Summary –The Most Advanced Explorer with Excellent DiscoveryMomentum:NFG is a gold exploration company currently exploring the Queensway project in the Gander region.

Queensway,the company's flagship asset comprises an assemblage of claims totaling over 1,500 km2, making NFG one of the most strategic landholders in the province. Its US$846Mmarket cap may raise eyebrows, but we explain that while it is ahead of itself it is not nearly as expensive as a casual glance might suggest once the exceptional grade is taken into account. NFG is the most advanced explorer in the region, by a year or two, with 3-4 high-grade zones discovered to date and strong discovery momentum.
Based on our late October property tour and subsequent analysis, we estimate drilling has outlined ~1.8Moz grading about 16gpT in these zones to date, dominated by the Keats Zone. Over time, we fully expect expansion of these zones and new discoveries and we see no reason why NFG won't eventually identify 5Moz+ of high-grade mineralization, but that is just an educated guess.
We have included NFG in our selection of Newfoundland explorers for its pioneer status, striking initial exploration success, large land package and ideal position along epizonal gold-hosting fault structures. A fully funded 400,000m drill program utilizing 10rigs (to be expanded to 14) is now about 32% complete(NFG has C$140M in cash).We believe this will maintain or accelerate its discovery momentum. As of mid-December, there was a large assay backlog (~30,000m) caused by a review of assay lab protocol. A material discrepancy in assay results between two labs used by NFG had been noted and press-released in early November, slowing assaying and press releases.
For ownership structure, see Figure 25.

Queensway Project–Pre-eminent Land Position in Gander Trend: Located 15-km west of Gander and easily accessed via the Trans-Canada Highway, NFG's 1,500 km2 Queensway property is the pre-eminent and thus most strategic land position in the Gander Trend, at least as we understand the play to date(Figure 1).This large strategic land position in a new camp will be important to a future acquirer. Gander Lake crosscuts the property east-west into two zones which NFG has named Queensway North and Queensway South. The North and South zones are structurally defined by a pair of northeast trending faults, the Appleton Fault and the JBP Fault, which trend parallel to one another for a combined 105km of strike within the Queensway boundary. Queensway North contains the key discoveries to date along the Appleton and JBP faults for 7.8km and 12.4km of strike, respectively (Figures9 & 10).

Three Key New Discoveries on Queensway North: NFG has identified 12+ high-grade gold targets along secondary fault structures, splays off the primary Appleton Fault. Ultra-high-grade mineralization has been discovered at the three most advanced targets —Keats, Golden Joint and Lotto. These are the first substantive deposits found on the Gander Trend. A smaller historical target called Dome was known to prospectors before the three other discoveries. We toured the property in late October and have carried out a

back-of-the-envelope resource estimate, summarized in Figure11.
Keats Is the Most Advanced Target: The “discovery” hole at Keats was drilled below previous drilling by Noranda which had shown interesting but sporadic intersections. It hit a remarkable 19m @ 92.9 gpT gold, reported in December 2019. Up to October 14, 2021 —the most recent press release— 127holeshadoutlineda high-grade zone with a footprint of 530m down-plunge (deepest hole H360 5.2m @ 61.5 gpT), to a vertical depth of 307m, up to 250m wide and open in all directions. Four drills are conducting infill and step-out drilling. A 100m step-out hole was underway when we toured the property in late October, results of which are still pending, along with many more. There are also early indications of a related structure in the footwall; Hole 238(reported October 13) hit 3.35m @ 88.5 gpT,65m below the Keats Main Zone in the footwall at a depth of 307m. We are looking forward to hearing more about it. There may be other related structures as well. Time will tell. We are impressed with Keats’ down-plunge continuity, considering the remarkably high grades which have averaged16 gpT, based on the 127 holes and 305 intercepts in our database, including seven intercepts greater than 100 gpT gold. Initially, the drilling was quite tight until NFG’s geologists got a handle on the orientation and controls. We can only count seven dud holes — impressive. One early criticism that reported assay intervals did not break out the narrow ultrahigh grade intervals was corrected in 2021. As one can see in Figure 12, the mineralization balloons at about 150m depth. This dilatational zone will be a real jewelry box when mined. Simplistically speaking, there is clearly a high-grade “core” with a lower grade “halo”. The high-grade averages about40 gpT and the low-grade halo about2–3 gpT.

Keats has been compared to the company-making Swan Zone at the Fosterville mine in Australia. Both have remarkable grades and widths and appear to have a similar epizonal style of mineralization. In our opinion, Keats too will be a company-maker, but these are early days and much work lies ahead to unlock the Queensway property’s remaining potential, estimate resources, carry out economic studies and the many stages of permitting. Keats is not the only promising discovery. It was just the first and thus most advanced.

Lotto Discovery October 2020:The Lotto Zone discovery was announced October8, 2020. Lotto is located 2-km north of Keats(Figure 10)and it appears to be the same style of mineralization as Keats and it is also within a fault splay located a similar distance east of the Appleton Fault. To date,25 holes with 37 mineralized intervals have been reported with only one dud. Like Keats, Lotto has a low-grade background of about 1–2 gpT associated with an array of steeply dipping high-grade veins (85 degrees) within the Lotto Fault (Figure 13). One vein, Lotto Main, has a population of exceptional high-grade intervals and is the focus of drilling. This becomes quite apparent when one looks at averages and medians: the average intersection for all 25 holes has been 4.2m @25.2 gpT (interval weighted) while the median has been 2.6m @ 3.6gpT.
True widths are believed to be 80–90%of reported widths. The deepest intersection reported to date at Lotto was Hole 311 with 2.8m @ 76.8 gpT

starting 295m down hole to about 200m vertical from surface, a promising indication of vertical continuity down-plunge.

Golden Joint Discovery Late June2021:On June 29, 2021,NFG announced results from four drill holes at the Golden Joint Zone, a new and central discovery, 1-km north of Keats and 850m south of Lotto. As one can see from Figure 14, Golden Joint is also a similar distance east of the Appleton Fault to Keats and Lotto. When we looked at the core from all three zones, we could see no significant differences in the styles of mineralization. To date, only 11 holes have been reported with 28 mineralized intervals. The average for all intervalsis3.2m @ 32.5 gpT, well above Keats and Lotto, including the second-highest grade x width discovered to date on the Queensway project with a metal factor of 2,258 gram x meters. Like Lotto, two conjugate, steeply dipping zones of mineralization have interpreted, one a network of veins and the other a more discrete vein set called Golden Joint Main.
Like the other two zones there is an ultra-high grade population and a low grade. The zones have been outlined so far over a 185m x 185m footprint with the deepest hole being Hole 307B with 4.5m@ 16.4 gpT starting at 349m down hole, suggesting, once again, that Golden Joint has promising down-plunge potential. It remains open along strike as well.

Our Current Resource Estimate: To date, NFG has been able to release assay results for 162holes for the three discoveries on its Queensway North land package. At the time of writing NFG is about 32% of the way through its 400-km drill program, but has a large backlog of drill results, representing about ~24% of the drilling to date. Among the published holes,78%have been in the Keats discovery(127 holes), 24 in Lotto, while the most recent and highest-grade zone —Golden Joint—has the fewest, with only 11 holes. A summary of our back-of-the-envelope resource estimate is shown in Figure 11. There are not enough holes in Lotto or Golden Joint to provide much more than a thumb-suck potential estimate, but they account for only 0.4Moz, while Keats is 1.4Moz. Particularly striking are the high grades at 14–20 gpT, averaging 15 gpT. Admittedly, our estimate is a simplification; structurally, the mineralization is quite a bit more complicated than our estimates assume. Our estimate should only be considered an indication of potential, yet we believe it is reasonably conservative and sufficiently accurate to give us confidence in our conclusions —that: 1)NFG has already outlined a very robust series of deposits; 2)these will most likely become mines;3)there tremendous potential for additional discoveries.

The Overhang of Differing Assay Lab Grades: In a November5 press release, NFG explained that 30 duplicate samples sent to its two assay labs gave materially different grades. Not too surprisingly, the difference is most evident in the higher-grade assays. Ultra-high-grade assays of nuggety gold always present a challenge, not only for the labs, but also for resource calculations as we discussed in the earlier section, “The Mixed Blessing of High Grade Nuggetty Gold”. Before knowing about the assay lab discrepancy we had already adopted a fairly conservative approach for our resource.

In short, we have used the average interval thickness, but the median grades. Let's look at Keats, since it is the dominant part of the calculation. We divided Keats into the high-grade core and lower-grade halo. The average grade of the higher-grade core is 41 gpT, while the median is 25 gpT. We used the median. Hence, we are not terribly concerned that the assay lab discrepancy will materially change our estimates or, most importantly, our conclusions(the average and median of Keats' lower-grade halo is essentially the same at 2 gpT and the lower-grade ounces only account for 5% of our total 1.4Mozfor Keats).With more drilling and, presumably, bulk samples, Queensway's true gold tenor will become clearer, including a suitable grade cap to temper the impact of the ultra-high-grade intercepts, a feature the three deposits discovered so far have in remarkable abundance.

Potential for 5Moz+ of High Grade, in Our Opinion: How many ounces will be found on Queensway North and South? We have no way of knowing, but we are not afraid to go out on an intellectual limb and guess that it will be more the 5Moz, potentially much more. Let's start with the three zones identified to date. How big might they be? The down-plunge potential is the low-hanging fruit, since we know that shear-hosted deposits like these tend to run deep, often more than 1 km, such as in the Abitibi Belt. Add to this the potential for the associated structures, such as Keats' Hanging Wall Zone, and we are comfortable saying that Keats alone could ultimately reach 2.5–3.0Moz. Other deposits are most likely to be found along the 7.8-km corridor of Appleton Fault on Queensway North. The Big Dave boulder found 2.0-km northeast of Lotto graded 1,131gpT —a strong indicator. So far, the best deposits have been found on the east side of the Appleton in the more brittle sediments, but some good intersections on the west side have been encountered with scout drilling too. There just hasn't been time, or the priority to follow them up. Another source of upside is Queensway North's 12.4km of parallel major fault called JBP, where drilling of targets has only just begun. Finally, exploration at Queensway South—the far larger of the two Queensway parcels — is much less advanced. It is still at the stage of target generation. No drilling has yet occurred. In 2018, a regional-scale till sampling program was completed covering 60km of strike in the southern property using a 2km x 2km grid and was subsequently followed up by an infill gold in till survey along a section of the Appleton Fault.
The surveys have identified six broad areas of anomalous gold in till counts and are coincident with geophysical survey work on the property. The largest anomalous region is the Eastern Pond anomaly located ~45km south of the Queensway North drill program. Till samples have returned grades of up to 15 gpT over 4km of strike and additional field work is currently underway.
Well Suited to Underground Mining: One aspect that we noticed on our tour was the proximity of the three zones to Gander Lake and Gander River. While some mineralization might be mineable by open pit, we suspect the large majority of tons will be mined underground, for environmental reasons, but probably for economic reasons too. A number of features of the mineralization found to date lend themselves to efficient, relatively low-cost mining, at least at

this early stage: the high-grade(our model estimates 16 gpT); the near-vertical orientation of the zones; reasonable thicknesses of mineralization (typically 3-8m); and good apparent vertical continuity that starts near surface.

Too Expensive? Finally, we would like to address the very common comment that NFG is very expensive and way ahead of what has been outlined. Not really. These comments don't consider the major impact of Queensway's high grade on construction and operating costs. We monitor several development-stage companies in what we call our Takeover Twenty. The average grade of this group is 1 gpT. Our simple resource model for NFG yields a grade of 16 gpT. Think about the implications for a mill and tailings set-up. To produce150Koz/year, our typical developer would need a 14,200Tpd mill. NFG's would only be 850 Tpd. The average developer will have a large tailings dam, waste piles and large open pit. Their capital cost median is about $155/oz recovered (before inflation). We would expect NFG's to be half this, with a simple ramp to access an underground mine, possibly with a small starter pit; i.e.,a small footprint. Similarly for operating costs, we would expect NFG's AISC to be $500/oz or less, compared to $830/oz for our median developer. One measure that we find helpful as a first blush valuation gauge is our Investor Total Cost (ITC). This is the sum of the investor's purchase price for the shares, expressed in market cap per ounce recovered, plus the construction cost per ounce plus the AISC. It is essentially the total cost per ounce of recoverable gold to an investor before tax and before a time value discount. The median ITC for our Takeover Twenty developers is currently $1,050/oz(Figure 15). Assuming NFG has the operating economics we discuss above to have the same $1,050/oz ITC as our median developer then NFG, at its current market capitalization of $915M less C$140M in cash ,would need to have a mineable Precious Metals resource of 1.7Moz —pretty close to our 1.8Moz NFG resource estimate. Granted, our Takeover Twenty developers all have defined resources and economic studies to back up these estimates and NFG just has drill holes. Maybe NFG isa bit ahead of itself, but it is not nearly as expensive as one might think and there are few developers that can match NFG's resource growth potential, in our opinion. Nor does the median developer have such a low political risk, mining-friendly setting.

Conclusions: We believe NFG has an extraordinary discovery in the Keats Zone. Two other promising discoveries, Lotto and Golden Joint, share the same mineralization and extraordinary grades but have seen far less drilling. We expect these two deposits will only continue to grow in size. Our 1.8Moz @16 gpT resource estimate is just a snapshot in time in what we believe will eventually be 5.0Moz+ of high-grade gold mineralization. NFG's exploration momentum is increasing as it expands its program from 10 to14 drill rigs and a fully funded 400,000m drill program. Our analysis should only be considered an indication of potential, yet we believe it is reasonably conservative and sufficiently accurate to give us confidence in our conclusions —that NFG has already outlined a very robust series of deposits, that these will most likely become highly profitable mines, and that there is tremendous potential

for additional discoveries. NFG is in the heart of what we believe is the most prolific emerging gold camp that we have seen in many years.