

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, anticipated timing and impact of certain judicial and/or administrative decisions, continued support of the state and federal permitting process, future capital raising activities and their related dilutive effects, sufficiency of working capital, timelines, strategic plans, including our plans and expectations relating to the Donlin Gold (as defined below) project, permitting and the timing thereof, the Company's market price, 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;
- dependence on cooperation of co-owner in exploration and development of the Donlin Gold project;
- expectations regarding future gold prices and demand;
- 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 mineral resource and mineral 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 not being adversely disrupted or impeded by development, operating or regulatory risks;
- our expectations regarding the timing and outcome of certain judicial and/or administrative decisions, including but not limited to the appeals of: (i) the federal Joint Record of Decision ("JROD") and permits issued by the U.S. Army Corps of Engineers ("Corps") and U.S. Bureau of Land Management, (ii) the State Clean Water Act Section 401 Certification (as defined below), (iii) the state pipeline right-of-way ("ROW") agreement and lease, and (iv) the application for water rights; and
- our ability to fund the feasibility study update.

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;
- risks related to cooperation with our co-owner on which we depend for Donlin Gold project activities;
- our history of losses and expectation of future losses;
- our concentrated property portfolio;
- 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, including the impact of inflation thereon;
- commodity price fluctuations;
- risks related to market events and general economic conditions;

- risks related to opposition to 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;
- uncertainties relating to the assumptions underlying our mineral reserve and mineral resource 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;
- 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;
- 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;
- risks related to changes in governmental regulation and uncertainties resulting from changes being implemented by the current U.S. federal administration including, but not limited to, the stability of pre-existing tax regimes and the potential introduction of tariffs;
- risks related to environmental laws and regulations;
- risks related to our insurance;
- risks related to title and other rights to our mineral properties;
- 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 the effects of global climate change on the Donlin Gold project;
- risks related to information technology systems;
- risks related to cybersecurity attacks and breaches; and
- risks related to the Company's status as a "passive foreign investment company" in the United States.

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, 2024 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- and six-month periods ended May 31, 2025 and May 31, 2024. 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, 2024, 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.sedarplus.ca. References herein to \$ refer to United States dollars and C\$ to Canadian dollars, in thousands, except for per share amounts or as otherwise specified.

Paulson Advantage Plus Master Ltd. and Paulson Partners LP (together, “Paulson”) are investment funds managed by Paulson Advisers LLC.

Paul Chilson, P.E., who is the Manager, Mine Engineering for NOVAGOLD and a “qualified person” under National Instrument 43-101 – Standards of Disclosure for Mineral Projects and SEC’s current mining disclosure rules has approved the scientific and technical information contained herein.

Highlights

On June 3, 2025, NOVAGOLD and Paulson, through wholly-owned subsidiaries, completed the \$1 billion acquisition of Barrick’s 50% interest in Donlin Gold (“Donlin Gold Transaction”), increasing NOVAGOLD’s economic stake in Donlin Gold LLC (“Donlin Gold”) to 60%. Paulson’s subsidiary acquired the remaining 40% of Donlin Gold and both parties have equal governance rights. This transaction marks a significant milestone in a long-term strategy to advance Donlin Gold. NOVAGOLD’s portion of the acquisition was funded through a combination of a public equity offering and concurrent private placement.

NOVAGOLD closed a \$195.2 million underwritten public offering (issuing approximately 48 million common shares in the second quarter and approximately 7.2 million common shares as part of the exercise of the overallotment option early in the third quarter), and a \$64.4 million private placement (issuing approximately 17.2 million common shares in the second quarter), representing a total of \$260.4 million (an aggregate of approximately 72.2 million common shares). NOVAGOLD purchased the additional 10% interest in Donlin Gold LLC with proceeds from the offerings and will use the balance of the funds from the offerings for general corporate purposes, including its share of expenses associated with updating the Donlin Gold Feasibility Study.

The Company held its 2025 Virtual AGM on May 15, 2025 at which all nominated directors were elected with strong shareholder participation on May 20, 2025.

Company 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, a limited liability company which, following the closing of the Donlin Gold Transaction on June 3, 2025, is owned 60% by a wholly-owned subsidiary of NOVAGOLD and 40% by a wholly-owned subsidiary of Paulson. While NOVAGOLD has a 60% economic interest in Donlin Gold, governance of Donlin Gold is shared equally by NOVAGOLD and Paulson.

Our corporate goals include completing the Donlin Gold updated feasibility study and a subsequent construction decision; maintain a favorable reputation of NOVAGOLD and the Donlin Gold project among shareholders; promote strong community outreach and sustainability culture; maintain strong safety and environmental performance; and manage the Company treasury effectively and efficiently. 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 and maintaining those received in good standing, advancement to a feasibility study, preparation of engineering designs and the financing to fund these objectives.

Overview of Donlin Gold Transaction and Financing Activities in the Second Quarter

As noted above, on June 3, 2025, the Company and Paulson, through wholly-owned subsidiaries, completed the Donlin Gold Transaction pursuant to the terms of the membership interest purchase agreement dated April 22, 2025 (the “MIPA”) among Barrick Gold U.S. Inc (“Barrick Gold”), Barrick, Paulson, Donlin Gold Holdings LLC, a subsidiary of Paulson (“Donlin Holdings”), and NovaGold

Resources Alaska, Inc., a subsidiary of the Company (“NGRA”). NOVAGOLD, through NGRA, acquired an additional 10% interest in Donlin Gold for \$200 million, increasing its stake to 60% of Donlin Gold, while Paulson, through Donlin Holdings, acquired the remaining 40% interest for \$800 million.

Amended and Restated Limited Liability Company Agreement for Donlin Gold LLC

In connection with the closing of the Donlin Gold Transaction, NGRA, Donlin Holdings and Donlin Gold entered into an amended and restated limited liability company agreement (the “A&R LLC Agreement”) governing Donlin Gold, pursuant to which the Company and Paulson will have equal governance rights. NGRA had previously entered into a limited liability company agreement with Barrick Gold and Donlin Gold (the “Prior LLC Agreement”) dated December 1, 2007, as amended from time to time. Pursuant to the terms of the A&R LLC Agreement, the primary amendments to the Prior LLC Agreement consist of the following:

- The deadlock provision contained in Article XVI of the Prior LLC Agreement has been replaced with a provision for non-binding mediation for dispute resolution.
- Consistent with the Prior LLC Agreement, the funding for Donlin Gold will be shared by both parties based on their percentage ownership. For example, since NGRA now holds 60% of the membership interests of Donlin Gold, it will have the responsibility to fund 60% of the expenses of Donlin Gold. However, regardless of the fact that Paulson holds 40% of Donlin Gold, the intent is for the parties to have equal governance rights. This adjustment to the parties’ voting interests, as set forth in the A&R LLC Agreement means that (i) NGRA’s voting percentage interests are defined as its membership interest from time to time less an absolute 10% and (ii) Paulson’s voting percentage interests are defined as its membership interest from time to time plus an absolute 10%. For this reason, now that NGRA holds 60% of the membership interests of Donlin Gold, it has a 50% voting interest at Donlin Gold, not 60%.
- The parties agree to manage the operations of Donlin Gold in a manner to avoid adverse tax consequences to the parties, including pursuant to Section 4943 of the Internal Revenue Code.
- Certain provisions in the Prior LLC Agreement have been deleted or amended as a result of such provisions being outdated or no longer relevant due to the current development and permitting status of Donlin Gold.

Amended and Restated Promissory Note

Pursuant to the Prior LLC Agreement for Donlin Gold, the Company issued a promissory note in favor of Barrick Gold to repay Barrick out of future mine production cash flow for a portion of Barrick’s prior expenditures on the Donlin Gold project. In connection with the closing of the Donlin Gold Transaction, on June 3, 2025 NGRA and Barrick Gold have amended and restated the promissory note primarily to (i) modify the security package in order to exclude any property held by Donlin Gold or membership interest in Donlin Gold held by NGRA, but ensure it remains secured by NGRA’s right, title and interest to proceeds from Donlin Gold and (ii) provide the ability for NGRA to prepay and retire the promissory note for an aggregate of \$100 million until December 3, 2026. In connection with the amended and restated promissory note, NGRA has made an irrevocable direction to Donlin Gold to specify that Donlin Gold shall distribute to Barrick Gold, until the promissory note is fully repaid, 85% of the processed products, cash and other assets; and payments of 5% of certain net proceeds specified in the promissory note. As per the amended and restated promissory note, the principal amount owed is \$158.9 million.

Backstop Agreement

In order to finance the Company’s \$200 million obligation under the MIPA, funding commitments of up to \$170 million were obtained from Electrum Strategic Resources L.P. (“Electrum”), Paulson Advantage Plus Master Ltd. and Paulson Partners LP (together, the “Paulson Investors”), and Kopernik Global Investors, LLC, on behalf of investment funds and accounts managed by it (“Kopernik”, together with Electrum and the Paulson Investors, the “Investors”) pursuant to a backstop agreement dated April 22, 2025 (“Backstop Agreement”). Pursuant to the Backstop Agreement, the Investors agreed to purchase, on a non-brokered, private placement basis, up to \$170 million in the Company’s common shares at \$3.00 per share, representing up to 56,666,667 common shares in the aggregate (the “Subscribed Shares”).

While the Company did not exercise its rights provided by the Backstop Agreement, in consideration for entering into the Backstop Agreement, the Company issued an aggregate of 25,500,000 warrants to purchase the Company’s common shares (the “Warrants”), with each Warrant entitling the holder thereof to purchase one common share (a “Warrant Share”) at an exercise price of \$3.00 per Warrant Share for a period of five years from the date of issuance. The Warrants contain a “cashless exercise” feature, such that, in lieu of making the cash payment otherwise contemplated to be made to us upon such exercise of the Warrant, the Holder may elect instead to receive upon such exercise (either in whole or in part) the net number of common shares determined according

to a formula set forth in the Warrants. The Warrants were issued in the following amounts: (i) 12,750,000 Warrants to Paulson; (ii) 6,375,000 Warrants to Electrum; and (iii) 6,375,000 Warrants to Kopernik. The Backstop Agreement further provided the Investors with registration rights, pursuant to which the Company has agreed to, among other things, file a registration statement with the SEC registering the resale of the Warrant Shares and to cause such registration statement to remain effective until the earlier of (a) three years from the issuance of the Subscribed Shares (which were not issued), (b) the date on which all of the Subscribed Shares and Warrant Shares shall have been sold, or (c) on the first date on which each Investor can sell all of its Subscribed Shares and/or Warrant Shares (or shares received in exchange therefor) under Rule 144 of the Securities Act without limitation as to the manner of sale or the amount of such securities that may be sold. The Backstop Agreement also contained customary indemnification and other provisions customary for registration rights of this type.

Public Offering and Concurrent Private Placement

On May 7, 2025, NovaGold Resources Inc. (the "Company") entered into an Underwriting Agreement related to a public offering of 47,850,000 of the Company's common shares at a public offering price of \$3.75 per share. In addition, the Company granted the underwriters an option exercisable for 30 days from the date of the Underwriting Agreement to purchase up to 7,177,500 of additional common shares of the Company. The net proceeds from the public offering were approximately \$169.7 million, or approximately \$195.2 million when the option was exercised in full in June 2025 by the underwriters, after deducting the underwriting discount and estimated offering expenses. The Company made certain customary representations, warranties and covenants concerning the Company and the registration statement in the Underwriting Agreement and also agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act").

Concurrently with the public offering, the Company entered into a private placement offering of 17,173,853 common shares at a price equal to the public offering price for aggregate gross proceeds of approximately \$64.4 million with Electrum Strategic Resources L.P. and Kopernik Global Investors, LLC (each a "Placement Investor"). The Company entered into a Subscription Agreement dated May 7, 2025 (the "Subscription Agreement") with each of the Placement Investors setting out the terms of the concurrent private placement, which included similar resale registration rights as contained in the Backstop Agreement. The concurrent private placement closed on May 9, 2025.

Donlin Gold project

In the second quarter of 2025, Donlin Gold achieved a number of milestones including:

- Initiating efforts to prepare for the updated feasibility study, following completion of the Donlin Gold Transaction. A dedicated owner's project team will be assembled at Donlin Gold to advance this work. The contract(s) for this work are expected to be awarded by year-end.
- Commenced drilling in March with a total of 8,401 meters completed out of 15,000 planned meters now focused on resource conversion and expansion, subsequent to the announcement of the Donlin Gold Transaction.
- Met with the Alaska Congressional delegation and industry officials in Washington, D.C. to introduce Donlin Gold's new General Manager, Todd Dahlman, and reinforce the project's importance to Alaska and the Yukon-Kuskokwim (Y-K) region.
- Continued to support critical ecological, environmental, and health and safety initiatives throughout the Y-K region.
- Advanced permitting efforts, with comments from ADNR on the Dam Safety Certificates preliminary design packages expected in 2025. Bids were received and are currently being evaluated for the Dam Safety Certificates detailed design package work.

Our share of funding for the Donlin Gold project in the first six months of 2025 was \$10,413, in line with previously issued 2025 guidance. Following the closing of the Donlin Gold Transaction on June 3, 2025, NOVAGOLD and Paulson have commenced a review of Donlin Gold's 2025 work plan, which is being amended to enable the commencement of an updated feasibility study by the end of 2025. Given that our share of funding Donlin Gold's expenses increases from 50% to 60% with the closing of the Donlin Gold

Transaction, we expect our share of Donlin Gold funding to be higher than our previously issued 2025 guidance of \$21,500. In light of the Donlin Gold Transaction, NOVAGOLD intends to provide updated 2025 guidance with the release of our third quarter results.

Adding Valuation Through the Drill Bit

In the second quarter of 2025, Donlin Gold made substantial progress on key initiatives and activities including, the commencement of Donlin Gold's 15,000-meter drill program prioritizing resource conversion and expansion with a crew of sixty at site. At the close of the second quarter a total of 8,401 out of 15,000 planned meters was completed.

Reinforcing the Project's Importance Through Engagement and Support for Environmental, Cultural, and Social Initiatives in the Y-K Region

During the second quarter of 2025, Donlin Gold's new General Manager and other team members travelled to Washington, D.C. to meet with the Alaska Congressional delegation, Governor Mike Dunleavy, Karen Kelleher, Alaska's Bureau of Land Management acting Director, Department of Interior representatives, and other industry elected officials, reinforcing the project's importance to Alaska and the Y-K region.

In March 2025, Donlin Gold and NOVAGOLD conducted a follow-up community meeting in Crooked Creek, the closest village to the project, to share information, answer questions, and discuss the project's importance. Additionally, in May 2025, Donlin Gold hosted the fifth Subsistence Community Advisory Committee (SCAC) meeting at the Donlin Gold project site, which included tours of the camp and facilities as well as presentations on topics related to the project such as mining processes, ongoing aquatic resources monitoring and Snow Gulch restoration work.

In April 2025, Donlin Gold continued its participation in and support of the Donlin Gold Summer Safety Program, traveling along the Kuskokwim River with 2019 Iditarod champion and Donlin Gold employee Pete Kaiser. Together, they visited seven villages in the Y-K region to distribute life jackets and promote water safety among local residents.

Also in April 2025, Donlin Gold extended its support to 47 communities for the annual Clean-up Green-up program. This initiative targets the collection and proper disposal of trash from the tundra, roads, public areas, and beaches in the Y-K region that accumulate over the winter months.

Upholding current permits and working to secure key state approvals

Donlin Gold continued to support the state and federal agencies defending their permits in litigation.

On June 28, 2021, Earthjustice representing Orutsararmiut Native Council ("ONC") filed an appeal of the Alaska Department of Environmental Conservation ("ADEC") Commissioner's decision upholding the ADEC's Clean Water Act Section 401 water quality certification in Alaska Superior Court. In December 2021, at the request of the State of Alaska and Donlin Gold, the Alaska Superior Court suspended the case and remanded it to ADEC to allow for consideration of additional technical materials on mercury and temperature. After an administrative process, the Commissioner reaffirmed ADEC's issuance of the 401 Certification on August 18, 2023. The suspension of the previously filed Alaska Superior Court case was then lifted and Earthjustice filed its opening brief with the Alaska Superior Court in January 2024. Briefing is complete and oral arguments were held on August 30, 2024. On May 6, 2025, the Alaska Superior Court issued a decision rejecting plaintiff's arguments and upholding the Alaska Department of Environmental Conservation's water quality certification for the Donlin Gold project. Earthjustice filed a notice of appeal to the Alaska Supreme Court on May 28, 2025.

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. On April 12, 2023, the Alaska Superior Court affirmed the Alaska Department of Natural Resources' ("ADNR") issuance of the ROW lease in the Earthjustice case. Earthjustice appealed the Superior Court's decision to the Alaska Supreme Court. On May 25, 2022, Earthjustice, representing ONC and five Y-K villages, filed an appeal of ADNR's issuance of certain water rights permits to Donlin Gold in Alaska Superior Court. After briefing and oral argument, on September 1, 2023, the Alaska Superior Court affirmed ADNR's decision on Donlin Gold's water rights permits. On October 2, 2023, Earthjustice appealed the Superior Court's decision to the Alaska Supreme Court. Earthjustice's opening brief was submitted to the Alaska Supreme Court on January 4, 2024. Response briefs from the State of Alaska and Donlin Gold were completed in April 2024, and Earthjustice subsequently filed their reply brief in May 2024. Briefing on Earthjustice's appeal of the Alaska Superior Court affirmation of ADNR's issuance of the State pipeline ROW lease to the Alaska Supreme Court was completed in February 2024. Oral arguments for both the water rights permits and the State pipeline ROW were held November 12, 2024, and a decision is anticipated in 2025.

On April 5, 2023, Earthjustice representing ONC and six Y-K villages filed suit against the U.S. government in the U.S. District Court for Alaska (the "Federal District Court") asking the Federal District Court to invalidate the Donlin Gold JROD, which included the Corps' issuance of the 404 permit and the Department of Interior, Bureau of Land Management's issuance of the ROW lease for the portions of the pipeline on Federal lands. 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 were granted intervenor status in this case. The DOJ filed their brief

supporting the issuance of the JROD and the sufficiency of the environmental analysis in the Final Environmental Impact Statement on April 2, 2024. Amicus briefs supporting the project were filed by the village of Crooked Creek and the Alaska federal Congressional delegation. Oral arguments were held on June 24, 2024, and the Federal District Court issued a decision on September 30, 2024. The decision rejected the plaintiffs' arguments on two of the three issues raised in the litigation but agreed with plaintiffs that the federal agencies took too narrow of a view in analyzing the impact of a theoretical release from the tailings storage facility. The Federal District Court requested supplemental briefing on the appropriate remedy for addressing this issue. On October 7, 2024, the plaintiffs filed a request for reconsideration on one of the issues on which the Federal District Court had ruled against the plaintiffs and, at DOJ's request, the Federal District Court suspended the schedule for briefing on the appropriate remedy until after the Federal District Court ruled on plaintiffs' motion for reconsideration. On December 23, 2024, the Federal District Court denied plaintiffs' request for reconsideration. Remedy briefing was completed in March 2025 and oral argument on remedy was held May 9, 2025. On June 10, 2025, the Federal District Court issued an order denying Earthjustice's request to vacate the permits and remanding the case to the agencies to supplement the NEPA analysis on the narrow issue regarding the analysis of a release from the tailings storage facility. The Court retained jurisdiction over the case during the remand and ordered the agencies to file periodic status updates with the court.

To date, all permits and approvals granted to Donlin Gold by federal and state agencies remain issued and in place while the legal challenges described above proceed. We recognize the importance of preparedness and organization in these matters. With the unwavering support of Donlin Gold and its owners, we will continue to back the state and federal agencies in defending their thorough and diligent permitting processes and are committed to working with the federal agencies and all stakeholders on an appropriate remedy to address the Federal District Court's decision.

Consolidated Financial Results

In the second quarter and the first six months of 2025, net loss increased by \$40,575 and \$39,373, respectively, from the comparable prior year periods primarily due to a \$39,607 non-cash, non-recurring charge related to warrants issued under a backstop commitment agreement signed on April 22, 2025 concurrent with the announcement of the Donlin Gold Transaction. Other items leading to an increase in net loss include higher field expenses at Donlin Gold, lower interest income on cash and term deposits and lower other income due to a smaller comparative gain in the fair market value of marketable securities partially offset by lower general and administrative costs and lower tax expense.

The Company entered into a backstop commitment agreement on April 22, 2025 to ensure sufficient funding for the Donlin Gold Transaction. As consideration for funding such backstop commitment to the Company, NOVAGOLD issued backstop warrants to certain institutional investors with an estimated total fair value of \$39,607. Company subsequently completed the May 2025 equity offering and the backstop commitment concurrently expired unexercised. As the backstop warrants were not a direct offering cost associated with the May 2025 equity offering, the \$39,607 was recorded as a non-cash expense in the second quarter of 2025. The expense represents a non-cash financing activity.

Donlin Gold expenses in the second quarter and the first six months of 2025 were higher with increased site activity in 2025 compared to 2024 when field work activities were minimal. General and administrative expenses decreased in the second quarter and the first six months of 2025 primarily due to lower share-based compensation, salaries and benefits and professional fees. Professional fees expensed declined in the second quarter and the first six months of 2025. Transaction costs of \$829 incurred during the second quarter related to the Donlin Gold Transaction have been recorded as pre-paid expenses as the transaction did not close until early in the third quarter. Salaries and benefits in the second quarter and the first six months of 2025 decreased versus the comparative 2024 periods primarily due to a lower headcount. Please see *"Liquidity and Capital Resources – Liquidity overview"* for more information regarding the anticipated impact of the Donlin Gold Transaction on NOVAGOLD's costs and expenses.

Functional Currency Change

The functional currency of the Company is the U.S. dollar. Prior to April 22, 2025, the functional currency of NOVAGOLD RESOURCES INC., the parent entity, was the Canadian dollar. Management reassessed NOVAGOLD RESOURCES INC.'s functional currency and determined that on April 22, 2025, given the increasing prevalence of U.S. dollar denominated activities and financing transactions, its functional currency changed from the Canadian dollar to the U.S. dollar. The change in functional currency was accounted for prospectively from April 22, 2025, and prior period consolidated financial statements were not restated for the change in functional currency. Previously recorded cumulative translation adjustments were not reversed.

Liquidity and Capital Resources

Liquidity overview

With total cash and term deposits of \$318,737 as May 31, 2025 (\$136,307 pro forma the closing of the Donlin Gold Transaction on June 3, 2025 and the closing of the share issuance related to the exercise of the underwriters' overallotment option on June 5,

2025), the Company has sufficient working capital to cover anticipated funding of the Donlin Gold project and corporate general and administrative costs for at least the next three years at current spending levels. The Company is working with Paulson and Donlin Gold to determine the anticipated costs of completing a feasibility study, and depending on the ultimate cost of completing a feasibility study, the Company may need to raise additional capital. If a decision to commence engineering and construction is reached by Donlin Gold, the Company will review the amounts and options to raise capital at that time. Future financing to fund construction is anticipated through debt and equity offerings, project specific debt, and/or other means. Our continued operations, in the longer term, are dependent on our ability to obtain additional financing or to generate future cash flows. However, there is 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.*

As discussed above, we expect our share of Donlin Gold funding to be higher than our previously issued 2025 guidance of \$21,500 and we similarly expect NOVAGOLD's corporate general and administrative and transaction costs to be significantly higher than our previous 2025 guidance of \$16,000 in fiscal 2025 due to legal and transaction costs related to the Donlin Gold Transaction. NOVAGOLD intends to provide updated 2025 guidance with the release of our third quarter results.

Our financial position includes the following as of May 31, 2025:

- Cash and cash equivalents of \$293,737, primarily held at three large Canadian chartered banks with investment grade credit ratings. Pro-forma the closing of the Donlin Gold Transaction on June 3, 2025 and the closing of the share issuance related to the exercise of the underwriters' overallotment option on June 5, 2025, our cash and cash equivalents were \$111,307.
- Term deposits of \$25,000 held at one large Canadian chartered bank with investment grade credit ratings with maturities of less than one year.
- Promissory note payable to Barrick of \$158,795 including accrued interest at U.S. prime plus 2%, compounded semi-annually. 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. Concurrent with the Donlin Gold Transaction announcement on April 22, 2025, NOVAGOLD entered into a prepayment option agreement with Barrick, which provided the Company with an option to prepay the promissory note in full for \$90,000 prior to the closing of the Donlin Gold Transaction. As the \$90,000 prepayment option was not exercised prior to closing, concurrent with closing on June 3, 2025, the Company entered into an amended and restated secured promissory note with Barrick that provides the Company with an option to prepay the promissory note in full for \$100,000 on or before December 3, 2026.

Cash flows

In the second quarter and first six months of 2025, cash equivalents increased by \$259,767 and \$251,512, respectively, primarily due to \$243,839 in proceeds from a public equity offering and concurrent private placement, net of \$9,734 of transaction and issuance costs, and \$34,000 in net proceeds from term deposits partially offset by Donlin Gold funding and corporate general and administrative costs.

Cash used in operating activities in the second quarter and first six months of 2025 was \$433 and \$519 higher, respectively, than the comparative prior year periods. Funding of Donlin Gold was \$3,088 and \$3,079 higher in the second quarter and first six months of 2025, respectively, due to increased site activity in 2025 than the comparative prior year periods when field work activities were minimal.

Outstanding share data

As of June 20, 2025, the Company had 406,897,647 common shares issued and outstanding. Also, as of June 20, 2025, the Company had: i) a total of 25,500,000 warrants outstanding with an exercise price of \$3.00 per share; ii) a total of 9,867,200 stock options outstanding; 8,600,200 with a weighted-average exercise price of \$5.43 per share and the remaining 1,267,000 of those stock options with a weighted-average exercise price of C\$6.97 per share; and iii) 2,074,300 PSUs; and iv) 327,032 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 38,805,682 common shares.