

# NOVAGOLD RESOURCES INC.

## Item 8. Financial Statements and Supplementary Data

### Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of NOVAGOLD RESOURCES INC.

#### Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of NOVAGOLD RESOURCES INC. and its subsidiaries (the Company) as of November 30, 2025 and 2024, and the related consolidated statements of loss and comprehensive loss, equity (deficit) and cash flows for each of the three years in the period ended November 30, 2025, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of November 30, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 30, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the COSO.

#### Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

#### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## NOVAGOLD RESOURCES INC.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Recognition of the contingent note receivable*

As described in Notes 2 and 4 to the consolidated financial statements, on July 27, 2018, the Company sold its interest in the Galore Creek project (the sale). As part of the consideration for the sale, the Company received a \$75 million note (the contingent note receivable), which is contingent upon the approval of a Galore Creek project construction plan by the owner(s). The Company has not assigned a value to the contingent note receivable as management determined that Galore Creek project construction approval was not probable as at the closing of the Galore Creek sale or in subsequent periods. Management's assessment did not change as of November 30, 2025. The contingent note will be recognized when, in management's judgment, it is probable that the payment will occur, and that the amount recorded will not reverse in future periods.

The principal considerations for our determination that performing procedures relating to the recognition of the contingent note receivable is a critical audit matter are the judgment by management when determining if recognition was required, which in turn led to a high degree of auditor judgment and subjectivity in performing procedures and evaluating management's assessment of the probability of whether a Galore Creek project construction plan will be approved.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of the basis for recognizing the contingent note receivable. These procedures also included, among others, evaluating the reasonableness of management's assessment regarding the probability of the owner(s) of the project approving the Galore Creek project construction plan. This included considering both publicly available information and the latest annual progress report provided by the owners of the project to the Company under the terms of the sale agreement.

### **/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, Canada  
January 21, 2026

We have served as the Company's auditor since 1984.

**NOVAGOLD RESOURCES INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(U.S. dollars in thousands)

	As of November 30,	
	2025	2024
<b>ASSETS</b>		
Cash and cash equivalents	\$110,143	\$42,224
Term deposits	5,000	59,000
Other assets (Note 6)	2,344	1,530
Current assets	117,487	102,754
Investment in Donlin Gold (Note 5)	213,202	2,597
Other assets (Note 6)	5,224	4,402
	<b>\$335,913</b>	<b>\$109,753</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$1,981	\$1,371
Accrued payroll and related benefits	2,656	2,482
Income taxes payable	—	220
Other liabilities (Note 9)	301	413
Current liabilities	4,938	4,486
Promissory note (Note 7)	166,296	151,522
Other liabilities (Note 9)	885	1,161
	172,119	157,169
<b>EQUITY (DEFICIT)</b>		
Common shares		
Authorized – 1,000 million shares, no par value		
Issued and outstanding – 406.9 and 334.6 million shares, respectively	2,251,741	1,989,245
Contributed surplus	136,690	93,377
Accumulated deficit	(2,199,591)	(2,104,932)
Accumulated other comprehensive loss	(25,046)	(25,106)
	163,794	(47,416)
	<b>\$335,913</b>	<b>\$109,753</b>

Commitments and contingencies (Notes 7, 8 and 9)

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

/s/ Gregory A. Lang

/s/ Hume Kyle

**NOVAGOLD RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(U.S. dollars in thousands except per share amounts)

	Years ended November 30,		
	2025	2024	2023
Operating expenses:			
General and administrative (Note 13)	\$25,378	\$24,936	\$21,783
Equity loss – Donlin Gold (Note 5)	21,912	12,921	18,529
	<u>47,290</u>	<u>37,857</u>	<u>40,312</u>
Loss from operations	(47,290)	(37,857)	(40,312)
Other (expense) income:			
Warrant expense (Note 11)	(39,607)	—	—
Interest expense – promissory note (Note 7)	(14,774)	(14,774)	(13,063)
Interest and dividend income	5,114	5,378	5,791
Accretion of notes receivable (Note 4)	—	—	579
Remediation expense	—	(339)	(541)
Other income, net (Note 15)	1,898	2,695	782
Loss before income taxes	<u>(94,659)</u>	<u>(44,897)</u>	<u>(46,764)</u>
Income tax recovery (expense) (Note 16)	—	(724)	(39)
Net loss	<u>(94,659)</u>	<u>(45,621)</u>	<u>(46,803)</u>
Other comprehensive income (loss):			
Foreign currency translation adjustments	60	(635)	(54)
Comprehensive loss	<u>\$ (94,599)</u>	<u>\$ (46,256)</u>	<u>\$ (46,857)</u>
Net loss per common share – basic and diluted	<u>\$ (0.25)</u>	<u>\$ (0.14)</u>	<u>\$ (0.14)</u>
Weighted average shares outstanding			
Basic and diluted (thousands)	374,702	334,458	334,057

The accompanying notes are an integral part of these consolidated financial statements.

**NOVAGOLD RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(U.S. dollars in thousands)

	Years ended November 30,		
	2025	2024	2023
Operating activities:			
Net loss	\$(94,659)	\$(45,621)	\$(46,803)
Adjustments:			
Equity loss – Donlin Gold	21,912	12,921	18,529
Share-based compensation	6,696	7,237	8,731
Warrant Expense (Note 11)	39,607	—	—
Remediation expense	—	339	541
Accretion of notes receivable	—	—	(579)
Interest expense on promissory note	14,774	14,774	13,063
Gain on sale of mineral property	—	(743)	(556)
Change in fair value of marketable securities	(2,011)	(1,436)	(269)
Foreign exchange (gain) loss	132	(516)	43
Other operating adjustments	20	35	49
Change in operating assets and liabilities			
Other assets	(842)	(100)	694
Accounts payable and accrued liabilities	610	708	(62)
Accrued payroll and related benefits	173	(309)	268
Income taxes payable	(220)	226	—
Remediation liability	(220)	(157)	(1,435)
Net cash used in operating activities	<u>(14,028)</u>	<u>(12,642)</u>	<u>(7,786)</u>
Investing activities:			
Proceeds from term deposits	59,000	140,000	148,000
Purchases of term deposits	(5,000)	(119,000)	(166,000)
Funding of Donlin Gold	(22,467)	(12,447)	(17,752)
Investment in Donlin Gold (Note 5)	(210,050)	—	—
Proceeds from notes receivable	—	—	25,000
Proceeds from disposal of equity securities (Note 15)	952	59	—
Proceeds from sale of mineral property (Note 4)	—	743	556
Other	—	—	(132)
Net cash provided by (used in) investing activities	<u>(177,565)</u>	<u>9,355</u>	<u>(10,328)</u>
Financing activities:			
Equity issuances (Note 11)	270,754	—	—
Equity issuance costs (Note 11)	(11,168)	—	—
Withholding tax on share-based compensation	(81)	(174)	—
Net cash provided by (used in) financing activities	<u>259,505</u>	<u>(174)</u>	<u>—</u>
Effect of exchange rate changes on cash and cash equivalents	7	(64)	(19)
Net change in cash and cash equivalents	67,919	(3,525)	(18,133)
Cash and cash equivalents at beginning of year	42,224	45,749	63,882
Cash and cash equivalents at end of year	<u>\$110,143</u>	<u>\$42,224</u>	<u>\$45,749</u>

The accompanying notes are an integral part of these consolidated financial statements.

**NOVAGOLD RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)**  
(U.S. dollars and shares in thousands)

	Common shares		Contributed surplus	Accumulated deficit	AOCL*	Total equity (deficit)
	Shares	Amount				
November 30, 2022	333,753	\$1,983,962	\$82,866	\$(2,012,508)	\$(24,417)	\$29,903
Share-based compensation	—	—	8,731	—	—	8,731
Deferred share units (DSUs) settled in shares	48	246	(246)	—	—	—
Stock options exercised	446	2,730	(2,730)	—	—	—
Net loss	—	—	—	(46,803)	—	(46,803)
Other comprehensive loss	—	—	—	—	(54)	(54)
November 30, 2023	334,247	\$1,986,938	\$88,621	\$(2,059,311)	\$(24,471)	\$(8,223)
Share-based compensation	—	—	7,237	—	—	7,237
Performance share units (PSUs) settled in shares	149	800	(800)	—	—	—
DSUs settled in shares	47	224	(224)	—	—	—
Stock options exercised	124	1,283	(1,283)	—	—	—
Withholding tax on PSUs	—	—	(174)	—	—	(174)
Net loss	—	—	—	(45,621)	—	(45,621)
Other comprehensive loss	—	—	—	—	(635)	(635)
November 30, 2024	334,567	\$1,989,245	\$93,377	\$(2,104,932)	\$(25,106)	\$(47,416)
Share-based compensation	—	—	6,697	—	—	6,697
Equity offerings, net (Note 11)	72,201	259,586	—	—	—	259,586
PSUs settled in shares	79	2,130	(2,130)	—	—	—
DSUs settled in shares	79	377	(377)	—	—	—
Stock options exercised	6	403	(403)	—	—	—
Withholding tax on PSUs	—	—	(81)	—	—	(81)
Warrants (Note 11)	—	—	39,607	—	—	39,607
Net loss	—	—	—	(94,659)	—	(94,659)
Other comprehensive income	—	—	—	—	60	60
November 30, 2025	406,932	\$2,251,741	\$136,690	\$(2,199,591)	\$(25,046)	\$163,794

\* Accumulated other comprehensive loss

The accompanying notes are an integral part of these consolidated financial statements.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**NOTE 1 – THE COMPANY**

NOVAGOLD RESOURCES INC. and its affiliates and subsidiaries (collectively, “NOVAGOLD” or the “Company”) operate in the mining industry, focused on the exploration for and development of gold mineral properties. The Company’s principal asset is a 60% interest in the Donlin Gold project in Alaska, USA. The Company has no realized revenues from its principal asset. The Donlin Gold project is owned and operated by Donlin Gold LLC (“Donlin Gold”), a limited liability company that is owned by wholly-owned subsidiaries of NOVAGOLD and Donlin Gold Holdings LLC, a subsidiary of Paulson Advantage Plus Master Ltd. and Paulson Partners LP (together, “Paulson”). Prior to June 3, 2025, Donlin Gold was owned equally by wholly-owned subsidiaries of NOVAGOLD and Barrick Mining Corporation (“Barrick”). See Note 5 regarding changes to Donlin Gold ownership on June 3, 2025.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Presentation**

The Consolidated Financial Statements include the accounts of NOVAGOLD RESOURCES INC. and its wholly-owned subsidiaries including NOVAGOLD U.S. Holdings Inc., NOVAGOLD Resources Alaska Inc., NOVAGOLD USA, Inc., and AGC Resources Inc. On December 1, 2024, NovaGold (Bermuda) Alaska Limited, NovaGold Resources (Bermuda) Limited and NovaGold Argentina Inc., subsidiaries of the Company, were amalgamated with NOVAGOLD. All inter-company transactions and balances are eliminated on consolidation.

The Consolidated Financial Statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The preparation of the Company’s Consolidated Financial Statements in accordance with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of expenses during the reporting period. The Company bases its estimates and assumptions on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from the amounts recorded in these Consolidated Financial Statements.

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.

References in these Consolidated Financial Statements and Notes to \$ refer to United States (U.S.) dollars and C\$ to Canadian dollars. Dollar amounts are in thousands, except for per share amounts.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash balances and highly liquid investments with original maturities of three months or less. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**Term deposits**

The Company’s term deposits are classified as held to maturity and recorded at cost. Term deposits are held at Chartered Canadian banks and U.S. banks with investment grade credit ratings and original maturities of 12 months or less. The term deposits are not traded in an active market.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**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). 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% (Note 5) 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 equity investment in Donlin Gold.

The equity method is a basis of accounting for investments whereby the initial and any subsequent investment is recorded at cost and the carrying value is adjusted thereafter to include the investor's pro rata share of post-acquisition earnings or losses of the investee, as computed by the consolidation method. Cash funding increases the carrying value of the investment. Profit distributions received or receivable from an investee reduce the carrying value of the investment.

Donlin Gold is a non-publicly traded equity investee owning an exploration and development project. Therefore, the Company assesses whether there has been a potential triggering event for other-than-temporary impairment by assessing the underlying assets of the equity investee for recoverability and assessing whether there has been a change in the development plan or strategy for the project. If the underlying assets are not recoverable, the Company will record an impairment charge equal to the difference between the carrying amount of the investee and its fair value.

**Income taxes**

The Company accounts for income taxes using the liability method, recognizing certain temporary differences between the financial reporting basis of the Company's liabilities and assets and the related income tax basis for such liabilities and assets. This method generates deferred income tax liabilities and assets for the Company, as measured by the statutory tax rates in effect. The Company derives its deferred income tax charge or benefit by recording the change in deferred income tax liabilities and asset balances for the year.

The Company's deferred income tax assets include certain future tax benefits. The Company records a valuation allowance against any portion of those deferred income tax assets when it believes, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax assets will not be realized.

**Share-based payments**

The Company records share-based compensation awards exchanged for employee services at fair value on the date of the grant and expenses the awards in the Consolidated Statements of Loss over the requisite employee service period. The fair values of stock options are determined using a Black-Scholes option pricing model. The fair values of PSUs are determined using a Monte Carlo valuation model. The Company's 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.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**Net income (loss) per common share**

Basic and diluted income (loss) per share are presented for Net income (loss). Basic income (loss) per share is computed by dividing Net income (loss) by the weighted-average number of outstanding common shares for the period. Diluted income per share reflects the potential dilution that could occur if securities or other contracts that may require the issuance of common shares in the future were converted. Diluted income per share is computed by increasing the weighted-average number of outstanding common shares to include the additional common shares that would be outstanding after conversion and adjusting net income for changes that would result from the conversion. For periods where NOVAGOLD records a loss, the Company calculates diluted loss per share using the basic weighted average number of shares. If the diluted weighted average number of shares were used, the result would be a reduction in the loss, which would be anti-dilutive.

**Recently Issued Accounting Pronouncements and Securities and Exchange Commission Rules**

*Updates to Reportable Segment Disclosures*

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07 “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.” ASU 2023-07 expands public entities’ segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss and interim disclosures of a reportable segment’s profit or loss and assets. The standard is effective for the Company’s Annual Report on Form 10-K for the fiscal year ended November 30, 2025, and subsequent interim periods. The Company adopted this standard during the fourth quarter of fiscal 2025 with no material impact to its consolidated financial statements. See Note 3 – Segment Information for disclosures related to ASU 2023-07.

*Updates to Income Tax Disclosure*

In December 2023, the FASB issued ASU 2023-09 “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” ASU 2023-09 enhances the transparency and decision usefulness of income tax disclosures through changes to the rate reconciliation and income taxes paid information. The standard is effective beginning with the Company’s Annual Report on Form 10-K for the fiscal year ended November 30, 2026, and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of the guidance on the consolidated financial statements.

*Updates to Expense Disclosure*

In November 2024, the FASB issued ASU 2024-03 “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.” ASU 2024-03 requires disaggregated disclosures of relevant income statement expenses to improve financial reporting by enhancing transparency in the notes to the financial statements, specifically regarding expense categories. The standard is effective beginning with the Company’s Annual Report on Form 10-K for the fiscal year ended November 30, 2028, and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of adopting this standard.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**NOTE 3 – SEGMENTED INFORMATION**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. At present, the Company operates a single reportable segment. The chief operating decision-maker (“CODM”), who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer. The Chief Executive Officer evaluates the Company’s performance based on the overall results of the Company, including the performance of its investment in the Donlin Gold project (Note 5). The Company uses a single U.S. GAAP-consistent measure of segment profit or loss with no reconciling items or measurement differences. Management has concluded that consolidated net income (loss) is the appropriate measure of segment profit or loss. The CODM does not regularly receive or review discrete segment-level expense categories separate from those presented in the consolidated statements of operations. Accordingly, no significant segment expenses are separately disclosed, as all expenses are included within the consolidated statements of loss.

**NOTE 4 – NOTES RECEIVABLE**

Changes in the Company’s *Notes receivable* are summarized as follows:

	Years ended November 30,		
	2025	2024	2023
Balance – beginning of year	\$—	\$—	\$24,421
Accretion of notes receivable	—	—	579
Payment received	—	—	(25,000)
Balance – end of year	\$—	\$—	\$—

**Galore Creek**

On July 27, 2018, the Company sold its interest in the Galore Creek project to a subsidiary of Newmont for cash proceeds of \$100,000, a \$75,000 note due upon the earlier of the completion of a Galore Creek pre-feasibility study or July 27, 2021, a \$25,000 note due upon the earlier of the completion of a Galore Creek feasibility study or July 27, 2023, and a contingent note for \$75,000 due upon approval of a Galore Creek project construction plan by the owner(s). The Company received from Newmont \$75,000 on July 27, 2021, and \$25,000 on July 27, 2023.

No value was assigned to the final \$75,000 contingent note. The Company determined that Galore Creek project construction approval was not probable as of the closing of the Galore Creek sale. The Company’s assessment did not change as of November 30, 2025. 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.

**Minas San Roque**

On November 3, 2021, the Company sold its 49% interest in the Minas San Roque project in Argentina to Marifil S.A., a subsidiary of International Iconic Gold Mines Ltd. (“Iconic”) for cash proceeds of C\$250 upon closing, a C\$750 note receivable due on November 1, 2022, and a C\$1,000 note receivable due on November 1, 2023. On closing, the Company determined the fair value of the notes was nil. Iconic completed the C\$750 note repayment due on November 1, 2022 in December 2022, and the C\$1,000 (\$743) note repayment due on November 1, 2023 was made in January 2024.

**NOTE 5 – INVESTMENT IN DONLIN GOLD**

On June 3, 2025, the Company closed on a membership interest purchase agreement among Paulson, Barrick Gold U.S. Inc., Barrick (together, the “Barrick Parties”), Donlin Gold Holdings LLC (a subsidiary of Paulson), and NOVAGOLD Resources Alaska, Inc. (“NGRA”), a subsidiary of the Company, whereby the Barrick Parties sold their 50% interest in Donlin Gold to Donlin Gold Holdings LLC and NGRA, for \$1,000,000 (the “Donlin Gold Transaction”). In accordance with the agreement, NGRA acquired an additional 10% interest in Donlin Gold for \$200,000 and Donlin Gold Holdings LLC acquired a 40% interest in Donlin Gold for \$800,000.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

As part of the consideration paid for the additional 10% interest, NGRA paid an additional working capital adjustment of \$980 to the Barrick Parties and incurred transaction costs of \$9,070. The consideration, working capital adjustment and transaction costs were capitalized and included in the Company's *Investment in Donlin Gold*.

The Donlin Gold project is owned and operated by Donlin Gold, a limited liability company in which, effective June 3, 2025, wholly-owned subsidiaries of NOVAGOLD and Donlin Gold Holdings LLC owned a 60% and 40% interest, respectively. While the Company has a 60% economic interest in Donlin Gold following the Donlin Gold Transaction, the Company and Paulson have equal governance rights. Donlin Gold has a board of four representatives, with two representatives selected by Paulson and two representatives selected by the Company. All significant decisions related to Donlin Gold require the approval of at least a majority of the Donlin Gold board.

Changes in the Company's *Investment in Donlin Gold* are summarized as follows:

	Years ended November 30,		
	2025	2024	2023
Balance – beginning of year	\$2,597	\$3,071	\$3,848
Acquisition of additional 10% interest in Donlin Gold	210,050		
Share of losses:			
Mineral property expenditures	(21,385)	(12,351)	(17,918)
Depreciation	(483)	(530)	(571)
Accretion	(44)	(40)	(40)
	188,138	(12,921)	(18,529)
Funding	22,467	12,447	17,752
Balance – end of year	<u>\$213,202</u>	<u>\$2,597</u>	<u>\$3,071</u>

The following amounts represent the Company's 60% share of the assets and liabilities of Donlin Gold following the Donlin Gold Transaction on June 3, 2025. Subsequent to the completion of the Donlin Gold Transaction, the carrying value of the Company's investment in Donlin Gold exceeded the net assets of Donlin Gold due to the capitalization of the consideration paid to acquire an additional 10% interest of Donlin Gold and transaction costs of \$9,070. Prior to June 3, 2025, the Company held a 50% economic interest in Donlin Gold and the carrying value of the Company's investment in Donlin Gold was less than the net assets of Donlin Gold as Donlin Gold capitalized Barrick's initial contribution of the Donlin Gold property at inception as *Non-current assets: Mineral property* with a cost basis of \$64,000 while the Company's initial contribution to Donlin Gold consisted of historical exploration which NOVAGOLD previously expensed.

	As of November 30,	
	2025	2024
Economic interest of Donlin Gold held	60%	50%
Share of assets and liabilities of Donlin Gold held		
Current assets: Cash, prepaid expenses, and other receivables	\$5,591	\$3,745
Non-current assets: Right-of-use assets, property and equipment	1,295	965
Non-current assets: Mineral property	39,185	32,654
Current liabilities: Accounts payable, accrued liabilities and lease obligations	(2,688)	(1,947)
Non-current liabilities: Reclamation and lease obligations	(1,032)	(820)
Net assets	<u>\$42,351</u>	<u>\$34,597</u>

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**NOTE 6 – OTHER ASSETS**

	As of November 30,	
	2025	2024
Other current assets:		
Accounts receivable	\$62	\$22
Interest receivable	201	89
Receivable from Donlin Gold	1,044	212
Prepaid expenses	1,037	1,207
	\$2,344	\$1,530
Other long-term assets:		
Marketable equity securities	\$4,406	\$3,387
Right-of-use assets	722	896
Office equipment	96	119
	\$5,224	\$4,402

**NOTE 7 – PROMISSORY NOTE**

The Company has a promissory note payable to Barrick of \$166,296, comprising \$158,916 in principal, and \$7,380 in accrued interest at U.S. prime plus 2%, compounded semi-annually. The original promissory note resulted from the agreement that led to the formation of Donlin Gold, where the Company agreed to reimburse Barrick for a portion of their expenditures incurred from April 1, 2006 to November 30, 2007. 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. The carrying value of the promissory note approximates fair value.

Concurrently with the announcement of the Donlin Gold Transaction on April 22, 2025, the Company 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 prepayment option was not exercised prior to the closing date, the prepayment option agreement expired on June 3, 2025. Concurrent with the closing of the Donlin Gold Transaction on June 3, 2025, the Company entered into an amended and restated secured promissory note with Barrick that provides the Company with the option to prepay the promissory note in full for \$100,000 on or before December 3, 2026. In addition, the security package was modified in order to exclude any property held by Donlin Gold or the membership interest in Donlin Gold held by NGRA; however, it remains secured by NGRA's right, title and interest to proceeds from Donlin Gold. All other terms of the promissory note remain the same.

Changes in the Company's *Promissory Note* is summarized as follows:

	Years ended November 30,		
	2025	2024	2023
Balance – beginning of year	\$151,522	\$136,748	\$123,685
Interest expense on promissory note	14,774	14,774	13,063
Balance – end of year	\$166,296	\$151,522	\$136,748

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**NOTE 8 – LEASES**

The Company leases office space under non-cancelable operating leases with original lease terms of five years. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. Certain of these leases also include renewal options at the election of the Company to renew or extend the lease for an additional five years. These optional periods have not been considered in the determination of Right-of-Use (“ROU”) assets or lease liabilities associated with these leases as management did not consider it reasonably certain it would exercise the options. Certain of our leases include payments that vary based on the Company’s level of usage and operations. These variable payments are not included within ROU assets and lease liabilities in the Consolidated Balance Sheets. Additionally, short-term leases, which have an initial term of 12 months or less, are not recorded in the Consolidated Balance Sheets.

Lease expenses are included in *General and administrative expense – Office expense* on the Consolidated Statements of Loss and include the following components:

	Years ended November 30,		
	2025	2024	2023
Operating lease cost	\$222	\$225	\$232
Variable lease cost	104	135	121
Short-term lease cost	5	6	5
	<u>\$331</u>	<u>\$366</u>	<u>\$358</u>

Future minimum lease payments under non-cancellable operating leases as of November 30, 2025, were as follows:

2026	\$215
2027	226
2028	247
2029	141
2030	14
Thereafter	—
Total future minimum lease payments	<u>843</u>
Less: imputed interest	<u>(81)</u>
	<u>\$762</u>

Other information regarding leases includes the following:

	Years ended November 30,		
	2025	2024	2023
Cash paid for operating leases	\$216	\$232	\$193
Variable lease cost	104	135	121
Short-term lease cost	5	6	5
	<u>\$325</u>	<u>\$373</u>	<u>\$319</u>
ROU assets obtained in exchange for lease liabilities	\$—	\$—	\$—
Weighted average:			
Remaining lease term (years) – operating leases	3.6	4.6	4.8
Discount rate – operating leases	5.6%	6.7%	5.9%

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**NOTE 9 – OTHER LIABILITIES**

	As of November 30,	
	2025	2024
Other current liabilities:		
Remediation liabilities	\$124	\$244
Lease obligations	177	169
	\$301	\$413
Other long-term liabilities:		
Remediation liabilities	\$300	\$400
Lease obligations	585	761
	\$885	\$1,161

**NOTE 10 – SHARE CAPITAL**

**Common shares**

The Company is authorized to issue 1,000,000,000 common shares without par value, of which 406,932,104 were issued and outstanding as of November 30, 2025, and 334,567,187 were issued and outstanding as of November 30, 2024.

**Preferred shares**

Pursuant to the Company’s Notice of Articles filed under the Business Corporations Act (British Columbia), the Company is authorized to issue 10,000,000 preferred shares without par value. The authorized but unissued preferred shares may be issued in designated series from time to time by one or more resolutions adopted by the directors. The directors have the authority to determine the preferences, limitations, and relative rights of each series of preferred shares. As of November 30, 2025 and 2024, no preferred shares were issued or outstanding.

**NOTE 11 – EQUITY TRANSACTIONS**

**Public Equity Offering and Private Placement Offering**

On May 9, 2025, the Company closed a public equity offering of 47,850,000 shares of NOVAGOLD at a price of \$3.75 per share. As part of the public equity offering, the Company granted the underwriters a 30-day overallotment option to purchase up to an additional 7,177,500 common shares at a price of \$3.75 per share less underwriting discounts and commissions. Concurrent with the public offering, the Company also closed a private placement for 17,173,853 common shares of NOVAGOLD at a price of \$3.75 per share on May 9, 2025. On June 5, 2025, the Company issued an additional 7,177,500 common shares of NOVAGOLD pursuant to the exercise in full of the overallotment option by the underwriters. The public equity offering and concurrent private placement offering are referred to herein as the “May 2025 Offering”.

On closing of the May 2025 Offering, the Company received aggregate gross proceeds of \$243,839 before deducting fees and other offering expenses totaling approximately \$9,734. On closing of the overallotment option exercise, the Company received additional aggregate gross proceeds of approximately \$26,915 before deducting fees and other offering expenses totaling approximately \$1,434.

**Warrants**

Concurrent with the Donlin Gold Transaction announced on April 22, 2025, the Company entered into a backstop commitment agreement with certain institutional investors, pursuant to which the investors committed to purchase up to \$170,000 of the Company’s common shares to partially fund the \$200,000 payment to the Barrick Parties under the Donlin Gold Transaction discussed in Note 5. As consideration for providing this commitment, and independent of whether the backstop was ultimately exercised, the Company issued 25,500,000 warrants to the investors enabling them to purchase common shares of NOVAGOLD for an exercise price of \$3.00 per share (“Backstop Warrants”). The Backstop Warrants contain a “cashless exercise” feature, such that, in lieu of making a cash payment to NOVAGOLD upon the exercise of the Backstop

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

Warrant, the warrant holder may elect instead to receive upon such exercise (either in whole or in part) the net number of common shares equivalent to the Backstop Warrants' intrinsic value, as determined according to the formula set forth in the Backstop Warrants. The Backstop Warrants expire in April 2030 and contain customary anti-dilution provisions. All of the Backstop Warrants remained outstanding at November 30, 2025.

As discussed above, the Company subsequently completed the May 2025 Offering and the backstop commitment expired unexercised in May 2025. The Company determined the Backstop Warrants met the conditions for equity classification in accordance with U.S. GAAP and were included as a component of shareholders' equity (deficit).

The Company estimated the fair value of the Backstop Warrants using the Black-Scholes option pricing model on the grant date. Key inputs included a 5-year term, an exercise price of \$3.00 per share, a risk-free interest rate of 3.97%, and an expected volatility of 51.20%, based on the Company's 5-year historical stock price. Based on these assumptions, the estimated fair value was \$1.55 per warrant, resulting in a total fair value of \$39,607. As the Backstop Warrants were not a direct offering cost associated with the May 2025 Offering, the \$39,607 was recorded as a non-cash expense in the second quarter of 2025 and included in warrant expense in the consolidated statement of operations. The expense is also presented as a non-cash financing activity in the supplemental disclosures to the consolidated statement of cash flows (Note 18).

**NOTE 12 – FAIR VALUE ACCOUNTING**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the significance of the inputs used in making the measurement. The three levels of the fair value hierarchy are as follows:

- Level 1* — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2* — Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3* — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's financial instruments consist of cash and cash equivalents, term deposits, accounts receivable, including from Donlin Gold, marketable securities, accounts payable and accrued liabilities, and promissory note. The fair value of the promissory note approximates its carrying value based on accrued interest at U.S. prime plus 2% and is payable from 85% of distributed processed products, cash and other assets, and payments of 5% of certain net proceeds specified in the promissory note. The fair values of the Company's other financial instruments approximate their carrying value due to the short-term nature of their maturity. The Company's financial instruments initially measured at fair value and then held at amortized cost include cash and cash equivalents, term deposits, accounts receivable, including from Donlin Gold, accounts payable and accrued liabilities, and a promissory note. The Company's marketable securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable securities was \$4,406 as of November 30, 2025 (\$3,387 as of November 30, 2024), calculated as the quoted market price of the marketable equity security multiplied by the quantity of shares held by the Company.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**NOTE 13 – GENERAL AND ADMINISTRATIVE EXPENSE**

	Years ended November 30,		
	2025	2024	2023
Share-based compensation (Note 14)	\$6,696	\$7,237	\$8,731
Salaries and benefits	7,967	7,958	7,009
Professional fees	6,179	5,279	1,647
Office expense	3,280	3,205	3,302
Corporate communications and regulatory	1,234	1,235	1,084
Depreciation	22	22	10
	\$25,378	\$24,936	\$21,783

**NOTE 14 – SHARE-BASED COMPENSATION**

Share incentive awards include a stock option plan for directors, executives, employees and eligible consultants, a PSU plan for executives, employees, and eligible consultants and a DSU plan for non-executive directors of the Company. As of November 30, 2025, 36,785,540 common shares were available for future share incentive plan awards under all three plans.

The following table shows the recognized share-based compensation expense, a component of General and Administrative Expense (Note 13), by award type:

	Years ended November 30,		
	2025	2024	2023
Stock options	\$3,767	\$4,236	\$4,594
Performance share unit plan	2,651	2,727	3,910
Deferred share unit plan	278	274	227
	\$6,696	\$7,237	\$8,731

**Stock options**

Stock options granted under the Company's share-based incentive plans generally expire five years after the date of grant and vest in one-third annual increments beginning on the first-year anniversary of the date of grant. The value of each option award is estimated at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option award and share price volatility. The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination experience. The expected volatility is based on the historical volatility of the Company's shares at the date of grant over the same length of term. These estimates involve inherent uncertainties and the application of management's judgment.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

A summary of stock options outstanding and activity during the year ended November 30, 2025 are as follows:

	Number of stock options	Weighted- average exercise price per share	Weighted- average remaining contractual term (years)	Aggregate intrinsic value
November 30, 2024	8,849,535	\$6.12		
Granted	3,088,700	4.40		
Exercised	(86,967)	9.60		
Expired	(2,032,735)	7.27		
Forfeited	(154,766)	4.48		
November 30, 2025	<u>9,663,767</u>	<u>\$5.32</u>	<u>2.74</u>	<u>\$47,063</u>
Vested and exercisable as of November 30, 2025	<u>4,355,113</u>	<u>\$6.41</u>	<u>1.55</u>	<u>\$16,484</u>

The following table summarizes key stock option valuation inputs:

	Years ended November 30,		
	2025	2024	2023
Weighted-average assumptions used to value stock option awards:			
Expected volatility	52.9%	48.7%	48.4%
Risk-free interest rate	3.64%	4.29%	3.85%
Expected forfeiture rate	3.3%	3.0%	2.8%
Expected dividend rate	—%	—%	—%
Expected term of options (years)	4	4	4
Weighted-average grant-date fair value	\$1.96	\$1.76	\$2.40
Intrinsic value of options exercised	\$51	\$471	\$2,339
Cash received from options exercised	\$—	\$—	\$—

As of November 30, 2025, the Company had \$4,350 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.

**Performance share units**

The Company has a PSU plan that provides for the issuance of PSUs in amounts as approved by the Company's Compensation Committee. Each PSU award entitles the participant to receive one common share of the Company at the end of a specified period. The Compensation Committee may adjust the number of common shares for the achievement of certain performance and vesting criteria established at the time of grant. The actual performance against each of these criteria generates a multiplier that varies from 0% to 150%. Thus, the common shares that may be issued varies between 0% and 150% of the number of PSUs granted, reduced by the amounts granted to participants no longer with the Company on the vesting date.

The value of each PSU granted is estimated at the grant date using a Monte Carlo simulation model. The Monte Carlo simulation model requires the input of subjective assumptions, including the share price volatility of the Company's stock, as well as a comparator index and the correlation of returns between the comparator index and the Company's shares. Expected volatility is based on the historical volatility of the Company's shares and the comparator index at the grant date. As new PSUs and stock options are generally granted on the same date, many of the key valuation input assumptions are the same for both share incentive award types.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

A summary of PSU awards outstanding and activity during the year ended November 30, 2025 are as follows:

	Number of PSU awards	Weighted- average grant day fair value per award	Aggregate intrinsic value
November 30, 2024	1,633,500	\$5.32	
Vested and paid out/released	(102,100)	6.70	
Performance adjustment	(306,300)	6.70	
Granted	849,200	4.35	
November 30, 2025	<u>2,074,300</u>	<u>\$4.65</u>	<u>\$18,407</u>

The following table summarizes key PSU valuation inputs:

	Years ended November 30,		
	2025	2024	2023
Weighted-average assumptions used to value PSU awards:			
Expected volatility of Company shares	54.8%	42.5%	53.9%
Expected volatility of TSX index	29.7%	29.2%	37.5%
Expected correlation between Company shares and TSX	63.2%	78.3%	80.6%
Canadian risk-free interest rate	2.60%	4.22%	3.52%
Expected term of PSUs (years)	3	3	3
Number of PSUs granted	849,200	886,800	605,500
Weighted-average grant-date fair value	\$4.41	\$4.20	\$5.77

As of November 30, 2025, the Company 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 \$4,012 of unrecognized compensation cost will be expensed over a period of approximately 2.4 years.

The following table summarizes other PSU-related vesting information:

	Years ended November 30,		
	2025	2024	2023
Performance multiplier on PSUs vested	25%	100%	—%
Common shares issued	79,384	149,559	—
Total fair value of common shares issued	\$2,129	\$800	\$—
Withholding tax paid on PSUs vested	\$609	\$174	\$—

**Deferred share units**

The Company has a DSU plan that provides for the issuance of DSUs in amounts where the directors receive half of their annual retainer in DSUs and have the option to elect to receive all or a portion of the other half of their annual retainer in DSUs. Each DSU entitles the directors to receive one common share or the market value thereof in cash, at the Company's option, when they retire from the Company. The Company granted 72,595, 76,781, and 43,658 DSUs to directors with a weighted-average grant day fair value of \$3.84, \$4.62, and \$5.04 per DSU during 2025, 2024, and 2023, respectively. The Company issued 79,065, 46,405, and 48,446 common shares under the DSU plan to directors that retired from the Company in 2025, 2024, and 2023, respectively. As of November 30, 2025, there were 308,245 DSUs outstanding.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**NOTE 15– OTHER INCOME (EXPENSE), NET**

	Years ended November 30,		
	2025	2024	2023
Gain on sale of mineral property	\$—	\$743	\$556
Fuel tax credit	19	—	—
Change in fair market value of marketable securities	2,011	1,436	269
Foreign exchange gain (loss)	(132)	516	(43)
	<u>\$1,898</u>	<u>\$2,695</u>	<u>\$782</u>

In January 2024, the Company received \$743 for a note receivable from the sale of its interest in a mining project (Note 4), which the Company had previously written off.

**NOTE 16 – INCOME TAXES**

The Company's combined federal and provincial statutory tax rate is 27% and is expected to remain unchanged until at least 2026.

The Company's *Income tax expense (recovery)* consisted of:

	Years ended November 30,		
	2025	2024	2023
Current:			
Canada	\$—	\$—	\$—
Foreign	—	724	39
	<u>—</u>	<u>724</u>	<u>39</u>
Deferred:			
Canada	—	—	—
Foreign	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Income tax (recovery) expense	<u>\$—</u>	<u>\$724</u>	<u>\$39</u>

The Company's *Loss before income taxes* consisted of:

	Years ended November 30,		
	2025	2024	2023
Canada	\$(59,391)	\$289	\$(18,213)
Foreign	(35,268)	(45,186)	(28,551)
	<u>\$(94,659)</u>	<u>\$(44,897)</u>	<u>\$(46,764)</u>

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

The Company's *Income tax (recovery) expense* differed from the amounts computed by applying the Canadian statutory corporate income tax rates for the following reasons:

	Years ended November 30,					
	2025		2024		2023	
Loss before income taxes		\$(94,659)		\$(44,897)		\$(46,764)
Federal Income Tax Rate		15.00%		15.00%		15.00%
British Columbia Income Tax Rate		12.00%		12.00%		12.00%
Statutory income tax rate		27.00%		27.00%		27.00%
Combined federal and provincial statutory tax rate	27.0%	(25,558)	27.0%	(12,122)	27.0%	(12,626)
Reconciling items:						
Non-deductible expenditures	-13.5%	12,806	-4.9%	2,207	-5.9%	2,767
Foreign accrual property income	-1.6%	1,539	-3.8%	1,715	-3.6%	1,682
Effect of different statutory tax rates on earnings or losses of subsidiaries	0.5%	(503)	0.8%	(359)	0.9%	(407)
Withholding taxes	—	—	-0.2%	99	—	—
Change in valuation allowance on deferred tax assets	-15.5%	14,686	-20.4%	9,144	-18.5%	8,623
Share issuance costs	3.1%	(2,968)	—	—	—	—
Other	0.0%	(2)	-0.1%	40	—	—
Income tax (recovery) expense	0.0%	\$—	-1.6%	\$724	-0.1%	\$39

Components of the Company's deferred income tax assets (liabilities) are as follows:

	As of November 30,	
	2025	2024
Deferred tax income assets:		
Net operating loss carry forwards	\$209,567	\$200,693
Capital loss carry forwards	46,632	46,528
Mineral properties	606	605
Intangible assets	449	448
Property and equipment	11	183
Share issuance costs	2,380	—
Investment in affiliates	51,944	48,486
Unpaid interest expense	—	2,105
Unrealized loss on investments	1	56
Asset retirement obligation	121	183
Other	880	970
	312,591	300,257
Valuation allowances	(312,032)	(299,829)
	559	428
Deferred income tax liabilities:		
Term Deposits	(120)	—
Capitalized assets and other	(333)	(428)
Available For Sale Investments	(106)	—
	(559)	(428)
Net deferred income tax assets (liabilities)	\$—	\$—

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

Net operating losses available to offset future taxable income are as follows:

Fiscal Year of Expiry	U.S.	Canada
2026	\$13,382	\$17,290
2027	18,493	1,726
2028	85	—
2029	11,223	11,187
2030	10,916	14,887
2031	16,580	14,816
2032	309,772	18,082
2033	14,529	13,645
2034	15,607	9,817
2035	16,383	8,965
2036	14,764	8,822
2037	14,111	5,866
2038	—	5,978
2039	—	5,419
2040	—	6,454
2041	—	—
2042	—	6,659
2043	—	5,004
2044	—	9,790
2045	—	12,002
Indefinite	113,835	—
	<u>\$569,680</u>	<u>\$176,409</u>

U.S. net operating losses arising in tax years ending after December 31, 2017 can be carried over to each taxable year following the tax year of loss (indefinitely). The Company has capital loss carry-forwards of approximately \$345,420 as of November 30, 2025 (November 30, 2024: \$344,655) for Canadian tax purposes. These tax losses are carried forward indefinitely.

Future use of U.S. loss carry-forwards is subject to certain limitations under provisions of the Internal Revenue Code pursuant to Section 382, which relates to a 50 percent change in ownership over a rolling three-year period and are further dependent upon the Company attaining profitable operations. Ownership changes occurred on January 22, 2009 and December 31, 2012. Accordingly, the Company's ability to use these losses may be limited or they may expire un-utilized. Losses incurred to date may be further limited if a subsequent change in control occurs.

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax asset. Significant pieces of objective negative evidence evaluated include the cumulative loss incurred as of November 30, 2025. Such objective evidence limits the ability to consider other subjective evidence such as management's projections for future growth. On the basis of this evaluation, as of November 30, 2025, a valuation allowance of \$312,032 (November 30, 2024: \$299,829), has been recorded in order to measure only the portion of the deferred tax asset that more likely than not will be realized. However, the amount of deferred tax asset considered realizable may change if estimates of future taxable income during the carryforward period are positive or if objective negative evidence in the form of cumulative losses is no longer present in which case additional weight may be given to subjective evidence such as management's projections for growth.

**NOVAGOLD RESOURCES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars in thousands, except per share)

**Uncertain tax position**

There were no uncertain tax positions as of November 30, 2025, 2024 and 2023. The Company recognizes interest and penalties related to uncertain tax positions, if any, as income tax expense. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet. As of November 30, 2025, 2024 and 2023, there were no accrued interest and penalties related to uncertain tax positions. The Company is subject to income taxes in Canada and the United States. With few exceptions, the tax years that remain subject to examination as of November 30, 2025, are 2021 to 2025 in Canada and 2021 to 2025 in the United States.

**NOTE 17 – RELATED PARTY TRANSACTIONS**

The Company provided management and administrative services to Donlin Gold for \$1,161 in 2025 (\$731 in 2024 and \$990 in 2023). As of November 30, 2025, the Company has accounts receivable from Donlin Gold of \$1,044 (November 30, 2024: \$212) included in *Other current assets*.

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 \$39,607. Electrum received 6,375,000 Backstop Warrants having a fair value of approximately \$9,902. 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 public equity offering at the same price as the public equity offering described in Note 11. Electrum purchased 13,333,334 shares of NOVAGOLD in the private placement for \$50,000.

**NOTE 18 – SUPPLEMENTAL CASH FLOW INFORMATION**

	Years ended November 30,		
	2025	2024	2023
Interest and dividends received	\$5,114	\$5,539	\$5,754
Income taxes refunded	\$—	\$—	\$325
Income taxes paid	\$223	\$645	\$75

During the first quarter of 2025, the Company received \$952 in cash proceeds and 19,688 shares of Lundin Mining Corporation as consideration for the acquisition of one of the Company’s previously held marketable securities.

As consideration for providing a backstop commitment to the Company on April 22, 2025, NOVAGOLD issued Backstop Warrants (Note 11) to certain institutional investors with an estimated total fair value of \$39,607. The Company subsequently completed its May 2025 Offering and the backstop commitment expired unexercised in May 2025. As the Backstop Warrants were not a direct offering cost associated with the May 2025 Offering, the \$39,607 was recorded as a non-cash expense in the second quarter of 2025 and included in warrant expense in the consolidated statement of operations. The expense represents a non-cash financing activity.