

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 to the Donlin Gold 401 Certification (as defined below), the appeals to the State ROW (as defined below) agreement and lease; and the application for water rights.

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;

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 six-month periods ended May 31, 2023 and May 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 and with Canadian Securities Administrators on SEDAR at www.sedar.com. 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 pre-feasibility and feasibility studies, preparation of engineering designs and the financing to fund these objectives.

Donlin Gold highlights

Stakeholder and government engagement

Donlin Gold is fortunate to have time-tested partnerships with Calista Corporation (“Calista”) and The Kuskokwim Corporation (TKC), owners of the mineral and surface rights, respectively. The project’s location on private lands specially selected for mineral development potential pursuant to the 1971 Alaska Native Claims Settlement Act is a key attribute that distinguishes it from most other mining assets in Alaska. Donlin Gold’s commitment to meaningful tribal engagement throughout project development and permitting has been reinforced by decades of reliable and dependable engagement with the community.

Donlin Gold continues to work with Calista and TKC in all aspects of outreach and engagement throughout the Yukon-Kuskokwim (“Y-K”) region. In the second quarter, Donlin Gold signed additional Shared Values Statements with two villages in the Y-K region bringing the total to 14, which formalize current engagement with key local communities, expand upon the long term relationships already established with them, and address specific community needs including: water, sewer, and solid waste projects; the ice road that connects remote villages in the Y-K region; salmon and other aquatic life studies; and suicide and public safety prevention programs.

Donlin Gold was recognized as a leader in the Y-K region for providing support to Crooked Creek, the village closest to the project site, following major spring flooding of their village. Donlin Gold staff were on-site providing support, supplies, transportation and comfort to those affected by the flood. The staff were able to fly over the river to take pictures and provide them to the State, which ultimately prompted the declaration of a state of emergency.

In partnership with Calista and TKC, Donlin Gold held the first informational Subsistence Communications Advisory Committee (SCAC) meeting in Aniak during the second quarter. All attendees, who have varying perspectives on the Donlin Gold project, completed an application to join the SCAC.

During the second quarter, visits were made to Washington, DC for continued bipartisan outreach 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 early March, TKC, Calista, and Crooked Creek held a tribal consultation meeting with the U.S. Army Corps of Engineers (“Corps”) Alaska District leadership to emphasize the benefits of the project, as well as the strengths and transparency of the NEPA review and federal permitting process undertaken for the project. In early May, the village of Crooked Creek Traditional Council, which recently re-affirmed its support for the project, accompanied Calista and Donlin Gold in visits with Administration and Congressional staff. In all these meetings, Calista, Donlin Gold, and now 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.

Environment and social investments

Environmental stewardship, education, community wellness, and cultural preservation constitute key focus investments for Donlin Gold in the Y-K region. The Donlin Gold project supports these initiatives through fisheries studies and other environmental activities, subsistence and cultural preservation efforts, and educational grants. A wide range of activities and projects were carried out in the second quarter with Calista and TKC.

Health and Safety

In partnership with Covenant House Alaska and Bethel Community Services, Donlin Gold has been working on an action plan to address the chronic youth shelter and food security issues in the Y-K region. Since the start of the year, space was successfully leased from Bethel Winter House where they recently held their grand opening to provide young adults aged 18 to 24 with shelter and food.

Donlin Gold also supported the Chevak Search and Rescue team and provided funding to various health and safety initiatives of communities throughout the Y-K region such as Skwenta and Nikolai.

Healthy Lifestyle and Cultural Preservation

Donlin Gold is supporting the annual Clean-up Green-up program for 52 villages, which aims to collect and dispose of trash from the tundra, roads, public areas, and beaches in the Y-K region that accumulates over the winter months.

Donlin Gold also supported the Calista Education and Culture, Inc. (“CECI”), a nonprofit corporation providing educational scholarships to Calista shareholders and descendants. CECI conducts cultural summer camps, provides burial assistance, and engages in various fundraising activities in the Y-K region.

Education

Donlin Gold provides support to the Rural Alaska Honors Institute, which is a competitive program that gives Alaska Native and Y-K region students an opportunity to experience what it’s like to be a college student. The program includes an in-dorm experience on the University of Alaska Fairbanks campus, an average of nine college credit courses, the ability to explore interior Alaska through a variety of outdoor activities and volunteer opportunities in the Fairbanks community.

Donlin Gold sponsors the Lower Kuskokwim School District’s annual college and career fair. The event was moved to a virtual platform in 2020, which has allowed the audience to increase and become more engaged for those who would not be able to attend due to travelling from a remote location. This year’s career fair was held in April with 70 students and 30 vendors.

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 2023 to continue geotechnical and hydrological fieldwork to collect additional data needed to advance toward finalizing the next step in the design documentation required for the Alaska Dam Safety certificates, with anticipated field completion in July 2023 and issuance of the certificates expected in 2026. In 2022, Donlin Gold applied for a new air quality permit based on updated air quality modeling and emissions controls information, and the regularly scheduled re-issuance of its Alaska Pollutant Discharge Elimination System (APDES) permit from the Alaska Department of Environmental Conservation (ADEC). The new air quality permit is anticipated to be issued by June 30, 2023. ADEC has extended the existing APDES permit indefinitely until a new permit is finalized.

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 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 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. The Commissioner's decision, which he will make in collaboration with the ALJ, is expected in the third quarter of 2023.

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. On April 5, 2022, Earthjustice filed its opening brief, which related to the scope of the cumulative effects analysis required by the Alaska Constitutional, statutory, and regulatory provisions, and related previous litigation. Alaska Department of Natural Resources (ADNR), Donlin Gold, and Calista filed response briefs on June 15-16, 2022. Earthjustice filed its reply on July 18, 2022, and requested oral arguments. The second appellant filed his initial brief on June 8, 2022. ADNR's and Donlin Gold's response briefs were submitted on August 22, 2022, and the second appellant filed their reply brief on November 9, 2022. The request for oral arguments was granted by the Court and they were held on January 11, 2023. On April 12, 2023, the Alaska Superior Court affirmed ADNR's issuance of the ROW lease in the Earthjustice/ONC case. This decision has been appealed by Earthjustice to the Alaska Supreme Court. We anticipate an Alaska Superior Court decision on the Fithian case by the end of 2023.

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. The briefing process has been completed and oral arguments are scheduled for July 19, 2023. A decision is expected within the next twelve-month period.

In September 2022, 13 tribes sent a letter to the Corps and the U.S. Environmental Protection Agency (EPA) requesting that the Corps consider requiring a supplemental environmental impact statement (EIS) on the Donlin Gold project and also requesting to revoke the Clean Water Act Section 404 permit in light of what the tribes consider "new information" since the final EIS was issued in 2018. Additionally, in September 2022, the same tribes submitted a separate letter to the EPA requesting that they 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 mid-January 2023, Donlin Gold also provided a response to the EPA describing why the agency should not initiate a 404(c) process.

On April 6, 2023, Earthjustice with ONC and five Y-K villages filed suit against the U.S. government in Anchorage Federal District Court. The lawsuit asks the Court to invalidate the Joint Record of Decision, including the Clean Water Act Section 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 DOJ will defend the issuance of the permits by those Federal agencies. Donlin Gold and Calista have been granted intervenor status in this case.

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 is anticipated to be completed in July. The Donlin Gold project camp workforce has safely advanced site activities. Local hire has always been a priority for Donlin Gold with 63% of the workforce being from the Y-K. The work completed to date includes fieldwork and geotechnical drilling for the Alaska Dam Safety certificates by collecting data in the locations of the water retention structures planned for construction (including proposed Tailings Storage Facility); and hydrological drilling to further define the depth and flow of groundwater in the areas of the planned Donlin Gold pit and surrounding infrastructure to support mine planning and design.

The comprehensive work being completed will provide valuable information for the Donlin Gold LLC board and its owners to consider with respect to an updated feasibility study decision. 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 half of 2023 was \$12,772. In 2023, we continue to expect our share of Donlin Gold LLC funding to be \$17,000, including \$8,000 for external affairs, permitting, environmental, land, and legal activities and \$9,000 for project planning and fieldwork.

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.

Consolidated Financial Results

Second quarter 2023 compared to 2022

In the second quarter of 2023, *Net loss* decreased by \$321 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 and higher corporate travel and legal expenses. Donlin Gold expenses were lower in the second quarter of 2023 with fieldwork and geotechnical drilling for the Alaska Dam Safety certificates and hydrological drilling to support mine planning and design in the second quarter of 2023, compared to the large exploration drilling program in the second quarter of 2022.

First six months 2023 compared to 2022

In the first six months of 2023, *Net loss* increased by \$343 from 2022, primarily due to an increase in interest expense on the promissory note and higher corporate travel and legal expenses, partially offset by increased interest income and other income related to the 2021 sale of the Company's interest in the San Roque mineral property.

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 are 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.*

Our anticipated expenditures in fiscal year 2023 are approximately \$31,000, including \$17,000 to fund 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 May 31, 2023:

- Cash and cash equivalents of \$46,954, primarily held at three large Canadian domestic chartered banks with high credit ratings.
- Term deposits of \$62,000 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.

- A note receivable of \$25,000 due on July 27, 2023, and a note for \$75,000 fully contingent upon approval of a Galore Creek project construction plan by the owner(s).
- Promissory note payable to Barrick of \$129,841, 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 second quarter of 2023 cash and cash equivalents decreased by \$7,207, mainly to fund our share of Donlin Gold and for corporate administrative expenses. The decrease in cash used in operating activities in the second quarter of 2023 compared to 2022 was primarily due to interest proceeds received on cash and term deposits. The increase in cash used in investing activities was due to proceeds from term deposits in the second quarter of 2022, partially offset by reduced funding of Donlin Gold in the second quarter of 2023.

In the first six months of 2023 cash and cash equivalents decreased by \$16,928, mainly to fund our share of Donlin Gold and for corporate administrative expenses. The decrease in cash used in operating activities in the first six months of 2023 compared to 2022 was primarily due to interest proceeds received on cash and term deposits in 2023, and the timing of corporate liability insurance payments and withholding tax paid on share-based compensation in 2022 (no PSUs vested in 2023). The increase in cash used in investing activities was due to proceeds from term deposits in 2022, partially offset by reduced funding of Donlin Gold and proceeds received from the sale of the Company's interest in the San Roque mineral property in 2023.

Outstanding share data

As of June 20, 2023, the Company had 334,132,703 common shares issued and outstanding. Also, as of June 20, 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 321,416 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 11,424,733 common shares.