

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;
- 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

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-month periods ended February 28, 2023 and 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, in thousands, except for per share amounts.

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.

First quarter 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. Crooked Creek, the closest community to the project site in the Y-K region, recently struggled with access to reliable power and water, which shut down the school, health clinic, and post office. In response, Donlin Gold, Calista and TKC provided support to Crooked Creek by purchasing and delivering a generator, alerting the State of Alaska’s emergency response team for additional assistance, and helping the local authorities to identify a longer-term solution for their infrastructure needs as well as assisting with access to available government funding.

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 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 first quarter with Calista and TKC.

Donlin Gold was the premier sponsor for the McGrath Iron Dog community safety presentation as part of the Alaska Safe Riders program, promoting safety for snowmachines, all-terrain vehicles and recreational off-road vehicles. The non-profit organization is dedicated to reducing deaths and injuries from tragic accidents.

In partnership with Covenant House Alaska and Bethel Community Services, Donlin Gold is working on an action plan to address the chronic and ongoing youth food security issues within the Y-K region. To date, the three entities have successfully leased space from Bethel Winter House with the goal of developing a housing and service hub for 18 to 24 year-olds.

Donlin Gold in partnership with Bethel Community Services Foundation and the Aruqtet Project, a regional program to address food insecurity, throughout the Bethel community. Over 550 local households are enrolled in the program to date, with

approximately 200 of them receiving food on any given month. Employing local staff and committed volunteers has proven critical for the program's success.

In partnership with TKC, the village of Crooked Creek, the Akiak Native Community and the Napaimute Tribe, Donlin Gold sponsored a program to construct and maintain the ice roads to allow for winter travel between the remote Kuskokwim River communities. The ongoing development and maintenance of these roads allow for increased participation in community events, cultural activities, sports, and provided access for emergency services, law enforcement and travel. On average a total of 300 miles of ice road is constructed and maintained annually.

Advancing education opportunities in Alaska is another high priority for the Company. NOVAGOLD recently awarded the first University of Alaska scholarship to an undergraduate student in mining or geological engineering. Donlin Gold supports the Excel Alaska program which is a non-profit providing supplemental academic, career and technical education intensives for rural youth and young adults across the Y-K region. Student interview preparation sessions took place in the first quarter with four more planned over the next two quarters. Through this preparation, the students receive high school credit towards graduation and concurrent college credits.

Permitting

Permitting 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. Calista and Donlin Gold continued their proactive, bipartisan outreach to the State Administration and new legislature in Alaska and with the Federal Administration and U.S. Congress in Washington, D.C. to highlight the thoroughness of the project's environmental review and permitting processes as well as the benefits the project would deliver to all Native Alaskans. Alaska's U.S. Senators and Governor have consistently expressed their long-term support of the Donlin Gold project.

The Donlin Gold camp re-opened in the first quarter of 2023 to continue fieldwork to collect geotechnical and hydrological information toward finalizing the next step in the design documentation required for the Alaska Dam Safety certificates, with anticipated field completion in 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 expected to be issued by June 30, 2023, which corresponds to the expiration date of the current permit. ADEC has extended the existing APDES permit indefinitely until a new permit is finalized.

On June 3, 2020, Earthjustice joined by Orutsararmiut Native Council (ONC), Chevak, Kasigluk, Eek, Kwinhagak, Marshall, Nightmute, Tununak, Kwethluk, Kotlik, SalmonState, 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 consists of an Administrative Hearing in front of an Administrative Law Judge (ALJ) appointed by the ADEC Commissioner. The ALJ was subsequently appointed. 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 do 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 first half of 2023. It is then subject to further review in Alaska Superior Court.

On September 20, 2021, Earthjustice, representing ONC, Cook Inletkeeper, and three villages, filed an appeal of the State pipeline ROW authorization in Alaska Superior Court. An appeal was also filed by a second party, the owner of an outdoor guiding business located near the 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. Decisions in both cases are expected in 2023.

On May 25, 2022, Earthjustice, on behalf of ONC and five villages, filed an appeal of the final Water Rights in Alaska Superior Court. The appellants filed their initial brief on November 21, 2022. ADNR and Donlin Gold submitted their response briefs on March 8, 2023 and the appellants are preparing their final brief. A decision is expected within the next year.

In September 2022, 13 tribes sent a letter to the U.S. Army Corps of Engineers ("Corps") and the Environmental Protection Agency (EPA) requesting that the Corps consider requiring a supplemental environmental impact statement (EIS) on the Donlin Gold project and revoking the Clean Water Act Section 404 permit in light of what the tribes consider "new information" since the final EIS was issued in 2018. Also in September 2022, the same tribes submitted a separate letter to EPA requesting that they initiate a Clean Water Act Section 404(c) veto process for the Donlin Gold project. A Section 404(c) veto has recently been applied to the Pebble Project in Alaska but is rarely used by EPA. 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 EPA describing why the agency should not initiate a 404(c) process.

Donlin Gold project

The 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.

Ultimately, subject to a formal decision by the Donlin Gold LLC board the comprehensive work we are completing should lead to the commencement of a new Donlin Gold feasibility study which, in turn, would initiate the detailed engineering work necessary to advance the project design before reaching a construction 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 quarter of 2023 was \$5,744. 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

	Three months ended February 28,		
	2023	2022	Change
Net loss	\$(10,659)	\$(9,995)	\$(664)
Net loss per common share, basic and diluted	\$(0.03)	\$(0.03)	—

Net loss increased by \$664 from 2022 to 2023, primarily due to an increase in interest expense on the promissory note, increased permitting costs at Donlin Gold and higher corporate legal expenses, partially offset by increased interest income and other income related 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 board for the Donlin Gold project. Future financings 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 February 28, 2023:

- Cash and cash equivalents of \$54,161, 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.
- Notes receivable of \$25,000 due on the earlier of the completion of a Galore Creek feasibility study or 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 \$126,629, 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 first quarter of 2023 cash and cash equivalents decreased by \$9,721, primarily to fund our share of Donlin Gold and for corporate administrative expenses. The decrease in cash used in the first quarter of 2023 compared to 2022 was due to the timing of corporate liability insurance payments in 2022, withholding tax paid on share-based compensation in 2022 (no PSUs vested in 2023) and proceeds received from the sale of the San Roque mineral property.

Outstanding share data

As of March 28, 2023, the Company had 333,982,678 common shares issued and outstanding. Also, as of March 28, 2023, the Company had: i) a total of 9,161,465 stock options outstanding; 7,930,333 with a weighted-average exercise price of \$6.26 and the remaining 1,231,132 of those stock options with a weighted-average exercise price of C\$8.10; and ii) 1,605,500 PSUs and 310,957 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 11,880,672 common shares.