

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Reporting Issuer

NovaGold Resources Inc. (“NOVAGOLD ” or the “Company”)
789 West Pender Street, Suite 720
Vancouver, BC
V6C 1H2

Item 2. Date of Material Change

July 25, 2018

Item 3. News Release

News releases regarding the material change referred to in this report were disseminated on July 26, 2018, and July 27, 2018, through GlobalNewswire.

Item 4. Summary of Material Change

On July 26, 2018, the Company, announced it had entered into a binding share purchase agreement (the “SPA”) with Newmont Mining Corporation (“Newmont”), pursuant to which the Company agreed to sell its 50% interest in the Galore Creek project (the “Project”), owned by the Galore Greek Partnership (“GCP”). The Project is located in northern British Columbia, Canada. On July 27, 2018, the Company announced that the transaction with Newmont had closed. As contemplated by the SPA, the Company received USD\$100,000,000 and transferred its interest in the Project and the Copper Canyon property to a subsidiary of Newmont.

Item 5. Full Description of Material Change

On July 25, 2018, the Company, Newmont and Newmont Canada FN Holdings ULC (“Newmont Canada”) entered into the SPA whereby the Company agreed to sell to Newmont Canada (i) all of its interests in its directly wholly-owned subsidiary, NovaGold Canada Inc. (“NovaGold Canada”), (ii) all of its interests in its directly and indirectly wholly-owned subsidiary Copper Canyon Resources Ltd. (“CCR”) and (iii) an intercompany receivable owing from NovaGold Canada to the Company in aggregate principal amount of approximately CAD\$356,000,000 bearing interest at a rate of 5% per annum, for aggregate consideration of up to USD\$275,000,000, subject to the terms and conditions of the SPA.

On July 27, 2018 (the “Closing Date”), the parties closed the transactions contemplated by the SPA.

As of closing, the Company, through NovaGold Canada, owned 50% of the interests in the GCP, which indirectly owned the Project and a partial interest in CCR. As of closing, the Company also directly owned the rest of the interests in CCR, which held the Copper Canyon property through a joint venture with the

GCP. Thus, under the SPA, the Company agreed to sell all of its interests in the Project and the Copper Canyon property to Newmont Canada.

Pursuant to the SPA, the aggregate consideration of USD\$275,000,000 consisted of:

- USD\$100,000,000, which was received at closing on the Closing Date;
- a promissory note in the amount of USD\$75,000,000, payable upon the earlier of (i) completion of a pre-feasibility study in respect of the Galore Creek Project by the GCP and (ii) three years from the Closing Date;
- a promissory note in the amount of USD\$25,000,000, payable upon the earlier of (i) completion of a feasibility study in respect of the Galore Creek Project by the GCP and (ii) five years from the Closing Date; and
- a promissory note in the amount of USD\$75,000,000, payable upon the earlier of (i) a final decision by the GCP (or its successor) to develop the Galore Creek Project and (ii) initiation by the owner(s) of the Galore Creek Project of construction of a mine, mill or any related infrastructure for the Galore Creek Project.

Newmont also agreed to guarantee the obligations of Newmont Canada pursuant to the terms, conditions and limitations set forth in the SPA.

In accordance with the SPA, at or prior to closing, the Company received written confirmation from Teck Resources Limited (“Teck”), as successor in interest to Teck Cominco Metals Ltd. (“Teck Cominco”) (i) regarding Teck’s waiver of its right of first refusal under the Galore Creek Partnership General Partnership Agreement among the Company, NovaGold Canada, Teck Cominco, Galore Creek Mining Corporation, and Teck Cominco Limited dated August 1, 2007, as amended from time to time (the “GCP GP Agreement”), (ii) that each of the Company and NovaGold Canada is released from and has no additional or ongoing obligations under the contribution agreement dated August 1, 2007 among the Company, NovaGold Canada, GCP, Teck Cominco, and Teck Cominco Limited, as amended from time to time (the “Contribution Agreement”), (iii) no new cash call advances for the Galore Creek Project would be made prior to closing, and (iv) it has no claims against the Company or NovaGold Canada under either the GCP GP Agreement or the Contribution Agreement.

Additionally, in accordance with the SPA, at or prior to closing, (i) Teck and Newmont Canada entered into an amended and restated general partnership agreement with respect to the GCP, and (ii) Newmont or an affiliate assumed all obligations of the Company under the guarantees provided by the Company pursuant to the GCP GP Agreement and (iii) Teck released the Company from all liability in connection with such obligations.

Each of the parties also made customary representations, warranties, indemnities and covenants pursuant to the SPA.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8. Executive Officer

David A. Ottewell
Vice President and Chief Financial Officer

Item 9. Date of Report

August 2, 2018