

## Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements or information within the meaning of Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995 concerning anticipated results and developments in our operations in future periods, planned exploration activities, the adequacy of our financial resources and other events or conditions that may occur in the future. These forward-looking statements may include statements regarding perceived merit of properties, exploration results and budgets, mineral reserves and resource estimates, work programs, anticipated timing of updated reports and/or studies, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, including our plans and expectations relating to the Donlin Gold project, permitting and the timing thereof, market prices for precious metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute “forward-looking statements” to the extent that they involve estimates of the mineralization that will be encountered if the property is developed.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are based on a number of material assumptions, including those listed below, which could prove to be significantly incorrect:

- our ability to achieve production at the Donlin Gold project;
- estimated capital costs, operating costs, production and economic returns;
- estimated metal pricing, metallurgy, mineability, marketability and operating and capital costs, together with other assumptions underlying our resource and reserve estimates;
- our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;
- assumptions that all necessary permits and governmental approvals will be obtained and retained, and the timing of such approvals;
- assumptions made in the interpretation of drill results, the geology, grade and continuity of our mineral deposits;
- our expectations regarding demand for equipment, skilled labor and services needed for the Donlin Gold project;
- our activities will not be adversely disrupted or impeded by development, operating or regulatory risks; and
- our expectations regarding the timing and outcome of the appeals of the Donlin Gold 401 Certification (as defined below), State Pipeline ROW (as defined below) agreement and lease, the application for water rights, and the Donlin Gold Joint Record of Decision and 404 permit (both as defined below).

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- uncertainty of whether there will ever be production at the Donlin Gold project;
- our history of losses and expectation of future losses;
- risks related to our ability to finance the development of the Donlin Gold project through external financing, strategic alliances, the sale of property interests or otherwise;
- uncertainty of estimates of capital costs, operating costs, production and economic returns;
- commodity price fluctuations;
- risks related to market events and general economic conditions;
- risks related to the coronavirus global health pandemic (COVID-19) or other endemics/pandemics;
- risks related to the third parties on which we depend for Donlin Gold project activities;
- dependence on cooperation of the co-owner of Donlin Gold in exploration and development of the project;
- risks related to opposition to our operations at our mineral exploration and development properties from non-governmental organizations or civil society;
- the risk that permits and governmental approvals necessary to develop and operate the Donlin Gold project will not be available on a timely basis, subject to reasonable conditions, or at all;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of our mineral deposits;
- uncertainties relating to the assumptions underlying our resource and reserve estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- risks related to the inability to develop or access the infrastructure required to construct and operate the Donlin Gold project;
- uncertainty related to title to the Donlin Gold project;

- mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with, or interruptions in, development, construction or production;
- competition in the mining industry;
- risks related to governmental regulation and permits, including environmental regulation;
- risks related to our largest shareholder;
- risks related to conflicts of interests of some of the directors and officers of the Company;
- risks related to the need for reclamation activities on our properties and uncertainty of cost estimates related thereto;
- credit, liquidity, interest rate and currency risks;
- risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of the Donlin Gold project, and related cost increases;
- our need to attract and retain qualified management and technical personnel;
- uncertainty as to the outcome of potential litigation;
- risks related to information technology systems;
- risks related to the Company’s status as a “passive foreign investment company” in the United States; and
- risks related to the effects of global climate change on the Donlin Gold project.

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in our Annual Report on Form 10-K for the year ended November 30, 2022 and this Quarterly Report on Form 10-Q under the heading “Risk Factors” and elsewhere.

Our forward-looking statements contained in this Quarterly Report on Form 10-Q are based on the beliefs, expectations, and opinions of management as of the date of this report. We do not assume any obligation to update forward-looking statements if circumstances or management’s beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations** (dollars in thousands, except per share amounts)

*In Management’s Discussion and Analysis of Financial Condition and Results of Operations, “NOVAGOLD”, the “Company”, “we,” “us” and “our” refer to NOVAGOLD RESOURCES INC. and its consolidated subsidiaries. The following discussion and analysis of our financial condition and results of operations constitutes management’s review of the factors that affected our financial and operating performance for the three- and nine-month periods ended August 31, 2023 and August 31, 2022. This discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto contained elsewhere in this report and our Annual Report on Form 10-K for the year ended November 30, 2022, as well as other information we file with the Securities and Exchange Commission on EDGAR at [www.sec.gov](http://www.sec.gov) and with Canadian Securities Administrators on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). References herein to \$ refer to United States dollars and C\$ to Canadian dollars.*

**Overview**

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.

Our corporate goals include continuing to advance the Donlin Gold project toward a construction decision; maintaining support for Donlin Gold among the project’s stakeholders; promoting a strong safety, sustainability, and environmental culture; maintaining a favorable reputation of NOVAGOLD; and preserving a healthy balance sheet. Our operations primarily relate to the delivery of project milestones, including the achievement of various technical, environmental, sustainable development, economic and legal objectives, obtaining necessary permits, completion of feasibility studies, preparation of engineering designs and the financing to fund these objectives.

**Donlin Gold highlights**

*Stakeholder and government engagement*

Donlin Gold's enduring partnerships with Calista Corporation (“Calista”) and The Kuskokwim Corporation (TKC) have been pivotal in facilitating comprehensive outreach throughout the Yukon-Kuskokwim (“Y-K”) region. In June 2023, Donlin Gold further strengthened its commitment by adding a new community liaison representative from the local village of Nunapitchuk, bringing the total to six. These collaborative efforts are reinforced by the establishment of 14 Shared Values Statements with key villages in the Y-K region. These statements formalize Donlin Gold's ongoing engagement with local communities, build upon existing long-term relationships, and address specific community needs.

During the third quarter, Donlin Gold, in collaboration with Calista and the village of Crooked Creek, conducted additional meetings in Alaska with State officials and the US Army Corps of Engineers (“Corps”). Meetings were also held in Washington, DC with delegation members and senior leadership from the U.S. Department of Interior as part of ongoing bipartisan outreach efforts to the Biden Administration and U.S. Congress, including Senators Lisa Murkowski and Dan Sullivan and Representative Mary Peltola from the Y-K region. In all these meetings, Calista, Donlin Gold, and Crooked Creek have highlighted the thoroughness of the project’s environmental review and permitting processes, as well as the partnerships with Native Alaskans that own the land.

In August, Donlin Gold received recognition from U.S. Representative Mary Peltola during the Alaska Oil & Gas Association conference for its exceptional project outreach and community engagement efforts. This acknowledgment underscores Donlin Gold's commitment to fostering positive relationships and actively involving local communities in the Y-K region, reflecting the importance of responsible and sustainable resource development in Alaska.

*Environment and social investments*

NOVAGOLD’s efforts are focused on education, community wellness, cultural preservation, and environmental stewardship. Donlin Gold supports these initiatives through fisheries studies and other environmental activities, subsistence and cultural preservation activities, and grants. A wide range of activities and projects were carried out in the third quarter with Calista and TKC.

Health and Safety

Donlin Gold supported the Chevak Search and Rescue team and provided funding to various health and safety initiatives of communities throughout the Y-K and Cook Inlet regions such as Skwentna and Nikolai.

### Healthy Lifestyle and Cultural Preservation

In collaboration with the village of Napaimute, Donlin Gold actively participated in and provided principal support for the “In It For The Long Haul” waste backhaul program for the sixth year in a row. This vital project is dedicated to the collection, removal, and safe disposal of household hazardous and electronic waste from villages across the Y-K region, preventing its adverse impact on landfills and waterways. This year's program achieved significant milestones, including the removal of waste from fish camps in the Middle Kuskokwim. Moreover, Donlin Gold employees from three villages (Marshall, Pilot Station, and Pitka's Point) played a pivotal role in initiating waste backhaul operations along the Yukon River, culminating in the collection and proper disposal of 17,000 pounds of hazardous and electronic waste. Appliances were collected and removed from Kuskokwim villages and collected in Bethel where the annual event with our partners took place.

### Education

Advancing education opportunities in Alaska is another high priority for both NOVAGOLD and Donlin Gold. In June 2023, Donlin Gold supported the Excel Alaska program which is a non-profit providing supplemental academic, career and technical education initiatives for rural youth and young adults across the Y-K region. Students receive high school credit toward graduation and concurrent college credits.

Donlin Gold also continues to financially support the Alaska School Activities Association, a statewide nonprofit organization established to direct, develop and support Alaska's high school interscholastic sports, academic and fine arts activities.

NOVAGOLD continued its annual funding of a scholarship at University of Alaska for underrepresented students majoring in Mine Engineering and Geology.

### *Permitting*

Permitting in the United States and in Alaska has been a tremendous achievement to date and a substantial undertaking over many years to ensure a diligent, thorough, transparent, and inclusive process for all involved, including stakeholders from the Y-K region. Donlin Gold, its owners, and its partners Calista and TKC are intimately familiar with the permitting and regulatory processes applicable to the project and will continue to support the State in its defense of the thorough and diligent permitting process. Together, they will also continue working to secure the various remaining state-level permits and certificates required for the project.

The Donlin Gold camp re-opened in February to continue geotechnical and hydrological fieldwork to collect additional data needed to advance toward the next step in the design documentation required for the Alaska Dam Safety certificates, with field work completed in July. Issuance of the certificates is expected in 2026. In 2022, Donlin Gold applied for a new air quality permit based on updated air quality modeling and emissions controls information. The new air quality permit was issued in July 2023 and was not appealed. The regularly scheduled re-issuance of the project's Alaska Pollutant Discharge Elimination System (APDES) permit from the Alaska Department of Environmental Conservation (ADEC) is underway and was extended indefinitely through reissuance, which is expected to occur in 2024.

### *Litigation*

On June 3, 2020, Earthjustice joined by Orutsararmiut Native Council (ONC), ten Y-K villages, and the Alaska Community Action on Toxics filed a formal appeal with the ADEC Commissioner of the State's water quality certification under Section 401 of the Clean Water Act (the “401 Certification”). The appeal process consisted of an Administrative Hearing in front of an Administrative Law Judge (ALJ) appointed by the ADEC Commissioner. On April 12, 2021, the ALJ issued his opinion for the Commissioner's consideration recommending the 401 Certification be vacated. The Commissioner issued his decision to uphold the 401 Certification on May 27, 2021. The decision was appealed on June 28, 2021, in Alaska Superior Court by Earthjustice, on behalf of ONC. On September 27, 2021, Donlin Gold filed a motion requesting a short term stay in the case to allow the State to fully consider additional technical materials on mercury and temperature; the State indicated to the Court that they did not oppose the motion. On October 22, 2021, Donlin Gold submitted to ADEC expert technical reports on mercury and temperature. On November 22, 2021, ADEC filed an additional motion asking to remand the 401 certification back to ADEC to determine how the additional information affects the certification. Earthjustice did not oppose the motion although had comments on the remand process. On December 29, 2021, the Court granted the remand request, dismissed the case without prejudice, and left in place the existing certification. On May 13, 2022, the ADEC Water Division Director reaffirmed the 401 certification. On June 13, 2022, Earthjustice appealed the elements of the decision related to temperature to the Commissioner and requested an adjudicatory hearing with an ALJ. On July 14, 2022, the Commissioner granted the request for the hearing and a new ALJ was assigned. On September 14, 2022, Earthjustice filed their initial brief. Donlin Gold and ADEC filed response briefs on October 14, 2022. Earthjustice filed their final reply brief on October 21, 2022. On August 18, 2023, the Commissioner reaffirmed ADEC's issuance of the 401 Certification.

On September 20, 2021, Earthjustice, representing ONC, Cook Inletkeeper, and three Y-K villages, filed an appeal of the State pipeline ROW authorization in Alaska Superior Court. An appeal was also filed by a second party, Robert Fithian, the owner of an outdoor guiding business located near the proposed Donlin Gold pipeline route, on September 20, 2021. The two appeals were consolidated into a single case before the Alaska Superior Court based in Anchorage, Alaska. On April 12, 2023 and July 3, 2023, the Alaska Superior Court affirmed ADNR's issuance of the ROW lease in the Earthjustice case and Robert Fithian case, respectively. The decision in the Earthjustice case has been appealed to the Alaska Supreme Court. The briefing process is underway. Mr. Fithian did not appeal to the Alaska Supreme Court.

On May 25, 2022, Earthjustice, on behalf of ONC and five Y-K villages, filed an appeal of the final Water Rights in Alaska Superior Court. The appellants filed their initial brief on November 21, 2022. On April 25, 2022, the ADNR Commissioner denied the appeal; however, Earthjustice, ONC and five villages appealed the Commissioner's decision in Alaska Superior Court on May 25, 2022. The briefing process was completed, and oral arguments were held on July 19, 2023. On September 1, 2023, the Alaska Superior Court affirmed ADNR's decision on Donlin Gold's water rights permits.

In September 2022, 13 tribes sent letters to the Corps and the U.S. Environmental Protection Agency (EPA). The letter to the Corps requests that it consider requiring a supplemental environmental impact statement (EIS) on the Donlin Gold project and revoke the Clean Water Act Section 404 permit (the "404 permit") in light of what the tribes consider "new information" since the final EIS was issued in 2018. Additionally, the EPA letter requested that it initiate a Clean Water Act Section 404(c) veto process for the Donlin Gold project. In early January 2023, Donlin Gold and Calista both submitted responses to the Corps on why the requests to prepare a supplemental EIS or revoke the 404 permit should not be granted. In January 2023, Donlin Gold also provided a response to the EPA describing why the agency should not initiate a 404(c) process. To date, neither the Corps nor EPA has responded to the tribes' letters.

On April 6, 2023, Earthjustice with ONC and six Y-K villages filed suit against the U.S. government in Anchorage Federal District Court. The lawsuit asks the Court to invalidate the Donlin Gold Joint Record of Decision, including the 404 permit issued by the Corps and ROW lease for the portions of the pipeline on Federal lands issued by the Bureau of Land Management of the U.S. Department of Interior. The U.S. Department of Justice (DOJ) is defending the issuance of the permits by those Federal agencies. The State of Alaska, Donlin Gold and Calista have been granted intervenor status in this case. DOJ is compiling the Administrative Record for the court, and the briefing process is expected to be scheduled in early 2024.

#### *Donlin Gold project*

The continued focus at Donlin Gold is to update the geologic and resource models with the data derived from the extensive drill program that took place over the last three years; reviewing key project assumptions, inputs, and design components for optimization (mine engineering, metallurgy, hydrology, and infrastructure); advancing remaining permits through the regulatory process and supporting the State in maintaining the existing permits; and, through continued engagement, sustaining and expanding project support in the Y-K region.

The 2023 field program at the Donlin Gold project was safely completed on schedule in July and included comprehensive fieldwork and geotechnical drilling required for the Alaska Dam Safety certificates. This involved data collection at the locations earmarked for water retention structures, including the proposed Tailings Storage Facility (TSF). The fieldwork included 1,840 meters of geotechnical drilling, 74 water retention structure test pits, 25 kilometers of seismic survey, and TSF test plot liner installation. Fieldwork to further define groundwater at the site included 1,279 meters of hydrogeologic drilling with instrumentation and pump tests, providing essential information for mine planning and design. At the historic Lyman placer site, restoration work included significant stream and pond habitat creation. Final work including anticipated aquatic life access and use is planned for the 2024 field season.

The recently completed comprehensive work provided valuable information for the Donlin Gold LLC board and its owners. The resulting information was further discussed during the most recent workshop in Alaska and is helping us define the next steps in the advancement of the Donlin Gold project and workplan for the coming years. The owners will advance the Donlin Gold project in a financially disciplined manner with a strong focus on engineering excellence, environmental stewardship, a strong safety culture and continued community engagement.

Our share of funding for the Donlin Gold project in the first nine months of 2023 was \$15,247. For the full year in 2023, we expect our share of Donlin Gold LLC funding to be \$18,000, including \$8,000 for external affairs, permitting, environmental, land, and legal activities and \$10,000 for project planning and fieldwork, including an increase of \$1,000 to fund additional mining studies.

The Donlin Gold LLC board must approve a construction program and budget before the Donlin Gold project can be developed. The timing of the required engineering work and the Donlin Gold LLC board's approval of a construction program and budget, the receipt of all required governmental permits and approvals, and the availability of financing, commodity price fluctuations, risks related

to market events and general economic conditions among other factors, will affect the timing of and whether to develop the Donlin Gold project. Among other reasons, project delays could occur as a result of co-owner disagreements, public opposition, litigation challenging permit decisions, requests for additional information or analysis, limitations in agency staff resources during regulatory review and permitting, or project changes made by Donlin Gold LLC.

We record our interest in the Donlin Gold project as an equity investment, which results in our 50% share of Donlin Gold's expenses being recorded in the income statement as an operating loss. The investment amount recorded on the balance sheet primarily represents unused funds advanced to Donlin Gold.

### **Other remediation**

During the third quarter, \$955 in remediation costs were incurred for fieldwork at the historic former New Gold House property in Nome, Alaska. Final work including seeding is planned for the 2024 field season.

### **Consolidated Financial Results**

#### *Third quarter 2023 compared to 2022*

In the third quarter of 2023, *Net loss* decreased by \$5,049 from 2022, primarily due to lower field expenses at Donlin Gold and increased interest income on cash and term deposits, partially offset by an increase in interest expense on the promissory note. Donlin Gold expenses in the third quarter of 2023 included fieldwork and geotechnical drilling for the Alaska Dam Safety certificates applications and hydrological drilling to support mine planning and design completed in July were lower than the large exploration drilling program in the third quarter of 2022.

#### *First nine months 2023 compared to 2022*

In the first nine months of 2023, *Net loss* decreased by \$4,706 from 2022, primarily due to lower field expenses at Donlin Gold, increased interest income on cash and term deposits, and other income related to the 2021 sale of the Company's interest in the San Roque mineral property, partially offset by an increase in interest expense on the promissory note and higher corporate travel and legal expenses. Donlin Gold expenses were lower in 2023 with fieldwork and geotechnical drilling for the Alaska Dam Safety certificates applications and hydrological drilling to support mine planning and design completed in July, compared to the large exploration drilling program in 2022.

### **Liquidity and Capital Resources**

#### *Liquidity overview*

At present, we believe we have sufficient working capital available to cover anticipated funding of the Donlin Gold project and corporate general and administrative costs through completion of an updated Donlin Gold feasibility study. Further, we believe we have sufficient working capital available to cover anticipated costs and expenses for at least the next three years. Substantial additional capital will be required once a decision to commence engineering and construction is reached by the Donlin Gold LLC board for the Donlin Gold project. Future financing to fund construction is anticipated through debt, equity, project specific debt, and/or other means. Our continued operations are dependent on our ability to obtain additional financing or to generate future cash flows. However, there can be no assurance that we will be successful in our efforts to raise additional capital on terms favorable to us, or at all. For further information, see section *Item 1A, Risk Factors – Our ability to continue the exploration, permitting, development, and construction of the Donlin Gold project, and to continue as a going concern, will depend in part on our ability to obtain suitable financing* in our Annual Report on Form 10-K for the year ended November 30, 2022, as filed with the SEC on January 25, 2023.

Our anticipated expenditures in fiscal year 2023 are approximately \$32,000, including \$18,000 to fund our share of the Donlin Gold project, \$13,000 for corporate general and administrative costs, and \$1,000 for working capital and other items.

Our financial position includes the following as of August 31, 2023:

- Cash and cash equivalents of \$44,079, primarily held at three large Canadian domestic chartered banks with high credit ratings.
- Term deposits of \$86,000 denominated in U.S. dollars and held at two large Canadian domestic chartered banks with high credit ratings and maturities of less than one year.
- Promissory note payable to Barrick of \$133,274, including accrued interest at U.S. prime plus 2%. The promissory note and accrued interest are payable from 85% of the Company's share of revenue from future Donlin Gold project production or from any net proceeds resulting from a reduction of the Company's interest in Donlin Gold.

### *Cash flows*

In the third quarter of 2023 cash and cash equivalents decreased by \$2,875, mainly to fund our share of Donlin Gold and for corporate administrative expenses. The decrease in cash used in operating activities in the third quarter of 2023 compared to 2022 was primarily due to interest proceeds received on cash and term deposits. The decrease in cash used in investing activities was primarily due to lower Donlin Gold funding requirements. The Newmont note payment of \$25,000 was received in July 2023 and \$24,000 was invested in term deposits.

In the first nine months of 2023 cash and cash equivalents decreased by \$19,803, mainly to fund our share of Donlin Gold and for corporate administrative expenses, partially offset by the note proceeds received from Newmont. The decrease in cash used in operating activities in the first nine months of 2023 compared to 2022 was primarily due to increased interest proceeds received on cash and term deposits in 2023, the timing of corporate liability insurance payments, and withholding tax paid on share-based compensation in 2022 (no PSUs vested in 2023). The decrease in cash used in investing activities was primarily due to the Newmont note proceeds and lower Donlin Gold funding requirements, partially offset by net proceeds from term deposits in 2022.

### **Outstanding share data**

As of September 26, 2023, the Company had 334,181,149 common shares issued and outstanding. Also, as of September 26, 2023, the Company had: i) a total of 8,695,067 stock options outstanding; 7,660,400 with a weighted-average exercise price of \$6.29 and the remaining 1,034,667 of those stock options with a weighted-average exercise price of C\$8.74; and ii) 1,605,500 PSUs and 287,072 deferred share units outstanding. Upon exercise or pay out, as applicable, of the foregoing convertible securities, the Company would be required to issue a maximum of 11,390,389 common shares.