

NovaGold Resources (Q3 2018 Call)

October 3, 2018

Corporate Speakers:

- Melanie Hennessey; NovaGold Resources Inc.; VP Corporate Communications
- Greg Lang; NovaGold Resources Inc.; President, CEO
- David Ottewell; NovaGold Resources Inc.; VP, CFO
- Thomas Kaplan; NovaGold Resources Inc.; Chairman

Participants:

- John Bridges; JPMorgan; Analyst
- Lucas Pipes; B. Riley FBR; Analyst
- Joe Hays; Private Investor
- Jim Schmidt; Private Investor
- David Lezinsky; Private Investor

PRESENTATION

Operator: Welcome to the NOVAGOLD's Third Quarter 2018 Conference Call and Webcast.

(Operator Instructions)

As a reminder, this call may be recorded.

I would now like to introduce your host for today's conference, Melanie Hennessey, Vice President, Corporate Communications.

Melanie Hennessey: We are pleased that you have joined us for NOVAGOLD's third quarter results and for an update on Donlin. On today's call, we have Greg Lang, NOVAGOLD's President and CEO, who will speak about our recent achievements; we also have David Ottewell, NOVAGOLD's Vice President and CFO, who will speak about our financial results and Dr. Thomas Kaplan, NOVAGOLD's Chairman, will also be joining us today to make some closing remarks at the end of the call.

At the end of the webcast, we will take questions both by phone and by e-mail.

But before we get started, I would like to remind our listeners that any statements made today may contain forward-looking 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.

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

Greg Lang: We are pleased that you could join us to hear about our third quarter results, which were momentous in the history of the Company. After more than 5 years of diligent work focused on the strategy of taking the Company's assets up the value chain, given last quarter's achievements, I couldn't be more pleased with the outcome. From the receipt of the Donlin Gold Record of Decision as well as multiple federal and state permits, to the successful sale of our share of the Galore Creek project to Newmont, we have delivered on significant strategic milestones that we laid out for the Company.

We have now a unique project permitted for development in Alaska, one of the best jurisdictions in the world who welcome responsible mine development. With its significant size, excellent grade and outstanding exploration potential, we believe that the Donlin Gold project will become one of the leading mines in the precious metals industry for decades to come.

The positive Record of Decision in August and the completion of the federal permitting process on our Donlin Gold project were very noteworthy. It was the first time two federal agencies have ever signed a joint Record of Decision. As shown on Slide 5 [leads] for the Army Corps of Engineers and the Bureau of Land Management were present at the signing ceremony. We are very pleased with the Record of Decision as the project was approved as it was proposed with no unusual stipulations added to this approval.

Slide 6 shows an image of the participants in the signing ceremony for the Record of Decision. The representatives from the BLM, the Corps of Engineers, our native partners, Andrew Guy of Calista and Maver Carey from the Kuskokwim Corporation, Andy Cole from Donlin Gold and representatives from Barrick and NOVAGOLD were present. Everyone involved with this process over the years has contributed immensely and made it all possible.

Permitting in the United States certainly requires patience. We have spent about 5 years to get to this point. Earlier this year, the Army Corps of Engineers stated it would take 4 months from the publication of the EIS to write a record of decision and they did. This demonstrates that the right project, handled the right way will get approved. It's also encouraging to see the Alaska State permitting agency is working in parallel with their Federal counterparts.

As shown on Slide 7, four key state permits were completed including the issuance of the state air quality, water discharge and fish habitat permits. In addition, the public comment period closed for the draft Waste Management Permit and the Closure and Reclamation Plan which are expected to be issued in the first quarter of 2019 along with the state portion of the pipeline right-of-way. Barrick and NOVAGOLD remain committed to advancing the Donlin Gold project in a financially disciplined manner, with a strong focus on environmental stewardship and social responsibility.

On Slide 8 we have included quotes from Rob Krcmarov, Barrick's Executive Vice President of Exploration & Growth. This quote was in the joint press release announcing the record of decision in August.

Another key milestone that NOVAGOLD delivered on in the third quarter was the sale of Galore Creek to Newmont. Upon closing of the transaction on July 27, \$100 million was added to our treasury. We also have two additional payments of \$75 million upon the completion of the preliminary feasibility study or no later than July 25, 2021 and \$25 million when the final feasibility study is completed on or year five. A \$75 million contingent payment is also due when the owners make a construction decision.

We are very pleased with this transaction; it was a great outcome for all parties involved. It allows NOVAGOLD to establish a financial foundation for continued advancement of Donlin Gold. It gave Newmont a high quality development project in a safe jurisdiction and it gave Teck a high quality partner in Newmont with the capacity to advance this project.

I was honored to participate in the ownership transition ceremony last August with the Tahltan Nation, Teck and Newmont at our project site in British Columbia. There was a photo included on Slide 9 with the Tahltan Nation and Newmont. We are delighted with the outcome and wish Newmont and Teck great success in the future development of Galore Creek.

What does this transaction do for our treasury? As shown on Slide 10, NOVAGOLD closed the quarter with approximately \$166 million in cash which will be going directly to the advancement of the Donlin Gold project with an additional \$100 million we expect to receive from Newmont in the next 5 years. With those receivables included we have approximately \$0.25 billion in liquidity today. With the scoping level work largely completed Barrick and NOVAGOLD can concentrate on integrating efforts from the latest work, focused on reducing initial capital and unlocking the value of this asset that could serve as the basis for an updated development plan. As one of the world's largest and highest grade undeveloped open pit gold project Donlin Gold is well positioned to benefit from rising gold prices.

As shown on Slide 11, we were providing an update on the path forward in the fourth quarter. We are proud of the extensive engagement efforts with our shareholders and local stakeholders in the Yukon-Kuskokwim region as highlighted on Slide 12. In the third quarter, Calista and TKC, our Native partners on Donlin conducted numerous village meetings to highlight the benefits of the project. We also took part in new and successful environmental waste removal programs in six villages, where hazardous waste was removed.

We continue to support education programs and initiatives such as scholarship programs for Calista and TKC students, EXCEL Alaska, which is a non-profit that provides academic career and technical education for rural youth across Alaska. We also conducted a site tour of the Donlin Gold property in July for a diverse group of financial representatives and also hosted a dinner with the Governor, key state agency commissioners and executives from our Native Corporation partners.

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

David Ottewell: Slide 13 highlights our third quarter operating performance. Our third quarter net loss from continuing operations decreased by \$1.8 million to \$8 million, primarily due to lower permitting costs at Donlin Gold and higher interest income. Net loss from discontinued operations includes an \$80 million loss on the sale of Galore Creek.

As Greg mentioned, proceeds on the sale include the \$100 million in cash and notes receivable of \$75 million and \$25 million, which we valued at a total of \$88 million. No value was assigned for accounting purposes to the final \$75 million receivable on approval of project construction. The net book value of the Galore Creek assets exceeded the net proceeds by \$105.3 million and was partially offset by the reclassification of cumulative foreign currency translation adjustments of \$13.8 million and a net deferred tax recovery of \$11.5 million resulting in a net loss on sale of \$80 million.

Cash flows are highlighted on Slide 14. During the third quarter of 2018, cash used in continuing operations decreased by \$700,000 from the prior year quarter due to lower permitting costs at Donlin Gold. Net cash proceeds on the sale of Galore Creek were \$99.3 million after closing costs of \$700,000. And as Greg mentioned, we ended the quarter with cash and term deposits of \$166 million.

Greg, back to you.

Greg Lang: Turning to a brief overview of our Donlin Gold asset on Slide 15, it really has all the attributes that are required to make a successful mining operation. With its significant size, superior grade, projected output, low operating cost structure and a mine life measured in decades along with excellent exploration upside, strong local partnerships and jurisdictional safety, Donlin Gold is expected to be a pacesetter in precious metals industry for many years to come.

Starting with size on Slide 16, when we compare Donlin to 19 other development stage projects in the industry, if you look at this peer group at 39 million ounces of gold, Donlin is a league of its own and four times the size of the peer average. Another key attribute shown on Slide 17 is the quality of the deposit.

Donlin's grade is 2.25 grams, that's twice the industry average. In an industry where reserve grades are declining and sources of emerging production are becoming and increasingly scarce, quality is important. At an anticipated production profile of greater than 1 million ounces per year over the 27-year mine life Donlin Gold is at the top of the list in terms of longevity when compared to the same development peer group presented earlier on Slide 18. Once in production, the project will contribute great economic benefits to all of our stakeholders for decades to come. The resource at Donlin has been extensively drill tested. As shown on Slide 19, we have roughly 1,400 drill holes in this deposit, with over 90% of them being core giving us a very in-depth understanding of the deposit.

Beyond all the drilling completed to-date, exploration potential remains as shown on Slide 20 along the 8 kilometer mineralized gold belt. The ACMA and Lewis deposits which are delineated in the white border contain the 39 million ounce resource. We have drilled less than half of the 8 kilometer system.

When the time is right, we will resume exploration drilling. Being on private land designated for mining with partnerships and life-of-mine agreements with Calista and TKC is both meaningful and beneficial for the Donlin Gold project. They are engaged and leading efforts in a number of our outreach programs. We are thankful for Calista and TKC as these critical milestones would not have been possible without them.

Another key attribute of Donlin Gold is that it is located in a safe jurisdiction, the second largest gold producing state of Alaska. As highlighted on Slide 22, location is key given the risks of operating out on the front tier. For the first time in the history of the Donlin Gold project with key federal and state permits in hand, the timeline for development is completely within the project owner's control.

We have moved Donlin Gold up the value chain and we look forward to the next chapter of further project advancements to optimization, technical work and ultimately development of what we will expect will become one of the largest gold mining operations in the world.

As shown on Slide 24, we are lucky to have a top-notch shareholder base who truly believe in the opportunity and leverage which NOVAGOLD represents. Over 50% of our shares are held by our top 6 investors.

To conclude, with the strong balance sheet of \$166 million, a unique asset and a safe jurisdiction and the right partnerships and people to take this project forward, I have no doubt that Donlin has the potential to become one of the world's most coveted precious metal assets.

Before we open the line for questions, I'd like to ask our Chairman, Dr. Thomas Kaplan, to add a few closing comments.

Thomas Kaplan: I think that anyone listening to the presentation, which Greg just outlined should really come away with several takeaways. The first is and I do believe that not only as Chairman of NOVAGOLD, but also as the largest investor in the Company that there is no doubt in my mind that the management team, the leadership of NOVAGOLD is the best that I have worked with in my 25 years in the natural resources industry and I am celebrating those 25 years this year. It is truly an honor, a privilege and almost a guilty pleasure to be the Chairman of NOVAGOLD which is the only public Company of which I am Chairman.

And so I wanted to take a few moments just to be able to highlight some of those factors that other investors should be able to take into account as investors in NOVAGOLD and also prospective investors in NOVAGOLD.

When critics of the mining executives who run the industry and with a great deal of justification in many instances I confess, but when they say that there really are no companies that have managed to state their strategic objectives with clarity, execute them with technical excellence and be able to fulfill all of their promises and do so in a way that keeps faith with their shareholders, their partners, local communities, governments, state and federal, this shows you that first of all it can be done, secondly, it's true that it's extremely rare, but it can be done.

And NOVAGOLD is one of those true rare unicorns that has been able to show that it can do things well and at the same time do good things. The fact that we have managed to see this Company keep faith with all of its shareholders, with all of its stakeholders is extraordinary.

When Greg and I joined the Company some 5, 6 years ago, we laid out a strategy that people appreciated. They understood that we knew what we were doing, but more than that they believed us in our expressions of how we were going to go about keeping faith with them. When you think of the milestones which this Company has achieved as a consequence of the leadership changes which took place, the promises that were made, you really have to scratch your head in wonder and in a very good way.

When we came in, we said we were going to turn this Company into a pure-play on what we regarded as one of the best development stories in the gold industry. That meant spinning off NovaCopper now Trilogy, which is turning into a beautiful enterprise in its own right, especially for those shareholders who kept their shares. That meant monetizing the Galore asset, which we acknowledged was a fabulous asset, but for a Company of NOVAGOLD size, we should focus on what we considered to be the Holy Grail.

That meant initiating permitting at a time when people were so skeptical that one could do what we have just shown can be done in Alaska that we would stabilize if not improve the relationship with our partner in Barrick. All of these things have come to pass. They have all come to pass in a very, very elegant way.

We have monetized NovaCopper. We have monetized Galore Creek. We have beautiful balance sheet at a time when expenses theoretically if the world of gold went to hell, we could last almost indefinitely. There are almost no mining companies in the industry that could have the longevity that we have without needing to go back to their shareholders. There will be a time when we will come back to our shareholders, but I tell you something the stock price will be many, many, many times greater than it is today.

And the reason for that is we are not just making this up as we go along, we have a strategy. That strategy is to be the pure play on what we will regard to be not just one of the best development stage assets in the gold industry today, but the best asset in the gold

industry today, because it's unique. And I defy anyone to be able to show me a project in today's world which combines the attributes of starting with 40 million plus ounces and that's only on three kilometers of an eight kilometer belt that's mineralized and that 8 kilometer belt that's mineralized is only on a few percentage points of the overall land package. I truly believe and I have made my bones on exploration that the next Donlin is at Donlin.

It will be the largest single pure gold producing mine in the world and it's located in a jurisdiction where when you go to sleep at night you don't have to worry about waking up and finding out that what you thought you owned you no longer own. This is a huge advantage jurisdictional risk and resource nationalism, are existential threats to our industry. We have a great balance sheet. We have enormous exploration potential. We have a mine life that is the envy of the industry and at a grade that is a multiple of the industry average.

By all of these metrics when we say Donlin is unique, it's because when you combine these metrics and not necessarily even all of them you find something that we call within our Company, Electrum which only invests in mining, we call this one the Holy Grail. There is a reason why this is our flagship asset because we have zero doubt metaphysical certitude that this story when the gold space returns back into favor when gold resumes the long-term uptrend that we believe is going to take it to new all-time highs than before this will be the go to stock for institutions.

They are going to want to know with whom can we invest our hard earned dollars, in a management with a great asset that gives us leverage to gold in the jurisdiction that will allow us to keep the fruits of that leverage when the time comes.

Seen through that prism I believe with all my heart and my mind that NOVAGOLD will be one of those very, very rare go to stocks. And I think that shareholders will one day look back on the opportunity that negative sentiment in the space has given such that no matter whether we get greater results, permits, sales of assets in a manner that reflected the patience and the expertise of people who know how to deal with great assets. This is a sign of the times, the times will change and when they change, we at Electrum, you as shareholders and analysts will see great joy from what this Company will be able to achieve.

With that, I want to once again take the opportunity to thank all of those who have made the last quarter's accomplishments remarkable not just for our Company, but also in the development space of the mining industry. I want to obviously thank the management team, I want to thank our shareholders, our Board of Directors, the native communities and corporations who have been brilliant partners, the State Government of Alaska, the Federal Government, our partner at Barrick and our former partner at Galore, we wish them and Newmont the best of success in achieving their goals at Galore. And I want to thank all of those who have worked so tirelessly to make sure that all of these shareholders communities, analysts are kept informed about this progress and really have done so in an incredibly professional way.

Back to you, Greg.

Greg Lang: We are now happy to open the lines for questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions)

John Bridges with JPMorgan.

John Bridges: Well, I'm almost speechless after your talk there, Tom, but I'll force myself. There's been a change of management at Barrick. I just wondered if you've spoken to them and what they were telling you? And then maybe if you could give us a bit more detail as to when to expect the scoping study and any sort of insights that's come out of it so far?

Greg Lang: I'll turn the first part of that question over to Tom and then I'll speak to the scoping study.

Thomas Kaplan: With regards to the changes that are coming at Barrick, I am personally thrilled to see the ascension of Mark Bristow. I've said many times publicly and privately that he is one of the greatest CEOs of our generation in this business. And I say that not only because of his proven credentials as a practitioner, as a professional, but I also say this because I've had experiences over the last 15 years with Mark professionally and each one of them has been marked by tremendous respect, camaraderie, and his personal integrity and character not just his intelligence, are and remain exemplary in my experience in this business.

All of the attributes which Greg and I have cited about Donlin are just simply facts, not fake news, they're not alternative facts, they're just facts, and I don't think that there is anyone in this business who has any doubt that Mark Bristow is able to understand an extraordinary story when he sees it. You know that our strategy is not to make any wine before its time. A wise man once told me these kinds of assets are rarer than hens' teeth and they're not steam, and our job is not to go into production in order to subsidize Chinese and Indian gold consumption.

The Barrick leadership for the last decade that we've been in this story has heard this from me, I think it's fair to say that the incoming leadership has heard and will continue to hear this from me, and if I had to guess, if I had to guess, I would think that the combination of the experiences, which Mark and I, and just speaking for myself now has had together the common understanding and very much the shared beliefs in this business that we have, I am predicting really, really, really good things ahead.

This for us is a major, major breakthrough.

Greg Lang: And, John, just to speak to your question on the scoping study and the work that's ahead of us, the Donlin Gold Board actually meets tomorrow and we're laying out the work program and plans for next year that will be presumably approved some time later this year and we'll be in a position to update all of our stakeholders.

John Bridges: When will the scoping study be released?

Greg Lang: Within the context of the work program for next year.

John Bridges: In January or February next year?

Greg Lang: We haven't landed on a firm date, John. We'll keep everybody apprised as we develop the path forward with Barrick.

Operator: Lucas Pipes with B. Riley FBR.

Lucas Pipes: I want to congratulate you all on a fantastic execution over the past 3 months. I don't mean to belabor the point, but it's very impressive and really just a job well done, great outcomes. I wanted to -- John asked the two questions that were on top of my list, but maybe to follow-up on the consolidation from a kind of bigger picture point of view, Tom, Greg, do you see this as a broader trend in the industry and if so what do you see as implications of greater consolidation?

Greg Lang: I think I will lateral that question to Tom.

Thomas Kaplan: Look, the reality is that this is a very, very small industry and it's going to get bigger in terms of market capitalization because when gold prices start to move, when people understand the value propositions in this industry you are just going to see those who will remain in the business, go up in value. Nature abhors a vacuum and when people bemoan companies that, their market caps are too small nature has a way of making the market caps bigger to accommodate them.

The thing that I would point out is this. And I think that we see this very simply even in mergers such as between Randgold and Barrick, there is not very much gold out there. The truth is that if companies want to grow, they really are going to have to grow through acquisition. I love exploration. But I can do that, but I also can take a 20-year time horizon.

The reality is that to build a mine in today's world from the time that you buck the 1,000 to 10,000 to 1 odds of actually making a discovery all the way through taking it up to value chain to production is going to take you a minimum of a decade. In fact I think the industry average now is twice that if not more. There are no new discoveries being made of size, I mean very, very few. And when I say size, I mean 5 million ounces, we don't even look at 5 million ounces anymore as a group because we need to be able to focus on those assets which can move the needle.

I don't think there are very many that can. And the ones that are substantial, not that they will even move the needle including Donlin, they will move the needle for any mining Company, because 0.5 million ounces is a big deal and we will have 0.5 million ounces, they will, maybe significantly more than that. But think of the others that are out there, the mining industry has to grow through acquisition if for no other reason than because people are not discovering new deposits. If they do they are usually in places where financing is prohibitive and it's not like hydrocarbons.

Hydrocarbons, you find something new if you are in a place not that far from a pipeline, you are in production, that's why shale has so transformed the energy industry. We haven't had that equivalent. First of all, we don't have the equivalent of 3D seismic. Secondly, we don't have new technologies that can unlock big vast untapped resources like we always knew existed in hydrocarbons. We don't have the technology and by the way we don't have the resources.

It's not like there are lots of projects which are waiting in the wings in the gold industry that we can come out when gold goes to 1,500, 2,000, 2,500 -- which I do believe it will. It's just not there and not in appreciable quantity. Think about it.

Donlin, by the standards of the feasibility study that we came out with years ago would produce in the first 5 years 1.5 million ounces a year, okay? It's nothing, I mean yes, it's huge by gold company standards, but the amount of gold that will be put on the market will be a drop of water in an ocean of demand and we're already reaching the point where production is peaking. And if I am right and jurisdictional risk acts as a deterrent to projects coming online that were otherwise thought to be coming online, then the normal supply-demand imbalance that we are seeing is going to only be accentuated by other projects having to be multiplied.

And I don't think that that will change, because I also think that there is the possibility that when gold prices go up, we are going to see resource nationalism accentuated and that will act as a further deterrent to projects in those areas, all of which comes back to Donlin. There is nothing else like it in terms of size, grade, exploration potential, mine life. And then that by the way even could be said for Sukhoi Log in Russia, but it's not in Russia. It's in the United States; it's in the second largest gold producing state in the union. It's why we call it unique, the Holy Grail.

Lucas Pipes: Maybe a quick follow-up staying a little bit bigger picture and then I do have a follow-up question on the scoping study as well, but staying on the bigger picture one thing I hear from investors is maybe resignation is too stronger word, but obviously there are trade tensions out there, uncertainty as to future growth and gold is acting somewhat lackluster.

How do you square the current performance of gold prices with the world we are living in and what your longer term outlook? I know what I think but I would certainly appreciate your views on that.

Thomas Kaplan: Well, first of all I have learned through experience that gold and silver behave in the way you least likely expect them to do. Gold in our view began wave one of a generational bull market which started at around \$250, \$300, took gold to 1,900, we have been in what, I am using technical jargon, but the reality is we have been in a correction of say a wave two decline.

And I am expecting that in the not too distant future we will either have one of two scenarios. Either one short spike down, just clean everybody's clock where we can followed by a resumption of the bull market and there is a chart pattern which could allow for that.

The other interpretation of that pattern is that we have already broken out of the down trend and that as Jeffrey Gundlach says gold is coiling like a snake, readying itself for its next move which if you believe as I do that the move to 1,900 was just wave one means that we go to significantly higher numbers, all of which will be aggravated by production declines, increased net investment by central banks, and this is not even including negative or fear factors of things going wrong in the world which I really hope they don't.

I believe that the supply-demand fundamentals, the collapse in grade and quality, the collapse in discoveries, the jurisdictional issues are all going to compound a production decline which is going to help trigger a rise in prices. When will it do it, I don't know and it's the short answer.

But one thing that I would say is this if you look at wave one for 12 years gold ended the year higher than it began the year, for 12 consecutive years, which is extraordinary because it goes to the heart of some of the myths about gold. During that time, there weren't inflation fears, but if there were, there were also deflation fears, gold still went up, oil would go up, oil would go down, gold still went up, dollar would go up, dollar would go down and gold would still go up, geopolitical risk, geopolitical stability.

For 12 years, all of those things that people thought that they needed in order to see a move in gold really apparently had no impact. In fact, I point out the following, because I remember distinctly when we sold our energy company in 2007, the price of oil was 120, 130. We told everyone we were going to take that and go into gold, which was around 650, 700ish, dollar-euro was 147, dollar strengthened by 30% and gold has basically, let's say, doubled, at one point tripled, oil was at 120, it's a fraction of that, gold has doubled. I am not aware of any inflation fears during this period. To the contrary. And yet gold doubled.

In other words, I do believe that our thesis that we are in a long-term bull market is borne out by the fact that when gold embarks upon its next wave, it won't necessarily be because of a trigger that people think is required. It will just start to move and then we will see ex post facto justifications for why buying gold at 2,200 or 2,100 makes more sense than buying gold at 1,100 or 1,200. Markets do that. And I expect that the next big

move will probably be like the ones that Paul Tudor Jones says are the best; it will just happen on no news.

Lucas Pipes: Greg, final question to follow-up on the on the scoping study, you were very cautious than I thought and how you answered John's question, but can you maybe elaborate in terms of when you sit down tomorrow, what the priorities are, what you would like to see addressed in the scoping study where you spent most of your time and focus?

Greg Lang: Obviously, it's a work in progress with our partners, so I am really not in a position to provide a great deal of detail at this stage other than to say we have been working with Barrick to steadily advance the Donlin Gold project. And I think we have clearly made a lot of progress having a Record of Decision in hand really does put us in control of our destiny now. And I think as we are working with our partner and developing next year's plans we will take that into consideration and when the time is right, we look forward to updating everyone about how 2019 will shape up for us and for Donlin.

Operator: Joe Hays, a Private Investor.

Joe Hays: Yes. I have probably been invested with the NOVAGOLD for twice as long as you folks have been involved with the Company. I look at it at a different perspective. I used to be a young man; I am now becoming an older man. I wonder if you can give me some projections in terms of years before NOVAGOLD will become profitable enough to actually mine some gold and take it to market?

Greg Lang: Well, first off, thank you for your patience with the Company. I am sure you followed the changes in the progress over the last few years.

We are now in the process of laying out the work programs for next year. And so to put you I guess in a time horizon that you are curious about, next year will be spent steadily advancing the project to ultimately a construction decision. And once we have reached that point we would take about 3 or 4 years to bring the Donlin project into production. And there is a lot of work we can do concurrently or we could do it end-to-end and a lot of the decision in that regard would be driven by the markets and the gold price at the time.

Joe Hays: What gold price do you feel would be worthwhile? I understand presuming the minerals that you have until it's a profitable situational to extract them, do you have a dollar figure at this time that you are looking for gold to achieve to make that figure come into realization?

David Ottewell: No, Joe, we don't think of it in terms of just strictly gold price alone. It's got to be market sentiment, it's got to be our share price, our partners' position has to be considered, so it's quite a variety of factors that we will take into consideration before we make that decision.

Operator: Jim Schmidt, a Private Investor.

Jim Schmidt: Hello, Jim Schmidt, been a stockholder since December 2, 2008. I am also old as mud and I did have questions, but they were thoroughly asked. I just wanted to compliment the expertise and the dedication of the management team since I have been a stockholder and I especially want to compliment Dr. Kaplan for his incredible ability to inspire in his vision especially the last two annual meeting statements that you made. Just keep up the good work and that's all I have for you.

Operator: David Lezinsky, a Private Investor.

David Lezinsky: I just wanted to take this opportunity to thank you for being honorable and everything you said has panned out and it's wonderful to see management live up to what they say.

I also want to compare something, when it comes to landfills, everyday, a landfill loses money and it becomes less valuable, because it's filling up with trash and eventually it will be full. And when you look at the gold mining industry, the major gold miners, their mines become less valuable because they digging up the gold every day, so they are going to need a replacement, and a replacement as I have said is mine like Donlin, with that kind of quantity.

I guess my question to you is there a price where if someone came in tomorrow that Nova would look to vote to sell to a major?

Greg Lang: I think that's another one, I will lateral to our Chairman and largest shareholder.

Thomas Kaplan: And it also goes to something that Jim, your predecessor on the call, also said. Our job is to make money for the shareholders and to do so consistent with our values, consistent with the honor and the integrity of the Company and keeping faith with shareholders. As Greg said there are a lot of things which go into making a determination when it's right to go into production; the same could also be said on when it's right to engage in an industrial transaction.

Our job is to make money for shareholders. And as I said to do it with best practices from a cultural as well as professional standpoint, our motto may sound a little corny, at Electrum is intelligence is a commodity, character is a currency. And we will do what's right for the shareholders. We have been in the story a long time. I can tell you that after 10 years not once have we ever not felt that we were so lucky that we should pinch ourselves that we are in the story.

Markets go up, markets go down, we have been in depressed situations, we anticipate that in the future we will see a bubble in gold mining shares and that that bubble will be particularly obvious in those very, very, very few companies which have great assets in

safe jurisdictions. One day there may come a time when someone comes to us and pays us for the future.

They are going to see like we do. We believe that the mine life of this deposit will more than double and perhaps even far beyond that. That's the kind of thing in which great companies are built. Our job is to do everything right, not cut corners, take the Company up the value chain, be very happy when we go into production and always try to assess through the prism of being investors who understand how difficult it would be to replace in our portfolio, something like NOVAGOLD. I don't believe we actually could, which is a big statement.

And nonetheless look at that and say, okay, what's the right thing for shareholders? In the case of when it's right to go into production, it's not only when gold goes up, but when the shares are multiplying; that's when you really know that the move is real. In the case of potential industrial transaction, there are so many different variables, but I can tell you something. Knowing that this could not be replaced in our portfolio by any Company in the world today it would really have to be something that makes great sense for all of us and for all of you.

Greg Lang: Everyone, thank you for participating in our call this morning and we look forward to updating everyone at the end of the next quarter.

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