD for the year ended November 30, 2019, together with the auditor's report thereon. A copy of the annual financial statements was mailed to each shareholder of record who specifically requested a copy. Extra copies are available at the registration desk. Are there any questions on the financial statements of the Company? If there are no questions, we will move onto the next item of business.

The next item of business is the election of directors. The Board of Directors and shareholders determined that the business of the Company can be properly conducted by a Board consisting of 10 directors. Ten individuals are proposed as nominees to the Board of Directors as set out in the management information circular.

The nominees are Dr. Elaine Dorward-King, Sharon Dowdall, Dr. Diane Garrett, Dr. Thomas Kaplan, Greg Lang, Igor Levental, Kalidas Madhavpeddi, Clynton Nauman, Ethan Schutt, and Anthony Walsh. Can I have a motion nominating these 10 individuals for election of directors of the Company to hold office until their successors are duly elected or appointed? Do I have such a motion?

**Male Speaker:**

Aye.

**Mélanie Hennessey:**

Do I have a second?

**Female Speaker:**

Aye.

**Mélanie Hennessey:**

There being no more nominations, I declare the nominations closed. Given the majority voting policy adopted by NOVAGOLD's Board, a poll will be taken on this matter. Any registered shareholder present who wishes to cast a ballot may do so unless such a shareholder has already provided a proxy. Those shareholders who have already given proxies need not vote again and should not vote again using the ballot unless they first sign a revocation of proxy. Ballot and revocation forms were

made available by Computershare at the registration desk. If you are entitled to vote on this matter but did not receive a ballot, please raise your hand and the scrutineer will provide you with one.

On the ballot, you will find the names of the 10 nominees. Please indicate beside the name of each nominee whether you vote for or withhold your vote for such nominee by making an X in the appropriate spot. Once you have completed voting, please raise your hand and the scrutineer will collect your ballot. We will now cast ballots for the proxies which we hold. The ballots have now been collected. I will report the results of the poll when the scrutineer has completed the vote tally.

The next item of business is to appoint auditors of the Company to hold office until the next Annual Meeting. Is there a motion that PricewaterhouseCoopers, LLP, located in Vancouver, British Columbia, be appointed auditors of the Company to hold office until the next Annual Meeting or until their successors are dully appointed, and that the directors, through the Audit Committee, be authorized to fix their remuneration? Do I have such a motion?

**Female Speaker:**

Aye.

**Mélanie Hennessey:**

Do I have a second?

**Male Speaker:**

Aye.

**Mélanie Hennessey:**

Thank you. All in favor, please raise your right hand. Any against? The motion is carried. I declare that PricewaterhouseCoopers, LLP, be and is hereby appointed auditors of the Company to hold office until the next Annual Meeting of shareholders or until their successors are dully appointed, and that the directors, through the Audit Committee, be and are hereby authorized to fix their remuneration.

The next item of business is to consider, and if thought fit, approve certain amendments to the Company's stock award plan and approve all unallocated entitlements under the stock award plan. A description of the stock award plan and the proposal before the shareholders is contained on Pages

12 through 16 of the management information circular. The full text of the stock award plan, including the proposed amendments, is set out in Appendix A of the management information circular, and the full text of the stock award plan resolution is set out in Appendix B of the management information circular. Do I have a motion to approve the stock award plan resolution?

**Female Speaker:**

Aye.

**Mélanie Hennessey:**

Do I have a second?

**Male Speaker:**

Aye.

**Mélanie Hennessey:**

If there are any discussion on the motion—is there any discussion on the motion? I will now ask all in favor of the stock award plan resolution to raise your right hand. Any against? I, therefore, declare the stock award plan resolution carried by a majority of the votes cast on the resolution.

The next item of business is to consider, and if thought fit, approve certain amendments to the Company's performance share unit plans, and approve all unallocated entitlements under the performance share unit plan. A description of the performance share unit plan and the proposal before the shareholders is contained on Pages 17 through 22 of the management information circular. The full text of the performance share unit plan, including the proposed amendment, is set out in Appendix C of the management information circular, and the full text of the performance share unit plan resolution is set out in Appendix D of the management information circular. Do I have a motion to approve the performance share unit plan resolution?

**Female Speaker:**

Aye.

**Mélanie Hennessey:**

Do I have a second?

**Male Speaker:**

Aye.

**Mélanie Hennessey:**

Is there any discussion on the motion? I will now ask all in favor of the performance share unit plan resolution to raise your right hand. Any against? I therefore declare the performance share unit plan resolution carried by a majority of the votes cast on the resolution.

The next item of business is to consider, and if thought fit, approve all unallocated entitlements under the Company's deferred share unit plan. A description of the deferred share of unit plan and the proposal before the shareholders is contained on Pages 22 through 26 of the management information circular. The full text of the deferred share unit plan is set out in Appendix E of the management information circular and the full text of the deferred share unit plan resolution is set out in the Appendix F of the management information circular. Do I have a motion to approve the deferred share unit plan resolution?

**Female Speaker:**

Aye.

**Mélanie Hennessey:**

Do I have a second?

**Male Speaker:**

Aye.

**Mélanie Hennessey:**

Is there any discussion on the motion? I will now ask all in favor of the deferred share unit plan resolution to raise your right hand. Any against? I therefore declare the deferred share unit plan resolution carried by a majority of the votes cast on the resolution.

The next item of businesses is to consider, and if thought fit, approve a non-binding resolution approving the compensation of the Company's named executive officers. The Company's



compensation discussion and analysis is contained on Pages 44 through 70 of the management information circular. The full text of the proposed non-binding resolution approving the compensation of the Company's named executive officers is set out on Page 27 of the management information circular. Do I have a motion to approve the non-binding resolution approving the compensation of the Company's named executive officers?

**Female Speaker:**

Aye.

**Mélanie Hennessey:**

Do I have a second?

**Male Speaker:**

Aye.

**Mélanie Hennessey:**

Thank you. Is there any discussion on the motion? All who are in favor of the non-binding resolution approving the compensation of the Company's named executive officers, please raise your right hand. Any against? I declare the non-binding resolution approving the compensation of the Company's named executive officers carried by a majority of the votes cast on the resolution.

The next item of businesses is to consider, and if thought fit, approve a non-binding resolution on the frequency of holding a non-binding vote on the compensation of the Company's named executive officers. The Company proposes that a non-binding vote on the compensation of the Company's named executive officers be held annually. A summary of this proposal is contained on Page 27 of the management information circular. Do I have a motion to approve the non-binding resolution establishing the frequency of holding a non-binding vote on the compensation of the Company's named executive officers on an annual basis?

**Male Speaker:**

Aye.

**Mélanie Hennessey:**

Do I have a second?

**Female Speaker:**

Aye.

**Mélanie Hennessey:**

Thank you. Is there any discussion on the motion? I will now ask all in favor of the non-binding resolution establishing the frequency of holding a non-binding vote on the compensation of the Company's named executive officers on an annual basis to raise your right hand. Any opposed? I therefore declare the non-binding resolution establishing the frequency of holding a non-binding vote on the compensation of the Company's named executive officers on an annual basis carried by a majority of the votes cast on the resolution.

I have received the results of the ballot on the election of directors from the scrutineer. I declare Dr. Elaine Dorward-King, Sharon Dowdall, Dr. Diane Garrett, Dr. Thomas Kaplan, Greg Lang, Igor Levental, Kalidas Madhavpeddi, Clynton Nauman, Ethan Schutt, and Anthony Walsh elected as directors of the Company to hold office until the next Annual Meeting of shareholders of NOVAGOLD, or until their successors are duly elected or appointed. Details as to the votes for or withheld from voting for each individual nominee will be disclosed in the manner provided for in the majority voting policy.

That concludes the formal items of business. Is there any further business? As there is no further business, is there a motion to conclude the meeting?

**Female Speaker:**

Aye.

**Mélanie Hennessey:**

Do I have a second?

**Male Speaker:**

Aye.

**Mélanie Hennessey:**

All in favor? Against? The motion is carried. The formal portion of the meeting is now concluded. Thank you for your attention.

I will now turn the meeting over to Greg Lang on the phone, who will join us to give us an overview of the 2019 achievements and outlook for the remainder of 2020. He will be followed by Dr. Thomas Kaplan, who will give us his remarks on gold and the industry as a whole. Greg?

**Gregory Lang:**

Thank you, Mélanie, and thank you for taking us through the formal business of our meeting.

I would like to remind all participants that, as shown on Slide 3, our presentation may contain forward-looking information which involves risks as detailed in our various EDGAR and SEDAR filings.

Before I provide an overview of our 2019 results and plans for this year, I wanted to address the global pandemic, on Slide 4. Our most important objective is the health and safety of our employees, partners, and contractors. In that regard, to reduce risk, our office employees are working from home. They've been asked to avoid all non-essential travel, adhere to good hygiene, and if they must visit the office, engage in social distancing.

At the beginning of the pandemic, NOVAGOLD and its partner, Barrick Gold, through Donlin Gold, implemented a wide-ranging set of policies consistent with the State of Alaska's Department of Health and Social Services requirements, recommendations and precautions, aimed at achieving the same objectives at the site. These steps included screening all employees and contractors visiting the site prior to their departure and periodically screening them during their stay, evaluating any individual exhibiting symptoms of illness to determine if they need to be isolated or evacuated from the site. We implemented more frequent sanitation practices. We regularly conduct safety meetings designed to address hygiene, sanitation, and COVID risks. We've requested all employees to monitor their health and consult professionals if they are feeling any symptoms of illness.

A 2020 Donlin Gold drill program commenced in February and continued through March. However, we temporarily paused the program and put the camp into care and maintenance due to restrictions and

other measures in the region brought about by COVID-19. Donlin Gold is currently evaluating reopening the camp and continuing the drill program when it is safe to do so.

The Donlin Gold project is in the Western part of Alaska, as shown on Slide 5. It is a 50/50 partnership with NOVAGOLD and Barrick. Mining is an important part of the Alaska economy. There are six producing mines in the State and numerous exploration and development projects that are advancing as shown on the map. Donlin Gold offers a future with career opportunities and training for young people to live closer to home but still continue a substance way of life. With other resource industries experiencing low or no growth and the tourism impacts of the COVID virus, the opportunities in mining present good-paying year-round closer to home jobs for many people living in the rural parts of the State.

Slide 6 highlights the operational activities with the receipt of several state permits, the advancement of the geotechnical field program needed for the dam safety certificates, and progress on our optimization efforts. This work takes dedication, unwavering attention to detail, and transparency from Donlin Gold, NOVAGOLD, Barrick, and it takes the support of the communities and corporations, Calista and TKC. We greatly appreciate the dedicated efforts of the entire team, in particular the State agencies, in advancing permits and approvals for the project.

Donlin Gold progressed on its optimization effort in 2019 by gathering additional data to establish a solid plan in 2020 that would allow the owners to have a greater understanding of the geologic model and the controls on the high-grade mineralization, all of which has the potential to benefit the project and will ultimately serve as the basis for an updated study.

We are dedicated to keeping our community partnerships strong and engage in environmental, safety, educational, and cultural initiatives. To that end, in 2019, NOVAGOLD and Donlin participated in numerous community activities and projects, including those highlighted on Slide 7. We were key sponsors of a program to remove 100,000 pounds of hazardous material from 14 isolated villages on the Kuskokwim River. Supporting education and training to prepare youth to enter the workforce is also a focus at Donlin Gold. Annual safety training for people along the Kuskokwim River has benefited many communities. With the support of its owners, Donlin Gold continued its outreach activities with our Native Corporation partner Calista, via meetings with tribal councils and key stakeholders in the Yukon-Kuskokwim region during the year. We believe that community and

engagement and support can act as catalysts for sustainable improvements in the quality of life for many affected by poverty and lack of opportunities in the project's region.

Slide 8 highlights the strong start to 2020 for NOVAGOLD's operational activities with the receipt of State permits and the commencement of the drill program. The advancement of multi-year site investigation needed for the dam certificates continued and further progress on our community investment initiatives with Calista and TKC. The record of permitting success continued with the receipt of Donlin Gold's final easements for the access road and fiber optic cables, including the receipt of the final land leases, land-use permits, and material site authorizations for the proposed transportation facilities which are located on State land. Additionally, the Division of Oil and Gas finalized the right-of-way lease for the buried natural gas pipeline, and it is under review by the State of Alaska.

Donlin Gold progressed on its optimization efforts that allowed the owners to have a greater understanding of the new geologic model and the high-grade mineralization controls, all of which have the potential to benefit the project and will serve as a basis for an updated study.

Looking at the 2020 drill program in more detail on Slide 9, the three drill rigs mobilized at the site and completed six holes prior to pausing the program in April. Our most important objective is to secure the health and safety of our employees and they will not return to site until it is safe to do so. While the COVID global health crisis has had a short-term impact on the program, it is not yet known if the program timeline will be adjusted or by how much. We anticipate that the program can still be completed in 2020 and we will keep you informed of any changes.

The global pandemic created significant concern in the Y-K region due to the Elders' memory of the toll taken by the Spanish flu pandemic early in the 20th century, when native Alaskans suffered the highest casualty rate of any group in North America, and our Native Corporation partners immediately engaged with the community to assist the needs of the region. As can be seen on Slide 10, Donlin Gold partnered with TKC and tribal councils to coordinate food collection and delivery of supplies. Many communities had been cut off from transportation when the regional airline that serviced them declared bankruptcy. With the temporary closure of the Donlin camp, we donated thousands of pounds of food to area food banks and homeless shelters. Donlin coordinated with tribal

administrators to identify community members to help prepare face masks for the Elders and higher-risk people.

Donlin Gold has unique attributes. Federally permitted project that starts with almost 40 million ounces in resources as shown on Slide 11. Located in a jurisdiction where the rule of law is not a novelty, with strong long-term partners in Calista and TKC in Western Alaska. If you look at the peer group average, Donlin's resource is five times bigger than the other development-stage projects in the industry. It's clear how hard is to find a resource comparable to what we have at Donlin.

Having scale in a resource provides longevity and is certainly rare. But another key attribute is grade, as shown on Slide 12. The average grade of Donlin sets us apart from other large scale open-pit deposits globally. Donlin's Gold at 2.25 grams is more than double the industry average. It's worth noting that last year, average gold grade decreased by 0.05 gram per tonne, again.

Given its scale and grade, if Donlin were built today, it'd be the largest gold producing mine in the industry. For the long-term investor, there's additional value that comes with a mine that has a multi-decade lifespan. As currently envisioned, Donlin Gold would average 1.1 million ounces a year over its life as shown on Slide 13. There are a few mines in the world, existing or proposed, with that level of gold production. Only three mines globally produced over a million ounces of gold in 2019.

ACMA and Lewis deposits can be seen on Slide 14. The topography at Donlin is very favorable for development. It's rare in mining projects today that both the mineral and surface rights to the project are privately owned. In our case, our long-term partners Calista and The Kuskokwim Corporation who identified the mineral potential of the property and invited mining companies to explore.

As shown on Slide 15, ACMA and Lewis deposit contain the 39 million ounce resource but occupy only three kilometers of an eight-kilometer gold-bearing trend. We've done extensive drilling, 1,400 holes totaling more than 340,000 meters and our focus is on continuing to optimize the project. There are future opportunities for exploration and expansion of the resource along the known mineralized trend. When the time is right, we will resume exploration drilling.

While we are all responding to the COVID crisis and its impacts on the health of our communities, our economies, and even how we communicate with each other, we can gain comfort in the longstanding

relationships that unite us in the common goal of advancing the Donlin project. By engaging with our stakeholders through regular contact, 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 throughout the region, Donlin Gold brings much needed support for the well-being of our communities. We're all in this together.

There's tremendous value in having a project like Donlin Gold located on private land. Donlin has life-of-mine agreements with both its partners, and they have been deeply involved and supportive from the start, as shown on Slide 16. We've been partners since 1995 and are thankful to Calista and TKC for their continued long-term support. They have an owner's interest in seeing the project go forward.

On Slide 18, we note our healthy treasury. We continue to anticipate spending \$31 million this year, which includes \$20 million to fund our share of expenditures at Donlin, and \$11 million for general and administrative expenses. In addition, as a result of the sale of our share of the Galore Creek project to Newmont, the receipt of \$75 million is due in 2021, and a further \$25 million payment is due in 2023, with a contingency payment of \$75 million when the owners approve construction of the Galore Creek project.

We are grateful for the long-term support of our shareholders. The investors you see on Slide 19, understand the core investment thesis of this Company. Based on the performance and recent proxy outreach conversation, they are aligned with Management, and very happy with their investment.

With that, I will now turn the call over to Dr. Kaplan, who will give us his insights into gold. Tom?

**Dr. Thomas Kaplan:**

Thank you very much, Greg.

One of the beautiful things about listening to you present on NOVAGOLD is that I get even more excited about what we own. Mind you, that really isn't very difficult. As you could see from this year's annual report, the theme was Redefining a Tier-One Asset. Of course, the concept of what makes a Tier-One asset has really come to the fore in the last couple of years because of our friend, Mark Bristow, who I call the Great White Swan of the industry, and for sure, Donlin, and the way that he's defined what a Tier-One asset looks like. I will say that by anyone's standard, by any definition, Donlin

would qualify. The superlatives to which you can attach Donlin are really, in terms of their aggregate, something that are quite unique in our business. The size of the reserve. I don't believe—Greg has certainly said that in his frame of reference, he is not aware of any gold project which began with 40 million ounces plus additional inferred beyond that. Remembering that as you've just seen, those 40 million ounces come from only three kilometers of an eight-kilometer belt that we already know through drilling is mineralized. It's not inconceivable that we can see the reserves of Donlin ultimately grow.

I know that this is about as much a forward-looking statement as anyone could make, so disregard it, and regard it as, at best, apocryphal, but 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 you're going out in search of elephants, look in elephant country, and there's a lot of land yet to be explored at Donlin.

When you think that perhaps only 5% of it has been explored, it's not inconceivable, that as with Carlin, the next Donlin will be at Donlin. In terms of the existing size, it's a category killer. In terms of the exploration potential, I think that it's fair to say that the ability of Donlin to add to those reserves would be one of the cheapest in the industry, in terms of drilling and executing because we already have the pit design.

The production capability means that in one or two phases, we could see Donlin as the largest pure gold mine in the world. Now when I say pure gold mine, that's not because I'm trying to convey a sleight of hand. It's possible, I suppose, that Grasberg is producing more gold. Grasberg is a polymetallic [mine]. In my world, being as close to pure gold or pure monetary metals, gold and silver, is as close to the Holy Grail as you're going to get. You don't want to go out of your way to have things which are economically sensitive. That's a value judgment. That's my own way of looking at things. I've made money through economically sensitive commodities in the past. I'm not looking at commodities, I'm looking at monetary metals.

The idea that we have something which starts at 40 million ounces, could be the largest pure gold mine in the world, at a grade that is twice the industry average, is something which, in and of itself, would be a beautiful thing to behold. The leverage to higher gold prices is very apparent in the numbers, and accounts for certainly one of the reasons why we have such a highly qualified shareholder base who are looking for leverage to gold. But, very importantly, in that other aspect



which for us truly defines a Tier-One asset, that being a Tier-One asset which gives you leverage to gold, extraordinary leverage to gold, leverage to exploration upside, yet in a jurisdiction that will allow you to keep the fruits of that leverage. A Tier-One asset in a Tier-One jurisdiction, is, to my mind, the surest way to make money going forward in any aspect of the financial world. But it gets even better than that.

Let's go through some of the remarks made by very sophisticated investors or analysts of the gold space or in the gold space. Now gold bulls tend, or they used to tend, now it's becoming thankfully more mainstream, quite contrary in their nature. When people agree with them, they tend to recoil. I'd like to say that you've got to reboot your view on getting used to the fact that more and more people are going to get bullish on gold. Do not make the mistake that as you hear increasing bullish sentiment, you start looking for the exits, this is not the case. Gold may be on the cusp of being reaffirmed as a truly institutional quality asset that everyone wants to own, but the point is that other than a few sophisticated investors, very few people own gold. It is the most under-owned trade in the financial world, which is why I say do not recoil from hearing people more and more talk about gold.

The more that we can watch CNBC and someone goes onto CNBC or talks about gold and is not derided and viewed as a bug or as a troglodyte or cave dweller, this is bullish for gold, because what will happen is, as gold makes new highs, as the handle goes from 1,000 handle to 2,000 handle and far beyond that, we want that people who are now starting to understand the gold space will be able to look to the Ray Dalios, the Jeff Gundlachs, the Jacob Rothschilds of the world and be able to see affirmation and validation that they can indeed shuck off the misconceptions that they have about what they viewed as a barbarous relic and understand that everyone should own some gold. But as we know, if even 1% of financial assets shifted to gold, the price would multiply, so I think that we're on the cusp of a very very big change in the arithmetic of gold, as well as the psychology of gold ownership and a lot of that psychological change is due to the people who are affirming it.

By the way, this reminds me of what happened in the mid- to late-'90s. I was starting a silver company, George Soros became my big backer. Ross Beaty was starting a silver company, Bill Gates became his backer. That went a long way to being able to get people to look at the fundamentals of silver again. At that time, I don't know how many of you were involved in the market in commodities at that time, but at that time to talk about silver, you were still living in the shadow of Bunker Hunt and the

silver bubble of 1980, 1981. What really put an end to it was when Warren Buffett bought 140 million ounces of silver.

From that moment in 1997, and I remember it vividly because there but for the grace of God, it became public that he had done this the week when I was taking my silver company public and otherwise not very good time to be in the markets, but that changed everything. From that moment on, I never had to explain to people the rationale for owning silver as an industrial metal, although my preference is to see it as a monetary metal, but the fact that it has both components means that it's gold on steroids.

This moment now is coming in the gold space and I don't have to tell you, Buffet took his position with \$4 silver, \$4.50 silver, and silver ultimately went back to \$50. I think that you're not going to see something dissimilar once again in silver, but very much in gold. When you look at the people who are engaged, think about what they're saying. Dalio, we've quoted him a number of times and Ray Dalio, if nothing else, is known as being hyper-rational. He's not emotional when it comes to investing and yet he has gone out of his way to say, get out of the emotional baggage that comes with people now looking at gold, gold is a currency. We have Dollars, we have Euros, we have Yen, and we have gold. If you don't have 10% of your assets in gold, there's no sensible reason other than that you don't know history or you don't know the economics of it. Bingo. The reality is almost everything else is editorial, but we're going to provide that anyway.

If there's one thing which we've seen in the last month or two, it's that any vestige of people looking to dollars or other reserve currencies as being money, now is thrown into question. Obviously, it's money, but what is it worth? We used to get the questions from people: How do we value gold? It doesn't pay dividends. The reality is you don't have to. It is a currency with, as Paul Tudor Jones has been saying, I watched him say it on CNBC a couple of days ago, it has a 2,500-year pedigree, actually a little bit further than that, of being accepted as money.

It is in fact the leading reserve of central banks, which doesn't reflect someone else's liability or require anyone else's backing. It is in fact the only financial asset that does not require the backing of another institution, so when we look at gold, we have to see it as a currency, particularly at a time which began a decade ago, is now perhaps accelerating, when the whole concept of what is money is being

challenged. Gold is money. Get over it. And if you don't have some gold as part of your cash allocation, you are making a very big mistake.

Now, interestingly enough. Moving onto Jeff Gundlach, Gundlach has been absolutely right about gold, he was referring to it as coiling like a snake, and he's been proven to be absolutely right. Gundlach made a very interesting observation a couple of weeks ago in which he said that when you look at the dichotomy between the amount of gold that is traded in the paper market and the amount of gold that's actually produced and likely even available, there's a disparity there that could lead to the exact opposite of what happened to the oil industry. As many of you know me, our biggest score within energy, we sold it in 2007. Oil was at \$120 a barrel, gold had a 600 handle. I've never gone back to oil because as I've said on several interviews and many times, when oil was at 120, I no longer felt I knew whether oil was worth 20 or 120 and that's why I never went back to it. Whereas, I have zero doubts that gold will go to 2,000, 3,000, 5,000, and possibly much much further beyond that.

In the case of Gundlach's comment, his point is a very simple one. The oil industry was thrown by people who were playing in the paper market and then had to deal with resolving taking delivery or not. No one wanted to ask for delivery. Gundlach's insight is that if people actually asked for delivery of the gold, the people who are playing for gold in paper would not be able to find it and we could see another market displacement in gold. Perhaps that would be accompanied by some other form of black swan or white swan or maybe it just comes naturally as a function of markets which don't necessarily bear a great resemblance to the underlying commodity or currency that they're trading. It's an interesting point, and I'm indebted to Gundlach for making it.

Paul Tudor Jones reaffirmed this week that he's a large holder of gold. He also interestingly enough made a 1% or so allocation to Bitcoin, all driven by the same sense of, in the case of gold more of an investment, in the case of Bitcoin, perhaps to speculation as he said, but all driven by the sense of where do you get a money that is finite. This is the major dilemma for investing. I have Jacob Rothschild who we've had cited here for a couple of years. It's so interesting. In 2016, of course, he was saying central banks are continuing their greatest experiment in monetary policy in the history of the world. Well, having spoken to Jacob earlier this week, I think that we're both realizing that 2008 is turning out to have been foreplay. The real action is taking place right now and I think it's probably fair to say that we may be dealing with QE Infinity and Beyond.

Paul Singer, again, hyper-rational, recently said this is the perfect environment for gold to take center stage and that he believes that the fair value for the metal is literally multiples of its current price. I couldn't agree with him more. Ken Rogoff, we're throwing in, Professor of economics at Harvard, has been making the case for negative interest rates, but he's also been making the case rightly that emerging markets should be putting more of their money into gold, and he's been doing this now for a number of years. Those countries that have heeded his warning are obviously very indebted to him. Now we can go to the next slide.

Mark Mobius, of course, is a legendary investor in the emerging markets when he was running Templeton's emerging markets portfolio. It's very clear that he was the go-to name in understanding the frontier. The fact that Mark Mobius understanding the emerging markets can say that I think you should be buying at any level, frankly, and by the way, having proven to be right. He's right, gold's long-term prospect is up, up, and up.

Citing Matthew McLennan at the First Eagle Gold Fund, full disclosure, they are holders of our stock. I am very honored by the fact that First Eagle, who are famous investors in the gold space, chose NOVAGOLD as the first of their development-stage investments and as the article in Barron's pointed out, with a 4.9% allocation. We're very grateful to First Eagle again, wonderful kind of validation. Matthew points out that we're not going to get out of this without inflationary or deflationary consequence, which opens risks and opportunities for the absolute and real price of gold going forward. He's spot-on, gold thrives during inflation and it thrives during deflation.

Now, let me highlight a very interesting analysis. I don't know if you've read it, but I would certainly urge you to Google Nouriel Roubini, Bloomberg, and listen to his commentary on where he sees the world going. He and I have crossed swords a couple of times on gold but I have a feeling he just may come around to it. Nouriel's view of what's happening is that we'll get some stability followed by serious inflation, followed by a full-scale depression. Now, whether you subscribe to that or not, the point that is being made is that we are going through a completely new world order because of not understanding what money is or money will be going forward. Those who said how do you value gold are now going to have to answer the question, how do you value the U.S. dollar? How do you value the Euro? What if Italy slips, then how do you value the Euro? How do we really value the Yen, etc., etc., etc. The one that will be easiest to value is ironically, the highest yielding of these great

currencies, which happens to be gold, because it's not a negative yield. When you look at gold, you have to look at it now as being one of the currencies, if not the currency, with the best risk/reward going forward.

I've traditionally been bullish on the dollar and bullish on gold. People often tell me that isn't logical, I say it absolutely is. I remember in 2007 when we had to decide where to allocate money after selling our energy company, Dollar/Euro was 147. The dollar has strengthened at a time when gold has gone from 600-ish to over 1,700 in the same way as gold is not a commodity, which is why oil at that time was 120 and now it's 20. Gold is different, get over it.

Interestingly enough, another eclectic point of reference, fantastic real estate investor, Sam Zell, now looking at gold, because as a real estate investor, he understands that perhaps there's some value in having something underneath the land, and as he puts it very rightly, the amount of capital being put into new gold mines is almost nonexistent, absolutely.

Jeff Currie, Head of Commodities of Goldman Sachs, who very presciently and much to my chagrin at the time called the top in the gold market at around 1,800, is now referring to it again as the currency of last resort and the bottom line is that he has taken Goldman to a bullish stance on gold and has repeated it as recently as yesterday. His pedigree of having called the top may yet give him the ability to be a remaining all star in that ability to call the turns in the markets. For sure, people like Joe Foster, John Hathaway, obviously shareholders of ours, but have been calling the gold market right, our time has come.

Now interestingly, when you look at all of these investors, many of them are coming at it from very different points of view and that is extremely important because what it means is that as gold becomes mainstream and as one is no longer taking a career risk by going to your investment committee and saying, "You know what? I'm looking at gold." You can choose from a dozen or more brand names in various aspects of the financial world, or the investing world, and choose which story you want to buy. Do you want to look at it because the gold industry is imploding for reasons that I'll get to in a moment? Do you want to look at it as the best currency? Do you want to look at it as supply and demand? There are many reasons—many hooks on which you can hang your hat—and what these various investors are doing is giving you a buffet from which you can now validate your obvious new interest that there is something to be said for gold.

I dare say that the biggest winners going forward are likely not to be people who've been in it for 30 years, present company excluded because I'm obviously as exuberant as I've been in 30 years. But a lot of the people who have been in the gold space for 30 years have been through it all, they're washed out, they're tired, they're retired, they're exhausted. This is just like the Dow in the early 1980s. After 30 years of trading within a range, and the old timers knowing that every time it popped above 1,000, the way to make money was to sell it and then buy it back at the bottom of the range. Well, in the early '80s at one point, it popped above 1,000 and it stayed there.

I reckon that those who understood that something was indeed happening, Margaret Thatcher, Ronald Reagan, supply-side economics, those people, those youngsters with the red suspenders, they were the ones who made the real money as the stock market went from 1,000 to almost 30,000 on the Dow. It's not inconceivable we could see something entirely similar and the key is to buy it. If you're not already invested in gold or gold stocks or whatever, buy a third of your position now. If you're lucky enough to get a pull-back, buy another third and then when you get to break-out and people are paralyzed because they didn't own any, then buy more and average up and know that you're playing with the bank's money, but you want to own some gold. If you're only going to rely on a pull-back, you may get lucky, but it's really hard to buy when something runs away from you and you don't own any of it to be able to give yourself some psychological cushion. The fundamentals are all in favor of gold.

Right now, it's the psychology. Pick from any of these beautiful faces and decide which one you want to be able to say you're relying upon because they're all validators, and there will be more of them. So long as gold stays as unowned as it is now, and we all know how these things work, it will be over owned at 10,000. Maybe not, who knows what the world will bring? You want to be in it, it's all I can say. Last year when I spoke to you, we were in-person in Vancouver. I think our stock had a three-handle or a four-handle and I said, when gold catches a bid, we'll go right up to \$9.50 where the last offering was done. We'll hang around there for a bit, we'll break through then we'll make our way to 16 where we were in 2010 when we had headwinds and after that, we'll go into the 20s.

Well, we're almost halfway there and if anything, the outlook driven by the gold price and driven by the successes of NOVAGOLD as a Company and the challenges faced by the gold industry are only going to make, hopefully, our outperformance continue.

Next slide. History does not repeat itself; you've heard me say that, but sometimes it rhymes. I think that what we're going to see is a chart not dissimilar to this in gold, except that I believe that the numbers will be far, far, far bigger. The structure of a long wave up, which took gold from \$250 to \$1,900, a long wave down which corrected back the \$1,000-\$1,100 area means that the next wave up, which probably hasn't even begun, but the next wave up is likely to be anywhere from 10 to 15 or more years and we'll, in my mind for sure, take us to my long-term target of \$3,000 to \$5,000, which I had 10 years ago, which I think probably is vastly understating the potential, but we'll get into that in a little bit. Suffice to say that we have a gorgeous saucer bottom, which is one of them most powerful chart formations you can see. I'm a fundamentalist, a historian by nature, cycles are my thing and charts to me are just human brain waves, and this is a gorgeous chart.

Next. Wow, the reason why I have highlighted gold being able to multiply had not had to do with the fear factors. I want to state very clearly. I do not believe that COVID-19 is the reason why gold is at these levels. Gold was already nearly \$1,600 before any mention of COVID. If anything, the need for liquidity, which was a beautiful recall of what happened in 2008, 2009, where gold fell from \$700 to \$600, allowed people to be able to sell when they couldn't get a bid on any other financial asset, and once that selling was done, boom, it went back to new highs. We're going to see that, and we are seeing that, I suppose, in gold already. But the reason why I have been focusing on gold is not because of the fear factors. I've said it many times that the sky is darkened with black swans.

Pandemics have always been part of that. I'm very much engaged in wildlife conservation, and 2009, we started a program, bringing doctors down to Brazil so that they could study zoonotics, pathogens which are transmitted from animals to humans. In return, they would give medical care to the local people that we were encouraging them to love the big cats. I've been more than familiar with pandemics. Unfortunately, for the last decade, this was not really technically a Black Swan by Taleb's definition because a Black Swan is something that can't be foreseen. The truth is that, a pandemic can be foreseen. A number of the doctors who sit on our Advisory Board have said that it was a matter of time. Bill Gates has done so, very famously. The truth is, we should've been ready for this, but that's a whole other story. But the point is that what COVID is doing is not creating the bull market in gold. We are not war profiteers. What COVID is doing by forcing governments, who have never recovered from the financial crash of '08/'09, by more money printing and by debasing not just the currencies but the concept of what a currency means, in a paper currency or digital currency era, it's accelerating trends which were already in place.



Let's go back to basics. I've always felt that if you have to rely on getting people to be afraid, for them to take a position in precious metals, then you are, as Samuel Johnson put it, resorting to the last refuge of the scoundrel. He was referring to patriotism. But basically, if you have to scare people in one way or another, then you're not making the case. The truth is that the gold industry is, I won't say terminally ill. However, it has been permanently impaired. That means that those who are winners in this space will make an enormous amount of money. In fact, if you're in the right place at the right time, this could be the generational trade of our decade. If you're in the wrong place, I fear that the risk will be even heightened as gold goes up but I'll get to that in a moment.

Here's the point about gold and the industry which makes it such a compelling investment. It's economics 101. The major mining companies are going through their reserves faster than they can replace them. Discoveries are very few and far between. The majors have not made any discoveries in a long time that would move the needle for their production profile. Existing mine production at 26 of the world's largest miners is forecasted to decline 13% by 2022 and 47% by 2027. That pretty much aligns with Mark Bristow's comments a few days ago, that he saw a roughly 4% to 5% decline annually in gold production going forward. The gold supply from stable jurisdictions represents only a small percentage of that total production, and that is incredibly important.

We have reached peak gold. Now, for those of you who say, "Well, where have I heard that before?" I heard peak oil. I know. I was in the energy business at that time and we had a very prosperous, fast-growing hydrocarbon company. I sold it when I realized that the concept of peak oil was wrong. There was a new thing called shale, and I couldn't quantify what shale was. When oil was at \$20 and we started that company and I said I could see oil going to a \$100, shale was very dimly perceived at that time. By the time oil did hit \$100, it was already there but people had not yet cottoned on to the fact that it was a game changer for the entire oil industry. I just knew, I didn't understand it. We have an old adage that the big cats aren't particularly bright, but one thing that they're really good at is when they look at something and they don't understand what's happening, they don't have to be too bright. They just jump into the tall grass and wait for it to pass, so that they can then try to figure it out. As my partner in creating Panthera once said to me, he said, "You're a big cat. You're not too bright, but you know how to run away." I said, "I'll take that."



Woody Allen once said, "I'm not afraid of death. I just don't want to be there when it happens." The truth was we got out of oil because we could no longer quantify it. The gold industry is exactly the opposite to the oil industry. In fact, it's something of a reflection of Gundlach's commentary that you have exactly the opposite in the paper market of gold as you do in oil. Well, the truth is that the industry itself could not be more different. We do not have trapped reserves like the oil industry had shale. It was there. It's just they didn't have fracking to that degree, horizontal drilling. They didn't have the means to extract it, but the resources were there.

In gold, the resources are not there, simply put. In energy, you had 3-D seismic, you could make discoveries. We don't have that in the mining industry. Geophysics rarely works in my experience in 30 years. Sometimes it does when you've got a big polymetallic, rarely in the gold industry does it work. It's still a geologist on a donkey or four-by-four with a pick, and a sack for a sample bag.

More than that, in oil, if you find something and you're near infrastructure, you can be a producer within a matter of months. In gold, if you have a prospect and you drill it and you identify something, by the time you've taken it up the value chain to where it's a producer, on average, it will take 20 to 25 years. Which means that with all of the fundamentals for gold that are in its favor right now, the chances that you could have discoveries come into the market, add new supply in ways that would change that dynamic don't exist. It's not hydrocarbons, it's the opposite of hydrocarbons. There is no level to which gold could go that all of a sudden it would be flooded with supply from mines.

Now, might the gold come out at central banks or come out...that's entirely possible. However, game it out. As gold is going up, it's entirely possible that other things will be happening in the world that will make people want to own more gold. Gold is not immune from the characteristics that define most financial assets. People want to buy this stuff as it gets richer and higher. When it goes down, people don't want to own it. When it goes up, people want to own more of it. That's why the biggest volumes are near tops. What I would say is this, as gold goes up, your first thought should not be, "Are people going to sell it?" Your thoughts should be, "What are people going to be thinking about the gold that they own?" Maybe it's giving them positive reinforcement and gratification vis-à-vis the Rupees or Dollars or Euros or many other currencies that they own.

Many of those currencies, by the way, all over the world are going to be challenged by the fact that they're not reserve currencies, that they can't be traded on International exchanges and that therefore,

as the governments print them, they're going to create inflation and the local people are only going to want more of something that's giving them positive reinforcement. Every Indian who's owned gold, going back to the dawn of mankind, has made money on gold. That kind of positive reinforcement psychologically makes you happy. It doesn't make you sell, unless you need some for liquidity, but then there will be other people there who provide it for you. All of this points to the fact that the gold industry itself is setting up for a multiplication. The global macros will determine how much more gold multiplies over the \$3,000 to \$5,000 target, which I've spoken to. Next.

This is a variation on a theme, but the truth is that we've had huge under-investment to Sam Zell referenced impeding output growth and people just are not finding the stuff. Over the past 10 years, only 25 major new deposits have been identified, containing 154 million ounces of gold, which represents only 7% of the gold discovered over the past 30 years. No major discoveries have been made in the past three years.

Now, listen to this. High-quality assets are few. Of 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 1 gram a ton or greater. Now you can understand that in terms of size and grade, Donlin, to the benefit of NOVAGOLD shareholders and Barrick shareholders, is really a category-killer asset. Next.

So many reasons why all roads lead to gold. From a demand standpoint, the asset diversification, very very clear. Gold, as we see now, is performing its historic safe haven appeal as it did in the last financial crisis. Currency debasement protection, I smile when I look at that if I weren't crying, because it's no good is going to come from the debasement of currencies, but we didn't create this problem as gold bulls. Central bank purchasing, hugely important. I always used to say it was enough that the central banks became net neutral, but they've gone from being sellers of hundreds of millions of tons a year to buyers of hundreds of millions of tons a year and the emerging market demand is clearly there. They understand from 2008-2009, the Americans started that crisis and they understand that they have to look after themselves.

The supply pressures, as I've mentioned, dwindling discovery rates, the exploration budgets are inadequate, but even if those exploration budgets were adequate, the 20 to 25 years that you need to start up a mine that can move the needle already means the horse is already out of the barn. Ore

grades have collapsed by 50% over the last decade which means that production costs have risen. Why do mining costs go up? It's not because the miners are stupid. It's because the grade is collapsed by half, ceteris paribus. If you have a mine that produces gold at 2 grams a ton rather than 1 gram a ton, your cost of production per ounce is half. That's simple science.

Of course, the central banks who are now competing against investors to be able to own an asset that can't be debased. Then there's, of course, jurisdictional risk which, in my view, is now the existential risks to miners. It should be the first question that anyone asks when looking at a gold investment.

Next. The thing about central banks that you have to understand is that the central banks, you may deride them, you may think that they are out of control, you may think that they're all dumb academics, but there's one thing about the central banks. They're insiders. They know better than any of us the true value of the garbage that they are forced to buy in order to prop up their economies. Whether it's currencies, whether it's sovereign debt, whether it now ends up being high yield junk bonds, we are so far into uncharted waters, but the one thing that we know is that the central banks understand that the one thing that they've got that can't be printed, that they can't debase, as they want their own currencies to fall in value, they know that gold is the one currency that can't be debased, at a time when the mining companies who are supposed to be minting that currency can't even find the stuff. It's really, really, really a perfect storm. This isn't a conspiracy theory. No way the Germans or the Italians or any of these are going to be selling gold.

The Poles are repatriating it. Countries are very proud of the fact that they're bringing their gold back to their home country. They view that literally as the family silver, the family gold. They understand that it has enduring value. Of course, they're not immune from the fact that everyone knows what gold looks like. Gold is a more well-known brand with a longer pedigree than Coca-Cola, Apple, Facebook, or anything else. Everyone wants to own more gold if given an opportunity to do it. Banks are not only not sellers, but my sense is that they will be buyers for a long time to come. My concern is that the central banks in the developing world are also going to become buyers. The problem for the mining companies that are there is that the central banks, when they buy the gold from the mining companies in these countries, are going to give them local currency because this is how they're going to generate hard currency, especially if gold is going up while the rest of their economy is in the doldrums.

Next. I think it's very fair to say that gold has performed as it's supposed to over the past three decades. Gold rose an average of almost 10% during volatile times, while broader equities recorded an average loss of minus 22%. Who knows where the equities markets are going here, but my sense is that maybe we get one more pullback in gold just to shake out the last of the weak hands and we will be embarked upon the next long wave of the gold industry. You want to own it particularly. When we're in a world where Warren Buffett is standing aside, that's not his stock and trade during these crises. When he says he can't find something to buy, and maybe he will, but anyone who listened in on his annual general meeting will see that this was not the same gung ho, you've got to buy, this pullback. That tells me that he too is looking for ways to preserve wealth and preserve value.

Next. Well, for those of you who watched the Real Vision interview that I had with Dan Tapiero last November, he coined an expression. He's probably right. I do own it. For the last 12, 13 years, it's been my mantra that the key to success in natural resources is acquiring category killer assets that give the greatest leverage to the underlying investment thesis in jurisdictions that will allow one to keep the fruits of that leverage. For years, the second part about the jurisdictions was not in my playbook. Hence, investments that did really well in places like Bolivia, Zimbabwe, Congo, South Africa. I believe that era is over and that the number one gating factor is when people say they want to show you a great management team with a world-class asset, my guess is that more and more of the institutional investors will tell the brokers, "That sounds great, but just answer one question for me. Tell me where in the world is that asset? Because if it's going to be a career risk for me, I'm not willing to take it for a mining company. I can lose money on Amazon or Facebook or Netflix, but I don't want to lose money, because I go to sleep one night and I wake up in the morning and what I thought I owned the night before I don't actually own any longer. I really don't want to explain that. So give me a category killer asset with a great management team in a jurisdiction where the rule of law is not a novelty item."

That, to me, is, simply put, the Holy Grail. It's my mantra, it's my doctrine. I've been doing this business for 30 years. I am not Pollyanna. I've been to 109 countries. I made my bones in the developing world. I truly believe that it is over.

Next. Safe jurisdictions, very few and far between. I'll let people be the judge of what is a safe jurisdiction. One thing that I would mention is that Donlin is located in the second-largest gold-producing state in what I believe to be the safest jurisdiction in the world, the United States. After

Nevada, Alaska is the second-largest gold producer. We've seen the way that we've gotten our permits at the State level, at the Federal level, the phenomenal relations we have with our Native Corporation partners Calista and TKC. We're extremely comfortable with where we are. We know that what we own, we will continue to own. Obviously, we've seen over the last months a number of countries that people thought were investable no longer being investable. Just a few weeks ago, after all they've done for Papua New Guinea, we saw Barrick use the word nationalization.

By the way, I would point out that the partner in that story is actually China and I don't know what the world is coming to when a country thinks it can get away with nationalizing a Chinese asset. That was interesting enough. But what was most interesting was that in the reply to the partners, the Prime Minister said that he has to answer to his eight million shareholders. That's a wake-up call. When politicians start referring to their people as shareholders—it's an interesting concept and there may be some merit to it—but as my grandmother used to say, no good will come from this. That represents a real challenge because we're now in an era in which a lot of countries which are commodities producers are very hard hit by the uncertainties of a global recession. Or, as I just heard it referred to by Ian Bremmer of Eurasia Group, the beginning of a global depression. Between hydrocarbons, between base metals, these countries that also produce gold, I cannot imagine that gold can multiply while the rest of the economy is weak. People are in need of medical care and food. I'm not even talking about the United States where people are in need of medical care and we see people lined up in cars for miles and miles to get food. There's just no way that those countries which don't have reserve currencies are going to allow the gold companies to operate unimpeded.

The problem becomes if you're a gold bull and you're in the wrong place, you could see gold multiply and have the asset taken away from you. I've said it before, I said it in November, on Real Vision, that's the worst of all worlds. To be right and not be allowed to keep the fruits of your victory on the fundamentals. That's a bummer. I would argue that if you believe that 90% of investing, after you've already reviewed the fundamentals, is the psychology involved in being able to hold the position so that you can reap the rewards, I put getting a good night's sleep really high on the list of reinforcing conviction. You do not want to be in places where you lose sleep, it's that simple.

Next. The leverage to gold is obviously palpable. Clearly, we're going to be updating our feasibility study. A lot of inputs have gone down since the last study. Not very many have gone up, whether it's hydrocarbons or the cost of cement or labor. A lot of things in 2012 were really peak inputs. But also,

we will have new geological models that we're working with, as Greg referenced. But the bottom line here is that the leverage to gold that NOVAGOLD provides, and by the way, buyers will be using 0% discount rates for U.S. assets, maybe all North American assets, but definitely for U.S. assets the way they were up until the 1990s, when really the three jurisdictions that people invested in, four, were the United States, Canada, Australia, and South Africa. When Newmont went to Yanacocha and opened up the frontier spirits that took them to Uzbekistan and took Barrick to Argentina and Chile, et cetera, that changed the rule book. But if I'm right, that it's all about coming back home, weirdly enough, echoing the mantra of supply chains being repatriated, but it's all about coming back home to places where you can control your own destiny. We'll be using 0% discount rates on Donlin because investors will be. Remember, we're not even scratching the surface in terms of the resource potential, none of which is reflected in these numbers. That's using the existing resource base. A whole host of leverage here, and again, in a place where you can keep it.

Moving along. Our annual report, we put a lot of time and effort into the annual report. Having done this for 30 years, I find that Q&A is usually the best way to give people the answers that they need. That the more information you can give people on the front-end, the more you have an educated consumer who knows what they're going to get, won't be frustrated if you're taking your time and you've got a strategy. To the contrary, also knows that over the last decade plus, every promise we've ever made, everything that we said we wouldn't do, we haven't done. Every objective that we set for ourselves in becoming a pure play on Donlin, a pure play on what I like to call the new Nevada where there are no really good pure-plays, but here in Donlin, you can have one. This is what we deliver to you, a Tier-One asset in a Tier-One jurisdiction.

We really are aimed, when we go around the world, and we've been doing this regardless of where the stock price is. People say, why do you do this if you're not raising money, you've got plenty of cash. Our answer is a very simple one, we're planting seeds. We want that one day when you start to look at gold and you're interested in a gold company, you're going to say, hey, what about those guys I met when they came through London, or Singapore, or Riyadh, or Milan, how are they doing? Hopefully a broker will say they're doing great. They've done everything that they said they were, their stock is performing as they said it should. Good, I've met them, I can check that box, let me give you an order. That's really the idea. Very, very bluntly.

It's about the principle that the more work you do on the front end in life, everywhere in life, whether you're building a mine or you're building a shareholder base, the more you'll get rewarded at the back end. Anyone who wants to know about our philosophy and what NOVAGOLD is going to be doing to profit from the bull market and gold, all they have to do is read the annual reports of 2018 and 2019. It's all there. The greatest compliment that I ever have is when we go in and we talk to an institution and the institution says, I got everything I needed from your website, more than I could ever have asked for. Every question was answered, I just want to be able to say I've met you.

Next. When we talk about NOVAGOLD, we talk about all of our stakeholders, we talk about fulfilling all the promises that we've made to them, to our shareholders, to our partners, whether they're Barrick or the Native Corporations. We take keeping our word very, very seriously. We view it as a point of honor, and we truly believe that it's not enough to be smart. As we say, intelligence is a commodity, but character is a currency. You want to be known as people who, when you shake hands or you give your word, people can bank it. If you say you're not going to raise money, and you mean it, people remember it. If you say that you're not going to go into production when prices are low, if you say you're going to spin off your copper assets into a different company, you're going to sell copper assets as we did to Newmont so that we're a pure-play on the next Nevada, and then you do it, people remember it. They know, whether it's Fidelity or John Paulson, or so many of our really great long-term shareholders, they will tell you. Have these guys ever done something contrary to what they said they were going to do? They will say, no. Not once. There aren't that many companies that can say they haven't made any mistakes either over the last 12 years. Hopefully, we'll continue with that track record. I assure you, we have no desire to do anything stupid.

The mutual respect that we have with our Native Corporation partners was clearly reflected in the beautiful way that we were able to translate that into permitting at the State and Federal level, we will develop these resources for the benefit of all of our stakeholders. The advancement of Donlin Gold has been a consistent process of achievement from the 2011 feasibility study through to the receipt of key State permits, the Record of Decision, the first-ever by the Army Corps of Engineers and the BLM the Bureau of Land Management joint-signing ceremony, the monetization of our copper assets at Ambler to form NovaCopper, which has also performed very, very well. Those who held the stock from the spin-off have probably made almost a buck a share of NOVAGOLD in addition to the advancement of the share price of NOVAGOLD itself. And of course, our relationship with Barrick Gold, our partner at Donlin. There's a 14-year history of building value, even during Barrick's darkest times. We're



thrilled that they've come out of that with flying colors due to John Thornton and, obviously, his bringing on board the Great White Swan, Mark Bristow. But even before then, even during the dark times when they were getting hammered on all sides, Barrick always continued, never slowed down the process of taking the project up the value chain. As a consequence, the technical excellence, the environmental stewardship, the social responsibility, has been the common currency of the Donlin and NOVAGOLD relationship. Let's also face it, Greg Lang was the President of Barrick North America. He was with Barrick and its predecessor companies for 30 years. He's a Barrick guy in his DNA. Richard Williams joined us after building Pueblo Viejo, up until that time, the largest gold mining investment ever undertaken, certainly which came into being as a really beautifully functioning mine. There's a lot of Barrick in the DNA, and the new management team coming on board from Randgold, I don't have to tell you, Mark Bristow, Randgold, these are first rate executives, mine builders, explorers, operators. The fact that Mark came on site was certainly the first time the Barrick CEO came on site in 12 years that I've been in the story, was beautiful. He certainly came away after his meetings with our Native Corporation partners, with government officials, the Governor. God bless him, Mark is already pushing for co-operation from Alaska. That's the beauty of having a White Swan come into the story. I would say that our objectives are completely aligned as never before. Mark Bristow knows how to make money through the drill bit. I love making money through the drill bit, it's been the core of my experience. Hopefully we'll get this drill program back up and running as soon as it's, with the absolute safety of all those involved, able to be done.

Next. Well, I'm not surprised that we've been an outperformer. Some of these factors are a result of Company-specific performance in terms of its objectives and continuing not to make mistakes or to do anything silly, and take the project up the value chain, and do so with great local, State, and Federal support. Then other aspects of this are probably due to the fact that we did lay the seeds with a lot of investors who are now taking positions. I mentioned a conversation with Jacob Rothschild an hour ago. We were told that Rothschild, out of London, now has become a shareholder of NOVAGOLD. I think that pre-existed our telephone call, obviously. But the point is that a lot of people that we've met are now saying, well, yes, this really is a great asset, and yes, we're tired of seeing these mining companies do so much and as a consequence of resource nationalism and other jurisdictional risks, get the assets taken away from them. Again, if the mantra is category killer asset in a jurisdiction that will allow you to keep the fruits of the leverage from that asset, well, we really are one of the few go-to stocks.



If you look at our shareholder base, it's no surprise that we should outperform. I hope that we will continue that outperformance. I don't want to engage in hubris, but I do believe that the share price of NOVAGOLD is going to multiply, and it's going to multiply for all the right reasons. If you're a go-to stock with one of the best assets in North America, I think on par with Nevada and you're pure-play, fantastic. But also, I have to say this, if you're a Barrick shareholder, as Donlin rises up the flag pole in the mining companies, and there's more research coverage, etc., as a Barrick shareholder, there's dollars per-share value that are going to come from Barrick's ownership of Donlin.

One of the reasons why I say this, and I go out of my way to say this, is that our interests and Barrick's interests are aligned. As NOVAGOLD share price goes up, there is just no way that Mark Bristow is going to allow analysts who cover Barrick to get away with not giving him that valuation for NOVAGOLD because it's really an apples-to-apples story at this point. We're just a pure-play with Donlin and a quarter of a billion dollars in cash and receivables. It's a virtuous circle. What's good for NOVAGOLD is good for Barrick. In our attitude—and I'm a long-time friend of Mark Bristow, with whom I've only had great dealings over the last 15, 20 years. Whatever is good for Barrick is good for us. They're our partner, we want the best for them. I'm happy to talk about the fact that there's value to be unlocked in Barrick as a consequence of the good things that are coming from NOVAGOLD. This really, really, really is a virtuous circle.

Next. When you tabulate everything, the fact that we have cash, we don't need to raise money until gold prices are a lot higher and clearly, we're seeing the kind of leverage that we have to gold, so the stock would be a lot higher, the asset is clearly Tier One in a Tier-One jurisdiction; it doesn't get better than that. One day, and in either one or two phases, this will be the largest pure gold producing mine in the world, located in the best jurisdiction in the world. The management team of NOVAGOLD and its relationships with Barrick, its experience in building and operating major mines, Greg Lang was producing more gold than Goldcorp when he was President of Barrick North America. He never left Barrick or its predecessors before coming to join us. Same for Richard Williams. This team could run a major, and it's our job to make sure that they're as happy as possible because they really are, as far as I'm concerned, a Tier-One management team. And of course, we are blessed to be in Alaska to enjoy the support of our Native and Corporation partners, and local, and State officials. It's a great place to be doing business. Next, I believe it's over to Mélanie?

**Mélanie Hennessey:**

Correct. Thank you, Tom. We did receive a few questions from shareholders. The first that is addressed to you, Tom, that I'll read out. Has NOVAGOLD's and Barrick's thinking about Donlin Gold changed recently as the result of the rise in the gold price and when would you expect to go in production, and what are your predictions for the gold price? A few questions in that one question that we received.

**Thomas Kaplan:**

Okay. Well, let me take that in a few pieces. Our strategy has always been that Donlin should not be built until the gold price was at a level that would represent a real killing for our shareholders and stakeholders. We don't believe that our mission in life is to produce gold to subsidize Chinese and Indian consumption. We believe that our job is to make money for our shareholders and for our stakeholders.

In terms of the price at which that would be, I think we gave up thinking about what the price would be. Our attitude was somewhat similar to the way that the Supreme Court Justice Potter Stewart answered the question, how do you define pornography? He said, "I can't define it but I know it when I see it." It's very likely that NOVAGOLD shares would be in the 20s or 30s. The gold price would be much higher. My guess is that Barrick shareholders would be clamoring for growth, and again, a guess, I think that they would give priority to those jurisdictions which have never given them any grievance. United States being one of them, but perhaps Canada and other places. I don't know what Mark has in mind but I do believe that when Barrick's ready to move forward, we will be ready to move forward.

Our share price will mean that whatever equity component of a project financing we want to put together, we will have de minimis dilution. Patience is being rewarded. Time is on our side as gold production falls by 4% or 5% a year. The possibilities represented by Donlin as being the largest pure gold mine to come online, the possibilities of exploration with potentially somewhere down the line in my mind's eye as at Carlin, a multi-mine potential for the district, you can dare to dream with Donlin because it really is the right asset at the right time. If all roads lead to gold, I think a superhighway leads to Donlin and that's good for everybody involved. We can keep up with Barrick. God knows, I'd love 10 drill rigs on site. I've told Mark that whatever amount of drilling he wants to do, I will ask to

double or triple it. We're definitely of a like mind. We believe very strongly, the more one knows Donlin, the more one explores the district, the more valuable it will be.

The function of what's happening in the gold industry with declining production, the jurisdictional risk which is forcing people into a very, very narrow channel, it really is like putting Hoover dam through a garden hose. If you want to direct people to jurisdictions where they will feel comfortable, where they will be able to tell their partners, "Hey, I would be willing to go to Alaska with my family or Nevada or Australia, I could go to the Great Barrier Reef or I could go gambling or I could go see whale watching or salmon fishing, whatever." I don't think they're going to want to go to places where they really are going to conclude they don't need to. If it's easier to make money closer to home, you're going to do it. We're already starting to see that in many industries, not just mining. Something has happened where people understand, you know what, maybe we should be looking closer to home for our supply chains.

If we're going to have to be beholden to anyone, and after all, a mine is just a hole in the ground, in a place that indulges you to be able to exploit it, extract, you better be in a place that likes you and where the rule of law isn't a novelty, as I say. Time is on our side. The beautiful part about it is when I go see our large shareholders, not one of them has any doubts about our strategy and if anything, they say that we've implemented it faithfully and whatever we're doing, don't stop.

**Mélanie Hennessey:**

Excellent. Thank you. The next question is addressed to Greg. How important is it for a mining company to obtain a social license to operate?

**Gregory Lang:**

Well, Mélanie, I think social licence, it's a term that 10 years ago no one ever used. But for over 20 years, Donlin has had great relationships with our Native partners, Calista and TKC. We've got a long history of hiring their people whenever we were doing work at site and we're always, to this day, as I talked in my presentation, very active in the communities. I think we've long believed that social licence, community support, call it what you want, but it's the fabric of the mining business now and it's a value that we take to heart. We have for 20 years and we will continue to do that. I think we've all seen far too many projects get derailed because they didn't build those relationships from the beginning. I'm really proud of the work we've done with our partners and if we're seeing the benefit of

that as we've successfully navigated the State and Federal permitting processes. It is a key part of the industry and it's certainly not unique to NOVAGOLD.

**Mélanie Hennessey:**

Great. Thank you, Greg. The next question is also addressed to you, Greg, and it's the final question that we have for today. What is your biggest goal and focus for the remainder of 2020 and are you going to update the 2011 feasibility study?

**Gregory Lang:**

Our major activity this year was basically building on the geologic model we created last year. We've been, through our optimization efforts, looking at the benefits of smaller scale to begin with, more selective mining methods and the potential to enhance the grade, particularly in the early years. Our big focus for the balance of the year will be to recommence our drilling when it's safe to do so. We believe that the drilling has the potential to extend the high-grade zones that we expect to encounter early in the mine life and to validate the new model. Assuming our drilling achieves all of this, we will then use the updated model to advance the new feasibility study.

While we're continuing to do this, we will also work with our communities as we all navigate the changes that the pandemic has brought to our lives. We're proud of taking the food out of the camp and distribute it to the villages before it went to waste. The big focus this year is staying in touch with our stakeholders and concluding the drill program.

**Mélanie Hennessey:**

Thank you, Greg. That concludes the questions from our shareholders.

**Gregory Lang:**

Thank you everyone for taking ...

**Thomas Kaplan:**

Thank you very much, Mélanie.

**Gregory Lang:**

Thanks, everyone, for joining our call this afternoon. Stay healthy.

**Operator:**

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