



# **NOVAGOLD Resources Inc.**

## **Year End 2022 Financial Results**

### **Conference Call and Webcast Transcript**

**Date:** January 26, 2023

**Time:** 8:00 AM PT

**Speakers:** **Thomas Kaplan**  
Chairman

**Greg Lang**  
President and Chief Executive Officer

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

**Melanie Hennessey**  
Vice President Corporate Communications

**Operator:**

Welcome to the NOVAGOLD 2022 Year-End Financial Results Conference Call and Webcast.

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

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

**Melanie Hennessey:**

Thank you Ariel. Good morning everyone. We are pleased that you have joined us for the 2022 year-end financial results and also for an update on the Donlin Gold project.

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

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.

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

**Greg Lang:**

Thank you, Melanie and good morning to everyone joining today's conference call and webcast.

On Slide 4, we have included a drill hole map for the '22 program that shows the ACMA and Lewis areas, the three areas where we did tight-spaced grid drilling, and the top five intervals from the latest results we jointly released with Barrick a week ago. The 2022 program was completed under budget and ahead of schedule in September with 141 holes drilled for a total of over 42,000 metres, making it

the largest drill program at Donlin in over 15 years. During the field season, 150 employees worked at the Donlin site, representing 24 of the villages in the Yukon Kuskokwim region.

Keeping our workforce healthy and safe has always been a top priority for NOVAGOLD and Donlin Gold. The safety protocols and meetings at the project site played a central role in ensuring the continued success of Donlin and its drill program. We are immensely proud that Donlin Gold achieved zero lost time incidents again in 2022. This is a remarkable achievement that we do not take for granted as we continue to work and improve practices to the insurance of the health and safety of our people.

Key focus areas for the drill program, such as the tight space drilling in the deposit, confirmed recent geologic modeling concepts at the wider space drilling in the immediate areas around the grid. It also identified short scale controls that will be incorporated into an update to refine the geologic domains used for resource estimation, which will then be utilized for the strategic mine planning work. The addition of 14 geotechnical drill holes also provided information to advance the application for the Alaska Dam safety certifications.

We could not be happier with the outcome of the 2022 program. The assay labs returned some of the best intercepts since the project's inception and among the best open pit gold intercepts industry wide. Just to highlight how encouraging the results were, the table on Slide 5 includes the top 20 intervals from the program. For example, Drill Hole 2068 in the Divide grid encountered over 40 metres and about ounce per ton, and the sub-interval at 23 metres of almost two ounces per ton - excellent results. What's particularly intriguing about the results in the Divide grid is the tighter we drill this, the more we expose ourselves to encountering these high-grade structures. Three or four of the top holes from this program were in the Divide grid and encountered an unexpected high-grade structure that we'll be following up on.

With this highly successful drill program behind us and once we have completed the updated resource model and trade-off studies, the owners look forward to supporting the project team and its partners, Calista and The Kuskokwim Corporation (TKC), in positioning the project for the next steps in taking it up the value chain with an updated feasibility study.

Developing one of the world's largest gold mines represents a substantial undertaking that requires the necessary time and energy to ensure a diligent, thorough, transparent and inclusive process for all of our stakeholders in the region; but from my experiences with multiple Tier 1 assets when I was president of Barrick North America for many years, I realized how spectacular the Donlin Gold project really is. I believe that the intensive work that we're doing on the front end, the better will be the long-term outcome.

Richard Williams, our Vice President of Engineering and Development, shares that philosophy. He brought the Pueblo Viejo mine into production for Barrick, and he too joined NOVAGOLD to align himself with the best in class for the gold industry's future.

Turning to Slide 6, Calista and Donlin Gold continued their bipartisan outreach in Alaska with the administration and Congress in Washington, DC to highlight the thoroughness of the project's environmental review and permitting processes, in addition to the considerable benefits that this project will deliver to all Native Alaskans. Alaska's U.S. Senators Murkowski, pictured with our external manager with Barrick, Kristina Woolston, and Dan Sullivan as well as Governor Michael Dunleavy, have long been supporters of the Donlin Gold project. We also recognized a historic re-election to the House of Representatives of Mary Peltola for a full term as the first Alaska native to join Congress, and look forward to our continued outreach to her regarding Donlin Gold in the coming year.

Donlin Gold is a federally permitted project located on private Alaska Native Corporation land designated by law for mining activities as part of the 1971 Alaska Native Claim Settlement Act. This is a differentiating factor for many other mining projects in Alaska. Permitting in Alaska has represented a substantial undertaking and a tremendous achievement to ensure a diligent process for everyone involved. Slide 7 lists all the federal and state permits and certificates received to date.

Ongoing Donlin Gold permitting activities are included on Slide 8. In September, 13 tribes joined Earthjustice requesting that the Corps of Engineers do a supplemental EIS and revoke the permit. Responses have been submitted by Donlin and Calista stating why none of these actions are appropriate, there is very little precedence for 404 and EPA always defers to the Corps' regular permitting process. The agencies have been very receptive in dialogue and welcomed the responses that we have provided.

We continue to support Alaska in its efforts on the state's Clean Water Act 401 certification. The commissioner granted the request for an adjudicatory hearing related to potential water temperature impacts in Crooked Creek. The briefing process is underway and should be completed in the next six months. The right-of-way lease for portions of the natural gas pipeline on state land was separately appealed in Alaska Superior Court by two parties. Legal briefings are being prepared by the parties and we anticipate a decision this year.

The State of Alaska's issuance of water rights for the mine and facilities was also appealed. The administrative record with the court and all parties are preparing their initial briefs. A decision is expected also this year.

The Alaska Department of Natural Resources finalized the relocation plan for public easements in the mine and transportation facilities. It should be noted that all appeals and challenges to the Donlin Gold permits to date have been unsuccessful, often multiple times, and we have confidence in the process. Nevertheless, as with all mining projects in the developed world, we are always prepared and organized for challenges. The project leadership and litigation teams are intimately familiar with the permits and the procedures that need to be followed. Donlin Gold, alongside the steadfast advocacy of Calista and TKC continues to support the state in defense of what constitutes an exceptionally thorough permitting process.

One of the key areas which we spend a considerable amount of time and energy at the Donlin project is participating, funding and supporting the local communities in initiatives associated with health and safety, environmental management, and training and education. For example, as shown on Slide 9, Donlin Gold has conducted many fishery studies, reclamation work, and other environmental activities. The project team has also supported various search and rescue teams in the region, fostered education by supporting the local school districts and youth activities. This has represented a fundamental undertaking by Donlin over the years for the benefit of all stakeholders.

From a community engagement standpoint, Crooked Creek, the closest community to the project site, recently formally expressed their support for the Donlin Gold project and for additional shared value statements were also signed in the region in the last few months, bringing the total to over 12 with five new community relations positions filled by regional Donlin Gold employees.

With that, I will now turn the call over to David Ottewell to review the year-end financial results. Dave?

**David Ottewell:**

Thank you Greg. Slide 11 highlights our operating performance. We reported a net loss of \$53.3 million in 2022, an increase of \$12.8 million from the prior year primarily due to the extended Donlin Gold drilling and work program and lower accretion income due to the maturity of the \$75 million Newmont note from the prior year. Higher interest expense on the Barrick promissory note was offset by increased interest income earned on cash and term deposits and favourable foreign exchange movements.

Cash flows are highlighted on Slide 12. For the year, we spent \$43.2 million, \$15.4 million higher than the prior year primarily due to the expanded drilling and work program at Donlin and the timing of corporate liability insurance payments, partially offset by higher interest received on cash and term deposits.

Looking ahead to 2023 on Slide 13, we begin the year with a financial position that includes cash and cash equivalents of \$64 million, term deposits of \$62 million, and \$25 million due from Newmont in July 2023. We expect to spend \$31 million in 2023, including \$17 million at Donlin, \$13 million for corporate G&A, and \$1 million for working capital and other items.

I will now turn the presentation back to Greg. Greg?

**Greg Lang:**

Thank you Dave.

As the premier gold deposit in the industry located in Alaska, Donlin Gold represents a potential source of responsible economic development for the benefit of all the stakeholders in the second-largest gold producing state in the U.S. With its well-established tradition of responsible mining and an opportunity to provide long term, sustainable economic growth for many decades to come, Donlin Gold is truly in a league of its own within the gold industry. With approximately 39 million ounces grading 2.2 grams per ton, it hosts one of the largest and highest grade undeveloped open pit endowments in the world, and we believe it has exceptional capacity to grow.

The most recent drill program results clearly demonstrate the remarkable upside that remains at Donlin. The ACMA and Lewis deposits which host the existing resources occupy only 3 kilometres of an 8-kilometre mineralized belt which is on less than 5% of Donlin's land position. This project is on private land designated for mining with our partners, Calista and TKC, who are dedicated to responsibly advancing the project.

As currently envisioned, the Donlin Gold project would average over a million ounces a year over 27 years of production. When looking at the select group of gold development projects in North and South America on Slide 15, Donlin is by far the largest, and with global gold production continuing to decrease for most of the producers, it is clear the industry needs project with scale, grade and longevity to ride out multiple gold cycles. With a grade of twice the industry average for an open pit project at 2.25 grams, as shown on Slide 16, this gives Donlin an advantage to make it one of the lowest cost producers in the gold space.

The great exploration potential is another attractive attribute of the Donlin Gold project. The ACMA and Lewis deposits occupy just a small part of the land position, as highlighted on Slide 17, and incredible upside exists to increase the ounces and extend the life well beyond 30 years.

Location is key. Having great leverage in a place where you can keep the fruits of your leverage is worth the investment in time and resources. On the map on Slide 18, we feature the top three gold producing operations in the world and the five largest gold development projects. As private landowners, both Calista and TKC are dedicated to developing Donlin Gold in a way that remains consistent with the elders' vision for responsible economic development while creating jobs and benefits for the surrounding communities, as well as protecting the local culture.

A few quotes are provided from the leaders of both Alaska Native Corporations on Slide 19. Calista and TKC's knowledge and guidance have been critical over the years through the permitting, sustainability and community initiatives we conduct. We immensely appreciate their input regarding their land and the significant economic needs required to sustain healthy living for their communities. Our partners continue in time-tested collaboration, and full engagement are extremely valuable in ensuring responsible and sustainable economic development through all phases of the Donlin Gold project.

Turning to Slide 20, the focus of our activities in 2023 will be updating the geologic and resource models incorporating the data from last year's drill program, continuing field work on collecting geotechnical and hydrologic information for completing design documentation required for the Alaska Dam safety certificates. We will be reviewing key project assumptions, inputs and design components for optimization in future mining engineering, metallurgy, hydrology, and infrastructure. We will also continue to guide our permits through the regulatory process and support the state in defending existing permits. Lastly, we will continue to engage, maintain and grow support for the project in the region and with government entities.

I will now turn the presentation over to our Chairman, Dr. Thomas Kaplan.

**Thomas Kaplan:**

Thank you very much, Greg. It's always a pleasure to be able to hear the highlights of what has become my favourite investment and my favourite gold story, particularly as I am now embarking on my 30th year in this industry.

I've been very, very lucky from the outset to have been able to work with fantastic people who could help guide me to the right places and to the right assets, but mining is more than that, and in fact I think investing is more than that. I'd like to reiterate with some first principles which I've enunciated on multiple occasions but can now use to distill once again the reasons why I do believe that NOVAGOLD represents the very best way to gain maximum leverage to my thesis on gold.

As its written, but let me repeat it again, as an investor I find that the ability to make money is very much a function of developing a thesis, scrubbing that thesis to the point where one enjoys massive conviction, finding the right assets that will allow one to benefit from the underlying theme, increasingly so in a jurisdiction that secures the fruits of that benefit and then having the patience in riding it out for as long as it takes, and I have come to that conviction with NOVAGOLD. Let me take this in two parts.

Over the last 30 years, I've been blessed to have experienced what it's like to make anywhere between 10 times and 200 times my money as a consequence of being able to harness the value of great assets. I have had the pleasure and the luck to be able to control some of the greatest assets in silver, platinum, hydrocarbons, and now once again in gold, as well as silver. As good, in fact as great



as some of these assets were category killers in their space, I do not believe that any of them in their combined attributes would be able to be called unique. Unique is a big word, and so I try to use it in an educational way.

When I meet an investor who is looking for a way to be able to play the gold development space, I will put forward the attributes of Donlin, and when I say this, I'm saying this as obviously the Chairman and largest shareholder of a 50% owner of Donlin through NOVAGOLD, and I also say this as somebody who very happily can point people in the direction of Barrick and say that I do believe that this is undervalued within Barrick's portfolio as well. We try to be as ecumenical as we possibly can. The reality is that if you look at the combined attributes of Donlin, it is unique in the gold space, and so if we are to look at Slide 22, let me reiterate some of the factors that I look at when I'm sitting on the side of the table of many of you out there as those who analyze the story, or are investors in the story.

First of all, size matters, and the truth is that there has never been, to my knowledge, a gold mine that began with 40-ish million ounces and has the potential to host so much more. The drill results which Donlin Gold LLC posted over the last year are not just the best drill results in the history of the project, but also the best drill results in many ways in the gold industry, certainly for a large open pit story, and I'm not even including in that the fact that it's not located in a difficult jurisdiction, it's located in a place where mining, responsible, sustainable mining is welcome.

So you have the size, you have the exploration potential. We have often said that we believe that there could be a multiple of the gold at Donlin. What we're seeing is that not only is there more gold, but that we're finding structures which are so high grade that they very well could assist us in being able to find what could very possibly be the feeder zone for this very, very large system. We've come to call it the New Nevada or the New Carlin, simply because it's so big and the potential to make it bigger is so obvious.

Think about this. The entirety of the 8-kilometre trend that is mineralized represents only 5% of the land package. That means 95% of it is relatively unexplored. The reason for that, for those of you who are relatively new to the story, is really a function of a quirk of history. Barrick Gold, long before we were shareholders but indeed while Greg Lang was the CEO of Barrick North America, Barrick Gold made a hostile takeover attempt on NOVAGOLD. Had they succeeded—and by the way at a multiple

of where the stock price is today, and that's in 2006, had they succeeded, I have no doubt that they would have had 10 drill rigs on the property and—and this is a wild forward-looking statement, but I've been in this movie before in a number of countries and with a number of deposits, I believe that we would be talking about a multiple of the 40 million ounces, and very possibly on other deposits within the district. Again, 95% of the district has been unexplored without drill holes.

There is an adage in the mining industry - if you're going out in search of elephants, go to elephant country. This is probably the greatest elephant country now in North America, and I believe and my chief geologist, who has seen me through 30 years of discoveries, also believes that there is a very reasonable chance that the next Donlin is at Donlin. Had Barrick won that takeover bid and then not done everything that it could to try to suppress the value of NOVAGOLD so that it could buy the rest over the years, and I think Barrick CEOs would admit that at the time, I have no doubt that they would have absolutely drilled this thing completely out. Having made my money primarily through the drill bit, there is no drill budget that Barrick could propose that I wouldn't ask to double, so you know I have massive conviction about this deposit and everything about the drill results has absolutely confirmed what we have been saying for years, that Donlin is a gift that keeps on giving. It is the ultimate category killer.

But it's not just that it has the size, it has the grade. In the last decade, the grade of the average gold mine has gone down as much as 50%. Properties that are being put into development are often below a gram and the grades are falling. There are two aspects to that. First of all, it's harder to mine lower grades; secondly, it gives a tremendous relative advantage to Donlin because, *ceteris paribus* - all things being equal, if you have a mine that's producing at 2 grams, a mine that's producing at one gram, and the cost structure is similar, your cost of production is going to be half of a higher grade mine. This gives us an advantage.

So, you have size, you have quality as well as quantity, you have exploration potential that we've already shown in the last year is as good as anyone has shown for any gold deposits anywhere, period, but very importantly, to my mind most importantly, and I say this as somebody who is not squeamish about the developing world or jurisdictions, I say this as somebody who, as they say, made their bones in Bolivia, Zimbabwe, South Africa. I sold Kibali to Mark Bristow at Rand Gold, and as he will often say, I was one of the only two people with him who believed that that was going to be a great

mine. I know whereof I speak in the developing world. I was the largest holder of mineral rights from Mauritania through to Pakistan itself.

Having said that, while this was so good to me, the frontier spirit, the go where the gold is mentality, I believe that the world has changed and I believe that events over the last year have only reinforced that conviction, so I believe that when you have an asset that has the fundamental attributes of Donlin in terms of size, grade, mine life, call structure, exploration potential, production profile to be producing upwards of a million ounces or more a year, these are all fantastic. But then you superimpose onto that, that they're located in a Tier 1 jurisdiction, they're not just Tier 1, they're Tier 1 jurisdictions. Those are places where you get all the leverage to the underlying theme that you're looking for, and we are unreconstructed, unabashed gold bulls. I believe that gold is going to multiply from here. You want to be able to have all the leverage to that theme in a mining equity and in a place that you feel very comfortable will allow you to keep the fruits of that leverage - that way, you wake up in the morning, what you thought that you own is still what you own.

There are reasons why this is a competitive advantage when you're talking about a development story. First of all, perhaps I'm talking about this because I tend to try to project onto other people the feelings that I have as an investor, but I'm very convinced that when brokerage firms are taking companies around to see investors in the next leg of the bull market, when people are scrambling to find great stories, great assets with great management teams, the first question that they're going to get from the investor is, this sounds wonderful, just tell me where in the world is it? Is it someplace I'm willing to take my kids, is it a place where I can go gambling, like Nevada, or whale watching, like Alaska, or swimming in the Great Barrier Reef, like Australia, because if it's not, why am I adding onto the complexity of mining investment the fact that I can be surprised? Lots of things are going on in the world. It can range from insurgencies to social dislocations. You want to be in a place that welcomes you and where the rule of law is not a novelty but where private property is enshrined, places like a Donlin where the land on which the deposit is located has been set aside by law designated for mining, and where the Native corporations could not be stronger supporters, as shown by the signing on board of Crooked Creek, the nearest community to the mine, and of course TKC and Calista, who have been time-honoured partners for us and an incredible blessing, we've seen it, Barrick has seen Donlin is very, very blessed to have this kind of support at the local level as well as the state level, the senators, and as well as being in a position where we have our federal permits, not just from the

Bureau of Land Management but the U.S. Army Corps of Engineers, something so special that this combination, when it was done, they asked to be able to have a party to celebrate this unique joint venture.

We are in a great place. Donlin figuratively, metaphorically, physically in every respect is a gift that keeps on giving, and I can tell you as someone who doesn't have to be Chairman, I'm Chairman because I enjoy it, because I love telling the story, and you're probably able to gather that. I've been in this now for 12 years and, rather than experiencing deal fatigue, I'm more excited about this than ever before, and the reasons are several folds.

First of all, we know when Greg came onboard as CEO, I came onboard as Chairman. We came onboard simultaneously, we went out, we raised \$330 million within the first few months. We raised that money at \$9.50 in 2012. We haven't had to raise outside capital since then. We have kept faith with the investors who bought us. We said there's no reason to be raising money below where we raised money. We raised enough money between that and the sale of our stake in Galore to Newmont to be able to take us to the next milestone. We're keeping faith with all of our investors, and I'll get back to that in a moment because that has definitely been a differentiating factor for us in the industry.

So, we have the leverage, we have the partnerships. The balance sheet takes us to where we need to go in a production decision. We're blessed with a management team that could run any large mining company. They have the credibility, so too does the Board, and we have a shareholder base that knows us extremely well. We are perhaps the most transparent company in the industry in terms of expressing its long-term strategy as well as our tactics and how we intend to fulfill that strategy. We're almost too transparent, but the product or the end result of that is that we have perhaps the most educated consumer base in the space.

One of the easiest ways that new investors have found to be able to get up to speed on checking the box as to whether this is the kind of investment that they want to be in, is they'll look at our shareholder base and they'll go, oh wait, I know him, or I know him or I know them, what's going to happen if I call them, and I say, please do, because they are our best reference, they've known us for years, and they've seen that the management team and the board has kept every single promise that

it has made since we came onboard in 2011, and more than that, the deposit itself has always delivered.

So now, let's get to what really is the gating factor on where we go from here. If you look on Slide 23, I'm just going to repeat what I've been saying, because I believe that we are perhaps—I hate to talk about timing, it's not my strong suit, but perhaps on the cusp of seeing this happen this year or next year at the latest. Gold is marching to a different beat. When people least expect it, gold will go back to \$2,000. People will say, it's been here before, it'll go to \$2,050. People will say it's been here before, then it will go to \$2,100 and \$2,150, and people will say I'm going to buy it on a pull back, then the pullback to \$1,950 comes and then all the people who said they were going to buy it on a pull back, pull their buy orders and they don't buy it in the pullback because they get scared. And then it will go back to \$2,300, \$2400, and then those who could have bought it at \$1,950 or \$2,050 or \$2,150 get paralyzed until gold goes to what I expect to be the next equilibrium range between \$3,000 and \$5,000.

Now remember, my background is as an historian. I surround myself with an A team of people, both within the family holding company, Electrum, which is our family and employee capital, and several sovereign wealth funds and family offices, but also in the management team of NOVAGOLD itself. When we look at the price chart of gold going back to 1970 on Slide 24, I just want to point out to you, and this is someone who speaks to it as a fundamentalist, as a historian, and who believes that stock charts are simply human brain waves seen through a different lens, this is a really bullish chart. This is a chart that shows you why I genuinely believe we will see an entirely new equilibrium level, and it's not going to be 2,200, 2,300, 2,400, 2,500. It's the reason why we're so relaxed about when NOVAGOLD goes into production, because we're going to be achieving much, much higher realized prices than what we see today. I've long advocated that there's no reason to build something at 1,100, 1,200 if you're genuinely bullish.

Well, let's look at that long wave from the turn of the century to nearly 2,000, in January or in 2009, 2010. That was 12 years, 12 years gold went up every single year, for 12 years. Now during that time, you had inflation fears and deflation fears, strong oil, weak oil, political instability, political stability, strong dollar, weak dollar, and yet gold went up every year for 12 years. That is a bull market. If it looks like a duck and it quacks like a duck and it tastes like a duck, it's a duck. That's a bull market.

What you saw is basically a stock go from \$2.50 to \$19 - long wave, and you had a second wave which took it down to what's actually a very, very beautiful chart formation, but I won't go into that. Suffice to say that that second wave, I believe is coming to an end, or actually came to an end, and we are now at the point where the third wave higher is going to take us to the equilibrium level that I have suggested. I'm saying this not because I believe in playing charts, but I do believe that if you really are a fundamentalist and you ignore charts, you're ignoring basically a representation of human history and the human thought process.

This is a very, very bullish chart, and it's gotten even more bullish in terms of the fundamentals, so I get the question, what has Ukraine done to make people more bullish on gold? Well, I may get this question from you, but I'm going to answer it in any event, and I say, you know, I don't hear very many people saying that they're buying gold because of Ukraine, although I could make a case for it - I mean, after all, war in the heart of Europe is certainly a reason to want to protect your assets, and gold is amongst those that have proven themselves to be great stores of value.

The reason why Ukraine is particularly valuable is because it has accelerated, and I think this will be an enduring acceleration, the competition between the public sector and the private sector to be able to own physical gold. Central banks have been buyers, net buyers of gold for a number of years now. They're not dumb money; in fact, they are quite the opposite, they are smart money, they are insider money. Nobody knows better the quality of their treasuries and their reserves than the central banks themselves, and they're buying more gold. They want to be able to have diversification away from paper assets, but they're very, very cognizant of the fact, because they've been doing it, can be printed at will. They want to be diversified away from dependence on the dollar, particularly in the aftermath of what happened in the opening days of the Ukraine war, where Russia basically had half of their attainable, or touchable foreign reserves quarantined by western governments and central banks. That came as a surprise to them, but it did also reinforce the fact that the gold, particularly the gold that they had in Russia, wasn't touched and could still be used for those friends and neighbours who might want some collateral for the support that they're being given. This has only accelerated on the part of central banks who need to own more gold, and for those that already have it, there is no way they are going to sell it. Bureaucrats are not paid enough, they're not paid two and twenty to take a risk of standing in the face of a bull market and selling off the family silver or gold, so I think we can expect central banks who own it are going to hold it, and those that don't own it are going to want

more of it and are going to want to repatriate it particularly back to their own countries. There are also a lot of reasons for why the Chinese, the Russians, and some of their fellow travelers are looking for ways to be able to use gold as a means of being outside the dollar system, to the extent that they can.

The bigger issue in terms of the gold narrative that I want to point out is crypto. I no longer get very many questions from investors about the reason to own gold. For 20 years, I would hear from people, well, you can't eat it, and I would respond with something glib, like you can eat yen or Aussie or Swissie, or dollars or euros, for that matter, with your Cheerios, so no, you can't eat it - okay. Then it was, well, it doesn't have earnings, etc. - okay, fine. It's just a currency, you have to see it through that prism.

Then crypto came along, and crypto billed itself as gold 2.0. That was—first of all, I wrote about this a couple of years ago. I said, this is going to be a game changer because it's going to make an entire generation compare what they're buying with such wild abandon to gold, and some of them are going to look at that and say, hmm, why would it be called gold 2.0? We thought gold was a barbarous relic for troglodytes. No, no, no, there is a reason indeed to be able to own a currency that can't be printed at will or by fiat.

Now, in truth it turned out that most of those new currencies proliferated as if they were being printed at will or by fiat, but what happened was that in making the case that they were gold 2.0, it got people to once again look at gold 1.0 such that when the crypto universe collapsed, and I'm not talking about all the particular vehicles that were used - I'm not going into that. But, when that universe collapsed, and as Warren Buffet would say, the tide went out, therefore revealing who was swimming naked, gold all of a sudden started to look pretty good, and a lot of those family offices were saying, huh, the central banks are buying it, what do they know that we don't know? And after all, gold has been something that's held its value for thousands of years, and with all due respect to the self-referential, solipsistic attitude of western audiences, pretty much every Indian or Chinese whose owned gold since they bought it since the dawn of mankind, has now seen that that gold has held its value against paper. That is what we call positive reinforcement. They are not looking at gold and saying, gold is too high. They're looking at gold and saying, thank you gold, in gold we trust.



So, you have that at a time when western countries are reassessing crypto currencies, but crypto has now made the argument for me. I can't remember the last time someone said to me, why should I own a currency that cannot be debased; in other words, why should I own gold? That argument's done. All that remains is for gold to push convincingly through 2000, 2000-ish, and I think we're off to the races. I don't like to engage in market timing. It could happen tomorrow, it could happen six months from now. It doesn't really matter. What counts, though, is that I've always found that the best leverage comes through those equities which are related to the underlying commodity, or in the case of gold, currency. If I'm right, the go-to stock in this base, for all of those myriad reasons that I mentioned, will make NOVAGOLD the go-to stock in the development space. It will be for those brokers, whether they cover it or they don't - some are, and I think more will as Donlin goes up the value chain, this is going to be something where an investor is able to look at it and say, you know what? It checks all my boxes - great asset, great management, and in a jurisdiction that when I talk to my IC, their eyes aren't going to roll. They may actually—some of them may actually say, can I join you on the mining floor. That's a differentiator, and that's one of the reasons—many of the reasons why I believe that NOVAGOLD as a pure play on the greatest gold development story in this space is, for me as an investor, the Holy Grail.

Going to Slide 25, the leverage is absolutely enormous, and so you know, as a historian of these things, I believe that Donlin, for the benefit of Barrick as well as NOVAGOLD, will be valued using very likely a zero percent discount rate at—as U.S. assets were back in the 80s and 90s, before the frontier spirits took people like New Monkey (phon 49:54), Yanacocha, and Uzbekistan and Freeport to Indonesia, and indeed Barrick to all kinds of far-flung places. I think that if you're in a safe jurisdiction and you have the kind of exploration potential that in a bull market would make your stock double or triple—in a bull market, if we were there already, the kind of results that NOVAGOLD put out with Barrick over the last year, I believe would have put us already in the teens. But, that's the investor psychology. When it happens, people will catch up, they'll do their work, they'll look at it and they'll say, this is exactly the kind of story that we want, and it's got exploration and could be much bigger, it's in North America, we're going to give it the premium valuation. That's a lot of leverage in a place where you can keep it.

Now, on the last slide, I'd like to say this. I mentioned this before - we take it really seriously that we have an extraordinarily educated shareholder base. I've said this many times - we don't just benefit from having these shareholders on the roster. When I have questions, when the Company has



questions where it seeks investor advice, we know who to call. The door is open to us at Fidelity, at Polson (phon 51:20), First Eagle, Saudi PIF, the Anelie (phon 51:26) family, Exxor (phon 51:27) - I can go on and on and on, and we take advantage of that. Through my career, which started when I became partners with Soros in a silver mining venture, next year will be 30 years, I have always taken advantage of the intelligence of my partners. I believe in the Solomonic proverb - as iron sharpens iron, so a friend sharpens a friend. I'm not interested in people telling me what I want to hear. A lot of people would benefit from the old Russian proverb, it is better to be slapped with the truth than kissed with a lie.

We are very, very fortunate. We have shareholders who have been (inaudible 52:12) on everything that we do. Before we make major decisions, we seek advice, we seek counsel, and as I said, the best reference that we can make when we talk to new investors is to say, if you know any of the people who are involved with us, by all means give them a call. They know Greg, they know me, they know we've kept all of our promises, and they also know Donlin to be the very, very best in breed. There is a reason why we call it the Holy Grail, and the fact that our shareholders stayed with us with this kind of solidarity and, pardon the pun, fidelity, is one of the reasons why we have been able to shine and why I expect that we will be the premier rated story in the gold development space when the next leg of the bull market kicks in and people want the right asset in the right place.

With that, I pass back to Melanie, and she can continue being master of ceremonies from there. Thank you.

**Melanie Hennessey:**

Thank you, Tom. Ariel, we can move to the question period.

**Operator:**

Thank you. We will now begin the question and answer session.

Our first question comes from Lucas Pipes of B. Riley Securities. Please go ahead.

**Lucas Pipes:**

Thank you very much, Operator. Good morning everyone. Thank you very much for the very detailed overview, and Tom, always great to hear your update on the gold markets. Really appreciate it, all of that perspective.

My first question is on Slide 20, where you list three upcoming catalysts, and I wonder if you could maybe elaborate on the potential timing of each of those, and then I have a follow-up question from there. Thank you very much.

**Greg Lang:**

All right Lucas, well thank you for joining the call today. The upcoming catalysts are—you know, they're all very much interrelated, and they're the natural outcome from the drilling and the other work we've been doing with our partner. To give you a sense of timing, the resource model is well advanced and we're updating it with the great results from last year, and the various trade-off studies, the same - they're a work in progress, but we anticipate all of the work that we set out to do to really fine-tune the project, to make sure that we've approached the infrastructure and all other aspects in the most effective manner, we expect to wrap those up end of March, early April, and review them with our partner. I think that will lay the foundation for us to make the next decisions on the timing of updating the feasibility study.

**Lucas Pipes:**

That's very helpful, Greg. Then the follow-up question from there is, one, do you have a sense for the budget for the updated feasibility study, and to what extent—I know you're still completing the trade-off studies, but to what extent can you maybe provide some colour as to whether the drill results allow for a staged approach that could then allow for a different fuel source to get the mine started, for example. I would appreciate your colour on those two points, thank you.

**Greg Lang:**

Sure Lucas. You know, looking at the trade-off studies, certainly a staged development approach is—you know, that's been something we've been exploring in a great deal of detail. I think it makes a lot of sense to us, and I don't want to get ahead of the studies but I think that's certainly a sensible way to approach the project. Some of the other studies we'd relate to that is what bench size should we use,

optimizing the fleet to maximize the grade, what stockpiling strategies do we want to employ to enhance the grade in the early years. I think these are all related to really charting the most economic path forward for the project, and I look forward to updating everyone as this work progresses and the owners are in a position to describe the project that we plan to take forward in greater detail.

**Lucas Pipes:**

Thank you, and the approximate cost of the updated feasibility study?

**Greg Lang:**

Oh, excuse me, Lucas. You know, a feasibility study for an asset the scale of Donlin, it's a \$60 million to \$80 million undertaking, and a lot of that will depend on how much engineering that you want to do on the tail end to prepare the project for construction. In rough numbers, somewhere \$40 million, \$30 million, \$40 million to NOVAGOLD, and I think as Dave pointed out, our treasury can certainly easily accommodate the expenditures that we see coming forward in the next couple years. As we've said, we see no reason to raise equity until we are ready to make the construction decision.

**Lucas Pipes:**

Very, very helpful. Thank you, Greg, and again to the entire team, continued best of luck.

**Greg Lang:**

Thank you Lucas.

**Operator:**

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

**Greg Lang:**

All right, thank you Operator. In closing, the gold industry in general and large-scale assets such as Donlin Gold in particular require patience. This is an attribute that we have demonstrated extensively over the last decade which has proven beneficial in allowing us to de-risk the project and move it up the value chain. Donlin Gold is brilliantly positioned for this next leg in the gold market. I wish to thank

all of you and all of our shareholders for your backing and your choice to invest in NOVAGOLD, as well as your encouragement, patience, and insight over the years.

We look forward to continuing to deliver on our promises and keeping an open line of communication between us while we reach even more milestones and achievements together in 2023. Thank you for joining our call.

**Operator:**

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