

NOVAGOLD RESOURCES INC.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following Management’s Discussion and Analysis (“MD&A”) provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of NOVAGOLD RESOURCES INC., incorporated in British Columbia, Canada, and its subsidiaries (collectively, “NOVAGOLD,” the “Company,” “our” and “we”). This item should be read in conjunction with our Consolidated Financial Statements and the notes thereto included in this annual report. References herein to \$ refer to United States dollars and C\$ to Canadian dollars, except as otherwise specified.

The following MD&A generally discusses our consolidated financial condition and results of operations for 2025 and year-over-year comparisons between 2025 and 2024. Discussions of our consolidated financial condition and results of operations for 2024 and year-over-year comparisons between 2024 and 2023 are included in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, in the Company’s Annual Report on Form 10-K for the fiscal year ended November 30, 2024, filed with the Securities and Exchange Commission on January 23, 2025, are incorporated by reference into this MD&A.

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* (“NI 43-101”) and the Securities and Exchange Commission’s (“SEC”) 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 (the “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. Both owners have equal governance rights in Donlin Gold. The Donlin Gold 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 a 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 advancing the Donlin Gold Bankable Feasibility Study (the “BFS”).

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. We record our interest in the Donlin Gold project as an equity investment, which results in our 60% share of Donlin Gold’s expenses being recorded in the income statement as an operating loss.

Our corporate goals include completing the BFS and moving to a subsequent construction decision; maintaining a favorable reputation of NOVAGOLD and the Donlin Gold project among shareholders; promoting strong community outreach and a sustainability culture; maintaining strong safety and environmental performance; and managing the Company’s 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 BFS, preparation of engineering designs and maintaining sufficient capital resources to fund these objectives.

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Overview of Donlin Gold Transaction and Financing Activities During 2025

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. (“NGRA”), a subsidiary of the Company. 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 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 Donlin Holdings holds 40% of Donlin Gold, Donlin Holdings and NGRA 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) Donlin Holdings’ voting percentage interests are defined as its membership interest from time to time plus an absolute 10%. For this reason, although NGRA holds 60% of the membership interests of Donlin Gold, it only has a 50% voting interest.
- 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 to 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. 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 million prior to the closing of the Donlin Gold Transaction. The \$90 million prepayment option was not exercised prior to closing. In connection with the closing of the Donlin Gold Transaction, on June 3, 2025 NGRA and Barrick Gold 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 whereby Donlin Gold shall distribute to Barrick Gold, until the promissory note is fully repaid, 85% of distributed 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 ensure available financing for 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, and Kopernik Global Investors, LLC, on behalf of investment funds and accounts managed by them (“Kopernik”, together with Electrum and Paulson, the “Investors”) pursuant to a backstop agreement dated April 22, 2025 (“Backstop Agreement”). Pursuant to the Backstop Agreement, the Investors

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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.

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 had 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. Pursuant to discussions with the Investors and the Placement Investors (as defined below), the Company may file a resale registration statement in the future upon request of such investors with respect to the Warrant Shares or common shares issued pursuant to the Subscription Agreement (as defined below).

Public Offering and Concurrent Private Placement

On May 7, 2025, 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 (the "Underwriting Agreement"). 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 "Overallotment Option"). The net proceeds from the public offering were approximately \$169.7 million. The Overallotment Option was exercised in full on June 5, 2025, bringing the total net proceeds to the Company for the public offering and the Overallotment Option to approximately \$195.2 million after deducting the underwriting discount and 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 announced in May 2025, the Company completed a private placement offering on May 9, 2025 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 and investments funds and accounts managed by 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

NOVAGOLD and Donlin Gold advanced key activities in 2025 to position the project to update technical work and cost estimates. Primary activities included 1) issuing a Request for Proposals (RFP) for its Bankable Feasibility Study (BFS) to top-tier engineering firms with the expertise to design what is expected to be the largest single gold mine in the United States. Proposals were received in October, and the Prime Contractor is expected to be selected in the first quarter of 2026. RFPs were also issued in the fourth quarter of 2025 for specialist contractors for the power plant, pipeline, and pressure oxidation and oxygen plant scopes of work; and 2) mine planning and resource conversion advanced through the completion of an 18,454-meter 2025 drill program. The work targeted three core objectives: grid drilling to refine mine planning parameters, in-pit exploration to strengthen geological modelling and resource conversion, and geotechnical drilling to inform the updated resource model, mine planning and assess sites for the planned port access road. The program was successfully executed by a site team of approximately 80 locally hired staff and external contractors, with results providing critical inputs for engineering, mine planning, and resource modelling.

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To support the advancement of the BFS and move the project toward development, management has identified key project requirements and commenced recruiting for critical positions. Donlin Gold hired Frank Arcese as Project Director. Frank brings more than four decades of global project leadership to Donlin Gold and has deep experience in the execution of large-scale mining capital projects in both the U.S. and international jurisdictions. Most recently, he served as Capital Projects Business Leader for North and South American mining operations at WSP Global Inc., and Engineering, Procurement and Construction Management (EPCM) firm. Prior to that, he acted as Project Director on multiple large mining and power plant project for Rio Tinto across the U.S., Mongolia, China, Australia, and Argentina, and brings extensive expertise in managing projects in remote environments, such as Teck Resource's original Quebrada Blanca in Chile, BHP's Escondida Phase 3 and SX-EW Plant in Chile, and recently Rio Tinto's Rincon 3000 Lithium Project in Argentina.

The Donlin Gold board must approve the BFS, construction program and budget before the Donlin Gold project can be developed. The timing of the required engineering work and the Donlin Gold board's approval of an updated feasibility study, 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 due to 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.

Stakeholder and government engagement

In collaboration with Calista Corporation ("Calista") and The Kuskokwim Corporation (TKC), Donlin Gold LLC had extensive engagement with local communities, stakeholders, and government representatives across the Y-K region, Alaska, and Washington, D.C., advancing project development and permitting. Our longstanding outreach efforts — includes decades of work with 62 Y-K region communities and has strengthened relationships, created knowledge-sharing opportunities, reinforced the project's social license, and built considerable trust. The company and the Donlin Gold team remain committed to advancing the project responsibly through transparent, respectful, and lasting partnerships and engagement with both community and government entities.

To support these efforts, Donlin Gold maintained frequent engagement with numerous stakeholders throughout the Y-K region, Alaska, and Washington D.C. In 2025, NOVAGOLD and Donlin Gold staff traveled to Juneau and Washington, D.C., to meet with Alaska's state legislators, the U.S. congressional delegations and staff, Federal officials, the Federal Permitting Council, and the National Security Council to provide project updates and its importance to Alaska and the Y-K region, discuss energy needs, and highlight the State's environmental standards. Donlin Gold's new General Manager and other team members also met with Governor Mike Dunleavy, Department of Interior representatives, Karen Kelleher, Alaska's Bureau of Land Management acting Director, and other industry officials for an introduction and project update. Meetings also took place with former Alaska state legislators Senator Hughes, Representative Kopp, Representative Coulombe, and Representative Jimmie during the Donlin Gold's Alaska Federation of Natives reception.

Donlin Gold hosted the fourth and fifth Subsistence Community Advisory Committee meetings in Anchorage and at the project site, offering a deep dive in different areas of the project's development and operations, including camp and facility tours, as well as aquatic resources monitoring, and Snow Gulch restoration work.

Additionally, site tours were held with stakeholders, investors, and analysts, followed by the owners' tour which included meetings with principal stakeholders, including Alaska Native landowners, government agencies, engineering firms, and logistics providers and other pivotal parties with the capacity and experience to support critical project infrastructure as Donlin Gold advances the BFS and development activities that follow its construction decision.

Donlin Gold and NOVAGOLD staff traveled to Crooked Creek on several occasions to meet with community members to share information and answer questions from attendees about the Donlin Gold project. Additionally, Donlin Gold and Calista traveled to Crooked Creek and Aniak to provide project updates.

As part of the owners' site tour last summer, meetings were held with key Alaska government officials – including Governor Mike Dunleavy, former Department of Natural Resources Commissioner John Boyle, and former Revenue Commissioner Adam Crum among others – to introduce the new Donlin Gold ownership and to discuss shared priorities between the State of Alaska and the project. In addition, a series of discussions were held with natural gas pipeline developers to explore opportunities benefiting the project and its stakeholders.

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Additionally, Donlin Gold hosted a site tour for State of Alaska representatives, state directors for all three U.S. delegation offices, and RDC staff. Donlin Gold also hosted an additional tour including staff from the offices of Senator Lisa Murkowski, Senator Dan Sullivan, and Representative Senator Nick Begich, as well as a Calista intern. The Donlin Gold team met with Representative Begich in Aniak, followed by the Director of the Bureau of Land Management and his staff in Alaska.

Representatives from Donlin Gold, Paulson and NOVAGOLD, as well as Alaska Gov. Mike Dunleavy participated in a keynote luncheon panel on the Donlin Gold project during the Alaska Miners Association Convention. Panelists discussed the project's ongoing development, its importance to Alaska and the Y-K region, and how close collaboration among partners and stakeholders is advancing the project responsibly. During the Alaska Miners Association Convention, Donlin Gold's Permitting and Environmental Manager Enric Fernandez was awarded the Alaska Miners Association Environmental Stewardship Award while the Donlin Gold team received the Alaska Miners Association Hard Hat Safety award – recognizing the team's outstanding dedication to safety, teamwork and care for one another.

Environment and social investments

NOVAGOLD is committed to education, community wellness, cultural preservation, ecological stewardship, and best practices that enhance the economic, health, and social well-being of our employees, the people of the Y-K region, and surrounding communities. Donlin Gold supports these efforts through fisheries studies, environmental activities, subsistence initiatives, and grants, while recognizing the importance of the region's traditions and subsistence way of life, where environmental health is paramount.

Meaningful collaboration was deepened with the Native Village of Napaimute, with Donlin Gold extending financial assistance to maintain the Kuskokwim River Ice Road — a pivotal winter infrastructure that ensures the safe transport of residents to community events and serves as a conduit of economic activity for the Kuskokwim River communities. Additionally, Donlin Gold pursued its support of and participation in the Alaska Safe Riders initiative, which promotes the secure use of snowmachines, all-terrain vehicles, and recreational off-road vehicles. Financial assistance was also provided to Camp Fire Alaska, an organization dedicated to offering summer camps and programs to youth in rural communities across Alaska. Activities included music, sports, science, field trips, and numerous outdoor recreation opportunities.

Donlin Gold continued its participation and support of the Kuskokwim River summer safety Program with NOVAGOLD team members, traveling 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. That same month, Donlin Gold extended its support to 47 communities for the annual "Clean-up Greenup" program.

NOVAGOLD and Donlin Gold also provided financial support to the Alaska Community Foundation to aid community recovery efforts in the region following Typhoon Halong. They also partnered with the AVCP Regional Housing Authority to provide generators and insulation.

Over the year, Donlin Gold further engaged in a variety of community events and initiatives that celebrate cultural preservation, strengthen stakeholder relationships, and promote the economic and social well-being of the Y-K region. These included Calista's Shareholder Relations Committee meetings, the Alaska Federation of Natives convention, village gatherings such as Napaimute's annual event, Nikolai Elder Food Program and School Carnival, RuralCap McGrath's Bluegrass Festival, the Alaska Native Heritage Center's 2025 Garden Party, the Aniak Traditional Council Annual Fair, Kalskag's Culture Camp, Calista's Golf Tournament, the Kwethluk Church Event, and the Napaskiak Summer Festival.

Donlin Gold continues to support a range of educational programs, including Crooked Creek's Traditional Council Summer Youth Employment Program, Alaska Resource Education, collaborating with the Lower Kuskokwim School District to host an annual College & Career Fair, EXCEL Alaska, and Covenant House Alaska's Bethel Jobs for American Graduates program, which helps high school graduates transition to postsecondary education and employment.

Throughout the year, Donlin Gold supported local sports initiatives, including the Alaska School Activities Association, Special Olympics Alaska, the Donlin Gold Invitational Basketball Tournament at Bethel Regional High School, The Iditarod Sled Dog Trail Race, Iron Dog Race and Y-K mushers Isaac Underwood, Mike Williams Jr., and Pete Kaiser.

Donlin Gold also continued to build on the progress of its aquatic habitat restoration project at Snow Gulch, which began in 2021 and is improving access and habitat for resident fish in areas affected by historic placer mining. Further development and restoration of the inlet channel were carried out in 2025 to help restore natural habitat conditions in support of aquatic life.

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Permitting

Donlin Gold is a federally permitted project on private land designated for mining activities by Calista Corporation, owner of the mineral rights, and The Kuskokwim Corporation (TKC) owner of the surface estate. Permitting in Alaska is a substantial undertaking supported by a diligent, thorough, transparent, and inclusive process for all involved, including stakeholders from the Y-K region.

Comments from ADNR on the preliminary design packages are anticipated in 2026. BGC Engineering has been appointed as the contractor for the Detailed Design Packages. The Detailed Design Packages are anticipated to be completed by the end of 2026/early 2027 with potential issuance of the Dam Safety Certificates in 2028.

Litigation

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. On November 14, 2025, Donlin Gold welcomed the Alaska Supreme Court's decision affirming both the project's water rights permits for the mine and the Department of Natural Resources' approval of the State's ROW for the state-owned lands portion of the proposed 316-mile natural gas pipeline. The ruling validates the State of Alaska's thorough review process and reinforces that the project can move forward in a manner that safeguards the lands, waters, and communities of the Yukon-Kuskokwim and southcentral regions.

NOVAGOLD continues to support the State of Alaska in defending the Department of Environmental Conservation's ("ADEC") Clean Water Act Section 401 Water Quality Certification ("401 Certification"), which is the only remaining challenge to Donlin Gold's permits in state court. On May 6, 2025, the Alaska Superior Court upheld ADEC's issuance of the 401 Certification. Earthjustice filed an appeal in the Alaska Supreme Court and filed their opening brief on September 16, 2025. Donlin Gold's and the State of Alaska's briefs were filed on November 25, 2025, and Earthjustice's reply brief was filed on January 9, 2026.

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 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 potential larger 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. USACE, in consultation with BLM and other federal agencies, will be the lead agency for this Supplemental Environmental Impact Statement ("SEIS") process to ensure a transparent, science-based review that provides the public and decision-makers with complete and accurate information. On October 27, 2025, Donlin Gold was also formally accepted into the FAST-41 program, a federal initiative that increases transparency, accountability, and predictability in permitting, and the project is now listed on the Federal Permitting Dashboard in connection with the SEIS. The USACE has submitted a schedule to the Permitting Council for

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completion of the supplemental analysis in mid-2027.

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

Other remediation

During 2025, \$219,524 in remediation expenditures were incurred for fieldwork at the historic former New Gold House property in Nome, Alaska, including re-seeding, sampling and monitoring. Monitoring, sampling and maintenance work (as needed, based on monitoring results) is planned for the 2026 field season.

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 company, was the Canadian dollar. Management reassessed the functional currency of the parent company, NOVAGOLD RESOURCES INC., and determined that as of 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. Prior to April 22, 2025, the effects of translating the Company's Canadian operations from the Canadian dollar to the U.S. dollar were recorded in *Other comprehensive income (loss)* and *Accumulated other comprehensive loss*. The change in functional currency was accounted for prospectively from April 22, 2025, and prior period consolidated financial statements were not restated. Previously recorded cumulative translation adjustments were not reversed.

Consolidated Financial Results for Fiscal 2025

The details of our *Net loss* are set forth below:

	Years ended November 30,		Change
	2025	2024	
Net loss	\$(94,659)	\$(45,621)	\$(49,038)
Net loss per common share, basic and diluted	\$(0.25)	\$(0.14)	\$(0.11)

Net loss in fiscal 2025 increased by \$49.0 million from the comparable prior year period primarily due to a \$39.6 million 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 as well as \$9.0 million of higher Donlin Gold field expenses. Other items leading to an increase in net loss in fiscal 2025 include higher general and administrative expenses and lower interest income on cash and term deposits.

Donlin Gold expenses recognized during fiscal 2025 were higher with increased site activity at Donlin Gold in 2025 compared to 2024 when field work activities were minimal and due to the Company's share of Donlin Gold expenditures increasing by 10% to 60% starting in the third quarter. General and administrative expenses increased by \$0.4 million in fiscal 2025 from the comparable prior year period primarily due to higher professional fees partially offset by lower share-based compensation. Professional fees increased by \$0.9 million in fiscal 2025 as a result of the closing of the Donlin Gold Transaction as well as costs incurred to prepare updated NI 43-101 and S-K 1300 technical reports for the Donlin Gold project.

Costs of \$9.1 million incurred during the second and third quarter mainly for investment banking and legal fees related to the Donlin Gold Transaction have been capitalized to the Company's *Investment in Donlin Gold* along with \$201.0 million of consideration paid to Barrick for the acquisition of an additional 10% interest in Donlin Gold.

2025 Fourth Quarter Results

Net loss during the fourth quarter of fiscal 2025 was \$15.6 million which was \$4.1 million higher than the comparative prior year period. The increase in net loss primarily resulted from higher Donlin Gold expenses recognized during fiscal 2025 and higher professional fees, both due to the same factors noted in the fiscal 2025 results above.

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Liquidity and Capital Resources

Liquidity overview

The Company monitors its liquidity and capital resources on a regular basis to ensure it has sufficient liquidity and capital resources to meet its current operating and capital requirements.

As of November 30, 2025, the Company had cash resources comprising cash and cash equivalents, term deposits, and marketable securities totaling approximately \$120 million, which are sufficient to cover the anticipated funding costs in respect of the Donlin Gold project and corporate general and administrative costs for at least the next twelve months.

In 2026, NOVAGOLD's pro-rata share of Donlin Gold expenditures is expected to increase from fiscal 2025 levels over the coming two years with the commencement of work associated with its BFS. Depending on the timing of these costs and the Company's decisions regarding when to commence detailed engineering and its option to prepay the Barrick promissory note, the Company expects to raise additional capital at some point to support these activities. As a result of a delinquent filing of a Form 8-K in June 2025, NOVAGOLD will not be eligible to use a Form S-3 registration statement to register its securities with the SEC until July 2026. This may adversely impact the Company's ability to raise capital prior to that time.

Future funding to support fully developing the Donlin Gold project is anticipated to include, among of things, a combination of corporate debt and equity, project specific debt, and potentially a royalty, stream and government support. NOVAGOLD's continued operations, in the longer term, are dependent on its ability to generate future cash flows and maintain sufficient capital resources. There is no assurance that the Company will be successful in its efforts to raise additional capital on favorable terms, or at all. For further information, see section *Item 1A. Risk Factors – Our ability to continue the exploration, permitting, and development of the Donlin Gold project, to complete the Bankable Feasibility Study for the Donlin Gold project, to fund construction of the Donlin Gold project, and to continue as a going concern, will depend in part on our ability to obtain suitable financing.*

NOVAGOLD's anticipated expenditures in fiscal year 2026 are approximately \$98.5 million, including \$78.8 million to fund the Donlin Gold project, and \$19.7 million for corporate general and administrative costs.

The Company's financial position includes the following as of November 30, 2025:

- Cash and cash equivalents of \$110,143, primarily held at three large Canadian chartered banks with investment grade credit ratings.
- Term deposits of \$5,000 held at a large U.S. bank with investment grade credit ratings and maturities of less than one year.
- Marketable securities of \$4,406 traded on active markets.
- Promissory note payable to Barrick of \$166.3 million, including accrued interest at U.S. prime plus 2%, compounded semi-annually. The promissory note and accrued interest are payable from 85% of distributed processed products, cash and other assets, and payments of 5% of certain net proceeds specified in the promissory note. 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 million on or before December 3, 2026. Absent a prepayment of the promissory note in 2026, at the current interest rate of 8.75%, interest on the note in fiscal year 2026 will total approximately \$14.9 million.

Cash flows

During fiscal 2025, cash equivalents increased by \$67.9 million primarily due to \$270.8 million in proceeds from a public equity offering and concurrent private placement, net of \$11.2 million of issuance costs and \$54.0 million in net redemptions of term deposits partially offset by \$210.1 million paid to complete the Donlin Gold Transaction, \$22.5 million in Donlin Gold funding and corporate general and administrative costs.

Cash used in operating activities during fiscal 2025 was \$1.4 million higher than the comparative prior year period. Cash used in investing activities during fiscal 2025 increased by \$186.9 million from the comparative prior year period primarily due to \$210.1 million paid to complete the Donlin Gold Transaction and \$10.0 million in incremental Donlin Gold funding partially offset by \$33.0 million in net redemptions of term deposits. Funding of Donlin Gold was higher in fiscal 2025 due to increased site activity than the comparative prior year period when field work activities were minimal and due to the Company's 10% increased Donlin Gold funding obligation starting in the third quarter.

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Cash generated from financing activities increased by \$259.7 million primarily due to \$243.8 million in proceeds from a May 2025 public equity offering and concurrent private placement, net of \$9.7 million of issuance costs and \$26.9 million in proceeds from the exercise of an underwriter's overallotment option on the May 2025 equity offering, net of \$1.4 million of issuance costs. The PSU awards that matured and vested in December 2024 at 25% of the grant amount were settled with the issuance of net common shares. The issuance of common shares in lieu of a cash payout represents a non-cash financing activity.

Outstanding share data

As of January 16, 2026, the Company had 406,994,531 common shares issued and outstanding. Also, as of January 16, 2026, 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 9,504,633 stock options outstanding; 8,237,633 with a weighted-average exercise price of \$5.36 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) 1,578,800 PSUs; and iv) 315,953 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 37,688,786 common shares.

Related party transactions

The Company provided management and administrative services to Donlin Gold for \$1.2 million in 2025 (\$0.7 million in 2024). As of November 30, 2025, the Company had accounts receivable from Donlin Gold of \$1.0 million (November 30, 2024: \$0.2 million) included in *Other current assets*. Subsequent to November 30, 2025, the accounts receivable balance has been fully settled.

As consideration for providing a backstop commitment to the Company on April 22, 2025, NOVAGOLD issued Backstop Warrants (Note 11) to three institutional investors, one of which was Electrum. The Backstop Warrants have an estimated aggregate fair value of \$39.6 million. Electrum received 6,375,000 Backstop Warrants having a fair value of approximately \$9.9 million. Dr. Thomas Kaplan, NOVAGOLD's Chairman of the Board, is the Chairman and Chief Executive Officer of The Electrum Group LLC, an affiliate of Electrum. Electrum is the largest shareholder of NOVAGOLD.

Additionally, Electrum was one of two institutional investors who participated in a private placement that closed concurrent with the May 2025 public equity offering at the same price as the public equity offering. Electrum purchased 13,333,334 shares of NOVAGOLD in the private placement.

Critical Accounting Policies

We believe the following accounting policies are critical to our financial statements due to the degree of uncertainty regarding the judgements or assumptions involved and/or the magnitude of the asset, liability, or expense being reported.

Contingent note receivable

A portion of the consideration from the Company's 2018 sale of Galore Creek to a subsidiary of Newmont Corporation ("Newmont") included a \$75,000 note receivable, contingent upon the approval of a Galore Creek project construction plan by the owner(s) (see Note 4 to the financial statements). The Company has not assigned a value to the contingent note receivable as management determined that the approval of the Galore Creek project construction was not probable as of the closing of the Galore Creek sale or in subsequent periods. The contingent note will be recognized when, in management's judgement, it is probable that the payment will occur, and that the amount recorded will not reverse in subsequent periods.

Investment in affiliates

Investments in unconsolidated ventures over which the Company has the ability to exercise significant influence, but does not control, are accounted for under the equity method and include the Company's investment in the Donlin Gold project. The Company identified Donlin Gold as a Variable Interest Entity ("VIE") as it is dependent on funding from its owners. Historically, all funding, ownership, voting rights, and power was shared equally on a 50/50 basis between the owners of the VIE. On June 3, 2025, the Company increased its ownership interest in Donlin Gold to 60% (see Note 5 to the financial statements) resulting in the funding and ownership being shared on a 60/40 basis between the Company and its new Donlin Gold partner. However, the power to exercise control and direct the activities of Donlin Gold continues to be shared equally on a 50/50 basis between the Company and its new Donlin Gold partner. As such, the Company has determined it continues to not be the primary beneficiary of the VIE.

The Company's maximum exposure to loss is its investment in Donlin Gold of \$213.2 million as of November 30, 2025. The Company reviews and evaluates its investment in the Donlin Gold project for other than temporary impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Events that could indicate impairment

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of an investment in an affiliate include a significant decrease in long-term expected gold price, a significant increase in expected operating or capital costs, unfavorable exploration results or technical studies, a significant decrease in reserves, a loss of significant mineral claims, or a change in the development plan or strategy for the project. Management reviewed potential impairment indicators and determined that there were none as of November 30, 2025.

Share-based compensation

We grant share-based compensation awards in exchange for employee services, including a stock option plan and a performance share unit ("PSU") plan. The fair value of awards granted under the plans are recognized in the *Consolidated Statements of Loss* over the related service period. The fair values of stock options are estimated at the time of each grant using a Black-Scholes option pricing model, and the fair values of PSUs are measured at each grant date using a Monte Carlo valuation model. The fair value estimates may be impacted by certain variables including, but not limited to, stock price volatility, employee stock option exercise behaviors, additional stock option and PSU grants, estimates of forfeitures, the Company's performance, and the Company's performance in relation to its peers.

We grant members of the Board deferred share units ("DSUs") whereby each DSU entitles the directors to receive one common share of the Company or the market value thereof in cash, at the Company's option, when they retire from service with the Company. The fair value of the DSUs is measured at the date of the grant in amounts ranging from 50% to 100% of directors' annual retainers at the election of the directors. The fair value is recognized in the *Consolidated Statements of Loss* at the time of grant over the related service period.

In 2025, we incurred \$6.7 million in share-based compensation costs, a decrease of \$0.5 million from the prior year primarily due to the timing of share-based compensation issuance and the forfeiture of options and performance share units following the departure of certain employees during the prior year.

During 2025, we had 408,400 PSU awards that vested at 25% of the grant amount and 79,065 DSU awards that vested and were settled with the issuance of common shares. As of November 30, 2025, we had \$4.4 million of unrecognized compensation cost related to 5,308,654 non-vested stock options expected to be expensed and vest over a period of approximately 2.7 years. Also, as of November 30, 2025, we had 2,074,300 non-vested PSU awards outstanding of which 495,500 were fully expensed and vested in December 2025 without meeting the performance payout criteria. The remaining 1,578,800 non-vested PSU awards with \$4.0 million of unrecognized compensation cost will be expensed over a period of approximately 2.4 years.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Our financial instruments are exposed to certain financial risks, including credit and interest rate risks.

Credit risk

Concentration of credit risk exists with respect to our cash and cash equivalents, and term deposit investments. All term deposits are held at two Canadian chartered banks and one large U.S. bank with investment grade credit ratings and maturities of less than one year.

Interest rate risk

The interest rate on the promissory note owed to Barrick is variable with the U.S. prime rate. Based on the amount owing on the promissory note as of November 30, 2025, and assuming all other variables remain constant, a 1% change in the U.S. prime rate would result in an increase/decrease of approximately \$1.7 million in the interest accrued on the promissory note per annum.