



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

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

**Gregory Lang**  
President and Chief Executive Officer

**David Ottewell**  
Vice President and Chief Financial Officer

**Dr. Thomas Kaplan**  
Chairman of the Board

**OPERATOR:**

Welcome to the NOVAGOLD Fourth Quarter and Year-End Financial Results Conference Call and Webcast. As a reminder, all participants are in listen-only mode, and the conference is being recorded.

After the presentation, there'll 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, Ariel. Good morning, everyone. We are pleased that you have joined us for NOVAGOLD's 2020 Year-End Financial Results, and for an update on the Donlin Gold project.

On today's call we have Dr. Thomas Kaplan, NOVAGOLD's Chairman; Greg Lang, NOVAGOLD's President and CEO; and David Ottewell, NOVAGOLD's Vice President and CFO. At the end of the webcast, we will take questions both by phone and by text.

I would like to remind our webcast and call participants that, as stated on Slide 3, any statements made today may contain forward-looking information, such as projections and goals which are likely to involve risks detailed in our various EDGAR and SEDAR filings and forward-looking disclaimers included in this presentation.

Without further ado, I have the pleasure of introducing Greg Lang. Greg?

**GREGORY LANG:**

Thank you, Mélanie, and good morning, everyone.

Our Donlin Gold project is in the Western part of the great State of Alaska, as shown on Slide 4. This project is a 50/50 partnership with Barrick Gold.

Mining is an important part of the Alaskan economy and becoming even more important to State revenues as employment. As shown on the map, there are six producing mines and numerous exploration and development projects in the State.

In terms of scale, quality, and exploration potential, Donlin Gold's attributes far exceed any other gold development project on the horizon. When combined with the Company's excellent partnership with the Native Corporations and co-owner Barrick, and exponential leverage to a rising gold price, a strong cash position and key Federal and State permits in-hand, an experienced Management team and Board, as well as long-term supportive shareholders, NOVAGOLD is in a league of its own.

Slide 5 highlights our strategic focus for the year. As COVID-19 positive cases rose in Alaska over the summer, Donlin Gold's stringent safety measures and on-the-ground support allowed us to safely operate four drill rigs, making up for the two months of the pandemic-related shutdowns sustained early in the year. Careful collaboration with our Native Corporation partners, Calista and TKC, as well as other tribal groups in the region, were key to a safe and successful drill program.

In August, October, and January 2021, NOVAGOLD and our partner Barrick reported updates on the assay results from the 2020 program, the largest drill program in over 12 years. The work was carried out safely and ahead of schedule, despite the impacts of COVID-19 on our activities. With a long history of mining and a skilled workforce in the State, Donlin offers the opportunity of a future with good-paying jobs and training for young people who can live close to home and continue a subsistence way of life that includes hunting, gathering, and fishing. We are proud that greater than 80% of our local workforce are Alaska Natives, and that we had no lost time accidents.

The image on Slide 6 shows the 2020 drill program core hole locations with reported assays in orange, and remaining assays to report in black. A total of almost 17,000 metres, or over 70% of the length drilled, have now been reported. Final assays for the 2020 drill program are expected to be reported in the coming months. We are proud to say that the program was safely and successfully completed in September, with a total of 85 holes, or over 23,000 metres drilled. The results exceeded modeled expectations, with higher drill grade thickness than predicted by previous modeling. The program to-date not only improves geologic interpretation, it also provides encouragement for additional high-grade drill targets.

All of this was done with zero COVID cases at the project site. Our plans for 2021 include that the partners will report the final assays from the drill program; we will be integrating the results into the geologic model; and evaluating the timing to update the feasibility study followed by engineering, which forms the basis of our execution plan and ultimately leads us to a construction decision. To complete the model, additional confirmation and extension drilling are planned for 2021, focusing on the continuity and structural controls of the high-grade mineralization we encountered.

NOVAGOLD engaged Wood Canada, formerly AMEC, to perform a detailed review of the cost used in the Donlin Gold feasibility study 43-101 technical report that was prepared by AMEC in 2011 to meet the Company's reporting requirements and qualified person signoff. Based on that cost review, Wood determined that updating the Donlin Gold feasibility study using 2020 costs and gold price guidance results in no material change to the mineral resources and reserves. Therefore, the Donlin Gold project feasibility study is considered current and supportive of all of our scientific and technical data included in our public materials.

Wood is currently updating all sections of the report, as generated by the Donlin Gold project since 2011. NOVAGOLD intends to file the updated technical report on EDGAR and SEDAR in 2021. The updated Donlin Gold study does not incorporate the latest Donlin Gold optimization work on the geologic model, or other optimization work given that these assessments are still underway.

On Slide 7, we highlight Federal and State permits received to-date, a great foundation of which to build on. In early 2020, the Alaska Department of Natural Resources issued final authorizations of the easements, land leases, land use permits, and site authorizations for the proposed transportation facilities, and easements for the fiber-optic cable located on State land. They also denied an appeal and affirmed the Division of Mining, Land, and Water's original approval of the Donlin Gold reclamation plan and accompanied permits.

There are three primary permits that remain outstanding, all of which are not on the critical path. The State right-of-way agreement and lease authorization for the buried natural gas pipeline is under reconsideration. The comment period on the document closed in November, and we anticipate that Alaska will reissue the right-of-way agreement and lease authorizations in the first half of this year.

With respect to the water right permits, last November, Alaska published a public notice for comment on Donlin's 12 applications for water rights associated with the mine site and transportation facilities. The comment period closed in December, and we anticipate that Alaska will issue the final authorizations in the first half of this year. The dam safety certification is a multiyear commitment, for which activities commenced in 2019, but paused to focus on the 2020 drill program.

The COVID-19 pandemic created significant concern in the Y-K region, due to the interdependence of communities and frequent travel within the region. As shown on Slide 8, Donlin Gold partnered with TKC and tribal councils to coordinate food collection and delivery of supplies to the eight Middle Kuskokwim villages. When we took the precaution to pause the 2020 drill program, Donlin Gold donated thousands of pounds of food from our camp and collaborated with Aniak, a regional hub, to distribute food and supplies to residents homebound due to health issues and quarantine requirements.

Donlin Gold also recognized the need in Bethel, the largest town in the region, and supported the Bethel Community Services Foundation, COVID Response Fund, and the Bethel Community Services Foundation to help vulnerable youth.

As noted on Slide 9, Donlin Gold worked with its Alaska Native partners, Calista and TKC, and other key representatives of the communities in the region, responding to the needs arising from the pandemic, as well as in other areas such as environmental management, training, education, and cultural initiatives. The Donlin Gold Backhaul Hazardous Waste Removal project in late summer was a collaboration with 28 community partners that resulted in the removal of over 45,000 pounds of hazardous materials. In the past three years, almost 200,000 pounds of waste has been removed from the region.

We are also proud of the ongoing community engagement efforts and growing collaboration with Donlin Gold on the signing of six Friendship Agreements in 2020 with key communities in the project region. These agreements further expand on the long-term relationships already established with these communities, and address specific needs such as water, sewer, and landfill projects. The ice road that connects to remote villages in the Y-K region, salmon studies, and suicide prevention are among these many programs.

Calista and TKC have been partners in the Donlin project since 1995. Donlin has Life-of-Mine Agreements with both partners, who have been equally involved and supportive from the start. We are thankful for their long-term support and commitment to the project and its continued success. We support their mandate, through the Alaska Native Claims Settlement Act, as highlighted on Slide 10, to help them develop their land for the economic benefit of the region and all stakeholders involved. These owners have an interest in seeing the project develop.

Over the past 25 years, Donlin Gold has worked closely with the Calista Native partners, along with other key representatives of the communities in the Y-K region, to effectively respond to needs ranging from environmental management, training, education, and cultural initiatives. The commitment to healthy communities was evident, as we've seen with the cooperative response to the global pandemic. These partnerships, and the activities and programs we undertake together, are illustrative of our commitment to the sustainable and responsible development of the Donlin Gold project for all stakeholders.

On Slide 11, we highlight a few quotes from Calista and TKC.

With that, I'll turn the call over to our Chief Financial Officer, David Ottewell. Dave?

**DAVID OTTEWELL:**

Thank you, Greg.

On Slide 12, it highlights our operating performance. We reported a \$33.6 million net loss in 2020, an increase of \$5.8 million from the prior year, primarily due to the drill program at Donlin and higher G&A expense. Lower interest rates led to lower interest income earned on cash and term deposits, and lower interest expense incurred on the Barrick note.

Regarding income taxes, we have elected to file a consolidated return for our U.S. subsidiaries. This allows us to use operating losses against our income, resulting in a reversal of income tax spent in 2020.

Slide 13 highlights our 2020 cash flows. For the year, we spent \$26.6 million, \$8.1 million higher than the prior year. This was due, again, to the increased Donlin funding, along with higher G&A spending, and lower interest income. Donlin funding was lower than our original outlook of \$20 million, primarily due to better-than-planned drill productivity, and lower permitting, administrative, and community engagement costs. Our corporate G&A spending was higher than our original outlook of \$11 million, due to higher legal and regulatory costs.

On Slide 14, we note our robust treasury. We ended the year with cash and term deposits of nearly \$122 million. We also have \$75 million due from Newmont in July, and an additional \$25 million due two years later. A further contingent payment of \$75 million becomes due from Newmont if the Galore Creek owners approve the project's construction. We anticipate spending \$31 million to \$35 million in 2021, including \$18 million to \$22 million to fund our share of drilling, permitting, and community engagement at Donlin, and \$13 million for our corporate G&A costs.

Slide 15 presents the Life-of-Mine diagram for Donlin Gold, as one of the world's largest open-pit mining development projects. The time invested upfront to build a solid foundation from which to grow responsibly and sustainably has been critical to the project's success to-date, and as Greg discussed, in 2021, we expect Donlin Gold to report the final assay results from the 2020 drill program and integrate them into the geologic model, complete additional drilling focused on the continuity and structural controls of the high-grade mineralization, and evaluate the timing for the next steps: a new Donlin Gold feasibility study and engineering, which form the basis of an execution plan, and ultimately, the construction decision.

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

**DR. THOMAS KAPLAN:**

Thank you very much, Dave. Thank you, Greg.

Certain things bear repetition. When I speak about Donlin Gold to investors, I often ask the question, "What other gold development stage asset in the gold mining industry compares in its combination of the following?" Number one, enormous size; number two, we all know that grade is king, and what

we're talking about here is very high grade for a large open-pit mine, with the concomitant fact that you're going to have low production costs.

The exploration potential is extraordinary. We're finding it simply in the infill drilling, but when you realize that the existing resources are only on three out of an eight-kilometre mineralized belt, three kilometres out of eight kilometres, and that that eight kilometres itself is less than 5% of the total land package, you realize that the blue sky and the exploration potential at Donlin is, arguably, better than any other gold mining project, certainly in a safe jurisdiction.

The production profile of Donlin would make it, in either one or two stages, either the first or second largest gold-producing mine in the world. By gold-producing, I mean purely gold, without base metals. Its only comp would be the Sukhoi Log project, and that one is being developed in Russia.

A mine life measured in decades; that's the basis, that's the foundation of all great mining companies. It means that you do not have to continue outside of your own backyard in order to be able to sustain, and very possibly, add to growth. Our local and industry partnerships are superb. We are on land, as Greg referred to, which is already designated legally, by law, for mining. Of course, we're partners with great Native Corporation organizations, plus one of the leading gold producers in the world, Barrick Gold.

Last but, as far as I'm concerned, really the gating factor for investing in precious metals mining today, we have the safety of being in one of the world's premier mining jurisdictions. Even if there were other gold deposits, not very many of them would be able to combine several of the attributes that I just discussed. To combine all of them and yet be in a jurisdiction that is the second-largest gold producer in the United States, after Nevada, this to us is why we call Donlin, to the benefit of our shareholders and also those of Barrick, the Holy Grail.

Next slide, please. Let's talk about some of the backdrop. By background, as you know, Greg is an engineer. He is one of the premier mine builders and operators in the space. He and our Project Manager, Richard Williams, they know how to really build great mines. That's not my forte. Mine is being able to anticipate future supply/demand imbalances and try to get ahead of the curve. What we see in the gold space is that, even without any of the absolutely numerous macro factors that favour



gold, if you are only going to look at it in terms of the industry fundamentals themselves, you would have to say that this is a time when you want to pick the next generation of winners. After the nuclear winter that the gold space went into before, I think that if you find those stocks, which will be the go-to stocks; that is, those that have great assets in safe jurisdictions, you're going to have the opportunity to make a real killing.

The fact is that, within the gold industry itself, there's been a decline in discoveries and grade as global production has peaked. Barrick is calling for a 5% annual decrease in gold production for years. Existing mines are being depleted, and grades are declining simultaneously, with very few, if any, new discoveries being made to replace them; certainly, nothing that we would consider to be substantial. When you consider that it now takes, on average, between 15 and 25 years to develop a new mine, the horse has really left the barn.

In terms of existing mine production, 26 of the world's largest miners are forecasting that existing mine production is going to decline 13% by 2022, and 47% by 2027. A hundred and thirty billion dollars in cumulative CapEx is forecast to sustain current gold output to 2026. The truth is that gold supply from stable jurisdictions represents a small percentage of that total production, many of which, in terms of those outside of jurisdictions that we believe in, I actually believe, are going to be subjected to far greater nationalization and confiscation, whether it be de facto or de jure.

Next slide, please. This underinvestment impedes output growth. In 2012, mining companies began implementing aggressive cost-cutting measures and curtailing expansion plans in their effort to protect margins, as their shareholders, who were quite fed up with misallocation of resources, abandoned growth in favour of maximizing returns from existing operations; a perfectly sensible thing to do for a short period of time. The result, however, is that exploration budgets for gold fell by 65% from a peak in 2012, to a 10-year low in 2016, according to S&P Global.

Though exploration budgets increased in 2017 and '18, the current gold exploration budget remains 50% that of the 2012 level. Now, remember, I have to continue repeating this because it's shocking; even if you found multiple mines which could move the needle, and with all due respect to Donlin and Sukhoi Log, we're really not going to move the needle all that much in terms of the bigger gold supply balance. The truth is that the shift to lower reward, late-stage and mine site exploration programs

means that it's going to take anywhere from 15 to 25 years for other projects further in the pipeline, or new discoveries, to be able to get to market.

Over the past 10 years, only 25 major new deposits have been identified containing 153 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. Facts are curious things. High-quality assets, in fact, are very few. Of 135 assets not yet in production, only 30 have greater than 10 million ounces of gold in reserves and resources. Only nine of these assets have a grade of one gram per tonne or greater.

Next slide, please. In terms of size, Donlin is already a category killer. There are only a couple of projects in the world, ours in Alaska, Sukhoi Log in Russia, which obviously is part of the similar geology, Alaska once having been part of Russia itself, but I don't believe that there's ever been a gold mine which has begun with 40+ million ounces of gold, and once again, that's only on 5% of the land package, when we know that at least double the endowment is mineralized, in terms of the kilometres. This is a great asset in terms of size, but size isn't everything. Please continue.

Let's get back to grade. What grade means is quality. When you have quantity, that's a box that you can check, but in today's world, grade is king. When you're sitting on a grade which could very well be higher than this—that remains to be seen, but when you're already sitting on a grade of two-and-a-quarter grams per tonne, and that's over twice the industry average, at a time when grades are falling and will fall through one gram per tonne, you have an enormous advantage.

The reality is that, when you're talking about cost structures, if you've got two grams of gold and someone else has one gram of gold, ceteris paribus, all things being equal, your cost of production per ounce of gold is going to be half. That is a great differentiator. When it's not just something that's going to be around for four or five or six or eight years, but something that could be around for 40 or 50 or 80 years, you have a category killer project. Next.

NOVAGOLD is very privileged to be able to share, with Barrick, one of the only mines which will be producing over a million ounces of gold a year, hopefully, just in the first phase. It could get considerably larger than that. This is really a unique proposition. If you consider that Barrick, that a

Tier One asset is one that produces half a million ounces annually, you can obviously understand that the scarcity value of one that produces twice that, and at a grade that is double the industry average and located in a jurisdiction where, when you wake up in the morning, whatever you thought you owned the evening before, you still own.

You've really got a wonderful, wonderful story, and you have the makings of a go-to stock for smart money, and as we've been permitting and taking this Company up the value chain, something that will be the premier gold development story, when gold embarks upon the next leg of what we expect will be a continuation of a rip-roaring bull market. Next.

Those of you who know me know that I made my fortune in the developing world, starting in South America, in Bolivia, then in Africa, in Zimbabwe, South Africa, Congo. At one time, I was the largest holder of mineral rights throughout the entire Islamic world, from Mauritania through to Pakistan. A number of years ago I decided that, as much as I gained from this experience, and hopefully was able to create opportunity for a lot of people on the way, not just investors but other stakeholders, I believe that that era is over for investors. If I didn't, I never would've withdrawn from these other countries, because I had the experience to be comfortable there.

I just, unfortunately, believed that the rule of law is key, and that institutional investors, when presented with world-class assets and world-class Management teams, are going to be asking the brokers who introduced them, "That's great, I'm really interested to meet them, but just tell me one question, where in the world are they?" Because, I think that mining has become like real estate; location, location, location. You want to be in a place where, if you have a great asset that's going to give you leverage to an underlying theme, you are one day going to be able to ring the cash register and reap the fruits of that leverage.

If I'm right on where gold is going, if I'm right on the macros and the importance that gold is going to play in the coming, very soon, world order of currencies, I think that you're going to see more and more that gold, and to a certain extent, silver, will be declared strategic assets. If you ever believe that there will be a significant recession again, then my level of certainty in that respect will probably rise to that of metaphysical certitude. Right now, I'm hoping it's not the case. I think that we're in a situation where, if gold does well, everyone should be able to do well, but if other things happen in the world,

unfortunately I see unfolding, gold may be one of the only things that does well. If that's the case, the chance that gold mines will be untouched in parts of the world where the rule of law is a novelty, I think, are very unlikely. Next.

The bottom line to that argument—in fact, the bottom line to the series of arguments that I've just made about the significance of having an asset that moves the needle in size, the significance of grades and what that does to the attractiveness of an asset and the cost structure of an asset, and of course, the significance of jurisdictional risk, what that means is that not all ounces are the same. Not all ounces are created equal. If you've got great ounces, assuming you do have great ounces, in a place where jurisdiction is challenging, it's not the same as if you're in Nevada, or if you're in Australia, or of course, if you're in Alaska.

This is something that I learned a long time ago. I'm always attracted to assets which have optionality value, and there were days in the past where I found that, in many different parts of the world. If I'm right on how the world is developing, that optionality value is ephemeral, because by the time it becomes something that can be realized, somebody will have made you an offer, from the government, that you really can't refuse. Because at the end of the day, mining companies aren't in a position where they can move from a safe place to a new place. They're not like textile companies that can move their factories to lower wage jurisdictions, semiconductor companies that can move to places where they're given land and subsidies.

What you have with a mine is you have a hole in the ground, and you'd better be sure that the people who are your hosts are very, very happy, and contractually obliged to live by the agreements that they've made with you. There really aren't that many jurisdictions in which you can make that characterization. Next.

I've obviously spoken about exploration before, but I have to tell you that, when you have the ability to be able to deliver great exploration results, there comes a time when the kind of results that we've been issuing with Barrick would make our stock double or triple. That era is coming, and it's not just simply because retail investors seem to have suspended their disbelief over certain momentum plays. As the gold bull market takes off, and as people do realize that exploration is something that very few companies really have easy access to, and certainly not the kind of drill results that we are almost

taking for granted, you have to recognize that those things will add kerosene to the fire when stocks are delivering great results.

We believe—it's yet to be seen, it's the ultimate forward-looking statement, that considering that only 5% of the Donlin property has been explored—and that's really a function of the historical blowback from Barrick's failed takeover attempt in 2006. We now have an explorationist at the helm of Barrick, a great one, and a geologist, to that matter, who's been out to see the site. I think that we're going to be able to have opportunities to be able to show that we're really just scratching the surface, in terms of the potential at Donlin. We call it the New Nevada; we're the new Carlin. To be able to be a 50% owner with a great company like Barrick on the New Nevada is an enormous privilege. Some people obviously will choose to get that exposure through Barrick; they're big, they're diversified, extremely well-managed. Others will choose to be able to have a pure-play, on Donlin as the next Nevada, and in a safe place that is the second-largest gold producer in the United States after Nevada.

Then there will be others, I hope, who will see the opportunity and want to own a piece of both companies, because the leverage to gold in a place where you can keep it is simply extraordinary. There aren't that many gold discoveries of 6 million ounces over the last few years. We have 6 million ounces that's in inferred adjacent to the pit. This thing has got real octane going for it. As someone who's made his money through the drill bit and surrounded himself with some of the greatest geologists in the world; one of them, in fact, was the one who said he thought the next Donlin would be at Donlin, we're extremely happy with what the future holds for us in this district. Next.

In terms of gold itself, having been called gold's evangelist on many occasions, I see no reason to change our outlook. To the contrary, comments which might've raised eyebrows a couple of years ago about the inevitability of a revaluation of gold no longer do. I'm using the quotation of Mohamed El-Erian as a very good example of this because I know Mohamed, and in addition to being a really, really fine man, he is not by any stretch of the imagination someone given to unfounded pronouncements. He's a very thoughtful person and speaks only after he's really thought something through. I think he's right; gold is evolving into a must-have asset. Investors went from treating gold as a short-term momentum trade, that's if they were willing to invest in gold at all, of course, to seeing it more as a legitimate standalone option in long-term portfolios.

Well, if he's right, and I do believe he is, the reality is there just isn't enough gold to go around, if you were to get even a 1% allocation by family offices and institutions into gold, and for its value as a store of value and other facts that we hold dear. Next.

Over the past year or so, I've pointed out that it's no longer the case that, if you were to go on CNBC, for example, and say that you're constructive on gold, that people will throw things at you, either literally or figuratively. You can talk about gold constructively and really have a conversation. That is a prerequisite for a long-term enduring bull market. We are nowhere near gold being an investment that is a crowded trade, not remotely, but we are in an investment which has attracted some smart money and some smart money observations.

I'd like to mention a few quotes that we've added to this grouping over the last while. Here's Ray Dalio. Ray has been constructive on gold for quite a while now, around the time of the bottom, he started to speak about it more openly. "In a world of ongoing pressure for policymakers across the globe to print and spend, zero interest rates, tectonic shifts in where global power lies"—by the way, that's a nice, very elegant code word for the rise of China—"and conflict, gold has a unique role in protecting portfolios. It's wise to hold some of what central banks can't create more of."

I would add that it's wise to hold something that central banks do regard as a currency, even if it is demonetized. They're comfortable with it, and of course, central banks have been adding to their gold reserves. We had a phenomenal fact several weeks ago where Russia was revealed to have more gold in its reserves than Treasuries. This is extraordinary. I have zero doubt that the Chinese are also working, very possibly in concert with the Russians, on ways to be able to use gold to chip away at the dollar as being the world's reserve currency, more sanguine that they're going to be able to do that. Over the passage of time, for many years, I was long gold, long dollar. I would say, watch China. China is internationalizing the renminbi, and China is also the largest producer of gold. They have a vested interest in gold remaining interesting, as does Russia, which now has overtaken Australia as the second-largest producer of gold.

I'd like to highlight a comment by the man who I regard as the dean of gold mining investment, John Hathaway, who said recently, "A cursory inspection of the U.S. fiscal situation suggests that the U.S. dollar deserves to rank high on the endangered species list"—it's a beautiful turn of phrase. "We

believe that now is the time to start layering in gold exposure, not when the rest of the world tries to do so.” He’s very right. There will come a time when the asset that people that heretofore love to hate and hate to love will become extremely sought after. Any of you want to see what could happen to gold can watch some of the unbelievable anomalies that are taking place in the U.S. stock market today. In truth, I think that what we’re seeing is a global phenomenon, and I think it points to a very, very bullish scenario with regard to the revaluation of gold, and I would also say silver.

A comment by Paul Singer, also from the past year: “This is a perfect environment for gold to take centre stage,” he wrote, “as spot gold traded”, at around today’s prices, a little bit less. “Fair value to the metal, the fund believes gold is literally, or should be literally, multiples of its current price.” I agree with him. Next slide, please.

For all of the reasons which I’ve cited that make NOVAGOLD so attractive, the truth is that, if you just look at what’s going on from a macro and a micro standpoint, we’re dealing with a perfect storm for gold. As an asset diversifier, you really have to own it. The safe haven appeal makes more sense than ever before. Currency debasement, which obviously has been used as the primary factor for those who are bullish on Bitcoin, is now a global phenomenon. The central bank purchasing means that central banks will be competing with private investors for that gold, which can be acquired at certain levels. Gold provides inflation/deflation protection, and emerging market demand, in our view, is only going to go up.

Meanwhile, for the reasons I’ve cited, dwindling recovery rates, inadequate exploration, decreasing ore grades, rising production costs, jurisdictional risk, which mean that mines that people thought might come online probably won’t. All of these supply pressures, which are leading to a decrease in mine supply at a time when you have demand drivers arguing for higher prices, this is a beautiful picture. Next.

Perhaps it’s not surprising that with all of the attributes that we have going for us at Donlin, our institutional shareholder support has been excellent. Management has been increasing its share ownership in the Company. Our 10 largest shareholders, some of the smartest money in the world, represent 62%+ of shares issued and outstanding. That number may actually be higher now, but we’ll see.

Meanwhile, our Named Executive Officers' share ownership has increased to 2.7 million shares since joining the Company. Obviously, my family holding company, which is my family plus some employee capital, and the capital of two of the world's largest sovereign wealth funds, as well as a very large prominent private family office, is the largest shareholder, followed by Fidelity, John Paulson's Paulson & Co., BlackRock, and now, the Saudi Public Investment Fund. We are extremely proud that, at a time when Saudi Arabia was monetizing its profits from having invested extremely astutely during the crash earlier last year, we were the only stock in the third quarter that they were actually revealing holdings for. We welcome the Public Investment Fund and look forward to having a wonderful alliance with them going forward.

But when we look at our other shareholders, Van Eck, First Eagle, who are, to our minds, one of the smartest investors in the gold mining space, Vanguard, EXOR, Amiral Gestion in Europe, Sprott Asset Management, it's a great shareholder base, and we are very proud to be serving you. I'm often called the owner who lives above the store, and I am very glad to be a servant to such great, smart, and loyal shareholders. Next.

Summarizing the NOVAGOLD story; Donlin is a Tier One asset in a Tier One jurisdiction, and we are a pure-play on this New Nevada. The asset, we believe, in terms of its aggregation of superlatives, is unique, with very strong investor-friendly attributes. You even just heard the Chairman refer to himself as a servant of the shareholders, and that's because that's the way I view myself, that's the way Management views themselves. We believe that we're one of the most transparent in signalling our strategy in the gold mining space. We believe that we have delivered on all of our promises in the eight years—actually nine years almost, since Greg Lang and I became CEO and Chairman, respectively.

Here are the attributes: the size, enormous; the grade, extraordinary; the exploration potential, we believe, the best in the gold space, certainly, in a jurisdiction where you can sleep easily at night. Indeed, Alaska is a premier mining jurisdiction with respect for socially and environmentally responsible mine development. Our partners, the Native Corporations, really couldn't be greater and more supportive of what we're all trying to do, and of course, Barrick enjoys many, many superlatives in its own right.



Our leverage is enormous. Just with the existing endowment, we believe that it's worth tens of billions of dollars, half of which is to our credit, half of which to Donlin. We have a balance sheet with \$122 million. When you take into account the notes receivable, including \$75 million in the third quarter that we expect from Newmont, we're going to be one of the only gold mining companies with a stronger balance sheet at the end of the year than where we started, without having to have had recourse to shareholders.

Our key Federal and State permits are in place. The Management and Board have a successful track record of building and operating mines. To our shareholders, I can't thank you enough. The French have an expression, "Gratitude is the memory of the heart", and you certainly all have mine and Greg's, and all of the Board's and Management's, for your steadfastness.

Thank you.

**OPERATOR:**

We will now begin the question-and-answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

Our first question comes from David Lasensky, a private investor. Please go ahead.

**DAVID LASENSKY:**

Good morning, gentlemen. Before I start any of the questions I had, I just wanted to take note that the SLV, which normally trades—it's a silver ETF, it normally trades about 26 million shares a day. Well, it traded 53 million shares in 45 minutes this morning, which means this Reddit crowd obviously sees the short position with JPMorgan on silver, and gold. We all know that the COMEX has been dictating the price of the GLD and the SLV for 30 years.

Now, if the SLV is accumulated, it'd be the first time in history that the COMEX is going to have to follow the ETF, so we reverse roles. I find that astounding and interesting. Because of stuff like this

that's happening and the changes that are happening, I think gold's going a lot higher. I also would love to see Mark Bristow just say, "We're going to start foundation construction", or anything to start getting ready, because it's coming, and I'm really anxious to see this mine, at least some construction start.

Now, the other question I had was, is it windy at the Donlin gold mine? Is there a lot of wind, because I was thinking about the possibility of windmills for energy. Has that been thought of?

**GREGORY LANG:**

Yes, I'll take that question. First off, thanks for joining our call this morning.

Over the years, we have looked at different energy sources, including wind, and we found that—and I think the case is still true with current gas prices, that natural gas is the most cost-effective means of generating power at the Donlin site. I think as we move into updating our feasibility study, it's always appropriate to revisit and challenge any of the earlier assumptions, and I think we'll do the same with wind and other energy sources, as you noted.

**DAVID LASENSKY:**

Okay. The one caveat to starting some semblance of construction, if Mark Bristow was to say it, your stock would jump, I would say \$5, \$8 in a day on just that simple statement. The other thing is, I want to point out, there's a lot of talk about a Bretton Woods II meeting by Christine Lagarde. If something like that was to take place and all the G20 leaders were sitting around a table, I think the first question they'd ask would be, "What are the gold holdings?" I think at that time, China will finally disclose that they have 20,000 tonnes, 25,000 tonnes instead of 1,900 tonnes like they publicly say. That'll be the time that it will come out.

I thought, just dealt with the Chinese for 40 years and I know how they buy. I sell them product and I've been doing so—it's actually a waste paper, what I sell them. They are the market. When they come in and buy, for a period of time they drive the price up, then they back away to drive the price down, then they come back in when the price is lower. They do the same thing with gold, and they're not going to announce their holdings because, if they were to announce today that they have 20,000 tonnes, gold would be up a thousand bucks today. It's just crazy, what's going on.

I'm just so anxious to see this project. At least pour some cement, guys. Let's get going. Anyway, that's about all I had to say...

**DR. THOMAS KAPLAN:**

Thank...

**DAVID LASENSKY:**

...if you have any comment.

**DR. THOMAS KAPLAN:**

Thank you very much, David, for your stalwart support. I think it's fair to say that we're all on the same page about what we're going to see happening in the gold market, the silver market, indeed. Also, at Donlin; when the time comes, and we're obviously moving in the right direction, the geology is allowing us to be able to say, hand on heart, that Donlin is clearly a gift that keeps on giving.

I think that we'll be in the right place at exactly the right time. Thank you, David. I think...

**DAVID LASENSKY:**

It's a...

**DR. THOMAS KAPLAN:**

...we should move to the next call. We really need to move on. I don't want to lose people, but I'm certainly happy to answer any additional questions you have, when there are no more questions, if that's okay with you.

**OPERATOR:**

Once again, if you have a question, please press star, then one.

Our next question comes from Lucas Pipes of B. Riley FBR Securities.

**LUCAS PIPES:**

Thank you. Good day, everybody. Thanks for taking my questions.

I have a few for Greg and then one for Tom. First, Greg, you had additional drill results out recently; can you maybe just give us your quick impression from this latest batch? Then what can we look forward to in terms of the timeline from here to your revised mine plan and such, so that some of the earlier comments regarding development, that we can check those boxes? Really appreciate your thoughts and colour on this. Thank you.

**GREGORY LANG:**

Sure, Lucas, and thank you for joining our call this morning.

Yes, the drill results—yes, frankly, I'm very pleased with them. Whenever you embark on a drill program, you take on an element of risk. I would say, across the board, we encountered grade thicknesses that exceed what we expected in the model, and that's always a very comforting feeling. Across the board we're seeing slightly thinner intervals, but at significantly higher grades. Certainly, we'll take the grade any day, so really pleased with the results we've gotten to-date. We never take those kind of results for granted, and we should have the last of the assays in, in the next month or so, and look forward to providing an update then.

For the next—assay turnaround has been slow this year because of COVID, but we'll be—as we get the assays in, we update the model. Once all the drill results are in, we'll work with Barrick to update our understanding of the impact on the resources and reserves that this drill program has had. That'll take us well into the second quarter of this year, and I think that's at the time we're—I think we're going to have a small follow-up program to—some of these really intriguing intercepts of 10 and 20 grams that are somewhat unexpected, we're going to do a little bit of follow-up drilling on those. I think that should wrap up all of the drilling the owners feel we need to prepare a model that's worthy to take forward with an updated version of the feasibility study.

In the second half, I think we'll be working with our partner to conclude the last of the trade-off studies we need, and I look forward to updating everybody as those studies are completed. I think in spite of the COVID, I think we'll have some pretty good news and key milestones coming up throughout the first half of this year.

**LUCAS PIPES:**

Terrific, and very helpful. Appreciate that additional colour and look forward to all of that. Tom, you commented a little bit on what we're seeing in the market more broadly. I think you called it a global event or something along those lines. You've seen a lot of cycles, you've seen a lot of interesting markets, made a lot of money anticipating unusual events, and clearly, we're in some uncharted territory here. Wondered if you could maybe elaborate on what you're seeing here and what this might be a symptom of. You touched on what this might mean for silver and gold, and just wanted ask you if you could share a few more thoughts on that. Thank you.

**DR. THOMAS KAPLAN:**

Well, you know me. I could dwell on this for a long time. Suffice to say that you're pretty much spot-on when you said we're in uncharted waters. It's terra incognita, but not only in terms of, obviously, the health crisis, which could develop in many, many different ways, if it becomes endemic. The social displacement, particularly in the West; the developments of January 6, I think, one day will be seen as being as important, in terms of its implications for America's power, and therefore, the rise in power of other countries at its expense, as December 7 was, in a different way.

We have the situation where the Chinese are the only country which have come out of 2020 actually growing. You actually heard me say once before, when you asked me to predict a scenario that wasn't on the horizon but from a historical standpoint. I mentioned that people forget that the Great Depression and the political and military consequences of that actually pretty much began in 1929 with the American stock market crash. But lo and behold, a decade and a half later, America itself emerged as the global hegemony, as a consequence of something that started in the United States. Now, did the Americans do this intentionally? Of course not.

Well, my thought was that we were going to see an economic crisis come out of China that would have a cascade effect on the West, and because the Chinese, as any great power rising, are going to have multiple boom/bust cycles which they can survive politically, the Chinese would emerge, actually, stronger from it. Whereas, the West, which, as we can see, has a very fragile political system at the moment, would be weaker.

I used the 1929/1945 analogy of the United States. Whether or not you believe the Chinese did any of this by volition, and I don't; I'm not a conspiracy theorist, when you look at who benefits from it, they're benefiting from this displacement that was caused as a result of some really, really, really poorly chosen dietary habits, with regards to bats and pangolins. They're emerging as the winner, to the extent that you can actually use that expression in such a horrible era, but we're just looking at it analytically.

The United States is far weaker now than it was four years ago, and so is Britain. France is muddling its way through, but you have China stronger, you have Russia, which has been pushing at the periphery, Turkey, Iran. It's a very dangerous world.

Normally I like to be long accidents, but I don't like to be long crises. The opportunity for a serious crisis to emerge, extremely quickly, in many, many different parts of the world, from the South China Sea to the Baltic; you have a war taking place in the Middle East already, between the Israelis and the Iranians. Thousands of Israeli sorties against the Iranians in Syria and Iraq have taken place; that's a war. There's a war going on in Yemen between Saudi Arabia and, effectively, an Iranian proxy. You have a lot of wars going on, and the prospect for escalation is there.

Now, I'm not saying that that's a reason to own gold. I've never been a believer that you have to own gold as catastrophe insurance. I'm a believer in Economics 101. The truth is that, if you superimpose the multiplicity of Black Swans that exist economically, geopolitically, militarily, onto the incredible disequilibrium between supply and demand of the mining industry and the jurisdictional risks, you really are looking at an accident that's already happened. It's an implosion of the industry in certain respects, which is very bullish for gold, and bullish for those companies that can profit from these factors. It's happening in plain sight.

You want to be long great assets in safe places, but that's not the most important thing. We have kids, we have people that we love, and the world is a far more dangerous place now than it was before. I do not see anything on the horizon which is going to reverse that trend.

**LUCAS PIPES:**

Tom, I really appreciate your thoughts. Very insightful.

**DR. THOMAS KAPLAN:**

Did I answer your question fully, Lucas?

**LUCAS PIPES:**

Yes. I mean, I think this is such—as you said at the outset, this is something that we could discuss for many hours, but I really appreciate your thoughts. It's uncharted waters and I really appreciate—you've seen this and you have studied history, and so your perspective is invaluable.

**DR. THOMAS KAPLAN:**

Well, if I would leave you with this, I would say that, obviously there are lots of questions about where the dollar will go. I made a number of comments about what I think the Chinese are thinking, and if I were they, I would be doing the same. The will to power is an important thing.

China is not an emerging country, it's a country that submerged for a brief period and is coming back. Obviously, I'm pro-American, and I'm not someone who's looking at the Chinese model and saying that should be emulated, but I also just have to be very objective. They have a model; they are a larger trading partner to more countries than the United States is. They've certainly exercised, not just because they're intelligent and hardworking, but they are competent, more competent than we appear to have been in a crisis, and I think they're taking note of that. I think the Russians are taking note of all of this.

Pivoting now to the economic sphere, I don't see an end in sight to money printing; I think that the concept of money itself is being re-evaluated. Our previous caller, David, referred to a second Bretton Woods. People forget that John Maynard Keynes actually said we have to include gold in Bretton Woods, because whatever I may think of it, people do see it as a store of value, and it has a place in the global financial system.

I do believe that the Chinese already own more gold, officially, than the United States, they just haven't revealed it. I do believe that they have a vested interest in a rising gold price, as do the Russians, and that both of them have designs on dollar hegemony because dollar hegemony is crucial to America's ability to be able to project power. Power is not simply aircraft carriers, by the way, which

can probably now, these days, be sunk, but power is economic, and the shift to the East is palpable. If anything, we're seeing it accelerated. It's not just the rise, or the ascendancy of China, it's the decline, in absolute terms, of the United States.

That's a challenge. It can be reversed; it requires a lot of civic virtue, which something may trigger. Unfortunately, those kinds of things are usually triggered by dire consequences. Up until December 7, 1941, the vast majority of the American public did not want to get involved in the Second World War, so the greatest generation became the greatest generation because of Pearl Harbour. I hope that we do not see such a thing happening.

But unfortunately, this is the way of the world. If I'm right, then China is, what Dean Martin used to say of Frank Sinatra. He used to say, "It's Frank's world, we're just living in it." Well, unfortunately, I think that that's what's happening now on the geopolitical stage, and we should count our blessings, suffice to say.

By the way, you know me, you know that I'm not a pessimist by nature. I'm only someone who is optimistic, positive, and if anything, irrationally exuberant, that would look at 1,000:1 odds or 10,000:1 odds for a drill program and say, "That's all they got?" I'm not someone who shies away from those things; I don't own gold because of any of those factors, I own gold because they're not finding more of it, they're burning through reserves and the grade is collapsing. That's good enough for me.

But as somebody who is trying to prepare for my children's future, I'm watching what's going on around the world very, very closely, and I think that people should not be complacent. They better think about what the world is going to look like, what money's going to look like, obviously, but that's not the most important thing. The most important thing to teach your kids is ethics and honour and doing so in a world which is transactional. That, to me, is the most, most disturbing aspect of the uncharted waters in which we're sailing.

**LUCAS PIPES:**

Thank you very much, Tom. I really appreciate your time.



**DR. THOMAS KAPLAN:**

Thank you, Lucas. Take care, and feel free to reach out anytime you want, if you want to continue this. You might bring a bourbon with you, however, by the time I'm done.

**OPERATOR:**

This concludes the question-and-answer session. I would like to turn the conference back over to Greg Lang for any closing remarks.

**GREGORY LANG:**

Well, everyone, thank you for joining our call this morning, and we look forward to updating you on our progress in the coming months. Stay safe. Thank you.

**OPERATOR:**

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