NOVAGOLD Resources Inc. - Water Security 2021

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

We operate in the gold mining industry, primarily focused on advancing the Donlin Gold project in Alaska. The Donlin Gold project is held by Donlin Gold LLC ("Donlin Gold"), a limited liability company owned equally by wholly owned subsidiaries of NOVAGOLD and Barrick Gold Corporation ("Barrick").

We do not produce gold or any other minerals, and do not currently generate operating earnings. Funding to explore our mineral properties and to operate the Company was acquired primarily through previous equity financings consisting of public offerings of our common shares and warrants and through debt financing consisting of convertible notes, and the sale of assets. We expect to continue to raise capital through additional equity and/or debt financings, through the exercise of stock options, and otherwise.

NOVAGOLD is a well-financed precious metals company focused on the development of its 50%-owned Donlin Gold project in Alaska, one of the safest mining jurisdictions in the world. With approximately 39 million ounces of gold in the measured and indicated mineral resource categories, inclusive of proven and probable mineral reserves (541 million tonnes at an average grade of approximately 2.24 grams per tonne in the measured and indicated resource categories on a 100% basis), Donlin Gold is regarded to be one of the largest, highest-grade, and most prospective known open pit gold deposits in the world.

According to the 2012 Donlin Gold Feasibility Study, once in production, Donlin Gold is expected to produce an average of more than one million ounces per year over a 27-year mine life on a 100% basis. The Donlin Gold project has substantial exploration potential beyond the designed footprint which currently covers three kilometers of an approximately eight-kilometer-long gold-bearing trend. Current activities at Donlin Gold are focused on State permitting, optimization work, community outreach, and workforce development in preparation for the eventual construction and operation of this project. With a strong balance sheet, NOVAGOLD is well-positioned to fund its share of permitting and optimization efforts at the Donlin Gold project.

Donlin Gold is a committed partner to the Alaska Native Communities both surrounding the project and within the State. This commitment underpins our approach. An important factor that distinguishes Donlin Gold from most other mining assets in Alaska is that the project is located on private land designated for mining activities five decades ago. Donlin Gold has entered into life-of-mine agreements with Calista, which owns the subsurface mineral rights, and TKC, a collection of 10 village corporations, which owns the surface land rights, and is committed to providing employment opportunities, scholarships, and preferential contract considerations to Calista and TKC shareholders. These agreements include a revenue-sharing structure, established by the Alaska Native Claims Settlement Act (ANSCA) of 1971, which resolved Alaska Native land claims, allotting 44 million acres of land for use by Alaska Native Corporations. Additionally, our long-term commitment to economic development is exemplified by Donlin Gold's support of TKC's initiative to launch energy and infrastructure projects in Middle Kuskokwim villages. These partnerships, activities, and programs are illustrative of the commitment to the sustainable and responsible development of the Donlin Gold project for the benefit of all stakeholders.

NOVAGOLD is committed to responsible mining, protection of human life, encouragement of good health, good stewardship of the environment, and adding value to the communities in which we operate. We believe that mines can be developed in collaboration with people who have the local knowledge to help minimize environmental impacts while benefiting from economic activity. We're committed to the principles of sustainable development, including the conservation and preservation of natural resources and of the environment. We strive to achieve the highest possible standards through our workforce performance, actions, and conduct.

W-MM0.1a

(W-MM0.1a) Which activities in the metals and mining sector does your organization engage in?

Activity	Details of activity
Mining	Gold

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2020	December 31 2020

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which financial control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	Management of water is an essential component of the Donlin Gold project's operating plans. Federal and State permits are in hand that manage all water use and water quality standards, and take into account proper discharge and return to the environment after use as well as water quality modeling and monitoring for post-closure pit lake. Any water that comes in contact with mine facilities would be used in the milling process to the maximum extent practicable or treated and discharged according to stringent permit standards. Water requirements for the proposed project have been summarized in a Water Resources Management Plan, which has been subject to review by state and federal agencies. Water primarily will be sourced from the two drainages (American and Anaconda Creeks) within the mine footprint and pit dewatering. In some years, the water supply from these sources may not be able to meet the makeup water requirements for the plant. In these circumstances, additional water will be obtained primarily from a proposed reservoir in Snow Gulch. Regarding Indirect use, delays in the ice breakup or early freeze-up, low flow levels and water depths, or other conditions affecting the Kuskokwim River could delay or prevent Donlin Gold from transporting supplies to the site. Any such interference with the delivery of needed supplies to the Donlin Gold project could adversely affect the construction or operation of the project and/or the costs associated with these activities which, in turn, would adversely affect our business.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Neutral	The planned design of the processing facility will include opportunities to recycle water wherever feasible.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	76-99	The Donlin Gold project used approximately 184,000 gallons of pumped ground water to support camp operations during 2020. Some additional surface water was temporarily used for drilling operations, but this water was quickly and safely returned to area streams. The project site is located in a remote part of western Alaska where there are few other water users and water scarcity has not been a concern. In addition, all water withdrawals and uses are authorized by the State of Alaska. This process provides for protection of other local water uses, including ensuring no adverse impacts to streams and aquatic life use.
Water withdrawals – volumes by source	76-99	See previous answer for Water withdrawals - total volumes in W1.2.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	Not relevant	Not applicable as the Donlin Gold project is not an active mine.
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	Not monitored	
Water discharges – total volumes	100%	Federal and State permits are in hand that manage all water use and water quality standards, and take into account proper discharge and return to the environment after use. Discharge volumes are tracked as per permit requirements. Detailed operating and monitoring plans and policies have been established for and implemented at the Donlin Gold project site that address safe drinking water and sanitary wastewater systems; stormwater management; spill prevention and control; fuel, oil, and hazardous materials management; wetlands protection; wildlife interactions; and many others. See previous comments regarding water management in W1.1.
Water discharges – volumes by destination	100%	
Water discharges – volumes by treatment method	100%	When the project site was occupied in 2020, the environmental team conducted daily inspections of all ongoing site activities as well as monitoring for potential releases to land and water. These areas include water and wastewater management, air quality, hazardous and other solid waste management, fuel storage and use (and associated spill risk), and the protection of biological resources around the site. Donlin Gold and its contractors have never been cited for any non-compliance with environmental regulations, standards, or permit requirements.
Water discharge quality – by standard effluent parameters	100%	
Water discharge quality – temperature	Not monitored	
Water consumption – total volume	76-99	
Water recycled/reused	76-99	
The provision of fully-functioning, safely managed WASH services to all workers	100%	Detailed operating and monitoring plans and policies have been established for and implemented at the Donlin Gold project site that address safe drinking water and sanitary wastewater systems.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	0.69	This is our first year of measurement	Donlin Gold used approximately 184,000 U.S. gallons of pumped ground water to support camp operations during 2020.
Total discharges	0.69	This is our first year of measurement	Some additional surface water was temporarily used for drilling operations, but this water was quickly and safely returned to area streams. As previously noted, the project site is located in a remote part of western Alaska where there are few other water users and water scarcity has not been a concern. In addition, all water withdrawals and uses are authorized by the State of Alaska. This process provides for protection of other local water uses, including ensuring no adverse impacts to streams and aquatic life use.
Total consumption	0.69	This is our first year of measurement	

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	No	<Not Applicable>	<Not Applicable>	Please select	Water scarcity has not been an issue in the area of the Donlin Gold project.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	Extremely small volume used for drilling operations. All water is fully recirculated and ultimately returned to the natural water system.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater – renewable	Relevant	0.69	This is our first year of measurement	When the project site was occupied in 2020, the environmental team conducted daily inspections of all ongoing site activities as well as monitoring for potential releases to land and water. These areas include water and wastewater management, air quality, hazardous and other solid waste management, fuel storage and use (and associated spill risk), and the protection of biological resources around the site. Donlin Gold and its contractors have never been cited for any non-compliance with environmental regulations, standards, or permit requirements. The Donlin Gold project site is located in a remote part of western Alaska where there are few other water users and water scarcity has not been a concern. All water withdrawals and uses are authorized by the State of Alaska. This process provides for protection of other local water uses, including ensuring no adverse impacts to streams and aquatic life use.
Groundwater – non-renewable	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	
Third party sources	Not relevant	<Not Applicable>	<Not Applicable>	

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	Extremely small volume used for drilling operations. All water is fully recirculated and ultimately returned to the natural water system.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater	Relevant	0.69	This is our first year of measurement	Donlin Gold used approximately 184,000 U.S. gallons of pumped ground water to support camp operations during 2020.
Third-party destinations	Not relevant	<Not Applicable>	<Not Applicable>	

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Secondary treatment	Relevant	0.69	This is our first year of measurement	100%	In addition to secondary treatment with two-step filtration, downstream groundwater is monitored to ensure water quality standards are met or exceeded.
Primary treatment only	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Discharge to a third party without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	

W-MM1.3

(W-MM1.3) Do you calculate water intensity information for your metals and mining activities?

No, and we have no plans to do so in the next two years

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our customers or other value chain partners

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

The Donlin Gold project has life of mine agreements with Calista Corporation ("Calista") and The Kuskokwim Corporation (TKC), the two Alaska Native Corporations that own the mineral rights and surface rights, respectively, where the Donlin Gold project is located. All area communities within 100 miles of the project are shareholders in one or both of these Corporations. Engaging with communities in a respectful and culturally sensitive manner while developing long-term, mutually beneficial relationships has been our approach since the early exploration of the Donlin Gold project – and will continue throughout its life cycle. Calista and TKC have been directly involved in outreach about the Donlin Gold project for more than two decades, and they have provided a conduit for sharing local knowledge through the public comment periods in the permitting process. This is consistent with their stated goal to increase shareholder benefits and economic opportunities through innovation, growth, leadership, partnership, execution, and financial discipline.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W-MM3.2

(W-MM3.2) By river basin, what number of active and inactive tailings dams are within your control?

Country/Area & River basin

United States of America	Kuskokwim River

Number of tailings dams in operation

0

Number of inactive tailings dams

0

Comment

The Donlin Gold project is in the permitting and development stage. No final construction decision has been made.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage
Full

Risk assessment procedure
Water risks are assessed in an environmental risk assessment

Frequency of assessment
Not defined

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Please select

Tools and methods used
Please select

Comment

Supply chain

Coverage
Full

Risk assessment procedure
Water risks are assessed in an environmental risk assessment

Frequency of assessment
Not defined

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Please select

Tools and methods used
Please select

Comment

Other stages of the value chain

Coverage
Please select

Risk assessment procedure
<Not Applicable>

Frequency of assessment
<Not Applicable>

How far into the future are risks considered?
<Not Applicable>

Type of tools and methods used
<Not Applicable>

Tools and methods used
<Not Applicable>

Comment

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	NOVAGOLD's current environmental performance relates almost entirely to activities at the Donlin Gold project. It is our duty to support a project development plan that considers full life-of-mine risks and opportunities – from exploration through to construction, operation, and finally closure and reclamation. Dialogue with local communities and our Alaska Native partners, who offered generations of traditional knowledge about the local environment, began early in the project's history. Donlin Gold used this information to help guide the location, layout, and design of the project infrastructure to avoid sensitive and culturally important habitats and landscapes; this information was included in the Donlin Gold Final Environmental Impact Statement (FEIS), with project adjustments informed by engagement with Y-K region stakeholders.
Water quality at a basin/catchment level	Relevant, always included	
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	See note for "Other contextual issues" in W3.3b.
Implications of water on your key commodities/raw materials	Relevant, always included	
Water-related regulatory frameworks	Relevant, always included	
Status of ecosystems and habitats	Relevant, always included	
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	
Other contextual issues, please specify	Relevant, always included	The first sub-committee of the Donlin Advisory Technical Review and Oversight Committee ("DATROC") was officially launched in early May 2021. The DATROC's objective is to establish and maintain a well-defined process for communication, dialogue and problem-solving needed among the partners. Calista, TKC, and Donlin Gold initiated planning to establish the DATROC in 2018. The Subsistence Community Advisory Committee ("SCAC"), a sub-committee under the DATROC, will receive and distribute information on Donlin Gold's plans, operations, and monitoring activities. It will also communicate information regarding local subsistence activities and traditional knowledge as it relates to information shared by Donlin Gold. Lastly, it will serve as a forum for stakeholders to discuss issues of concern related to the potential impact of Donlin Gold's plans, operations or monitoring activities on subsistence activities, wildlife or habitat, as well as assist them in developing and updating plans for land and waters affected by the project. As part of the new SCAC, the "Let's Talk Donlin" website – hosted by Calista, TKC, and Donlin Gold – was launched as a community information hub that also accepts feedback on community issues and concerns.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Not relevant, included	There is not a direct connection between a commodity producer and the end user as defined as a Customer. Central Banks are one of the largest Customer groups and could have influence on the mining industry through requirements to disclose water-related risk assessments. To date, there has been no indication this will occur but due to their influence over regulators as a stakeholder group they are considered.
Employees	Relevant, sometimes included	See note regarding local communities in W3.3c. A total of 80% of Donlin Gold's summer 2020 workforce were Alaska Native from area communities.
Investors	Relevant, sometimes included	
Local communities	Relevant, always included	NOVAGOLD's current environmental performance relates almost entirely to activities at the Donlin Gold project. It is our duty to support a project development plan that considers full life-of-mine risks and opportunities – from exploration through to construction, operation, and finally closure and reclamation. Dialogue with local communities and our Alaska Native partners, who offered generations of traditional knowledge about the local environment, began early in the project's history. Donlin Gold used this information to help guide the location, layout, and design of the project infrastructure to avoid sensitive and culturally important habitats and landscapes; this information was included in the Donlin Gold Final Environmental Impact Statement (FEIS), with project adjustments informed by engagement with Y-K region stakeholders.
NGOs	Relevant, sometimes included	Changes were made to the Donlin Gold Final Environmental Impact Statement based on community feedback, including from those opposed to the project.
Other water users at a basin/catchment level	Relevant, always included	See note regarding local communities in W3.3c.
Regulators	Relevant, always included	
River basin management authorities	Relevant, always included	See note regarding local communities in W3.3c.
Statutory special interest groups at a local level	Relevant, sometimes included	See note regarding local communities in W3.3c.
Suppliers	Relevant, sometimes included	At Donlin Gold's current development stage, the site's existing potential for environmental impacts is based on a site camp of generally fewer than 100 employees and contractors, as was the case in 2020, at peak occupancy. Donlin Gold does not generate operational process waste or wastewater, produce tailings nor waste rock, or use any cyanide. All runoff from field activities, including drill sites, is managed to protect water quality under state permit requirements. As assessed, most suppliers at present would not have a material impact on water-related risks.
Water utilities at a local level	Not relevant, explanation provided	There are no water utilities at a local level. The closest village, located 10 miles from the project site, has a limited supply of well water for local consumption.
Other stakeholder, please specify	Please select	

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

An extensive environmental baseline-study program has been ongoing since 1996 to provide a foundation for responsible development. Resources and topics in the baseline-study program include air quality, fish and other aquatic resources, geotechnical conditions, hydrology/ground and surface water quality and quantity, land use, mercury, public health, socioeconomics, sediment quality, subsistence, vegetation, wetlands, and wildlife. Data from these studies have been used in the planning and design of the mine, and to establish environmental conditions prior to project development. All of this data has been submitted to regulatory agencies as part of the FEIS and permitting processes. NOVAGOLD's current environmental performance relates almost entirely to activities at the Donlin Gold project. It is our duty to support a project development plan that considers full life-of-mine risks and opportunities – from exploration through to construction, operation, and finally closure and reclamation. Dialogue with local communities and our Alaska Native partners, who offered generations of traditional knowledge about the local environment, began early in the project's history. Donlin Gold used this information to help guide the location, layout, and design of the project infrastructure to avoid sensitive and culturally important habitats and landscapes; this information was included in the Donlin Gold Final Environmental Impact Statement (FEIS), with project adjustments informed by engagement with Y-K region stakeholders.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only within our direct operations

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Water security is one of many risks outlined in NOVAGOLD's financial statements: Completion of the development of the Donlin Gold project is subject to various requirements, including the availability and timing of acceptable arrangements for power, water, transportation, access, and facilities. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the project. There can be no assurance that adequate infrastructure, including access and power supply, will be built, that it will be built in a timely manner or that the cost of such infrastructure will be reasonable or that it will be sufficient to satisfy the requirements of the project. Delays in the ice breakup or early freeze-up, low flow levels and water depths, or other conditions affecting the Kuskokwim River could delay or prevent Donlin Gold from transporting supplies to the site. Any such interference with the delivery of needed supplies to the Donlin Gold project could adversely affect the construction or operation of the project and/or the costs associated with these activities which, in turn, would adversely affect our business. Climate changes also could affect the availability of water required to sustain operations at the Donlin Gold project. Also, management of water is an essential component of the project's operating plans. Climate change could require modifications to the project's water management plan, which may require additional capital investments or increase operating costs, if precipitation increases or decreases relative to historical records.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	1	100	The Donlin Gold project site is located in a remote part of western Alaska where there are few other water users and water scarcity has not been a concern. The company believes that through a rigorous and science-based input and review process prior to issuance of the Final Environmental Impact Statement, the water security risks have been addressed. As part of its permit maintenance and in response to stakeholder input, the company will continue to assess all risks, including water security.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

United States of America	Kuskokwim River

Number of facilities exposed to water risk

1

% company-wide facilities this represents

100%

Production value for the metals & mining activities associated with these facilities

0

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Unknown

Comment

The Donlin Gold project is in permitting stage, and as a development stage project no decision has been made regarding construction of the project.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

United States of America	Kuskokwim River

Type of risk & Primary risk driver

Physical	Increased water scarcity

Primary potential impact
Reduction or disruption in production capacity

Company-specific description
Completion of the development of the Donlin Gold project is subject to various requirements, including the availability and timing of acceptable arrangements for power, water, transportation, access, and facilities. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the project. There can be no assurance that adequate infrastructure, including access and power supply, will be built, that it will be built in a timely manner or that the cost of such infrastructure will be reasonable or that it will be sufficient to satisfy the requirements of the project. Delays in the ice breakup or early freeze-up, low flow levels and water depths, or other conditions affecting the Kuskokwim River could delay or prevent Donlin Gold from transporting supplies to the site. Any such interference with the delivery of needed supplies to the Donlin Gold project could adversely affect the construction or operation of the project and/or the costs associated with these activities which, in turn, would adversely affect our business. Climate change could also affect the availability of water required to sustain operations at the Donlin Gold project. Climate change could require modifications to the project's water management plan, which may require additional capital investments or increase operating costs, if precipitation increases or decreases relative to historical records. Management of water is an essential component of the project's operating plans.

Timeframe
Unknown

Magnitude of potential impact
Low

Likelihood
Exceptionally unlikely

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact

Primary response to risk
Please select

Description of response

Cost of response

Explanation of cost of response

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	The Donlin Gold project is located in western Alaska in an isolated region where there are current no water users of an industrial scale. If constructed, the mine would be a unique water user in a region that has not experienced water scarcity and where water managment is the primary risk. Risk mitigation for those risks associated with water is done proactively through mine planning, as well as processing and tailings management facility design.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity
Resilience

Primary water-related opportunity
Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity
The potential environmental effects of the proposed Donlin Gold project were detailed and evaluated as part of the National Environmental Policy Act process. The Final Environmental Impact Statement (FEIS) was issued in August 2018 and not only includes the potential effects of the project on climate change, but also the potential effects of climate change on the project itself; these risks are considered and have been incorporated in the project design. The effects of climate change, including the impacts of extreme weather conditions and melting permafrost, are incorporated into all permitting submissions, as well as design engineering and operational and closure planning.

Estimated timeframe for realization
Unknown

Magnitude of potential financial impact
Low-medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number
Facility 1

Facility name (optional)
The Donlin Gold project

Country/Area & River basin

United States of America	Kuskokwim River

Latitude
62.041

Longitude
-158.235

Located in area with water stress
No

Primary power generation source for your electricity generation at this facility
<Not Applicable>

Oil & gas sector business division
<Not Applicable>

Total water withdrawals at this facility (megaliters/year)
0.69

Comparison of total withdrawals with previous reporting year
This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0.69

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water
0

Withdrawals from third party sources
0

Total water discharges at this facility (megaliters/year)
0.69

Comparison of total discharges with previous reporting year
This is our first year of measurement

Discharges to fresh surface water
0

Discharges to brackish surface water/seawater
0

Discharges to groundwater
0.69

Discharges to third party destinations
0

Total water consumption at this facility (megaliters/year)
0.69

Comparison of total consumption with previous reporting year
This is our first year of measurement

Please explain
The Donlin Gold project has been designed for no uncontrolled discharge of mine-contacted water. Any water that comes in contact with mine facilities would be used in the milling process to the maximum extent practicable or treated and discharged according to stringent permit standards. An extensive environmental baseline-study program has been ongoing since 1996 to provide a foundation for responsible development. Resources and topics in the baseline-study program include air quality, fish and other aquatic resources, geotechnical conditions, hydrology/ground and surface water quality and quantity, land use, mercury, public health, socioeconomics, sediment quality, subsistence, vegetation, wetlands, and wildlife. Data from these studies have been used in the planning and design of the mine, and to establish environmental conditions prior to project development. All of this data has been submitted to regulatory agencies as part of the FEIS and permitting processes. Donlin Gold used approximately 0.69 megaliters of pumped ground water to support camp operations during 2020. Some additional surface water (unmeasured) was temporarily used for drilling operations, but this water was quickly and safely returned to area streams. As previously noted, the project site is located in a remote part of western Alaska where there are few other water users and water scarcity has not been a concern.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water withdrawals – volume by source

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water withdrawals – quality

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharges – total volumes

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharges – volume by destination

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharges – volume by treatment method

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharge quality – quality by standard effluent parameters

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water discharge quality – temperature

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water consumption – total volume

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

Water recycled/reused

% verified
Not verified

What standard and methodology was used?
<Not Applicable>

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

No, but we plan to develop one within the next 2 years

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	The environment, health, safety and sustainability and technical committee is a standing sub-committee of the NOVAGOLD board, to which the board has delegated certain responsibilities relating to oversight for the development, implementation, and monitoring of the company's health, safety, environment, and sustainability policies, including the company's ESG performance and disclosures. There are five members on the committee with a cumulative total of senior mining management industry experience of greater than 160 years. All committee members are independent except NOVAGOLD's president and CEO. The committee is composed of directors with knowledge and experience in the areas of environmental stewardship and compliance, social license, worker safety, and technical expertise in the permitting, planning, development, and operation of large mines. While the board is ultimately responsible for oversight of the company's ESG performance, the committee reviews the company's environmental and social engagement performance at every committee meeting and provides strategic direction to management on these matters. The committee provides a report at each regular board meeting.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Sporadic - as important matters arise	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy	As the Donlin Gold project is a development stage project in the permitting process, and no construction decision has been made, most water-related issues are embedded in the Federal and State permitting processes in the U.S. and State of Alaska. Site use, and related water consumption and disposal, in 2020 is due to camp operations from April to October during a drill program. No water use occurs in the winter months when the camp is closed. Hygiene-related uses for water are discussed more regularly by the committee but discussion regarding planned water use is infrequent due to stage of development. This will be a high-priority item during an updated feasibility study process and when a construction decision is made.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)
Environmental health and safety manager

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Quarterly

Please explain
At NOVAGOLD, the highest management-level position with responsibility for water-related issues is the Vice President, Environment, Health, Safety, and Sustainability. This position provides at least quarterly updates to the Environment, Health, Safety and Sustainability and Technical Committee that provides broader oversight. At the Donlin Gold project level, there is a permitting and environmental manager who works closely with NOVAGOLD and partner Barrick Gold.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	The Donlin Gold project is a development stage project currently in the permitting process, which began in 2012. NOVAGOLD has been involved in the project for more than 20 years. While federal permits were obtained in 2018 and most key State permits have been obtained, additional permits are required to operate. No construction decision has been made. Work at the project site in remote western Alaska, USA, is intermittent and seasonal in the ice-free months, as well as being reliant upon project development needs. In 2020, a full drill program employing contractors and supported by Donlin Gold employees was at site. In previous summers, a limited number of people would be on site conducting maintenance work only. Until the project is in production and water use is predictable, it is difficult to measure management performance through targets, though guidelines can be established.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?
Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Two members of NOVAGOLD's management team represent the company with three industry trade associations in Alaska as well as the national mining trade association in the USA. One member of management is actively involved in developing the association's first climate change policy with a select-member committee at the national mining trade association.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?
No, but we plan to do so in the next two years

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	> 30	An extensive environmental baseline-study program has been ongoing since 1996 to provide a foundation for responsible development. Resources and topics in the baseline-study program include air quality, fish and other aquatic resources, geotechnical conditions, hydrology/ground and surface water quality and quantity, land use, mercury, public health, sediment quality, subsistence, vegetation, wetlands, and wildlife. Data from these studies have been used in the planning and design of the mine, and to establish environmental conditions prior to project development. All of this data has been submitted to regulatory agencies as part of the FEIS and permitting processes. The project has been designed for no uncontrolled discharge of mine-contacted water. Any water that comes in contact with mine facilities would be used in the milling process to the maximum extent practicable or treated and discharged according to stringent permit standards. All runoff from field activities, including drill sites, is managed to protect water quality under state permit requirements. All sanitary wastewater from the camp is treated prior to disposal. All water withdrawals and uses are authorized by the State of Alaska. This process provides for protection of other local water uses, including ensuring no adverse impacts to streams and aquatic life use.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	> 30	See explanation in Long-term business objectives in W7.1.
Financial planning	No, water-related issues not yet reviewed, but there are plans to do so in the next two years	<Not Applicable>	See explanation in Long-term business objectives in W7.1.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Opex and capex on water-related capital expenditures are less than $25,000 per year. Water use, needs, and expenditures will remain extremely low over the next several years given the site is limited to exploration activity and field work related to permitting.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	Other, please specify (Yes, effects of climate on precipitation, water supply, and management have been fully integrated into a project-specific water balance model.)	Potential +/- 25% changes in lonn-term water management needs	Design water supply and management systems to accommodate lesser and greater water volumes predicted by the model.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?
No, and we do not anticipate doing so within the next two years

Please explain
Not currently relevant due to very limited near-term water use.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Activity level specific targets and/or goals Site/facility specific targets and/or goals	Goals are monitored at the corporate level	Good practice based on ensuring all water used is returned to the natural system.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal
Engaging with local community

Level
Company-wide

Motivation
Recommended sector best practice

Description of goal
The Donlin Gold project is a development stage project currently in the permitting process, which began in 2012. NOVAGOLD has been involved in the project for more than 20 years. While federal permits were obtained in 2018 and most key State permits have been obtained, additional permits are required to operate. No construction decision has been made. Work at the project site in remote western Alaska, USA, is intermittent and seasonal in the ice-free months, as well as being reliant upon project development needs. In 2020, a full drill program employing contractors and supported by Donlin Gold employees was at site. In previous summers, a limited number of people would be on site conducting maintenance work only. While environmental performance is measured in company goals, which are regularly reviewed, until the project is in production and water use is predictable, it is difficult to measure management performance through targets, though guidelines can be established, such as regulatory compliance under permitting. Weighting of 35% of overall company goals to complete Donlin Gold stakeholder investment and community development projects, with details disclosed in the Company's annual information circular Targets are provided in categories: Threshold (~70-90% rating), Target (~90-110% rating), Maximum (~110-150% rating).

Baseline year
2020

Start year
1996

End year

Progress
Weighting of 35% of overall company goals to complete Donlin Gold stakeholder investment and community development projects, with details disclosed in the Company's annual information circular Targets are provided in categories: Threshold (~70-90% rating), Target (~90-110% rating), Maximum (~110-150% rating). Results in the past five years have consistently met Target or Maximum. Process is ongoing throughout current development and future production stages of the project, with unknown end date. Engaging with local communities began when exploration of the project area began in the mid-1990s.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, we do not currently verify any other water information reported in our CDP disclosure

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Manager, Investor Relations	Public affairs manager

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Non-public

Please confirm below

I have read and accept the applicable Terms